

No. NCD9/001

Addressed to: *HSBC Asset Management (India) Pvt. Ltd and SBI Funds Management Private Limited*

PLACEMENT MEMORANDUM

PHOENIX ARC PRIVATE LIMITED (“Issuer” / “Company”)



A private unlisted limited company incorporated under the Companies Act, 1956

Date of Incorporation: March 02, 2007

Registered Office: 5th floor, Dani Corporate Park, 158, C.S.T. Road, Kalina, Santacruz (E), Mumbai 400 098

Telephone No.: 022- 6849 2450

Website: www.phoenixarc.co.in

Placement Memorandum for issue of Debentures on a private placement basis



Dated: August 22, 2023


Issue of 10,000 (Ten Thousand Only) Secured, Rated, Listed, Redeemable, Non-convertible Debentures having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) on a private placement basis (the “Issue”).

PART A: DISCLOSURES AS PER SEBI DEBT LISTING REGULATIONS:

Please see below the disclosures as required under the terms of the SEBI Debt Listing Regulations (as defined below):

S.no	Particulars	Relevant Disclosure
1.	Corporate Identity Number of the Issuer:	U67190MH2007PTC168303
2.	Permanent Account Number of the Issuer:	AAECP3447K
3.	Date and place of Incorporation of the Issuer:	Date: March 02, 2007 Place: Mumbai
4.	Latest registration / identification number issued by any regulatory authority which regulates the Issuer (in this case Reserve Bank of India):	168303
5.	Registered Office address of the Issuer:	5 th floor, Dani Corporate Park, 158, C.S.T. Road, Kalina, Santacruz (E), Mumbai 400098
6.	Corporate Office address of the Issuer:	5 th floor, Dani Corporate Park, 158, C.S.T. Road, Kalina, Santacruz (E), Mumbai 400098
7.	Telephone No of the Issuer:	022- 6849 2450
8.	Details of Compliance officer of the Issuer:	Name: Mr. Kamlesh Rane Contact Details: Dani Corporate Park, 5 th floor, 158 CST Road, Kalina, Santacruz (E), Mumbai 400 098 Telephone Number: 022- 6849 2450 Email address: kamlesh.rane@phoenixarc.co.in
9.	Details of Company Secretary of the Issuer:	Name: Mr. Kamlesh Rane Telephone Number: 022- 6849 2450

		Email address: kamlesh.rane@phoenixarc.co.in
10.	Details of Chief Financial Officer of the Issuer:	Name: Ms. Gauri Bhatkal Telephone Number: 022- 6849 2450 Email address: gauri.bhatkal@phoenixarc.co.in
11.	Details of Promoters of the Issuer:	Name: Kotak Mahindra Investments Limited Telephone Number: 022-62185000 Email address: kumar.rajeev@kotak.com Name: Kotak Mahindra Prime Limited Telephone Number: 022-66056225 Email address: kiran.tangudu@kotak.com
12.	Website address of the Issuer:	www.phoenixarc.co.in
13.	Email address of the Issuer:	compliance@phoenixarc.co.in
14.	Details of debenture trustee for the Issue:	Name: Vistra ITCL (India) Limited Address: IL&FS Financial Centre, Plot C-22, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400051 Logo:  Telephone Number: +91 22 6930 0018 Email address: Nikhil.Pradhan@vistra.com Contact person: Mr. Nikhil Pradhan
15.	Details of credit rating agency for the Issue:	Name: CRISIL Limited Address: Central Avenue, Hiranandani Business Park, Powai, Mumbai- 400 076 Logo:  Telephone Number: +91 83694 31538 Email address: rahul.deorukhkar@crisil.com Contact person: Mr. Rahul Deorukhkar
16.	Date of Placement Memorandum	August 22, 2023
17.	Type of Placement Memorandum	This Placement Memorandum is being issued in relation to the private placement basis of Debentures (which are being issued under the terms hereof).
18.	The nature, number, price and amount of securities offered and issue size (base issue or green shoe), as may be applicable	Issue of 10,000 (Ten Thousand Only) Secured, Rated, Listed, Redeemable, Non-convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) on a private placement basis (the "Issue").
19.	Anchor Portion Details (within the Base Issue Size subject to maximum of 30% of the Base Issue Size)	INR 30,00,00,000/- (Indian Rupees Thirty Crore only)
20.	Remaining portion of Base Issue Size under non-anchor portion available for e-bidding on EBP	INR 70,00,00,000/- (Indian Rupees Seventy Crore only)
21.	The aggregate amount proposed to be raised through all the stages of offers of non-convertible securities made through the shelf Placement Memorandum;	Not applicable.

22.	Details of Registrar to the Issue:	<p>Name: Link Intime India Private Limited Address: C-101, 247, Park, LBS Marg, Vikhroli (W), Mumbai 400083 Logo:  Telephone Number: 91 22 49186000 Fax number: +91 22 49186060 Website: www.linkintime.co.in Email address: ganesh.jadhav@linkintime.co.in</p>
23.	Issue Schedule	<p>Date of opening of the Issue: August 22, 2023 Date of closing of the Issue: August 22, 2023 Date of earliest closing of the Issue (if any): N.A.</p> <p>The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.</p>
24.	Credit Rating of the Issue	<p>The Debentures proposed to be issued by the Issuer have been rated by CRISIL Limited (“Rating Agency” / CRISIL”) The Rating Agency has vide its letter and rating rationale dated January 25, 2023 assigned rating of “AA” (pronounced as “Double A”) with ‘Stable’ outlook in respect of the Debentures and same is revalidated vide its letter dated August 3, 2023 and the rating rationale dated January 25, 2023. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be evaluated independently of any other ratings. Please refer to Annexure II of this Placement Memorandum for the letter dated August 3, 2023 and rating rationale dated January 25, 2023 from the Rating Agency assigning the credit rating abovementioned</p>
25.	All the ratings obtained for the private placement of Issue	Please refer to S.no 22 above.
26.	The name(s) of the stock exchanges where the securities are proposed to be listed	The Debentures are proposed to be listed on the wholesale debt market of the National Stock Exchange of India Limited (“NSE”).
27.	The details about eligible investors;	<p>The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form (“Eligible Investors”):</p> <ul style="list-style-type: none"> (a) Mutual Funds (b) NBFCs (c) Provident Funds and Pension Funds (d) Corporates (e) Banks (f) Foreign Institutional Investors (FIIs) (g) Qualified Foreign Investors (QFIs)

		<p>(h) Foreign Portfolio Investors (FPIs)</p> <p>(i) Insurance Companies</p> <p>(j) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures.</p> <p>All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.</p> <p>Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.</p>
28.	Coupon / dividend rate, coupon / dividend payment frequency, redemption date, redemption amount and details of debenture trustee	<p>In respect of the Coupon Rate, the Coupon Payment Frequency, the Redemption Date and Redemption Amount in respect of the Debentures, please refer to Section 5.37 (<i>Issue Details</i>) of this Placement Memorandum.</p> <p>The details of Debenture Trustee are provided under S. No. 14 above.</p>
29.	Nature and issue size, base issue and green shoe option, if any, shelf or tranche size, each as may be applicable	Issue of 10,000 (Ten Thousand Only) Secured, Rated, Listed, Redeemable, Non-convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) on a private placement basis (the "Issue").
30.	Anchor Portion Details (within the Base Issue Size subject to maximum of 30% of the Base Issue Size)	INR 30,00,00,000/- (Indian Rupees Thirty Crore only)
31.	Remaining portion of Base Issue Size under non-anchor portion available for e-bidding on EBP	INR 70,00,00,000/- (Indian Rupees Seventy Crore only)
32.	Details about underwriting of the issue including the amount undertaken to be underwritten by the underwriters:	Not applicable.
33.	Inclusion of a compliance clause in relation to electronic book mechanism and details pertaining to the uploading the Placement Memorandum on the Electronic Book Provider Platform, if applicable.	This Issue, offer and subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI and NSE under the EBP Guidelines (as defined below) by placing bids on the EBP Platform during the period of the Issue. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines (as defined below) are set out hereinbelow:

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	<table border="1"> <tr> <td>Details of size of the Issue including green shoe option, if any</td> <td>INR 100,00,00,000/- (Indian Rupees One Hundred Crore only)</td> </tr> <tr> <td>Anchor Portion Details (within the Base Issue Size subject to maximum of 30% of the Base Issue Size)</td> <td>INR 30,00,00,000/- (Indian Rupees Thirty Crore only)</td> </tr> <tr> <td>Remaining portion of Base Issue Size under non-anchor portion available for e-bidding on EBP</td> <td>INR 70,00,00,000/- (Indian Rupees Seventy Crore only)</td> </tr> <tr> <td>Interest rate parameter</td> <td>Fixed Coupon</td> </tr> <tr> <td>Bid opening and closing date</td> <td>Bid opening date: August 22, 2023; and Bid closing date: August 22, 2023</td> </tr> <tr> <td>Minimum Bid lot</td> <td>100 (One Hundred) Debentures</td> </tr> <tr> <td>Manner of bidding in the Issue</td> <td>Open Bidding</td> </tr> <tr> <td>Manner of allotment in the Issue</td> <td>The allotment will be done on Multiple Yield basis in accordance with EBP Guidelines.</td> </tr> <tr> <td>Manner of settlement in the Issue</td> <td>Pay-in of funds through NSE Clearing Limited, and the account details are given in the Section 8.9 (<i>Issue Procedure</i>) of this Placement Memorandum</td> </tr> <tr> <td>Settlement cycle</td> <td>T+1; where T refers to the date of bid opening date / issue opening date</td> </tr> </table>	Details of size of the Issue including green shoe option, if any	INR 100,00,00,000/- (Indian Rupees One Hundred Crore only)	Anchor Portion Details (within the Base Issue Size subject to maximum of 30% of the Base Issue Size)	INR 30,00,00,000/- (Indian Rupees Thirty Crore only)	Remaining portion of Base Issue Size under non-anchor portion available for e-bidding on EBP	INR 70,00,00,000/- (Indian Rupees Seventy Crore only)	Interest rate parameter	Fixed Coupon	Bid opening and closing date	Bid opening date: August 22, 2023; and Bid closing date: August 22, 2023	Minimum Bid lot	100 (One Hundred) Debentures	Manner of bidding in the Issue	Open Bidding	Manner of allotment in the Issue	The allotment will be done on Multiple Yield basis in accordance with EBP Guidelines.	Manner of settlement in the Issue	Pay-in of funds through NSE Clearing Limited, and the account details are given in the Section 8.9 (<i>Issue Procedure</i>) of this Placement Memorandum	Settlement cycle	T+1; where T refers to the date of bid opening date / issue opening date
Details of size of the Issue including green shoe option, if any	INR 100,00,00,000/- (Indian Rupees One Hundred Crore only)																				
Anchor Portion Details (within the Base Issue Size subject to maximum of 30% of the Base Issue Size)	INR 30,00,00,000/- (Indian Rupees Thirty Crore only)																				
Remaining portion of Base Issue Size under non-anchor portion available for e-bidding on EBP	INR 70,00,00,000/- (Indian Rupees Seventy Crore only)																				
Interest rate parameter	Fixed Coupon																				
Bid opening and closing date	Bid opening date: August 22, 2023; and Bid closing date: August 22, 2023																				
Minimum Bid lot	100 (One Hundred) Debentures																				
Manner of bidding in the Issue	Open Bidding																				
Manner of allotment in the Issue	The allotment will be done on Multiple Yield basis in accordance with EBP Guidelines.																				
Manner of settlement in the Issue	Pay-in of funds through NSE Clearing Limited, and the account details are given in the Section 8.9 (<i>Issue Procedure</i>) of this Placement Memorandum																				
Settlement cycle	T+1; where T refers to the date of bid opening date / issue opening date																				
	<p>Please also refer to Section 8.9 (<i>Issue Procedure</i>) of this Placement Memorandum for the detailed process in respect of the subscription of an Issue.</p>																				

Background

This Placement Memorandum is related to the Debentures to be issued by Phoenix ARC Private Limited (the “**Issuer**” or “**Company**”) on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Placement Memorandum has been authorised by the Issuer through resolutions passed by the Shareholders of the Issuer on July 7, 2023 and the Board of Directors of the Issuer on July 18, 2023 and the Memorandum and Articles of Association of the Company. The present issue of Debentures in terms of this Placement Memorandum is within the overall powers of the Board as per the above shareholder resolution(s). This Issue does not form part of non-equity Tier-II / regulatory capital mentioned under Chapter V of the SEBI Debt Listing Regulations and the Issuer hereby confirms that Chapter V of the SEBI Debt Listing Regulations is not applicable to the present Issue. The face value of each Debenture being issued on private placement basis under this Issue is Rs.1,00,000/- (Rupees One Lakh only).

Issuer's Absolute Responsibility

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

Issue Schedule

Particulars	Debentures
Issue Opening Date	August 22, 2023
Issue Closing Date	August 22, 2023
Deemed Date of Allotment	August 23, 2023

TABLE OF CONTENTS

SECTION 1:	DEFINITIONS AND ABBREVIATIONS	8
SECTION 2:	NOTICE TO INVESTORS AND DISCLAIMERS	14
SECTION 3:	RISK FACTORS	17
SECTION 4:	FINANCIAL STATEMENTS	20
SECTION 5:	REGULATORY DISCLOSURES	21
SECTION 6:	DISCLOSURES PERTAINING TO WILFUL DEFAULT	55
SECTION 7:	TRANSACTION DOCUMENTS AND KEY TERMS	56
SECTION 8:	OTHER INFORMATION AND APPLICATION PROCESS	71
SECTION 9:	UNDERTAKING	80
SECTION 10:	FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER	81
SECTION 11:	DECLARATION BY THE DIRECTORS	93
ANNEXURE I:	TERM SHEET	94
ANNEXURE II:	RATING LETTER AND RATING RATIONALE FROM THE RATING AGENCY	95
ANNEXURE III:	CONSENT LETTER FROM THE DEBENTURE TRUSTEE	96
ANNEXURE IV:	APPLICATION FORM	97
ANNEXURE V:	AUDITED FINANCIAL STATEMENTS	100
ANNEXURE VI:	ILLUSTRATION OF BOND CASH FLOWS	101
ANNEXURE VII:	DUE DILIGENCE CERTIFICATE	102
ANNEXURE VIII:	TERMS AND CONDITIONS OF DEBENTURE TRUSTEE AGREEMENT	103
ANNEXURE IX:	IN-PRINCIPLE APPROVAL RECEIVED FROM NSE	104

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

Allot/Allotment/Allotted	The allotment of the Debentures pursuant to this Issue.
Application Form	The form used by the recipient of this Placement Memorandum, to apply for subscription to the Debentures, which is in the form annexed to this Placement Memorandum and marked as Annexure IV .
Asset Reconstruction Company / ARC	Shall have the meaning assigned to such term in the SARFAESI Act.
Board / Board of Directors	The Board of Directors of the Issuer.
Business Day	Any day of the week (excluding Saturdays, Sundays, any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) in Mumbai and any other day on which the money market is functioning in Mumbai, India.
CDSL	Central Depository Services (India) Limited.
CERSAI	shall mean the Central Registry of Securitisation Asset Reconstruction and Security Interest.
Company/Issuer	Phoenix ARC Private Limited
Debentures/NCDs	10,000 (Ten Thousand Only) Secured, Rated, Listed, Redeemable, Non-convertible Debentures bearing a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crore only).
Debenture Holders / Investors	shall mean initially the Person to whom this Placement Memorandum and Private Placement Offer cum Application Letter has been issued to and who have subscribed the Debentures in the primary market and thereafter shall mean and include any person to whom the Debentures are transferred to, each who fulfils the following requirements: - (i) Persons who are registered as such as Beneficial Owners; and (ii) Persons who are registered as debenture holder(s) in the Register of Debenture Holder(s); (in the event of any inconsistency between sub paragraph (i) and (ii) above, sub paragraph (i) shall prevail).
Debenture Trustee	Vistra ITCL (India) Limited being the debenture trustee for the Debenture Holder(s).
Debenture Trustee Agreement	Shall mean the debenture trustee agreement executed / to be executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trust Deed	Shall mean the debenture trust deed executed / to be executed by and between the Debenture Trustee and the Company <i>inter alia</i> setting out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Deemed Date of Allotment	Shall mean August 23, 2023

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Demat	Dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 2018, as amended from time to time, in this case being NSDL and CDSL.
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Issuer.
Disclosure Document / Placement Memorandum	This document which sets out the terms and conditions for the issue and offer of the Debentures by the Issuer on a private placement basis and contains the relevant information in this respect.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any payments whether on maturity or otherwise prior to the scheduled Redemption Date or upon acceleration.
EBP Guidelines	The guidelines issued by SEBI with respect to electronic book mechanism including under the terms of the SEBI circular dated August 10, 2021 (bearing reference number: SEBI/HO/DDHS/P/CIR/2021/613) as updated vide the SEBI circular dated October 10, 2022 (bearing reference number: SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/00139), each as may be further updated, amended, modified or replaced from time to time and the operational guidelines issued by the relevant Electronic Book Provider, as may be amended, clarified or updated from time to time.
Electronic Book Provider / EBP	shall have the meaning assigned to such term under the EBP Guidelines.
ECS	Electronic Clearing System
EFT	Electronic Fund Transfer
Eligible Investors	Shall have the meaning specified in S.no 25 of Part A (<i>Disclosures</i>) above.
Final Settlement Date	shall mean the date on which the Secured Obligations have been irrevocably discharged in full and/or the Debentures have been redeemed by the Company in accordance with the Transaction Documents, and the Debenture Trustee has provided a written confirmation of the same to the Company (with a copy marked to the Debenture Holder(s));
Financial Indebtedness	shall mean in relation to any Person, any indebtedness of such Person for or in respect of: (i) any long term and short term debt outstanding (including any premium / interest due or accrued), whether secured or unsecured, of the said Person; (ii) contingent liability pertaining to corporate/ financial guarantees given by the said Person, on behalf of any company to the extent of outstanding of such guaranteed debt; (iii) any amount availed of by acceptance of any credit facility; (iv) any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments; (v) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	<p>accepted principles of accounting in India, be treated as a finance or capital lease;</p> <p>(vi) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis);</p> <p>(vii) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;</p> <p>(viii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);</p> <p>(ix) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;</p> <p>(x) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance; or</p> <p>(xi) any put option, keep fit letter(s), letter of comfort, etc by whatever name called, which gives or may give rise to any financial obligation(s);</p> <p>(xii) (without double counting) the amount of any liability in respect of any penalty incurred or any guarantee or indemnity for any of the items referred to in paragraphs (i) to (xi) above.</p>
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year
IBC	shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof.
IND AS	shall mean the Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under applicable Law thereon from time to time and applied on a consistent basis by the Company.
Information Utility	means the National E-Governance Services Limited or any other entity registered as an information utility under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017.
Governmental Authority	shall include the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government, any authority or private body exercising powers conferred by applicable Law and any court, tribunal or other judicial or quasi-judicial body, and shall include, without limitation, a stock exchange and any regulatory body;
Issue	Private Placement of the Debentures.
Issue Closing Date	August 22, 2023
Issue Opening Date	August 22, 2023
Law	shall mean all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	any Governmental Authority and any modifications or re-enactments thereof;
Majority Debenture Holders	shall mean Debenture Holder(s) whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding.
Maturity Date	shall mean the date falling on the expiry of 1 (One) year 5 (five) months 29 (twenty nine) days months from the Deemed Date of Allotment or such other date on which the final payment of the outstanding principal amount in respect of the Debentures becomes due and payable as therein or herein provided, whether at such maturity date by declaration of acceleration, or otherwise.
Material Adverse Effect	shall mean a material adverse effect on or a material adverse change (in the judgment of Debenture Trustee acting on the instructions of Majority Debenture Holder(s)) in: <ul style="list-style-type: none"> (i) the business, operations, property, assets, condition (financial or otherwise) or prospects of the Company; (ii) the ability of the Company to enter into and to perform its obligations under the Debenture Trust Deed or any other related document to which the Company is or will be a party in relation to the Debentures; or (iii) the validity or enforceability of the Transaction Documents or any other related document or the rights or remedies of Debenture Holder(s) thereunder; which in the opinion of Debenture Trustee (acting on the instructions of Majority Debenture Holder(s)) could adversely affect the Debentures;
N.A.	Not Applicable
NEFT	National Electronic Fund Transfer Service
NPA	Non-Performing Asset
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
Payments	shall mean with respect to Debentures, all payments to be made by the Company in relation to the Issue including inter alia payment of Coupon, Redemption Amount, Default Interest (if any), remuneration of the Debenture Trustee, and all fees, costs, charges, expenses and other monies;
Private Placement Offer cum Application Letter	The private placement offer cum application letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and as annexed to this Placement Memorandum.
Rating Agency	CRISIL Limited, being a credit rating agency registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time and having its registered office at Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076.
RBI	Reserve Bank of India.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date,

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.
Register of Debenture Holders	The register maintained by the Company containing the name of Debenture holders entitled to receive Coupon/ Redemption Amount in respect of the Debentures on the Record Date, which shall be maintained at the Registered Office of the Company.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being Link Intime India Private Limited
ROC	Registrar of Companies.
Rs. / INR / Rupees	Indian National Rupee.
RTGS	Real Time Gross Settlement.
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and shall include the rules and amendments made thereunder.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI read with the operational circular for issue and listing of non-convertible securities, securities debt instruments, security receipts, municipal debt securities and commercial paper dated August 10, 2021 issued by SEBI as updated vide the SEBI circular dated April 13, 2022 (bearing reference number: SEBI/HO/DDHS/P/CIR/2021/613), each as amended from time to time.
Security	The security for the Debentures as specified in Section 5.37 hereto.
Security Receipts	Shall have the meaning assigned to such term in the SARFAESI Act.
Secured Obligations	shall mean all obligations at any time due, owing or incurred by the Company to the Debenture Trustee and the Debenture Holder(s) in respect of the Debentures and shall include the obligation to redeem the Debentures in terms thereof including payment of Coupon, Default Interest accrued thereon (if any), any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee and other monies payable by the Company in respect of the Debentures under the Transaction Documents;
TDS	Tax Deducted at Source.
The Companies Act/ the Act / the Companies Act, 2013	The provisions of the Companies Act, 2013, or where applicable, the provisions of the Companies Act, 1956, still in force, along with the rules and regulations made thereunder and the notifications, circulars and orders issued in relation thereto, as amended, modified or supplemented from time to time.
Transaction Documents	shall mean the documents executed in relation to the issue of the Debentures and the creation of the Security and shall include this Placement Memorandum, the Private Placement Offer cum Application Letter, the Debenture Trustee Agreement, the Deed of Hypothecation, the credit rating letter from the Rating Agency and necessary power of attorneys, the Debenture Trust Deed, and any other document that may be designated by the Debenture Trustee as a Transaction Document.
WDM	Wholesale Debt Market segment of the NSE
Wilful Defaulter	Shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with

	<p>the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such in accordance with Regulation 2(ss) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time.</p>
--	--

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the NSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Placement Memorandum to be filed or submitted to the SEBI for its review and/or approval. This Placement Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time. This Placement Memorandum has been prepared solely to provide general information about the Issuer to Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum and/or the Private Placement Offer cum Application Letter are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum would be doing so at its own risk.

This Placement Memorandum, the Private Placement Offer cum Application Letter and the respective contents hereof respectively, are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

contents of this Placement Memorandum and/or the Private Placement Offer cum Application Letter are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Placement Memorandum and/or the Private Placement Offer cum Application Letter being issued have been sent. Any application by a person to whom the Placement Memorandum and/or the Private Placement Offer cum Application Letter has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Placement Memorandum and/or the Private Placement Offer cum Application Letter shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Placement Memorandum and/or the Private Placement Offer cum Application Letter may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Placement Memorandum) without retaining any copies hereof. If any recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter decides not to participate in the Issue, that recipient must promptly return this Placement Memorandum and/or the Private Placement Offer cum Application Letter and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Placement Memorandum and/or the Private Placement Offer cum Application Letter to reflect subsequent events after the date of Placement Memorandum and/or the Private Placement Offer cum Application Letter and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum and/or the Private Placement Offer cum Application Letter nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum and/or the Private Placement Offer cum Application Letter in any jurisdiction where such action is required. Persons into whose possession this Placement Memorandum and/or the Private Placement Offer cum Application Letter comes are required to inform themselves of, and to observe, any such restrictions. The Placement Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Memorandum has been filed with the NSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement Memorandum to the NSE should not in any way be deemed or construed to mean that this Placement

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Memorandum has been reviewed, cleared, or approved by the NSE; nor does the NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the NSE warrant that the Issuer's Debentures will be listed or will continue to be listed on NSE; nor does the NSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Placement Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum.

2.4 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to investors as specified under the paragraph titled "Eligible Investors" of this Placement Memorandum, who shall be/have been identified upfront by the Issuer. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at New Delhi, India. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.5 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.6 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depository participant. The Issuer will make the allotment to the Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

SECTION 3: RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Placement Memorandum and/or the Private Placement Offer cum Application Letter for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures. Potential Investors should also read the detailed information set out elsewhere in this Placement Memorandum and/or the Private Placement Offer cum Application Letter and reach their own views prior to making any investment decision.

If any one of the following stated risks actually occurs, the Company's business, financial conditions and results of operations could suffer and, therefore, the value of the Company's Debentures could decline and/or the Company's ability to meet its obligations in respect of the Debentures could be affected. More than one risk factor may have simultaneous effect with regard to the Debentures such that the effect of a particular risk factor may not be predictable.

Please note that unless specified or quantified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risk mentioned herein below:

3. GENERAL RISKS

3.1 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES:

(a) Repayment is subject to the credit risk of the Issuer.

Potential investors should be aware that receipt of the principal amount along with yield payable thereon and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Company and the potential investors assume the risk that the Company may not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Company, the payment of sums due on the Debentures may be substantially reduced or delayed.

(b) The secondary market for non-convertible securities may be illiquid.

The non-convertible securities may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the non-convertible securities, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value.

(c) Credit Risk & Rating Downgrade Risk

The Rating Agency has assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(d) Changes in interest rates may affect the price of Debentures.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

(e) Tax Considerations and Legal Considerations:

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

(f) Accounting Considerations:

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

(g) A slowdown in economic growth in India

The Company's performance and the recovery from the assets acquired are necessarily dependent on the health of the overall Indian economy.

(h) Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

3.2 RISKS IN RELATION TO THE SECURITY CREATED IN RELATION TO THE DEBT SECURITIES. FURTHER, ANY RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

(a) Security may be insufficient to redeem the Debentures

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the Security as per the terms of security documents, and other related documents executed in relation to the Debentures. The Debenture Holder(s)' recovery in relation to the Debentures will be subject to (i) the market value of such Security (ii) finding willing buyers for the Security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the Debentures. There is a risk that the value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

3.3 REFUSAL IN LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD:

As of date, the Issuer has not been refused in listing of any security during the last 3 years by any of the stock exchanges in India or abroad and therefore, this would not be applicable.

3.4 LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON STOCK EXCHANGES:

As of date, we are not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

3.5 IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR REPAYMENT, NON-CREATION OF DEBENTURE REDEMPTION RESERVE, DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE

As of date, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

3.6 RISKS RELATED TO THE BUSINESS OF THE ISSUER

The business of the Company is dependent on the successful acquisition of financial assets from the banks/financial institutions and the resolution of such acquired assets within the realisation time frame.

Any failure in realisation of the assets acquired by the Company due to recession, inflation, change in regulations, etc. could adversely affect the business of the Company. Failure in acquisition of financial assets may also impact the financial performance of the Company.

3.7 ANY OTHER RISK FACTORS

Legality of Purchase

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of their incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the Financial Year ended March 31, 2021, March 31, 2022 and March 31, 2023 along with Auditors Report and unaudited financial statements with Limited Review Report for quarter ended June 30, 2023 and are set out in **Annexure V** hereto.

SECTION 5: REGULATORY DISCLOSURES

The Placement Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule II of the SEBI Debt Listing Regulations.

5.1 Documents Submitted to the Exchanges

The following documents have been / shall be submitted to the NSE:

- (a) this Placement Memorandum;
- (b) Memorandum and Articles of Association of the Issuer;
- (c) Copy of the necessary resolution(s) authorizing the borrowings, issuance of the Debentures and list of authorized signatories for the allotment of securities;
- (d) Copy of last 3 (Three) years audited Annual Reports;
- (e) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (f) Copy of the resolution passed by the shareholders of the Company at the Annual General Meeting held on July 7, 2023, authorizing the issue / offer of non-convertible debentures by the Company;
- (g) Copy of the resolution passed by the Board of Directors dated July 18, 2023, authorizing the issuance of the Debentures and the list of authorized signatories;
- (h) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the NSE, where such securities have been proposed to be listed;
- (i) Where applicable, an undertaking that permission/consent from the prior creditor for a second or *pari passu* charge being created, in favour of the debenture trustee to the proposed issue has been obtained; and
- (j) Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

5.2 Documents Submitted to Debenture Trustee

The following documents have been / shall be submitted to the Debenture Trustee in electronic form (soft copy) on or before the allotment of the Debentures:

- (a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- (b) Copy of last 3 (Three) years audited Annual Reports;
- (c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (d) Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any;
- (e) An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (d) above to the Debenture Trustee within the timelines as mentioned in the Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009/ Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual results. Further, the Issuer shall within 180 (One Hundred and Eighty) days from the end of the financial year, submit a

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this sub-section with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within 2 (Two) working days of their specific request.

5.3 Details of Promoters of the Issuer:



S.no	Details of Promoter	Description	Description
1.	Name of promoter	Kotak Mahindra Prime Limited	Kotak Mahindra Investments Limited
2.	Date of Incorporation	February 28, 1996	July 05, 1988
3.	Registered Address	27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
4.	Business and financial activities of the promoter	Finance Company	Finance Company
5.	Permanent Accountant Number	AAACK5934A	AAACH1075K

The Issuer confirms that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters of the Issuer and Permanent Account Number of the directors of the Issuer have been submitted to the stock exchange(s) on which the non-convertible securities are proposed to be listed, at the time of filing of the draft Placement Memorandum.

5.4 Details of specific entities in relation to the Issue:

S.no	Particulars	Details
1.	Debenture Trustee to the Issue	Name: Vistra ITCL (India) Limited Address: IL&FS Financial Centre, Plot C-22, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400051 Logo:  Telephone Number: +91 22 6930 0018 Email address: nikhil.pradhan@vistra.com Contact person: Mr. Nikhil Pradhan
2.	Credit Rating Agency for the Issue	Name: CRISIL Limited Address: Central Avenue, Hiranandani Business Park, Powai, Mumbai- 400 076 Logo:  Telephone Number: +91 83694 31538 Email address: rahul.deorukhkar@crisil.com Contact person: Mr. Rahul Deorukhkar
3.	Registrar to the Issue	Name: Link Intime India Private Limited Address: C-101, 247, Park, LBS Marg, Vikhroli (W), Mumbai 400083

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

		Logo:  Telephone Number: 91 22 49186000 Fax number: +91 22 49186060 Website: www.linkintime.co.in Email address: ganesh.jadhav@linkintime.co.in
4.	Statutory Auditors	Name: Manohar Chowdhry & Associates Logo:  CHARTERED ACCOUNTANTS Address: 116, Udyog Mandir No. 1, 7-C, Bhagoji Keer Marg, Mahim West, Mumbai 400016 Website: www.mca.co.in Email address: ameet.patel@mca.co.in Telephone Number: +91 982 00 54 854 Contact Person: Mr. Ameet Patel
5.	Legal Counsel (if any)	None
6.	Guarantor (if applicable)	None
7.	Arrangers, if any	None

5.5 About the Issuer: A brief summary of business / activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business containing at least the following information:

(a) Overview of the business of the Issuer

Phoenix ARC Private Limited is a company registered as an Asset Reconstruction Company pursuant to Section 3 of the SARFAESI Act with the Reserve Bank of India (RBI), having its registered office at 5th floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (E), Mumbai - 400 098.

The Company is engaged in the business of asset reconstruction. It acquires Non-Performing Assets from various banks and financial institutions and thereafter recovers money through restructuring of those assets and/ or other measures as per the RBI guidelines.

(b) Corporate Structure of the Issuer:

The Issuer is an Asset Reconstruction Company sponsored by Kotak Mahindra Group. The Issuer does not have any subsidiary company and does not have any branches or units except its registered office at Mumbai and a branch office at Delhi through which it carries on its business.

(c) Project cost and means of financing, in case of funding of new projects

N.A.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(d) **Brief Profile of the Board of Directors:**

S. No.	Name of the Directors	Designation	Date of Birth	Address	DIN	Director of the company since	Director in other company
1	Mr. Balan Wasudeo	Independent Director	10-05-1949	A-504, Great Eastern Gardens, L.B.S Marg, Kanjurmarg (W), Mumbai – 400078	00073697	24-03-2022	None
2	Mr. Chandan Bhattacharya	Independent Director	13-01-1945	Flat No.72, Sunflower Apt, G D Somani Marg, Cuffe Parade, Mumbai 400005	01341570	29-06-2007	None
3	Mr. Keki Elavia	Independent Director	09-04-1946	Flat No. 603, 36AB (previously known as Anand Bhavan), 36 th Road, Near National College, Bandra (West), Mumbai 400 050	00003940	26-02-2015	Britannia Industries Limited The Bombay Dyeing and Manufacturing Company Limited Dai-ichi Karkaria Limited Grindwell Norton Limited Sterling & Wilson Solar Limited Godrej and Boyce Manufacturing Company Limited Go Airlines (India) Limited Sterling and Wilson International Solar FZCO Sterling and Wilson Solar Solutions Inc. Sterling and Wilson Renewable Energy Nigeria Limited Sterling and Wilson Solar Australia Pty. Ltd.
4	Mr. Venkattu Srinivasan	Director	02-04-1961	402, RNA Auroville, Jain Derasar Marg, Santacruz (W), Mumbai 400054	01535417	29-06-2007	Metta Service Organisation
5	Ms. Jyoti Agarwal	Director	31-07-1966	4, Juhu Gulshan CHSL, 1st Floor, A B Nair Road,	08577171	28-01-2020	None

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

				Juhu, Mumbai-400049			
--	--	--	--	---------------------	--	--	--

(e) **Brief Profile of the management of the Company:**

Name	Designation	Experience
Sanjay Tibrewala	Chief Executive Officer	Sanjay is a Chartered Accountant, Cost Accountant and Company Secretary. Sanjay has more than 26 years of experience in Manufacturing, Banking and Financial Services.
K B Ajit	Head Resolution	Ajit has over 29 years of experience in the legal profession covering the entire spectrum of law including corporate funding, restructuring and litigation. He also has been corporate legal adviser as an in-house counsel. Ajit is post graduate in Arts and possesses a degree in law.
Aditya Gupta	Head Acquisition	Aditya is a CFA charter holder and MBA from University of Pittsburgh. He also holds a Bachelor of Engineering degree in Electronics and Communication. Aditya has over 19 years of work experience including over 15 years of experience of investment, acquisition and resolution of stressed assets.
Gauri Bhatkal	Chief Financial Officer	Gauri is a Chartered Accountant and also possesses a degree in law and commerce. She has experience of over 16 years in the banking and finance industry. Gauri is well versed in financial management, taxation and operations

5.6 Key Operational and Financial Parameters on a consolidated basis and standalone basis:

- **Consolidated****

(Rs. in Lakhs)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
	Audited (Ind AS)	Audited (Ind AS)	Audited (Ind AS)	Audited (Ind AS)
Balance Sheet				
Net Fixed assets	255.99	343.12	384.31	90.23
Current assets	1,08,961.89	68,240.70	45,798.90	37,891.57
Non-current assets	93,200.96	71,040.12	63,924.28	74,439.48
Total assets	2,02,418.84	1,39,623.94	1,10,107.49	1,12,421.28
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities)	19,390.76	30,307.83	21,165.59	17,481.08
Provisions	23.50	43.37	39.61	27.04
Deferred tax liabilities (net)	-	-	-	-
Other non-current liabilities	7,953.55	4,466.75	3,082.60	1,850.66
Current Liabilities (including maturities of long-term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities)	94,282.30	45,033.87	34,688.41	44,924.84
Provisions	78.44	96.99	74.58	78.97
Current tax liabilities (net)	7,241.21	4,820.35	2,002.20	273.95

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Other current liabilities	-	-	-	-
Equity (equity and other equity)	73,448.08	54,854.78	49,054.50	47,784.74
Total equity and liabilities	2,02,418.84	1,39,623.94	1,10,107.49	1,12,421.28
Total revenue	37,421.25	26,430.47	19,018.18	23,156.21
From operations	37,200.25	26,188.67	18,925.41	23,156.21
Other income	221.00	241.80	92.77	-
Total Expenses	12,011.18	17,566.85	16,518.34	24,522.81
Total comprehensive income	-	-	-	-
Profit / loss	25,410.07	8,863.62	2,499.84	(1,366.60)
Other comprehensive income	4.65	(4.86)	(5.36)	(2.77)
Profit / loss after tax	18,593.30	5,800.28	1,275.12	(1,206.11)
Earnings per equity share:				
(a) basic; and	11.06	3.46	0.76	(0.72)
(b) diluted	11.06	3.46	0.76	(0.72)
Continuing operations	11.06	3.46	0.76	(0.72)
Discontinued operations	-	-	-	-
Total Continuing and discontinued operations	11.06	3.46	0.76	(0.72)
Net cash generated from operating activities	(9,510.92)	4,289.73	17,464.33	13,825.20
Net cash used in /generated from investing activities	(20,779.72)	(21,476.18)	(1,935.59)	(426.50)
Net cash used in financing activities	31,725.21	14,155.34	(11,275.65)	(8,844.09)
Cash and cash equivalents at the beginning of the year	6,883.22	9,914.33	5,661.24	1,106.63
Balance as per statement of cash flows	8,317.79	6,883.22	9,914.33	5,661.24
Net worth	73,448.08	54,854.78	49,054.50	47,784.74
Cash and Cash Equivalents	8,317.79	6,883.22	9,914.33	5,661.24
Current Investments	39,300.00	42,829.00	20,600.00	17,500.08
Assets Under Management	11,97,421.64	9,69,355.92	8,22,375.66	7,95,538.00
Off Balance Sheet Assets	-	-	-	-
Total Debts to Total assets	0.64	0.61	0.55	0.57
Debt Service Coverage Ratios	0.33	0.30	0.21	0.09
Interest Income	9,485.96	6,531.33	4,619.12	5,892.16
Interest Expense	4,767.39	4,000.85	4,533.27	5,530.23
Interest service coverage ratio	6.33	3.22	1.55	0.75
Provisioning & Write-offs	4,950.77	11,270.78	10,650.35	17,474.03
Bad debts to Account receivable ratio	-	-	-	-
Gross NPA (%)	-	-	NA	NA
Net NPA (%)	-	-	NA	NA
Tier I Capital Adequacy Ratio (%)	38.46%	38.72%	44.52%	40.47%
Tier II Capital Adequacy Ratio (%)	0.00%	0.00%	0.00%	0.00%

**Company does not have any subsidiary/associate company. The above presented financial pertains to the Company's financials consolidated with financials of special purpose vehicles in the form of 'Securitisation Trusts' constituted by the Company. These consolidated financials are prepared on annual basis in accordance with the provisions of Indian Accounting Standards, hence financials for the quarter ended June 30, 2023 are not required to be consolidated.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- Standalone

(Rs. in Lakhs)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
	Audited (Ind AS)	Audited (Ind AS)	Audited (Ind AS)	Audited (Ind AS)
Balance Sheet				
Net Fixed assets	255.99	343.12	384.31	90.23
Current assets	83,322.34	51,326.89	35,951.81	32,272.80
Non-current assets	93,932.78	81,585.65	69,101.31	73,810.90
Total assets	1,77,511.11	1,33,255.66	1,05,437.43	1,06,173.93
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities)	32,293.17	26,851.66	20,867.20	17,481.08
Provisions	78.44	96.98	74.58	78.97
Deferred tax liabilities (net)	-	-	-	-
Other non-current liabilities	5,108.86	4,071.36	2,764.67	1,171.24
Current Liabilities (including maturities of long-term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities)	60,901.58	42,456.41	33,091.72	42,790.09
Provisions	23.50	43.38	39.61	27.04
Current tax liabilities (net)	7,241.21	4,820.35	1,694.29	273.95
Other current liabilities	-	-	-	-
Equity (equity and other equity)	71,864.35	54,915.52	46,905.36	44,351.56
Total equity and liabilities	1,77,511.11	1,33,255.66	1,05,437.43	1,06,173.93
Total revenue	30,094.61	21,252.58	15,462.02	18,261.28
From operations	29,873.15	21,010.83	15,385.70	18,261.28
Other income	221.46	241.75	76.32	-
Total Expenses	7,316.43	9,748.44	11,338.11	18,492.74
Total comprehensive income	-	-	-	-
Profit / loss	22,778.18	11,504.14	4,123.91	(231.46)
Other comprehensive income	4.65	(4.86)	(5.36)	(2.77)
Profit / loss after tax	16,944.18	8,015.02	2,559.16	(552.22)
Earnings per equity share:				
(a) basic; and	10.09	4.77	1.52	(0.33)
(b) diluted	10.09	4.77	1.52	(0.33)
Continuing operations	10.09	4.77	1.52	(0.33)
Discontinued operations	-	-	-	-
Total Continuing and discontinued operations	10.09	4.77	1.52	(0.33)
Net cash generated from operating activities	20,984.52	21,199.91	11,614.44	12,521.41
Net cash used in /generated from investing activities	(39,121.13)	(35,770.93)	4,138.24	2,292.35
Net cash used in financing activities	17,422.34	11,073.77	(11,098.84)	(10,134.09)
Cash and cash equivalents at the beginning of the year	6,041.28	9,538.53	4,884.69	205.02
Balance as per statement of cash flows	5,327.01	6,041.28	9,538.53	4,884.69

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Net worth	71,864.35	54,915.52	46,905.36	44,351.56
Cash and Cash Equivalents	5,327.01	6,041.28	9,538.53	4,884.69
Current Investments	68,200.00	42,829.00	22,700.00	24,600.00
Assets Under Management	11,97,421.64	9,69,355.92	8,22,375.66	7,95,538.00
Off Balance Sheet Assets	-	-	-	-
Total Debts to Total assets	0.59	0.59	0.56	0.58
Debt Service Coverage Ratios	0.47	0.37	0.27	0.13
Interest Income	1,592.25	1,085.59	904.15	800.08
Interest Expense	4,628.76	3,877.32	4,584.02	5,893.92
Interest service coverage ratio	5.92	3.97	1.90	0.96
Provisioning & Write-offs	532.53	3,932.97	5,623.20	11,374.44
Bad debts to Account receivable ratio	-	-	-	-
Gross NPA (%)	NA	NA	NA	NA
Net NPA (%)	NA	NA	NA	NA
Tier I Capital Adequacy Ratio (%)	38.46%	38.72%	44.52%	40.47%
Tier II Capital Adequacy Ratio (%)	0.00%	0.00%	0.00%	0.00%

5.7 Debt: Equity Ratio of the Company:

Before the Issue	1.40
After the Issue	1.40

5.8 Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:

Contingent liabilities outstanding as on March 31, 2023 is Nil.

Commitment to acquire additional non-performing loan upto Rs. 1,548 lakhs in case of a demand by the assignor bank (Previous year - Rs. 348 lakhs).

In respect of Software under development, the Company has total capital commitment of Rs.70 lacs of which Rs. 28 lacs have been paid during the current year till March 31, 2023.

5.9 A brief history of Issuer since its incorporation giving details of its following activities:

(a) Details of Share Capital as on last quarter end, i.e., June 30, 2023:

Share Capital	Amount (Rs. In Lakhs)
Authorised Share Capital	25,000.00
Issued, Subscribed and Paid- up Share Capital	16,800.00

(b) Changes in its capital structure as on last quarter end i.e., June 30, 2023 for the last three years:

Date of Change (AGM/EGM)	Particulars
NIL	NIL

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(c) **Equity Share Capital History of the Company, for the last three years:**

Date of Allotment	No of Equity Shares	Face Value (Rs.)	Issue Price (Rs)	Consi derati on (cash, other than cash, etc.)	Natur e of Allotm ent	Cumulative paid-up capital (Rs.)			Rem arks
						No. of equity shares	Equity Share Capital (Rs Cr)	Equity Share Premium (in Rs Cr)	
NIL	NIL	NIL	NI L	NIL	NIL	NIL	NIL	NIL	NI L

5.10 **Details of any Acquisition or Amalgamation with any entity in the last 1 (one) year: None**

5.11 **Details of any Reorganization or Reconstruction in the last 1 (one) year: None**

5.12 **Details of the shareholding of the Company as on the latest quarter end, i.e., June 30, 2023**

(a) **Shareholding pattern of the Company as on last quarter end, i.e. June 30, 2023**

S. No.	Name of the Shareholder / Particulars	Total Number of equity shares	Total percentage (%) of Shareholding	Number of shares held in Demat Form
1	Kotak Mahindra Investments Limited	50400000	30.00	50400000
2	Kotak Mahindra Prime Limited	33432000	19.90	33432000
3	Anjum Gafulbhai Bilakhia	9450000	5.63	9450000
4	Ashu Khanna & Rajesh Khanna	8450000	5.03	8450000
5	Shishir Bajaj Family Trust (Through Shishir Bajaj, Meenaxi Bajaj and Kushagra Bajaj)	8400000	5.00	8400000
6	Amit Desai & Bayjool Desai	6825000	4.06	6825000
7	Harish Pravinchandhra Shah & Bina Harish Shah	6720000	4.00	6720000
8	M3 Investment Private Limited	5670000	3.38	5670000
9	Panna Bankim & Bankim Hamir	5250000	3.13	5250000
10	Praful M Patel (HUF)	5250000	3.13	5250000
11	Infina Finance Private Limited	5250000	3.13	5250000
12	Shrinivas Vasudeva Dempo	3534667	2.10	3534667
13	Amrit Banaspati Company Private Limited	3333333	1.98	3333333
14	Bharat Manu Mahtani	3200000	1.90	3200000
15	Nandita M Mahtani	3200000	1.90	3200000
16	Mayank Jashwantlal Shah & Shruti Shah	2700000	1.60	2700000
17	Amit K Desai (HUF)	2047500	1.22	2047500

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

18	Krishnakanth M Desai (HUF)	2047500	1.22	2047500
19	Paranjaay Bharat Mahtani (Through guardian Bharat Manu Mahatani)	2000000	1.19	2000000
20	Bayjool Desai & Amit K Desai	840000	0.50	840000
	Total	168,000,000	100.00	168,000,000

Notes: Details of shares pledged or encumbered by the promoters (if any): None

(b) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. June 30, 2023:**

Sr. No.	Name of the Shareholder / Particulars	Total Number of equity shares	Total Shareholding as (%) of total number of equity shares.	Number of shares held in Demat Form
1	Kotak Mahindra Investments Limited	50400000	30.00	50400000
2	Kotak Mahindra Prime Limited	33432000	19.90	33432000
3	Anjum Gafulbhai Bilakhia	9450000	5.63	9450000
4	Ashu Khanna & Rajesh Khanna	8450000	5.03	8450000
5	Shishir Bajaj Family Trust (Through Shishir Bajaj, Meenaxi Bajaj and Kushagra Bajaj)	8400000	5.00	8400000
6	Amit Desai & Bayjool Desai	6825000	4.06	6825000
7	Harish Pravinchandhra Shah & Bina Harish Shah	6720000	4.00	6720000
8	M3 Investment Private Limited	5670000	3.38	5670000
9	Panna Bankim & Bankim Hamir	5250000	3.13	5250000
10	Praful M Patel (HUF)	5250000	3.13	5250000
11	Infina Finance Private Limited	5250000	3.13	5250000

5.13 Following details regarding the directors of the Company:

(a) **Details of the current directors of the Company:**

This table sets out the details regarding the Company's Board of Directors as on date of the Placement Memorandum:

S. No.	Name of the Directors	Designation	Date of Birth	Address	DIN	Date of appointment	Details of other directorship	Whether willful defaulter (Yes/No)
1	Mr. Balan Wasudeo	Independent Director	10-05-1949	A-504, Great Eastern Gardens, L.B.S Marg, Kanjurmarg (W), Mumbai – 400078	00073697	24-03-2022	None	No

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

2	Mr. Chandan Bhattacharya	Independent Director	13-01-1945	Flat No. 72, Sunflower Apt, G D Somani Marg, Cuffe Parade, Mumbai 400005	01341570	29-06-2007	None	No
3	Mr. Keki Elavia	Independent Director	09-04-1946	Flat No. 603, 36AB (previously known as Anand Bhavan), 36 th Road, Near National College, Bandra (West), Mumbai 400 050	00003940	26-02-2015	Britannia Industries Limited The Bombay Dyeing and Manufacturing Company Limited Dai-ichi Karkaria Limited Grindwell Norton Limited Sterling & Wilson Solar Limited Godrej and Boyce Manufacturing Company Limited Go Airlines (India) Limited Sterling and Wilson International Solar FZCO Sterling and Wilson Solar Solutions Inc. Sterling and Wilson Renewable Energy Nigeria Limited Sterling and Wilson Solar Australia Pty. Ltd.	No
4	Mr. Venkattu Srinivasan	Director	02-04-1961	402, RNA Auroville, Jain Derasar Marg, Santacruz (W), Mumbai 400054	01535417	29-06-2007	Metta Service Organisation	No
5	Ms. Jyoti Agarwal	Director	31-07-1966	4, Juhu Gulshan CHSL, 1st Floor, A B Nair Road, Juhu, Mumbai-400049	08577171	28-01-2020	None	No

**Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: Nil*

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(b) **Details of change in directors since last three years:**

Name	Designation	DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
Ms. Jyoti Agarwal	Director (regularized)	08577171	31-08-2020	-	-	Appointment
Mr. Balan Wasudeo	Additional Independent Director	00073697	24-03-2022	-	-	Appointment
Mr. Balan Wasudeo	Independent Director (regularized)	00073697	11-07-2022	-	-	Appointment

5.14 Following details regarding the auditors of the Company:

(a) **Details of the auditor of the Company:**

Name of the Auditor	Address	Auditor since	Remark
Manohar Chowdhry & Associates	116, Udyog Mandir No. 1, 7-C, Bhagoji Keer Marg, Mahim West, Mumbai 400016	27-09-2021	NA

(b) **Details of change in auditors since last three years:**

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable	Remarks
S. R. Batliboi & Co., LLP	The Ruby, 12th Floor, 29 Senapati Bapat Marg, Dadar West, Mumbai 400028	02-07-2018	27-09-2021	Not Applicable	S.R. Batliboi & Co. LLP, Chartered Accountants were Statutory Auditors of the Company for last three financial years. However, in view of RBI Circular No. DoS.CO.ARG /SEC.01/08.91.001 /2021-22 dated April 27, 2021, S.R. Batliboi & Co. LLP became ineligible to act as Statutory Auditors of the Company.
Manohar Chowdhry & Associates	116, Udyog Mandir No. 1, 7-C, Bhagoji Keer Marg, Mahim West, Mumbai 400016	27-09-2021	NA	NA	NA

5.15 Details of the following liabilities of the Company, as at the latest quarter end i.e. June 30, 2023

(a) **Details of Outstanding Secured Loan Facilities:**

(Rs. In Lakhs)

Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule	Security	
					Primary Security (book debt hypothecation)	Percentage of Cash Collateral
Punjab National Bank	OD/WCDL	10,000.00	4,014.20	NA	Security Receipts	NA
HDFC Bank	CC/OD/WCDL/TL	25,000.00	20,046.42	NA	Security Receipts	NA
Kotak Mahindra Bank	TL	5,907.00	3,656.25	NA	Security Receipts	NA

(b) **Details of Outstanding Unsecured Loan Facilities:**

(Rs. In Lakhs)

Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule
Infina Finance Private Limited	Term loan	33,000.00	33,000.00	8,000 20-Jan-24 5,000 20-Feb-24 10,000 26-May-24 10,000 06-Jun-24

(c) **Details of Outstanding Non-Convertible Securities:**

Series of Non-Convertible Securities	Tenor / Period of Maturity	Coupon	Amount (Rs. in Lakhs)	Date of allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security
Kotak Mahindra Trustee Co. Ltd. A/C Kotak Low Duration Fund	36 Months	6.95%	5000	28-12-2020	28-12-2023	AA	Secured	Security receipts
Kotak Mahindra Capital Company Limited	36 Months	6.95%	2500	29-12-2020	29-12-2023	AA	Secured	Security receipts
ICICI Prudential Medium Term Bond Fund	36 Months	7.55%	3000	29-11-2021	04-11-2024	AA	Secured	Security receipts
ICICI Prudential All Seasons Bond Fund	36 Months	7.55%	1500	29-11-2021	04-11-2024	AA	Secured	Security receipts
ICICI Prudential All Seasons Bond Fund	36 Months	7.55%	5000	29-11-2021	29-11-2024	AA	Secured	Security receipts
ICICI Prudential Ultra Short Term Fund	18 Months	9.25%	9500	27-12-2022	20-06-2024	AA	Secured	Security receipts

5.16 List of top 10 holders of non-convertible securities in terms of value (in cumulative basis)

Sr. No.	Name of holders of non-convertible securities	Amount (Rs. In Lakhs)	Percentage (%) of total non-convertible securities outstanding
1	Kotak Mahindra Trustee Co. Ltd. A/C Kotak Low Duration Fund	5000	18.87%
2	Kotak Mahindra Capital Company Limited	2500	9.43%
3	ICICI Prudential Medium Term Bond Fund	3000	11.32%
4	ICICI Prudential All Seasons Bond Fund	6500	24.53%
5	ICICI Prudential Ultra Short Term Fund	9500	35.85%

5.17 Details of outstanding Commercial Paper as at the end of the last quarter being June 30, 2023 in the following format:

Sr. No.	ISIN of Commercial Paper	Maturity Date	Amount outstanding (Rs. In Lakhs)
1	Axis Money Market Fund	24-07-2023	5000
2	ICICI Prudential Ultra Short Term Fund	24-07-2023	5000
3	Axis Money Market Fund	14-05-2024	7500

5.18 Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):

None

5.19 Details of any outstanding borrowing taken / debt securities issued for consideration other than cash. This information shall be disclosed whether such borrowing / debt securities have been taken / issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not

None

5.20 Where the Issuer is a non-banking finance company or housing finance company, the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials:

Not applicable

5.21 Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 3 years including the current financial year:

None

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

5.22 Details of Promoters of the Company:

(a) Details of Promoter Holding in Company as on latest quarter end, i.e. June 30, 2023:

S. No.	Name of Shareholders	Total No. of Equity shares	No. of shares held in Demat form	Total Shareholding as % of total no. of equity shares	No of shares Pledged	% of shares pledged with respect to shares owned
1	Kotak Mahindra Investments Limited	50,400,000	30.00	50,400,000	Nil	Nil
2	Kotak Mahindra Prime Limited	33,432,000	19.90	33,432,000	Nil	Nil

5.23 A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the draft offer document or offer document or issue opening date, as applicable

The above financial statements shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.

- Consolidated***

(Rs. in Lakhs)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
	Audited (Ind AS)	Audited (Ind AS)	Audited (Ind AS)
Balance Sheet			
Net Fixed assets	255.99	343.12	384.31
Current assets	1,08,961.89	68,240.70	45,798.90
Non-current assets	93,200.96	71040.12	63,924.28
Total assets	2,02,418.84	1,39,623.94	1,10,107.49
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)			
Financial (borrowings, trade payables, and other financial liabilities)	19,390.76	30,307.83	21,165.59
Provisions	23.50	43.37	39.61
Deferred tax liabilities (net)	-	-	-
Other non-current liabilities	7,953.55	4,466.75	3,082.60
Current Liabilities (including maturities of long-term borrowings)			
Financial (borrowings, trade payables, and other financial liabilities)	94,282.30	45,033.87	34,688.41
Provisions	78.44	96.99	74.58
Current tax liabilities (net)	7,241.21	4,820.35	2,002.20
Other current liabilities	-	-	-
Equity (equity and other equity)	73,448.08	54,854.78	49,054.50

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Total equity and liabilities	2,02,418.84	1,39,623.94	1,10,107.49
Total revenue	37,421.25	26,430.47	19,018.18
From operations	37,200.25	26,188.67	18,925.41
Other income	221.00	241.80	92.77
Total Expenses	12,011.18	17,566.85	16,518.34
Total comprehensive income	-	-	-
Profit / loss	25,410.07	8,863.62	2,499.84
Other comprehensive income	4.65	(4.86)	(5.36)
Profit / loss after tax	18,593.30	5,800.28	1,275.12
Earnings per equity share:			
(a) basic; and	11.06	3.46	0.76
(b) diluted	11.06	3.46	0.76
Continuing operations	11.06	3.46	0.76
Discontinued operations	-	-	-
Total Continuing and discontinued operations	11.06	3.46	0.76
Net cash generated from operating activities	(9,510.92)	4,289.73	17,464.33
Net cash used in /generated from investing activities	(20,779.72)	(21,476.18)	(1,935.59)
Net cash used in financing activities	31,725.21	14,155.34	(11,275.65)
Cash and cash equivalents at the beginning of the year	6,883.22	9,914.33	5,661.24
Balance as per statement of cash flows	8,317.79	6,883.22	9,914.33
Net worth	73,448.08	54,854.78	49,054.50
Cash and Cash Equivalents	8,317.79	6,883.22	9,914.33
Current Investments	39,300.00	42,829.00	20,600.00
Assets Under Management	11,97,421.64	9,69,355.92	8,22,375.66
Off Balance Sheet Assets	-	-	-
Total Debts to Total assets	0.64	0.61	0.55
Debt Service Coverage Ratios	0.33	0.30	0.21
Interest Income	9,485.96	6,531.33	4,619.12
Interest Expense	4,767.39	4,000.85	4,533.27
Interest service coverage ratio	6.33	3.22	1.55
Provisioning & Write-offs	4,950.77	11,270.78	10,650.35
Bad debts to Account receivable ratio	-	-	-
Gross NPA (%)	-	-	NA
Net NPA (%)	-	-	NA
Tier I Capital Adequacy Ratio (%)	38.46%	38.72%	44.52%
Tier II Capital Adequacy Ratio (%)	0.00%	0.00%	0.00%

***Company does not have any subsidiary/associate company. The above presented financial pertains to the Company's financials consolidated with financials of special purpose vehicles in the form of 'Securitisation Trusts' constituted by the Company. These consolidated financials are prepared on annual basis in accordance with the provisions of Indian Accounting Standards, hence financials for the quarter ended June 30, 2023 are not required to be consolidated.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- **Standalone**

(Rs. in Lakhs)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
	Audited (Ind AS)	Audited (Ind AS)	Audited (Ind AS)	Audited (Ind AS)
Balance Sheet				
Net Fixed assets	255.99	343.12	384.31	90.23
Current assets	83,322.34	51,326.89	35,951.81	32,272.80
Non-current assets	93,932.78	81,585.65	69,101.31	73,810.90
Total assets	1,77,511.11	1,33,255.66	1,05,437.43	1,06,173.93
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities)	32,293.17	26,851.66	20,867.20	17,481.08
Provisions	78.44	96.98	39.61	27.04
Deferred tax liabilities (net)	-	-	-	-
Other non-current liabilities	5,108.86	4,071.36	2,764.67	1,171.24
Current Liabilities (including maturities of long-term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities)	60,901.58	42,456.41	33,091.72	42,790.09
Provisions	23.50	43.38	74.58	78.97
Current tax liabilities (net)	7,241.21	4,820.35	1,694.29	273.95
Other current liabilities	-	-	-	-
Equity (equity and other equity)	71,864.35	54,915.52	46,905.36	44,351.56
Total equity and liabilities	1,77,511.11	1,33,255.66	1,05,437.43	1,06,173.93
Total revenue	30,094.61	21,252.58	15,462.02	18,261.28
From operations	29,873.15	21,010.83	15,385.70	18,261.28
Other income	221.46	241.75	76.32	-
Total Expenses	7,316.43	9,748.44	11,338.11	18,492.74
Total comprehensive income	-	-	-	-
Profit / loss	22,778.18	11,504.14	4,123.91	(231.46)
Other comprehensive income	4.65	(4.86)	(5.36)	(2.77)
Profit / loss after tax	16,944.18	8,015.02	2,559.16	(552.22)
Earnings per equity share:				
(a) basic; and	10.09	4.77	1.52	(0.33)
(b) diluted	10.09	4.77	1.52	(0.33)
Continuing operations	10.09	4.77	1.52	(0.33)
Discontinued operations	-	-	-	-
Total Continuing and discontinued operations	10.09	4.77	1.52	(0.33)
Net cash generated from operating activities	20,984.52	21,199.91	11,614.44	12,521.41
Net cash used in /generated from investing activities	(39,121.13)	(35,770.93)	4,138.24	2,292.35

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Net cash used in financing activities	17,422.34	11,073.77	(11,098.84)	(10,134.09)
Cash and cash equivalents at the beginning of the year	6,041.28	9,538.53	4,884.69	205.02
Balance as per statement of cash flows	5,327.01	6,041.28	9,538.53	4,884.69
Net worth	71,864.35	54,915.52	46,905.36	44,351.56
Cash and Cash Equivalents	5,327.01	6,041.28	9,538.53	4,884.69
Current Investments	68,200.00	42,829.00	22,700.00	24,600.00
Assets Under Management	11,97,421.64	9,69,355.92	8,22,375.66	7,95,538.00
Off Balance Sheet Assets	-	-	-	-
Total Debts to Total assets	0.59	0.59	0.56	0.58
Debt Service Coverage Ratios	0.47	0.37	0.27	0.13
Interest Income	1,592.25	1,085.59	904.15	800.08
Interest Expense	4,628.76	3,877.32	4,584.02	5,893.92
Interest service coverage ratio	5.92	3.97	1.90	0.96
Provisioning & Write-offs	532.53	3,932.97	5,623.20	11,374.44
Bad debts to Account receivable ratio	-	-	-	-
Gross NPA (%)	NA	NA	NA	NA
Net NPA (%)	NA	NA	NA	NA
Tier I Capital Adequacy Ratio (%)	38.46%	38.72%	44.52%	40.47%
Tier II Capital Adequacy Ratio (%)	0.00%	0.00%	0.00%	0.00%

5.24 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

The Issuer hereby declares that there has been no material event, development or change on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of issue, which may affect the Issue or the Investor's decision to invest/continue to invest in the debt securities of the Issuer.

5.25 Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Company;

Nil

5.26 Details of default and non-payment of statutory dues

Nil

5.27 The name(s) of the debentures trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with copy of the consent letter from the debenture trustee.

The Debenture Trustee of the proposed Debentures is Vistra ITCL (India) Limited. Vistra ITCL (India) Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Placement Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Placement Memorandum.

5.28 Details of credit rating along with latest press release of the credit rating agency in relation to the issue and declaration that the rating is valid as on the date of issuance and listing. Such press release shall not be older than one year from the date of opening of the issue.

The Rating Agency has assigned a rating of “AA” (pronounced as “Double A”) with ‘Stable’ outlook to the Debentures. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The rating letter from the Rating Agency, the rating rationale from the Rating Agency and the detailed press release is provided in **Annexure II** of this Placement Memorandum. The Issuer declares that the rating is valid on the date of issue and listing.

5.29 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

Not applicable.

5.30 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention

- (a) The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made: Actual / Actual. Please also refer to the column on “*Business Day Convention*” under Section 5.37 (*Issue Details*) of this Placement Memorandum;
- (b) Procedure and time schedule for allotment and issue of securities: Please refer to the column on “*Issue Timing*” under Section 5.37 (*Issue Details*) of this Placement Memorandum; and
- (c) Cash flows emanating from the non-convertible securities shall be mentioned in the Placement Memorandum, by way of an illustration: The cashflows emanating from the Debentures, by way of an illustration, are set out under **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.

5.31 Name(s) of the stock exchange(s) where the non-convertible securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s):

The Debentures are proposed to be listed on the WDM segment of the NSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

The Issuer has obtained the in-principle approval for the listing of the Debentures from NSE and the same is annexed hereto under **Annexure IX** of this Placement Memorandum. The

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Issuer shall also be creating the recovery expense fund as per the applicable SEBI regulations with NSE.

5.32 Other details:

(a) **Creation of Debenture Redemption Reserve (“DRR”) – relevant legislations and applicability:**

The Company shall if required in terms of applicable Law, create and maintain a Debenture Redemption Reserve as per the Act and other applicable Laws.

(b) **Issue / instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines etc.):**

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and the applicable RBI guidelines.

(c) **Default in payment:** Please refer to the column on “Default Interest Rate” under Section 5.37 (*Issue Details*) of this Placement Memorandum and Section 7.5 (*Consequences of Event of Default*) of Section 7 of this Placement Memorandum, setting out the consequences pursuant to any default in payment of Debentures

(d) **Delay in listing:** Please refer to the column on “*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*” under Section 5.37 (*Issue Details*) of this Placement Memorandum, setting out the consequences pursuant to any delay in listing of Debentures

(e) **Delay in allotment of securities:** Any delay in allotment of securities from 2 (Two) Business Days from the date of closure of the Issue shall be an “Event of Default” under the terms of the Transaction Documents and the consequences set out under Section 7.5 (*Consequences of Event of Default*) of Section 7 of the Placement Memorandum shall trigger.

(f) **Issue details:** Please refer to Section 5.37 (*Issue Details*) of this Placement Memorandum.

(g) **Application process:**

The application process for the Issue is as provided in SECTION 8: of this Placement Memorandum.

(h) **Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any:**

All disclosures under Form No. PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 have been set out in **Section 10** of this Placement Memorandum.

(i) **Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project:**

Not applicable

5.33 A statement containing particulars of the dates of, and parties to all material contracts, agreements:

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than 2 (Two) years before the date of this Placement Memorandum, which are or may be deemed material, have been entered into by the Company.

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

S. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Board Resolution dated July 18, 2023 authorizing the issue of Debentures offered under the terms of this Disclosure Document.
3	Shareholder Resolution dated July 7, 2023 authorizing the issue of non-convertible debentures by the Company.
4	Copies of Annual Reports of the Company for the last three financial years.
5	Credit rating letter from the Rating Agency dated August 3, 2023
6	Letter from Vistra ITCL (India) Limited dated August 1, 2023 giving its consent to act as Debenture Trustee.
7	Letter for Register and Transfer Agent.
8	Certified true copy of the certificate of incorporation of the Company.
9	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and NSDL and CDSL.
10	Copy of application made to NSE for grant of in-principle approval for listing of Debentures.

5.34 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of Rs. 100,00,00,000/- (Rupees One Hundred Crore only) by issue of Secured Rated Listed Redeemable Non-Convertible Debentures, on a private placement basis.

For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Section 5.37 (*Issue Details*) of this Placement Memorandum.

5.35 Issue Size

The aggregate issue size for the Debentures is Rs. 100,00,00,000/- (Rupees One Hundred Crore only).

5.36 Utilization of the Issue Proceeds

The proceeds shall be used for the purpose as set out in the column of "*Details of the utilization of the Proceeds*" under Section 5.37 (*Issue Details*) of this Placement Memorandum.

The Issuer undertakes that the proceeds of this Issue shall be utilized for the deployment of funds on its own balance sheet and not to facilitate resource requests of its group entities/parent company /associates.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

5.37 Issue Details

Security Name	Debentures: 9.10% PAPL2025
Issuer	Phoenix ARC Private Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument (Secured or Unsecured)	Secured Rated Listed Redeemable Transferable Non-Convertible Debentures.
Seniority (Senior or subordinated)	Senior
Mode of Issue	Private placement
Eligible Investors	As provided in S.no 25 of Part A (<i>Disclosures</i>) above.
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	<p>The Debentures are to be listed on the WDM of the NSE within a maximum period of 3 (Three) working days of the date of closure of the Issue.</p> <p>In the event of the Issuer's failure to do so, to the extent that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors, or Foreign Portfolio Investors or Qualified Foreign Investors, the Issuer shall immediately redeem any and all Debentures which are held by such Foreign Institutional Investor(s) or such sub-account(s) of Foreign Institutional Investor(s) or Foreign Portfolio Investors or Qualified Foreign Investors.</p> <p>In accordance with the SEBI Debt Listing Regulations, in case of a delay by the Company in listing the Debentures beyond 3 (Three) working Days from the date of closure of the Issue the Company shall make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate for the period of delay till the listing of such Debentures.</p>
Rating of the Instrument	"AA" (pronounced as "Double A") with 'Stable' outlook by CRISIL Limited.
Issue Size	Issue of 10,000 (Ten Thousand Only) Secured, Rated, Listed, Redeemable, Non-convertible Debentures of face value of Rs. 1,00,000/- each (Rupees One Lakh only) aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) for cash in dematerialised form on a private placement basis (the " Issue ").
Anchor Portion Details (within the Base Issue Size subject to maximum of 30% of the Base Issue Size)	INR 30,00,00,000/- (Indian Rupees Thirty Crore only)
Remaining portion of Base Issue Size under non-anchor portion available for e-bidding on EBP	INR 70,00,00,000/- (Indian Rupees Seventy Crore only)

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Minimum subscription	100 Debentures and in multiples of 10 Debenture thereafter
Option to retain oversubscription (Amount)	No
Objects of the Issue / Purpose for which there is requirement of funds	100% (One Hundred Percent) of the proceeds of the Issue will be utilized for investment in Security Receipts in accordance with the applicable RBI regulations, Repayment of debt and ongoing business requirements.
Details of the utilization of the Proceeds	100% (One Hundred Percent) of the proceeds of the Issue will be utilized for investment in Security Receipts in accordance with the applicable RBI regulations, Repayment of debt and ongoing business requirements.
Coupon Rate	9.10% (Nine Percent Ten Decimal Percent) per annum on the principal amount outstanding on the Debentures and shall be paid on each of the Coupon Payment Dates.
Step Up/ Step Down Coupon Rate	<p>(i) In the event the long term credit rating assigned to the Debentures and/or the Issuer is downgraded by any credit rating agency, at any point of time during the currency of the Debentures, the Coupon Rate shall increase by 0.25% (Zero Decimal Point Two Five Percent) for every notch of rating downgrade of the Debentures and/or the Issuer and the Issuer shall be obligated to pay the Coupon Rate, on and from the date of publication of such aforesaid rating downgrade by any credit rating agency, at the revised Coupon Rate as mentioned hereinabove. As on the date of this Information Memorandum, the credit rating assigned to both the Debentures and the Issuer is CRISIL AA with Stable outlook.</p> <p>(ii) Without prejudice to the rights of the Debenture Holder(s) in sub-section (i) above, the credit rating assigned to the Debentures and/or the Issuer falls to or below "A" by any credit rating agency, the Debenture Holder(s) shall reserve the right to accelerate the redemption of the Debentures and require the Company to pay the outstanding Principal Amounts of the Debentures along with accrued Coupon and all other monies payable in respect of the Debentures. The Debenture Holder(s) shall provide 30 (Thirty) calendar days' written notice prior to exercising their right to accelerate the redemption of the Debentures under this sub-section (ii).</p>
Coupon Payment Frequency	Annually
Coupon Payment Dates (cumulative / non-cumulative, in case of dividend)	On August 23, 2024, and on Maturity Date of the Debentures being February 21, 2025 (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations).
Coupon Type (Fixed, floating or other structure)	Fixed Coupon
Coupon Reset Process (including rates, spread, effective date, interest rate)	None

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

cap and floor etc.)	
Day Count Basis (Actual / Actual)	Actual / Actual
Interest on Application Money	The Company shall be liable to pay the Debenture Holder(s) interest on application money, at the Coupon Rate and for the period commencing from the date on which the Debenture Holder(s) have made payment of the application monies in respect of the Debentures to the Company and ending on the date falling 1 (One) day prior to the Deemed Date of Allotment. The interest on application monies shall be paid by the Company to the Debenture Holder(s) within 7 (Seven) Business Days from the Deemed Date of Allotment.
Default Interest Rate	Without prejudice to the rights of the Debenture Trustee and/or the Debenture Holder(s) upon the occurrence of an Event of Default, all interest on the Debentures and/or principal redemption shall, in case the same is not paid on the respective Due Dates or in case Security is not created and perfected within the stipulated timeframe, carry further interest at the rate of 2% (Two Percent) per annum over and above the Coupon Rate (“ Default Rate ”).
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed and/or the Deed of Hypothecation, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penal interest of 2% (Two Percent) per annum over and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Tenor	1 (one) year 5 (five) months 29 (twenty nine) days from the Deemed Date of Allotment.
Principal Payment Date(s)	The principal amount of Debentures shall be payable by the Company on the date being 1 (one) year 5 (five) months 29 (twenty nine) days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations).
Redemption Date	1 (one) year 5 (five) months 29 (twenty nine) days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations) or, such other date on which the final payment of the principal amount of the Debentures becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise (“ Redemption Date ”).
Redemption Amount	Rs. 100,00,00,000/- (Rupees One Hundred Crore only) on the [Principal Payment Date(s) / Redemption Date] plus accrued Coupon in the manner set out in Annexure VI (<i>Illustration of Bond Cash Flows</i>) of this Placement Memorandum. Further, the aforesaid amount would be payable with the Default Interest (if any), and such other costs, charges, Payments and expenses if any, payable on the Due Date(s) under the Transaction Documents.
Redemption Premium/ Discount	N.A.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Issue Price	Rs. 1,00,000/- (Rupees One Lakh only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
Put Option Date	N.A.
Put Option Price	N.A.
Call Option Date	N.A.
Call Option Price	N.A.
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	N.A.
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	N.A.
Face Value	Rs. 1,00,000/- (Rupees One Lakh only) per Debenture
Minimum Application and in multiples of thereafter	The minimum application size for the Issue shall be 10 Debentures and in multiples of 1 Debenture thereafter.
Issue Timing	Issue Opening Date: August 22, 2023 Issue Closing Date: August 22, 2023 Date of earliest closing of the Issue, if any: None Pay-in Date: August 23, 2023; and Deemed Date of Allotment: August 23, 2023
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS
Depositories	NSDL and CDSL
Business Day Convention	<p>If any Coupon Payment Date or the due date for the performance of any event falls on a day that is not a Business Day, the payment shall be made on the immediately succeeding Business Day, without calculating interest for such additional period. If the Coupon Payment Date falls on a non-Business Day, the payment as aforesaid shall be made on the subsequent Business Day, however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed because of it having fallen on a non-Business Day.</p> <p>If the Maturity Date (also being the last Coupon Payment Date and</p>

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	<p>the Principal Payment Date) of the Debentures falls on a day that is not a Business Day, all payments to be made on the Maturity Date (including accrued Coupon) shall be paid on the immediately preceding Business Day, along with interest accrued on the Debentures until but excluding the date of such payment.</p> <p>It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.</p>
Disclosure of Interest / Dividend / Redemption Dates	Please refer to the column on “ <i>Coupon Payment Dates</i> ” and “ <i>Interest Payment Dates</i> ” under this Section 5.37 (<i>Issue Details</i>) of this Placement Memorandum.
Record Date	The date which will be used for determining the Debenture Holder(s) who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	As set out in Section 7.3 below and as set out in detail under the Transaction Documents.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

<p>Description regarding Security (where applicable) including type of security (movable / immovable / tangible etc.), type of charge (pledge / hypothecation / mortgage etc.), date of creation of security / likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document / Information Memorandum.</p>	<p>(i) The Debentures shall be secured by way of hypothecation by a first ranking exclusive charge to be created over the Security Receipts of the Issuer having a net asset value which is at least 1.10 (one decimal point one zero) times the aggregate principal amount outstanding of the Debentures and the Coupon payable thereon, pursuant to the Deed of Hypothecation (“Minimum Security Cover”) (collectively the “Security”). The net asset value of the Hypothecated Securities for this purpose (both for initial and subsequent valuations), shall be the amount reflected as the value thereof in the books of accounts of the Company or as certified by the statutory auditor of the Company in the requisite certificate(s) required to be issued by it, in accordance with and within the timelines set out in the SEBI Debt Listing Regulations read with the SEBI circular dated March 31, 2023 (bearing reference number SEBI/HO/DDHS/P/CIR/2023/50), each as amended, modified or replaced from time to time, the details of which are more particularly set out in the Deed of Hypothecation</p> <p>(ii) The Security shall be created prior to filing the application for listing of Debentures with the relevant stock exchange, failing which, the Company shall not be eligible to issue the Debentures. Further, the charge created by Company shall be registered with Registrar of Companies, CERSAI, Depository etc., as applicable, within 30 (Thirty) calendar days of creation of such charge, failing which, without prejudice to any other rights of the Debenture Trustee and the Debenture Holder(s) under the Transaction Documents, the Company shall be liable to pay Default Interest from the date of expiry of the aforesaid period till the creation and perfection of the Security to the satisfaction of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders). Further, upon the non-creation and/or perfection of the Security to the satisfaction of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) within the aforesaid timelines, the Debenture Trustee and the Debenture Holder(s) shall be entitled to take all such actions as available to them under the Transaction Documents or under Applicable Law, including but not limited to, requiring the Company to accelerate the redemption of the Debentures.</p> <p>(iii) In the event the net asset value of the Security provided under the Deed of Hypothecated diminishes and the Company is unable to maintain the Minimum Security Cover in accordance with the terms therein, the Company shall, immediately and no later than 15 (fifteen) working days from the date of such diminishment / reduction in the net asset value ensure that the net asset value of the Security (as the case may be) equals or exceeds the Minimum Security Cover by providing additional or new security (by way of</p>
--	---

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	<p>hypothecation) over other similar assets sufficient to maintain the Minimum Security Cover. The Company shall promptly notify the Debenture Trustee in writing of the creation of the additional or new security, which notice shall include the description of such assets being provided as additional or new security.</p> <p>(iv) The Company hereby agrees to execute all deeds and documents as necessary in connection with the creation of the Security Interest including but not limited to necessary powers of attorneys and also agrees and undertakes to perfect the Security Interest including by way of making necessary filings with the concerned Registrar of Companies within the timeframe permitted under applicable law.</p> <p>(v) In the case of a delay in the execution of Debenture Trust Deed within the period specified in Regulation 15(1) of the SEBI Debt Listing Regulations, the Issuer shall pay interest of at least 2% (Two Percent) per annum to the Debenture Holder, over and above the agreed Coupon Rate until the execution of the Debenture Trust Deed.</p> <p>It is hereby undertaken that the assets on which charge is being created is free from encumbrances.</p> <p>The Debentures / debt securities shall be considered to be secured only in the event the Security is registered with Registrar of Companies or Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) or Depository etc., as applicable or is independently verifiable by the Debenture Trustee.</p>
Due diligence certificate issued by the Debenture Trustee	The due diligence certificate issued by the Debenture Trustee to NSE in accordance with the SEBI circular dated March 31, 2023 (bearing reference number SEBI/HO/DDHS/P/CIR/2023/50) as amended from time to time is annexed hereto as Annexure VII of this Placement Memorandum.
Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee.	Please refer to Annexure VIII of this Placement Memorandum.
Transaction Documents	Shall be as set out in Section 7.1 below
Conditions Precedent to Disbursement	<p>The Company shall have to fulfil the following conditions to be eligible to issue Debentures:</p> <p>(a) The Company shall have submitted certified true copies of the following documents:</p>

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	<ul style="list-style-type: none">(i) its constitutional documents;(ii) a resolution of its Board of Directors accepting the terms of the Debentures and approving the allotment of the Debentures and execution, delivery and performance of each Transaction Document to which it is a party and authorising a named Person or Persons to sign, execute and deliver each such document and any documents to be delivered by it pursuant thereto;(iii) a resolution of its shareholders under Section 42 of the Act; <p>(b) Execution and delivery by the Company of the Deed of Hypothecation, as required by the Debenture Trustee.</p> <p>(c) Evidence of receipt of the letter of rating and the rating rationale from the Rating Agency to the satisfaction of the Debenture Trustee.</p> <p>(d) Appointment of the Registrar and Transfer Agent and initiation of the process for obtaining the ISIN (International Securities Identification Number) and obtaining receipt of ISIN from the Depository in respect of the Debentures prior to the Deemed Date of Allotment.</p> <p>(e) The execution and delivery by the Company of the Transaction Documents, as required by the Debenture Trustee.</p> <p>(f) The Company shall have appointed the Debenture Trustee.</p> <p>(g) Certificate signed by the authorized signatory of the Company, confirming that:</p> <ul style="list-style-type: none">(i) No Event of Default or potential Event of Default vis a vis the Company has occurred and/or is continuing and no such event or circumstance will result as a consequence of the Company executing the Transaction Documents or performing any obligation contemplated under the Transaction Documents;(ii) No Material Adverse Effect vis a vis the Company has occurred upto the Deemed Date of Allotment and there are no circumstances existing which could give rise, with the passage of time or otherwise, to a Material Adverse Effect on the Company;(iii) the representations and warranties made in the Debenture Trust Deed are true and correct in all material respects on and as of the date of the Debenture Trust Deed and the date of such certificate;(iv) the Company is and will be, after issuance of the Debentures, in full compliance with all provisions of the Transaction Documents, its constitutional documents, any document to which it is a party or by which it is bound, and any applicable Law and regulations applicable to it;
--	--

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	<p>(v) Each copy document provided by the Company is true and correct in all material respects.</p> <p>(h) The Company shall obtain the in-principle approval of the NSE for listing the Debentures on the WDM segment of the NSE prior to the date of submitting the Placement Memorandum to the EBP in terms of the EBP Guidelines read with the SEBI circular dated November 30, 2022 (bearing reference number: SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/167), each as amended, modified or replaced from time to time;</p> <p>(i) Receipt of due diligence certificate(s) as required under the SEBI circular dated March 31, 2023, (bearing reference number: SEBI/HO/DDHS/P/CIR/2023/50) as amended from time to time, from the Debenture Trustee.</p>
Conditions Subsequent to Disbursement	<p>The Company shall fulfil the following conditions subsequent and shall provide evidence thereof to the Debenture Trustee, within the timelines stipulated for each condition respectively:</p> <p>(a) The Company will allot the Debentures on the same day as the Deemed Date of Allotment and the depository account of the Debenture Holder(s) with NSDL or CDSL, will be credited with the Debentures within 2 (Two) Business Days from the date of closure of the Issue.</p> <p>(b) Evidence that Form CHG-9, as the case may be, has been filed by the Company with the Registrar of Companies in respect of the Security Interest within 30 (Thirty) days from the date of execution of the Deed of Hypothecation.</p> <p>(c) Certificate of creation of charge by way of hypothecation in respect of the Security Interest to be created over the Hypothecated Securities within 30 (Thirty) days from the date of execution of the Deed of Hypothecation. Certified true copy of the updated Register of Debenture Holder(s) and the updated Register of Beneficial Holders of the Company within 30 (Thirty) Business Days from the Deemed Date of Allotment.</p> <p>(d) Certificate regarding end use of subscription monies received from the Issue in terms of Clause 1.1(b) of Part A of the Debenture Trust Deed within 30 (Thirty) Business Days from the Deemed Date of Allotment.</p> <p>(e) Within 3 (Three) working days from the date of closure of the Issue, the Company shall list the Debentures on the National Stock Exchange of India Limited (NSE);</p> <p>(f) The Company shall file a return of allotment on the issue of the Debentures in Form PAS-3 specified pursuant to Rule 12 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, along with the requisite fee with the Registrar of Companies, on or prior to the utilisation of</p>

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	subscription monies in respect of the Debentures and in any case prior to 15 (Fifteen) calendar days from the Deemed Date of Allotment.
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	As mentioned in Section 7.4 of this Placement Memorandum.
Creation of recovery expense fund	Details and purpose of the recovery expense fund The Issuer shall create a recovery expense fund in accordance with the applicable SEBI regulations, including but not limited to the SEBI circular dated March 31, 2023 (bearing reference number: SEBI/HO/DDHS/P/CIR/2023/50).
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	As set out in detail under Section 7.4 below.
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holder(s) including but not limited to: (a) The Debenture Trustee shall hold and accept the Security for and on behalf of the Debenture Holder(s); (b) The Debenture Trustee shall perform all such acts and duties as are set out in the other Transaction Documents; (c) The Debenture Trustee shall on a quarterly basis, obtain a certificate from the statutory auditor of the Company certifying compliance with the covenants of the Placement Memorandum in the manner as may be specified by SEBI from time to time and certifying maintenance of the Minimum Security Cover as per the terms of the Placement Memorandum and/or this Deed along with the half-yearly financial results of the Company; (d) The Debenture Trustee shall exercise independent due diligence to ensure that the Security is free from any encumbrances. (e) The Debenture Trustee shall enter into any agreements with the Company or any other entity identified by the Company (and consented to by the Debenture Trustee) for creation, perfection of the Security or any other agreements for and on behalf of and for the benefit of the Debenture Holder(s). (f) The Debenture Trustee may, in relation to these presents, act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert whether obtained by the Company or by the Debenture Trustee or otherwise. Any such advice, opinion or information and any communication passing between the Debenture Trustee and

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	<p>their representative or attorney or a Receiver appointed by them may be obtained or sent by letter, telegram, cablegram, telex or telephonic message;</p> <p>(g) The Debenture Trustee shall act only on the instructions of the Debenture Holder(s) or the Majority Debenture Holder(s) and in accordance with this Deed and the other Transaction Documents;</p> <p>(h) The Debenture Trustee shall be at liberty to accept a certificate signed by any one of the authorised officers of the Company as to any act or matter <i>prima facie</i> within the knowledge of the Company is sufficient evidence;</p> <p>(i) The Debenture Trustee may accept, without inspection, inquiry or requisition, such title as the Company may have to the Hypothecated Securities;</p> <p>(j) The Debenture Trustee shall be at liberty to keep these presents and all deeds and other documents of title relating to any of the Hypothecated Securities charged / to be charged to the Debenture Trustee at their registered office or elsewhere or if the Debenture Trustee so decide with any banker or Company whose business includes undertaking the safe custody of documents or with an advocate or firm of solicitors;</p> <p>(k) With a view to facilitating any dealing under any provisions of these presents the Debenture Trustee shall have full power to consent (where such consent is required) to a specified transaction or class of transactions unconditionally;</p> <p>(l) The Debenture Trustee shall have full power, in consultation with the Debenture Holder(s), to determine all questions and doubts arising in relation to any of the provisions of these presents and every such determination bona fide made (whether or not the same shall relate wholly or partially to the acts or proceedings of the Debenture Trustee) shall be conclusive and binding upon all persons interested under these presents;</p> <p>(m) The Debenture Trustee shall perform all such duties and undertake such obligations as stipulated under the SEBI (Debenture Trustees) Regulations, 1993 (as amended from time to time).</p> <p>(n) The Debenture Trustee shall ensure the implementation of the conditions regarding creation of security for the Debentures, if any, including in relation to debenture redemption reserve and Recovery Expense Fund, as may be prescribed by SEBI from time to time.</p> <p>(o) The Debenture Trustee shall issue a 'No Objection Certificate (NOC)' to the designated stock exchange for refund of balance</p>
--	---

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	<p>in the Recovery Expense Fund to the Company on the Final Settlement Date. The Debenture Trustee(s) shall satisfy that there is no ‘default’ on any other listed debt securities of the Company before issuing the aforesaid NOC;</p> <p>(p) subject to the approval of the Debenture Holder(s) and the conditions as may be specified by SEBI from time to time, the Debenture Trustee shall enter into inter-creditor agreements provided under the framework specified by the RBI on behalf of the Debenture Holders;</p> <p>(q) The Debenture Trustee does not make any representation and warranty as to the adequacy of the Security for the Debentures.</p>
Risk factors pertaining to the Issue	As mentioned in SECTION 3: of this Placement Memorandum.
Covenants	As mentioned in Section 7.3 of this Placement Memorandum.
Representation and warranties	As mentioned in Section 7.2 of this Placement Memorandum.
Illustration of Bond Cash-flows	Kindly refer to Annexure VI of this Placement Memorandum.
Governing Law and Jurisdiction	<p>(b) The Debentures and the Debenture Trust Deed are governed by and shall be construed in accordance with the applicable Law of India.</p> <p>(c) The Parties agree that the courts at New Delhi shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Transaction Documents and that accordingly, any suit, action or proceedings arising out of or in connection with the Transaction Documents may be brought in such courts.</p> <p>(d) This paragraph on Governing Law and Jurisdiction shall survive the termination of the Transaction Documents.</p>

Note:

1. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.
2. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.
3. The penal interest rates mentioned above as payable by the Issuer are independent of each other.
4. The Issuer shall provide granular disclosures in this Placement Memorandum, with regards to the “Object of the Issue” including the percentage of the issue proceeds earmarked for each of the “object of the issue”.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

5. While the debt securities are secured to the tune of 100% (One Hundred Percent) of the principal amount outstanding and interest accrued thereon or as per the terms of offer document/ Placement Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the recovery of 100% (One Hundred Percent) of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Creation of Security: The Issuer shall give an undertaking in the Placement Memorandum that the assets on which charge is created are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor

The Issuer hereby undertakes that the assets on which the first ranking exclusive charge is created by the Company in favour of the Debenture Trustee to secure the obligations of the Company in relation to the Debentures under the terms of the Deed of Hypothecation, being the Security Receipts, are free from any encumbrances.

SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made under the terms of the SEBI Debt Listing Regulations:

- (a) **Name of the bank declaring the entity as a Wilful Defaulter:** None
- (b) **The year in which the entity is declared as a Wilful Defaulter:** None
- (c) **Outstanding amount when the entity is declared as a Wilful Defaulter:** None
- (d) **Name of the entity declared as a Wilful Defaulter:** None
- (e) **Steps taken, if any, for the removal from the list of wilful defaulters:** None
- (f) **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions:** None
- (g) **Any other disclosure as specified by SEBI:** None

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 Transaction Documents

The following documents shall be executed in relation to the Issue (“**Transaction Documents**”):

- (a) Debenture Trustee Agreement, which will confirm the appointment of Vistra (ITCL) India Limited as the Debenture Trustee (“**Debenture Trustee Agreement**”);
- (b) Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer (“**Debenture Trust Deed**”);
- (c) Deed of Hypothecation whereby the Issuer will create an [exclusive] first charge by way of hypothecation over the Security Receipts in favour of the Debenture Trustee to secure its obligations in respect of the Debentures (“**Deed of Hypothecation**”); and
- (d) Such other documents as agreed between the Issuer and the Debenture Trustee.

7.2 REPRESENTATIONS AND WARRANTIES OF THE ISSUER

7.2.1 The Company hereby, represents and warrants with reference to the facts and circumstances as on the date hereof:

(a) Authority and Capacity

- (i) The Company has been duly incorporated, organised and is validly existing, under applicable Law.
- (ii) The Company has the corporate power, authority and all material permits, approvals, authorisations, licenses, registrations, and consents including registrations, to own and operate its assets and to carry on its business in substantially the same manner as it is currently conducted.

(b) Non-Conflict with other obligations

The Issue (or any of the obligations undertaken by the Company in relation thereto) does not and will not:

- (i) conflict with any agreement or instrument binding upon it or any of its assets, including but not limited to any terms and conditions of the existing Financial Indebtedness of the Company;
- (ii) contravene any applicable Law, statute, rule or regulation including any labour welfare legislations or any judgment, decree or permit to which the Company is subject;
- (iii) cause any limitation on any of its powers whatsoever and howsoever imposed, or on the right or ability of its directors to exercise such powers, to be exceeded;

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (iv) contravene or conflict with any provision of the Company's constitutional documents including any provision of the Memorandum and Articles of Association of the Company; and
- (v) cause the Company to become insolvent.

(c) **Compliance**

- (i) The Company is in compliance with all applicable Laws for the performance of its obligations with respect to this Issue and the Debenture Trust Deed constitutes valid and legally binding obligations of the Company including its obligations to make payments of Redemption Amounts (subject to any mandatory prepayments preferred under applicable Law including in case of winding up/bankruptcy) and is enforceable against each of them in accordance with its terms.
- (ii) The Company represents that all consents of or filings with any Governmental Authority as may be required to be obtained or made by the Company in connection with the Issue have been obtained or made and are in effect.

(d) **Corporate Matters**

- (i) All the legal and procedural requirements specified in the constitutional documents have been duly complied with in all respects in relation to the Issue.
- (ii) Kotak Mahindra Bank Limited and/or its subsidiaries hold at least 49.90% (Forty Nine Decimal Point Nine Zero Percent) of the equity shareholding of the Company (taken on a fully diluted basis) until the Final Settlement Date;
- (iii) A minimum of 2 (Two) representatives of the Sponsors are members of the Board of Directors of the Company;
- (iv) The registers, documents and minute books (including the minutes of board and shareholders meeting) required to be maintained by the Company under applicable Law:
- (v) are up-to-date and have been maintained in accordance with applicable Law;
- (vi) comprise complete and accurate records of all information required to be recorded in such books and records; and
- (vii) no notice or allegation that any of them are incorrect and/ or should be rectified has been received.

(e) **Accounts and Records**

The books of accounts of the Company have been fairly and properly maintained, the accounts of the Company have been prepared in accordance with applicable Law, so as to give a true and fair view of the business (including the assets, liabilities and state of affairs) of the Company.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(f) **Legal / Litigation Matters**

- (i) There are no claims, investigations or proceedings before any court, tribunal or Governmental Authority in progress or pending against or relating to the Company, which would have a Material Adverse Effect on the ability of the Company to make the scheduled Payments in relation to the Debentures.
- (ii) There are no unfulfilled or unsatisfied judgments or court orders of which the Company has notice and which is outstanding against the Company, which would have a Material Adverse Effect on the ability of the Company to make the scheduled Payments in relation to the Debentures.
- (iii) The Company has not taken any action nor has any order been passed for its winding-up, dissolution or re-organisation or for the enforcement of any security over its assets or for the appointment of a liquidator, supervisor, receiver, administrator, administrative receiver, compulsory manager, trustee or other similar officer for it or in respect of its assets.

(g) **Security**

- (i) The Company is the legal and beneficial owner of the Security Receipts to be hypothecated by it within the timelines set out in Clause 1.9 (*Security*) of Part A of the Debenture Trust Deed.
- (ii) The Security Interest or any part thereof is not encumbered in any manner whatsoever, other than permitted under the Transaction Documents.
- (iii) The provisions of the Deed of Hypothecation, when executed, shall be effective to create in favour of the Debenture Trustee for the benefit of the Debenture Holder(s), a legal, valid and binding Security Interest over the Hypothecated Securities having the ranking and priority it is expressed to have in terms of the Deed of Hypothecation and all filings in relation to the creation and perfection of the relevant Security will be made with the timelines set out in Clause 1.9 (*Security*) of Part A of the Debenture Trust Deed.
- (iv) There are no restrictions or requirements on the Company under any documents binding on it that requires the Company to seek prior permission to create the Security Interest or that restricts the Company from creating the Security Interest in favour of the Debenture Trustee for the benefit of the Debenture Holder(s) over the Hypothecated Securities.

(h) **No Default**

The Company hereby represents that there is no event of default (howsoever described) that has currently occurred or is continuing as on the date hereof or might reasonably be expected to result from the Issue.

(i) **No Immunity**

Neither the Company nor any of its assets is entitled to immunity from suit, execution, attachment or other legal process in its jurisdiction of incorporation. This Issue (and the documents to be executed in relation thereto) constitutes, and the exercise of its rights and

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

performance of and compliance with its obligations in relation thereto, will constitute, private and commercial acts done and performed for private and commercial purposes.

(j) **Information**

All information provided by the Company, in writing, is true and accurate in all respects as at the date it was provided or as at the date at which it was stated and is not misleading whether by reason of omission to state a material fact or otherwise. The Company confirms that all necessary disclosures have been made in the Offer Letter, including but not limited to, statutory disclosures.

(k) The Debenture Trustee ipso facto does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid / invested by Debenture Holder(s) for the Debentures.

(l) Every Authorization as are required to be obtained by the Company from their lenders and investors and from third parties or Government Authorities required by the Company to authorise, or required by the Company in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of the Debenture Trust Deed and the other Transaction Documents or the performance by the Company of its obligations under the Debenture Trust Deed and the other Transaction Documents has been obtained or made and is in full force and effect. To the best of its knowledge, the Company has not received any notice of acquisition or requisition of any of its assets or for any claims from any authority in respect thereof nor are there any proceedings pending or initiated against the Company under the provisions of applicable Law that would result in a Material Adverse Effect on the Company.

(m) The Company has paid all tax which it has become liable to pay unless the same is being contested with the relevant tax authority.

(n) Neither the Company nor any of its respective directors has been declared to be a wilful defaulter.

(o) The Company has not filed or has been made a party or sought to be made a party to any proceedings for its winding up, dissolution, administration or reorganisation or bankruptcy or for the appointment of a receiver, trustee or similar officer of the Company or of any or all of its assets.

7.2.2 Nature of Representations and Warranties

The Company hereby expressly represents and warrants that each of the representations and warranties set out hereinabove is true and accurate as on the Effective Date and shall continue to be true and accurate on each day until the Final Settlement Date, and nothing contained in the said representations and warranties is / will be misleading or designed to create an inaccurate, incomplete or false picture as on the Effective Date.

7.3 COVENANTS OF THE ISSUER

7.3.1 Certified Covenants

(a) In the event the long term credit rating assigned to the Debentures and/or the Company is downgraded by any credit rating agency, at any point of time during the currency of the

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Debentures, the Coupon Rate shall increase by 0.25% (Zero Decimal Point Two Five Percent) for every notch of rating downgrade of the Debentures and/or the Company and the Company shall be obligated to pay the Coupon Rate, on and from the date of publication of such aforesaid rating downgrade by any credit rating agency, at the revised Coupon Rate as mentioned hereinabove. As on the date of the Debenture Trust Deed, the credit rating assigned to the Debentures and the Company is “AA” (pronounced as “Double A”) with a ‘Stable’ outlook.

- (b) Without prejudice to the rights of the Debenture Holder(s) in Section 7.3.1 (a) above, in the event the credit rating assigned to the Debentures and/or the Company falls to or below “A” by any credit rating agency, each Debenture Holder(s) shall reserve the right to accelerate the redemption of the Debentures and require the Company to pay the outstanding principal amounts of the Debentures along with accrued Coupon and all other monies payable in respect of the Debentures. The Debenture Holder(s) shall have to provide a 30 (Thirty) day calendar written notice to the Company prior to exercising their right to accelerate the redemption of the Debentures under this Section 7.3.1 (b).
- (c) The Company undertakes that its obligations under the Transaction Documents shall be absolute, irrevocable and unconditional and that it will duly and promptly observe, perform and discharge all covenants, agreements, obligations and liabilities in accordance with and subject to the terms and conditions contained in the Transaction Documents;
- (d) The Company shall continue to perform as a ‘going concern’ as per the IND AS during the tenure of the Debentures;
- (e) The Company shall ensure that Kotak Mahindra Bank Limited and/or its subsidiaries hold at least 49.90% (Forty Nine Decimal Point Nine Zero percent) of the equity shareholding of the Company (taken on a fully diluted basis) and shall also be the largest shareholder of the equity shareholding of the Company, and that at any time a minimum of 2 (Two) representatives of the Sponsors are members of the Board of Directors of the Company, during the tenor of the Debentures.

7.3.2 Financial Covenants

- (a) The Company shall ensure that until the Final Settlement Date, it shall maintain a Gearing Ratio of not more than 3 (Three) times.
- (b) In the event that the Gearing Ratio exceeds 2.5 (Two Decimal Point Five) times on any day during the tenor of the Debentures, the Company shall immediately and no later than 3 (Three) Business Days inform the Debenture Trustee and the Debenture Holder(s) in this respect. The Company shall have a cure period of 60 (Sixty) calendar days to reduce the Gearing Ratio to below 2.5 (Two Decimal Point Five) times, which cure period shall commence on and from the date the Gearing Ratio had exceeded 2.5 (Two Decimal Point Five) times.
- (c) In the event, the Company fails to reduce the Gearing Ratio below 2.5 (Two Decimal Point Five) times within the aforesaid period of 60 (Sixty) calendar days, the Debenture Holder(s) shall be entitled to issue a notice to the Company for accelerating the redemption of the Debentures and shall accelerate the redemption of the Debentures, any time after the expiry of 30 (Thirty) calendar days from the date of such notice issued by the Debenture Holder(s)

For the purposes of this Section 7.3.2 (*Financial Covenant*) of this Placement Memorandum:

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (i) the term “*Gearing Ratio*” shall mean the Financial Indebtedness availed by the Company divided by the Tangible Networth of the Company; and
- (ii) the term “*Tangible Networth*” shall mean the issued and paid up equity share capital, securities premium, and retained earnings minus intangibles (including but not restricted to brand valuation, goodwill etc.) and minus any revaluation reserves.

7.3.3 Information Covenants

- (a) The Company undertakes to submit a report to the Debenture Trustee on a quarterly basis, within 45 (Forty Five) Business Days from the end of every financial quarter (unless otherwise provided), containing the following particulars:
 - (i) Updated list of names and addresses of the Debenture Holder(s);
 - (ii) Details of unpaid due payments, to be made, but unpaid and reasons for non-payment thereof;
 - (iii) The number and nature of grievances received from the Debenture Holder(s) and (a) resolved by the Company, or (b) unresolved by the Company and the reasons for the same;
 - (iv) A Security cover certificate from a statutory auditor certifying *inter alia* the Minimum Security Cover being maintained by the Company within the timelines and as per the terms set out under the Deed of Hypothecation.
- (b) The Company undertakes to submit to the Debenture Trustee, within 45 (Forty-Five) calendar Days from the end of the financial year, a certificate from Statutory Auditors of the Company, certifying the manner in which the proceeds raised from the issue of Debentures have been utilised.
- (c) The Company shall provide / cause to be provided information in respect of the following promptly and no later than 5 (Five) calendar days from the occurrence of such event (unless otherwise specifically provided) and it undertakes to:
 - (i) notify the Debenture Trustee in writing of any event which constitutes an Event of Default, specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;
 - (ii) notify the Debenture Trustee in writing of any proposed change in the nature or scope or the business or operations of the Company or the entering into any agreement or arrangement by any person, other than in the normal course of business, that may materially affect the assets and liabilities of the Company, at least 3 (Three) Business Days prior to the date on which such action is proposed to be given effect;
 - (iii) notify the Debenture Trustee of any major change in the composition of the Board of Directors of the Company;
 - (iv) notify the Debenture Trustee of any amalgamation, merger or reconstruction scheme proposed by the Company;

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (v) inform the Debenture Trustee promptly about any failure to create Security and about all orders, directions, notices of court/tribunal affecting or likely to affect the Security and/or the Hypothecated Securities.
- (d) The Company undertakes to notify the Debenture Trustee of any further information requested by the Debenture Trustee in terms of the Transaction Documents.
- (e) The Company undertakes to inform and provide the Debenture Trustee with applicable documents in respect of any and all information required to be provided to the Debenture Holder(s) under the listing agreement entered/ to be entered into between the Company and the stock exchange on which the Debentures are proposed to be listed.
- (f) The Company undertakes to provide all information/ documents required to be submitted to the Debenture Trustee, to enable it to carry out the due diligence in terms of SEBI circular dated March 31, 2023 (bearing reference number SEBI/HO/DDHS/P/CIR/2023/50).
- (g) The Company undertakes to submit to the Debenture Trustee its duly audited annual accounts within 180 (One Hundred and Eighty) calendar days from the close of its accounting year.
- (h) The Company shall provide / cause to be provided information in respect of the following promptly and no later than 5 (Five) calendar days from the occurrence of such event (unless otherwise specifically provided) and it undertakes to:
 - (i) notify the Debenture Trustee of all orders, directions, notices, of any court/tribunal affecting or likely to affect the Security;
 - (ii) notify the Debenture Trustee of any Security Interest being granted or established or becoming enforceable over any of the Hypothecated Securities;
 - (iii) inform and provide the Debenture Trustee with applicable documents in respect of any and all information required to be provided to the Debenture Holder(s) under the listing agreement entered/ to be entered into between the Company and the stock exchange on which the Debentures are proposed to be listed.

7.3.4 Affirmative Covenants

The Company hereby covenants with the Debenture Trustee that the Company shall, (except as may otherwise be previously agreed in writing by the Debenture Trustee (acting upon the instructions of the Majority Debenture Holders), undertakes to comply with the following covenants until the Final Settlement Date:

- (a) utilise the funds raised through the Issue solely towards the Purpose.
- (b) take all steps necessary to obtain the in-principle approval from the NSE for listing the Debentures within the timelines set out under the SEBI circular dated November 30, 2022 (bearing reference number: SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/167), each as amended, modified or replaced from time to time and to take all steps necessary to get the Debentures listed with the NSE within 3 (Three) working days from the date of closure of the Issue. In case of delay in listing of the Debentures beyond 3 (Three) working days from the date of closing of the Issue, the Company will pay penal interest of 1% (One percent) p.a. over the Coupon Rate for the period of delay till the listing of such Debentures, to the Debenture Holder(s).

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (c) perform all of its obligations under the terms of the applicable Transaction Documents and maintain in full force and effect each of the Transaction Documents to which it is a party.
- (d) obtain without undue delay all consents, as may be necessary for performing its obligations in relation to this Issue.
- (e) give to the Debenture Trustee any information, relating to the business, property and affairs of the Company, that materially impacts the interests of the Debenture Holder(s).
- (f) ensure that the Security is the absolute property of the Company and is free from any other mortgage, charge or encumbrance (save and except as permitted under the Debenture Trust Deed) and is not subject to any lis pendens or other process issued by any Court or other authority.
- (g) confirms that the Company is not aware of any document, judgment or legal process or defects affecting the title, ownership of the Security which has remained undisclosed and/or which may have Material Adverse Effect on the Debenture Holder.
- (h) execute all such deeds, documents and assurances and do all such acts and things as the Debenture Trustee may reasonably require for exercising the rights under these presents and the Debentures or for effectuating and completing the Security intended to be hereby created and shall from time to time and at all times after the Security hereby constituted shall become enforceable, execute and do all such deeds, documents, assurance, acts, and things as the Debenture Trustee may require for facilitating realisation of the Hypothecated Securities and in particular the Company shall execute all transfers, conveyances, assignments and assurance of the Hypothecated Securities whether to the Debenture Trustee or to their nominees and shall give all notices and directions which the Debenture Trustee may think expedient.
- (i) confirms that the Company shall have recorded the name of the prospective investor for making an offer of Debentures to them, by name. The Company shall have made an offer and invitation to subscribe to the Debentures through issue of a private placement offer cum application letter in Form PAS-4 accompanied by an application form serially numbered and addressed specifically to the prospective investor.
- (j) maintain a complete record of private placement offer in Form PAS-5 and shall furnish certified true copies of the same to the Debenture Trustee.
- (k) file a return of allotment of Debentures with the concerned Registrar of Companies, on or prior to the utilisation of the subscription monies in respect of the Debentures and in any case within 15 (Fifteen) calendar days of the Deemed Date of Allotment in Form PAS-3 and with the fee as provided in Companies (Registration of Offices and Fees) Rules, 2014 along with a complete list of all security holders containing:
 - (i) full name, address, permanent account number and email ID of each Debenture Holder;
 - (ii) the details of Debentures held;
 - (iii) date of allotment of Debentures;

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (iv) the number of securities held, nominal value and amount paid on such securities; and particulars of consideration received for the Debentures.
- (l) without undue delay attend to and redress the grievances, if any, of the Debenture Holder(s). The Company further undertakes that it shall promptly advise the Debenture Trustee of the grievances and the steps taken by the Company to redress the same. The Company further, shall inform the Debenture Trustee of any unsatisfied grievances and shall consider the suggestions of the Debenture Trustee for the redressal of the same. The Company shall endeavour to attend to and redress routine investor grievances within 15 (Fifteen) Business Days from the date of receipt of the complaint, where possible. In case of non-routine grievances and where external agencies are involved, the Company shall strive to redress these complaints as expeditiously as possible.
- (m) ensure that it promptly makes all required filings with all Governmental Authority (including the Registrar of Companies and Reserve Bank of India) to preserve, renew and keep in full force and effect its existence and/or its rights necessary for the operation of its business and/or the legality and validity of any Transaction Documents.
- (n) keep proper books of account and keep the said books of account and all other books, registers and documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same including in relation to the Hypothecated Securities and the Debentures and/or in relation to the exercise or discharge of any of the powers or rights or duties of the Debenture Trustee under the Debenture Trust Deed, shall upon notice and during the regular working hours of the Company be open for inspection of the Debenture Trustee and such person or persons, as the Debenture Trustee shall, from time to time, for that purpose appoint, and the Debenture Trustee or such person or persons so appointed shall be entitled to take copies or extracts of the registers of the company or any records or other documents relating to the same available for inspection. The cost of inspection, including travelling and other related expenses shall be borne and paid by the Company.
- (o) The Company shall pay all taxes, cesses with the Hypothecated Securities within the time permissible under Applicable Laws.
- (p) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Trust Deed has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014 to the extent applicable to it as if they are actually and physically incorporated herein in the Debenture Trust Deed;
- (q) comply with all applicable Law, as applicable in respect of the Debentures, including but not limited, in relation to the following (i) the SEBI Debt Listing Regulations, as may be in force from time to time during the currency of the Debentures; and (ii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations); (iii) the SEBI (Debenture Trustees) Regulations, 1993 (as amended, modified or replaced from time to time); and (iv) the Act.
- (r) The Company:

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (i) shall punctually pay all Taxes and other charges payable to any Governmental Authority in connection with any part of Hypothecated Securities;
 - (ii) acknowledges that the Coupon and Default Interest payable on the Debentures are fair and reasonable and represent genuine business and commercial risks reflected in the transactions and will not be subject to any claims of usury or excessive or unconscionable interest/terms.
- (s) shall prior to (i) creating any further Encumbrance on the Hypothecated Securities other than for the benefit of the Debenture Holder(s), and (ii) releasing, vacating a charge on any of Hypothecated Securities, or excluding any Hypothecated Securities from the Security Interest under the Transaction Documents, other than in normal course of business on the Final Settlement Date, provide a certificate from the Chief Financial Officer identifying/specifying, as on the date of such certificate, (i) the Security Receipts available as Security for the benefit of the Debenture Holder(s), (ii) the book value of such Security Receipts, (iii) the total debt secured by such Security Receipts and the security cover available for the Debentures. The Debenture Trustee shall upon receiving such certificate and subject to no Event of Default subsisting at such time, cooperate with the Company for any Security Interest proposed to be created by the Company in favour of third parties over the Hypothecated Securities (or any part thereof), and in this regard, issue any no objection (without being required to seek the consent of or approval of the Debenture Holder(s), subject to the terms of this Section being fulfilled) or execute any further documents including inter creditor or security sharing agreements as may be reasonably requested by the Company.
- (t) shall have complied with and shall comply with, as applicable, each of the conditions stated in 'Schedule 5' of the Debenture Trust Deed.

7.3.5 Negative Covenants

The Company hereby covenants with the Debenture Trustee that the Company shall not, (except as may otherwise be previously agreed in writing by the Debenture Trustee, acting on behalf of the Majority Debenture Holders), until the Final Settlement Date, undertake the following:

- (a) The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the amounts then due and payable on the Debentures or has made provisions satisfactory to the Debenture Trustee for making such payment.
- (b) the Company shall not create any other Security Interest, other than as permitted under the Debenture Trust and the Deed of Hypothecation, over the Hypothecated Securities.
- (c) The Company shall not without the consent of the Debenture Trustee apply to a court for winding up the Company or agree to wind up the Company.
- (d) The Company shall not, without the prior written approval of the Debenture Trustee, sell, transfer or otherwise dispose of all or substantially all of its assets other than in the normal course of business of the Company.
- (e) The Company shall not make any amendments to the main object clause of its Memorandum or Articles of Association in a manner which would prejudicially affect the interests of the Debenture Holder(s), without the prior written consent of the Debenture Trustee.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (f) The Company shall not create any other charge, other than as permitted under the Debenture Trust and the Deed of Hypothecation, over the Hypothecated Securities.
- (g) The Company shall not enter into any compromise or arrangement or settlement with any of its secured creditors that would prejudicially affect the interests of the Debenture Holder(s) without the prior written consent of the Debenture Trustee and
- (h) In the event of the occurrence of an Event of Default, the Company shall not, without the prior written consent of the Debenture Trustee, declare any dividend to the shareholders of the Company till such time as the relevant Event of Default is cured.

7.3.6 Breach of Covenants may be waived

The Debenture Trustee may, at any time, waive on such terms and conditions as to them shall seem expedient any breach by the Company of any of the covenants and provisions in the Debenture Trust without prejudice to the rights of the Debenture Trustee in respect of any subsequent breach thereof. Provided however that the prior consent of the Majority Debenture Holder(s) shall have been obtained by the Debenture Trustee for any such waiver.

7.4 EVENTS OF DEFAULT

7.4.1 If one or more of the events specified hereinbelow (hereinafter each an “Event of Default” and collectively, “Events of Default”) happen(s) / occurs and is not cured within the applicable cure period (if any) provided for such event, the Debenture Trustee shall be entitled to exercise any and all rights hereunder as contained in the Debenture Trust Deed:

- (a) Failure on the part of the Company to make/satisfy all or any part of Payments under the Transaction Documents on their respective Due Dates in accordance with the Debenture Trust and the Financial Covenants and Conditions.
- (b) The Company ceasing or threatening to cease to carry on all or substantially all of its business or operations or gives notice of its intention to do so, except for the purpose of and followed by a reconstruction, amalgamation, re-organization, merger or consolidation on terms approved by a Special Resolution of the Debenture Holder(s).
- (c) An order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company.
- (d) Any or all of the representations and warranties provided by the Company under any Transaction Document, being untrue, incomplete, incorrect or misleading in a material respect in the opinion of the Debenture Trustee (acting on the instructions of the Majority Debenture Holder(s)) or breach by the Company of any provision or terms including covenant or undertaking contained in the Transaction Documents.
- (e) Security
 - (i) If the Company fails to maintain Minimum Security Cover in accordance with provisions of Deed of Hypothecation.
 - (ii) In the opinion of the Debenture Trustee acting on the instructions of the Majority Debenture Holder(s), the security offered for the Debentures is in grave jeopardy; or

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

any failure of the Company to create, perfect and maintain the Security Interest over the Hypothecated Securities within the timeframe stipulated under the Debenture Trust or the Security provided in terms of the Transaction Documents being invalid.

- (iii) Save and except the charge created under the terms of the Deed of Hypothecation, when the Company creates or attempts to create any charge on the Hypothecated Securities or any part thereof or attempts to sell, transfer, lease or otherwise dispose of in any manner whatsoever any assets constituting the Hypothecated Securities without the prior approval of the Debenture Trustee / Debenture Holders.
- (f) The Company defaults in the performance of any covenants and/or obligations, not specifically mentioned under this Section 7.4 (*Events of Default*) of this Placement Memorandum.
- (g) Any Financial Indebtedness of the Company Rs. 10,00,00,000/- (Rupees Ten Crore Only) is not paid within a cure period of 2 (Two) Business Days from the date of default of such Financial Indebtedness, under the documents executed in relation to such Financial Indebtedness; and/or (ii) any Financial Indebtedness of the Company exceeding Rs. 10,00,00,000/- (Rupees Ten Crore Only) is not paid when due or within any grace period provided under the documents executed in relation to such Financial Indebtedness.
- (h) The Company is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or stops or suspends payment of all its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium is agreed or declared in respect of or affecting all the debts of the Company.
- (i) The Company commences a voluntary proceedings under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary proceeding under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property or take any action towards its liquidation or dissolution.
- (j) The Company is unable or admits in writing its inability to pay its Financial Indebtedness as they fall due.
- (k) It is or becomes unlawful for the Company to perform any of its obligations under the Transaction Documents.
- (l) any application has been filed or proceedings have been initiated and/ or admitted against the Company under IBC by the Regulator (as defined under the IBC).
- (m) an admission of application against the Company under the IBC by a financial creditor (as defined under the IBC) or an operational creditor (as defined under the IBC).
- (n) Failure of the Company to comply with any covenants under the Debenture Trust including any covenants set out in Section 7.3.1 (*Certified Covenants*) of this Placement Memorandum or any of the Financial Covenants and Conditions set out in Section 7.3.2 (*Financial Covenants*) of this Placement Memorandum.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (o) If the obligation or the obligations of the Company under any Transaction Documents or any part thereof ceases, for any reason whatsoever, to be valid, binding or enforceable or in full force and effect.
- (p) The Company repudiates a Transaction Document to which it is a party or evidences an intention to repudiate Transaction Documents to which it is a party.
- (q) Any material clearances of the Company required for the conduct of its business being revoked or cancelled and such cancellation or revocation has a material adverse impact on the ability of the Company to perform its obligations under the Transaction Documents.
- (r) The listing of the Debentures ceases or is suspended at any point of time prior to the Maturity Date, except if the Debentures are delisted in accordance with the consent of the Majority Debenture Holder(s).
- (s) The Company defaults in the performance of any conditions subsequent as set out in Chapter B of 'Schedule 5' (Conditions Subsequent) of the Debenture Trust Deed within the time period as more particularly set out in the said Chapter B of 'Schedule 5' (Conditions Subsequent).
- (t) Any distress, attachment or execution affects any material part of the property, assets or revenues of the Company.
- (u) The occurrence of any event having a Material Adverse Effect.
- (v) If any step is taken by any Governmental Authority or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalization of all or (in the opinion of the Debenture Trustee acting on the instructions of the Majority Debenture Holder(s)) a material part of the assets of the Company which is material to the Company.
- (w) Any material legal proceedings are commenced against the Company which has the effect of prohibiting the Company from performing its obligations under the Debenture Trust and the other Transaction Documents, or affecting the legality, validity and enforceability of the Debenture Trust and the other Transaction Documents and such proceedings are not dismissed or stayed within a period of 30 (Thirty) calendar days of such petition being admitted.
- (x) Any breach of any applicable Law or material default having occurred and continuing under any of the terms, covenants, conditions or provisions of any indenture, mortgage, lease or loan agreement or instrument binding on the Company including its constitutional documents, any resolutions or documents in respect of any of its powers, which has the effect of prohibiting the Company from performing its obligations under the Debenture Trust and the other Transaction Documents, or affecting the legality, validity and enforceability of the Debenture Trust and the other Transaction Documents.
- (y) any application has been filed or proceedings have been initiated against the Company under the IBC by an operational creditor (as defined under the IBC).

7.4.2 Upon occurrence of any Event of Default identified in Section 7.4 (d) to (f) and Section 7.4 (u) to (y) except Section (w) above, the Company shall have a cure period of 30 (Thirty) days from the date of occurrence of such event to rectify the breach, failing which all amounts

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

outstanding under the Debentures shall be immediately due and payable without the need for any further act or notice of the Parties. The Parties agree that there shall be no cure period for any Event of Default identified in Section 7.4 (a) to (c) and Section 7.4 (g) to (t) above, and all amounts outstanding under the Debentures shall be immediately due and payable without the need for any act or notice of the Parties.

7.5 CONSEQUENCES OF EVENTS OF DEFAULT

7.5.1 On and at any time after the occurrence of an Event of Default and subject to Section 7.4.2 (Events of Default) of this Placement Memorandum, the Debenture Trustee shall if so, directed by the Majority Debenture Holder(s):

- (a) accelerate redemption of the Debentures, charge appropriate Default Interest and declare that all or part of the Secured Obligations be immediately due and payable;
- (b) enforce the charge over the Hypothecated Securities in accordance with the terms of the Deed of Hypothecation; and
- (c) exercise any other right that the Debenture Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under applicable Laws including in relation to the enforcement of security / entering into the inter-creditor agreement with the creditors of the Company pursuant to the SEBI circular dated March 31, 2023, (bearing reference number: SEBI/HO/DDHS/P/CIR/2023/50) issued by SEBI, as amended, modified or replaced from time to time.

7.5.2 Until the happening of any of the Event(s) of Default set out in Section 7.4 (*Events of Default*) of this Placement Memorandum, the Debenture Trustee shall not be in any manner required, bound or concerned to interfere with the management of the affairs of the Company or its business thereof. The Debenture Trustee shall, on being informed by the Company of the happening of any of the Event(s) of Default set out in Section 7.4 (*Events of Default*) of this Placement Memorandum or upon the happening of any of such Event(s) of Default coming to its notice, forthwith give written notice to the Debenture Holder(s) of the same.

7.5.3 Nominee Director

The Debenture Trustee shall have a right to appoint a nominee Director on the Board of Directors of the Company (hereinafter referred to as "the Nominee Director") in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 in the event of:

- (i) 2 (Two) consecutive defaults in payment of interest to the Debenture Holder(s); or
- (ii) Any default on the part of the Company in redemption of the Debentures; or
- (iii) Any default in the creation of Security.

The Nominee Director so appointed shall not be liable to retire by rotation nor shall be required to hold any qualification shares. The Company shall take steps to amend its Articles of Association incorporating *inter alia* the relevant provisions for the board of directors of the Company to appoint the person nominated by the Debenture Trustee, in terms of Clause 1.13.3 of Part A of the Debenture Trust Deed as the Nominee Director on the Board of Directors of the Company. The aforementioned Nominee Director shall be appointed by the

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Company as a director on its Board of Directors at the earliest and no later than 1 (one) month from the date of receipt of nomination from the Debenture Trustee in this regard.

****Please note that any capitalised terms used in this section, but not defined herein, shall have the meaning as assigned to such term in the Debenture Trust Deed.***

SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

8.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable subject to the provisions of the Debenture Trust Deed. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable Laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

8.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/ECS/ NEFT/fund transfer/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the Depository(ies). The names would be as per Depository(ies) records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

8.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed Vistra (ITCL) India Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered/intend to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

The Issuer may, at its option, but subject to applicable Laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

8.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

8.6 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Placement Memorandum which, in the opinion of the Debenture Trustee, is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders.

For the avoidance of doubt, the following matters require the consent of Majority Debenture Holders, either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders as set out below:

- (a) Creating of any additional security; and
- (b) Amendment to the terms and conditions of the Debentures or the Transaction Documents.

8.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

8.8 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognized overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address or facsimile number.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures".

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) Business Days after posting; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business Day delivery (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission or (d) in the case of personal delivery, at the time of delivery or (e) or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

8.9 Issue Procedure

Only Eligible Investors as given hereunder may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP Platform during the Issue period. In case the Eligible Investors are not registered on the EBP Platform, they will have to register themselves as investor on the said platform (as a one time exercise) and also complete the mandatory KYC verification process. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines are set out hereinbelow:

Details of size of the Issue including green shoe option, if any	INR 100,00,00,000/- (Indian Rupees One Hundred Crore only) Green shoe option: N.A.
Interest rate parameter	Fixed coupon
Bid opening and closing date	Bid opening date: August 22, 2023; and Bid closing date: August 22, 2023
Minimum Bid lot	100 (One Hundred) Debentures
Manner of bidding in the Issue	Open Bidding
Manner of allotment in the Issue	The allotment will be done on Multiple Yield basis in accordance with EBP Guidelines.
Manner of settlement in the Issue	Pay-in of funds through NSE Clearing Limited,.
Settlement cycle	T+1, where T refers to the date of bid opening date / issue opening date

Process flow of settlement:

Eligible Investors whose bids have been accepted by the Issuer and to whom a signed copy of this Placement Memorandum along with the Private Placement Offer Letter have been issued by the Issuer and who have submitted/shall submit the application form (“**Successful Bidders**”), shall make pay-in of subscription monies in respect of the Debentures towards the allocation made to them, into the bank account of the NSE Clearing Limited,, the details of which are as set out below, on or before 10:30 a.m. on the Deemed Date of Allotment:

Name of Bank	HDFC BANK
IFSC Code	HDFC0000060
Account number	Virtual Account Number mentioned on EBP system
Name of beneficiary	NSE Clearing Limited

The pay-in by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid account of NSE Clearing Limited, and

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the NSE Clearing Limited,, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures from the aforesaid account of NSE Clearing Limited, shall be released into the Issuer's bank account, the details of which are as set out below:

Beneficiary Name	Phoenix ARC Private Limited
Bank Account No.	9311619598
SWIFT Code	N.A.
IFSC Code	KKBK0001368
Bank Name	Kotak Mahindra Bank Limited
Branch Address	BKC Branch Plot No C-27, Block 9, BKC, Bandra East 400051

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the EBP Guidelines.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

8.10 Application Procedure

Potential Investors will be invited to subscribe by way of the Application Form prescribed in the Placement Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). Subject to EBP Guidelines, the Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

8.11 Fictitious Applications

All fictitious applications will be rejected.

8.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, allotment shall be made on a "yield – time" priority basis as per the EBP Guidelines. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to the Issuer by the Deemed Date of Allotment.

8.13 Payment Instructions

The pay-in of subscription monies in respect of the Debentures by the Successful Bidder shall be made in accordance with the procedure set out in Section 8.9 of this Placement Memorandum.

8.14 Eligible Investors

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form (“**Eligible Investors**”):

- (a) Mutual Funds
- (b) NBFCs
- (c) Provident Funds and Pension Funds
- (d) Corporates
- (e) Banks
- (f) Foreign Institutional Investors (FIIs)
- (g) Qualified Foreign Investors (QFIs)
- (h) Foreign Portfolio Investors (FPIs)
- (i) Insurance Companies
- (j) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures.

All potential Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

It is hereby clarified that the hosting of the Placement Memorandum on the website of the NSE should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the same has been hosted only as it is stipulated under the SEBI Debt Listing Regulations read with the EBP Guidelines. Eligible Investors should check their eligibility before making any investment.

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

8.15 Procedure for Applying for Dematerialised Facility

- (a) The applicant must have at least one beneficiary account with any of the DP’s of NSDL and CDSL prior to making the application.
- (b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading “Details for Issue of Debentures in Electronic/Dematerialised Form”.
- (c) Debentures allotted to an applicant will be credited to the applicant’s respective beneficiary account(s) with the DP.
- (d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
- (f) If incomplete/incorrect details are given under the heading “Details for Issue of Debentures in Electronic/Dematerialised Form” in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- (g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- (h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.16 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

8.17 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of Redemption Amounts.

8.18 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication. In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

8.19 Procedure for application

The investor should make a separate application in respect of each scheme of the mutual fund registered with the SEBI and such applications will not be treated as multiple application, *provided*

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

that the application made by the investor clearly indicated their intention as to the scheme for which the application has been made.

The application forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

- (a) SEBI registration certificate
- (b) Resolution authorizing investment and containing operating instructions
- (c) Specimen signature of authorized signatories

8.20 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

8.21 Mode of Payment

All payments must be made through cheque(s) demand draft(s), EFT/RTGS as set out in the Application Form.

8.22 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

8.23 Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961 will be deducted at source. Tax exemption certificate/document, under Section 195(3) or Section 197(1) of the Income Tax Act, 1961 if any must be lodged at the office of the Company before the Record Date. Tax exemption certificate for interest on application money, if any, should be lodged along with the Application Form.

8.24 Debentures to rank pari passu

The Debentures of this Issue shall rank *pari passu inter-se* without preference or priority of one other or others.

8.25 Debenture Redemption Reserve

The Company shall if required in terms of applicable Law, create and maintain a Debenture Redemption Reserve as per the Act and other applicable Laws.

8.26 Compliance with Laws

The Issue of Debentures is being made in compliance with the Companies Act, 2013 (amongst others, in terms of the requirements under Section 42 read with Section 71 of the Companies Act, 2013), the Rules made under the Companies Act, 2013 (amongst others, Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014; and Rule 18 of the Companies (Share Capital and Debenture) Rules, 2014), and other applicable laws in this regard.

8.27 Interest on Application Money

Interest will be paid to investor at the Coupon Rate i.e. 9.10% (Nine Percent Ten Decimal) per annum for Debentures from the date of realization of subscription money upto one calendar day prior to the Deemed Date of Allotment. Such interest, if applicable, is payable within 7 (Seven) Business Days from the Deemed Date of Allotment.

8.28 Record Date

This will be 15 (Fifteen) calendar days prior to each coupon payment date/ redemption date. The list of beneficial owner(s) provided by the Depository as at the end of day of Record Date shall be used to determine the name(s) of person(s) to whom the interest and/or principal instalment is to be paid. Should the Record Date fall on a day other than a Business Day, the previous Business Day shall be considered as the effective Record Date for that payment.

8.29 Redemption on Maturity of Debenture

The Company shall pay, in respect of each outstanding Debenture, an amount that is equal to the outstanding principal amount of that Debenture, the accrued Coupon, to the principal amount of that Debenture, payable on the maturity date as the case may be.

8.30 Right to Re-Purchase and Re-Issue Debenture(s)

The Company may, at its discretion and as per the prevailing guidelines/regulations of RBI and other authorities at any time purchase the Debentures at discount, at par or at premium in the open market. Such Debenture may, at the option of Company be cancelled, held or resold at such price and on such terms and conditions as the Company may deem fit as permitted by law.

All costs incurred by the Debenture holder(s) (including but not limited to break costs relating to interest, currency exchange and/or hedge agreements) pursuant to the repurchase by the Company before the redemption date as set out above, will be borne by the Company and will be calculated (and the Debenture Holder(s) will be reimbursed) on the basis as if an acceleration event had occurred.

8.31 Future Borrowing

The Company shall be entitled to make further issue of non-convertible debentures and/or raise term loans or raise further funds, in accordance with the terms of the Transaction Documents, from time to time from any persons/banks/financial institutions / body corporate or any other agency, subject to the prevailing guidelines/regulations of Reserve Bank of India and other authorities, as may be applicable.

8.32 Debenture Trust Deed to prevail

In case of inconsistency between this Information Memorandum and the Debenture Trust Deed, the Debenture Trust Deed shall prevail.

8.33 Business Day Conventions / Effect of Holidays

In case any Coupon Payment Date or the due date for the performance of any event, falls on a day which is not a Business Day, the payment to be made shall be made on the next Business Day, without

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

calculating interest for such additional period. If the Coupon Payment Date falls on a non-Business Day, the payment as aforesaid shall be made on the subsequent Business Day, however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed because of it having fallen on a non-Business Day.

When the Maturity Date (also being the last Coupon Payment Date and the Principal Payment Date) of the Debentures falls on a day which is not a Business Day, all payments to be made on the Maturity Date (including accrued Coupon) shall be made on the immediately preceding Business Day, along with interest accrued on the Debentures until but excluding the date of such payment.

Disclaimer: Please note that only those persons to whom this Information Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to, revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

SECTION 9: UNDERTAKING

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable Laws have been complied with and no statement made in this Placement Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable Laws, as the case may be. The information contained in this Placement Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in the Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer confirms that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters of the Issuer and Permanent Account Number of the directors of the Issuer have been submitted to the stock exchange(s) on which the non-convertible securities are proposed to be listed, at the time of filing of the draft Placement Memorandum.

Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number 16 under section 3 'General Risks'.

The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Placement Memorandum. Any covenants later added shall be disclosed on the relevant stock exchange's website where the Debentures are listed.

The Issuer hereby declares the credit rating obtained by it in relation to the Debentures from CRISIL Limited being "AA" pronounced as "Double A" with "stable" outlook shall be valid on the date of Issue and on the date of listing of Debentures.

For **Phoenix ARC Private Limited**

Authorised Signatory

Name: Gauri Bhatkal
Title: Chief Financial Officer
Date: August 22, 2023

SECTION 10: FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Addressed to: **HSBC Asset Management (India) Pvt. Ltd and SBI Funds Management Private Limited**

Serial No: NCD9/001

August 22, 2023

FORM NO PAS-4 PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to Section 42 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014]

Issue of 10,000 (Ten Thousand Only) Secured, Rated, Listed, Redeemable Non-convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) on a private placement basis (the "Issue").

10.1 General Information:

- (a) **Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:**

Issuer / Company:	Phoenix ARC Private Limited
Registered Office:	5 th Floor, Dani Corporate Park, 158, C.S.T. Road, Kalina, Santacruz (E), Mumbai - 400098
Corporate Office:	5 th Floor, Dani Corporate Park, 158, C.S.T. Road, Kalina, Santacruz (E), Mumbai - 400098
Telephone No.:	022- 6849 2450
Website:	www.phoenixarc.co.in
Fax:	-
Contact Person:	Gauri Bhatkal, CFO
Email:	gauri.bhatkal@phoenixarc.co.in

- (b) **Date of Incorporation of the Company:**

March 02, 2007

- (c) **Business carried on by the Company and its subsidiaries with the details of branches or units, if any;**

Phoenix ARC Private Limited is a company registered as an Asset Reconstruction Company pursuant to Section 3 of the SARFAESI Act with the Reserve Bank of India (RBI), having its registered office at 5th floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (E), Mumbai - 400 098.

The Company is engaged in the business of asset reconstruction. It buys NPAs from banks and financial institutions and recovers money through restructuring of the assets and/ or other measures as per the RBI guidelines.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Details of branches with address as on June 30, 2023 is as follows:

No.	Branch	Branch Address
1	Delhi	M- 16, Basement, Chittaranjan Park, New Delhi – 110 019

(d) Brief particulars of the management of the Company:

Name	Designation	Experience
Sanjay Tibrewala	Chief Executive Officer	Sanjay is a Chartered Accountant, Cost Accountant and Company Secretary. Sanjay has more than 26 years of experience in Manufacturing, Banking and Financial Services.
K B Ajit	Head Resolution	Ajit has over 29 years of experience in the legal profession covering the entire spectrum of law including corporate funding, restructuring and litigation. He also has been corporate legal adviser as an in-house counsel. Ajit is post graduate in Arts and possesses a degree in law.
Aditya Gupta	Head Acquisition	Aditya is a CFA charter holder and MBA from University of Pittsburgh. He also holds a Bachelor of Engineering degree in Electronics and Communication. Aditya has over 19 years of work experience including over 15 years of experience of investment, acquisition and resolution of stressed assets.
Gauri Bhatkal	Chief Financial Officer	Gauri is a Chartered Accountant and also possesses a degree in law and commerce. She has experience of over 16 years in the banking and finance industry. Gauri is well versed in financial management, taxation and operations.

(e) Name, addresses, DIN and occupations of the directors:

S. No.	Name of the Directors	Address	DIN	Occupation
1	Mr. Balan Wasudeo	A-504, Great Eastern Gardens, L.B.S Marg, Kanjurmarg (W), Mumbai – 400078	00073697	Director
2	Mr. Chandan Bhattacharya	Flat No.72, Sunflower Apt, G D Somani Marg, Cuffe Parade, Mumbai 400005	01341570	Director
3	Mr. Keki Elavia	Flat No. 603, 36AB (previously known as Anand Bhavan), 36 th Road, Near National College, Bandra (West), Mumbai 400 050	00003940	Director
4	Mr. Venkattu Srinivasan	402, RNA Auroville, Jain Derasar Marg, Santacruz (W), Mumbai 400054	01535417	Consultant
5	Ms. Jyoti Agarwal	4, Juhu Gulshan CHSL, 1st Floor, A B Nair Road, Juhu, Mumbai-400049	08577171	Service

10.2 MANAGEMENT PERCEPTION OF RISK FACTORS:

Please refer to Section 3 of this Placement Memorandum.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

10.3 RISKS RELATED TO THE BUSINESS OF THE ISSUER

Please refer to Section 3 of this Placement Memorandum.

10.4 Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

- (i) Statutory Dues: Nil
- (ii) Debentures and interest thereon: Nil
- (iii) Deposits and interest thereon: Nil
- (iv) Loan from any bank or financial institution and interest thereon: Nil

10.5 Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the Issue:

Name: Mr. Kamlesh Rane
Designation: Company Secretary
Address: 5th Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz East, Mumbai 400098
Phone No.: +91 22 6849 2450
Email: Kamlesh.rane@phoenixarc.co.in

10.6 Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:

None

10.7 Particulars of the Offer:

Financial position of the Company for the last 3 (three) financial years	Please refer to PART A below.
Date of passing of Board Resolution	July 18, 2023
Date of passing of resolution in annual general meeting, authorizing the offer of securities	July 7, 2023
Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued	10,000 (Ten Thousand Only) Secured, Rated, Listed, Redeemable, Transferable Non-convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) for cash in dematerialised form on a private placement basis (the “ Issue ” / “ Debentures ” / “ NCDs ”).
Price at which the security is being offered, including premium if any, along with justification of the price	The Debentures are being offered at face value of Rs. 1,00,000/- (Rupees One Lakh only) per Debenture
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived	Not Applicable as the Debentures are being offered at face value of Rs. 1,00,000/- (Rupees One Lakh only) per Debenture

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

at along with report of the registered valuer	
Relevant date with reference to which the price has been arrived at	Not applicable.
The class or classes of persons to whom the allotment is proposed to be made	(a) Mutual Funds (b) NBFCs (c) Provident Funds and Pension Funds (d) Corporates (e) Banks (f) Foreign Institutional Investors (FIIs) (g) Qualified Foreign Investors (QFIs) (h) Foreign Portfolio Investors (FPIs) (i) Insurance Companies (j) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures.
Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [Not required in case of issue of non-convertible debentures]	Not applicable.
The proposed time within which the allotment shall be completed	Issue Opening Date: August 22, 2023; Issue Closing Date: August 22, 2023; Pay-in Date: August 23, 2023; and Deemed Date of Allotment: August 23, 2023
The names of the proposed allottees and the percentage of post private placement capital that may be held by them [Not applicable in case of issue of non-convertible debentures]	Not applicable.
The change in control, if any, in the company that would occur consequent to the private placement	No change in control would occur consequent to this private placement.
The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price	None
The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable
Amount, which the Company intends to raise by way of proposed offer of securities	Rs. 100,00,00,000/- (Rupees One Hundred Crore only)
Terms of raising of securities:	

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	Duration, if applicable:	1 (one) year 5 (five) months 29 (twenty nine) days from the Deemed Date of Allotment.
	Rate of Interest or Coupon:	9.10% (Nine Percent Ten Decimal] <i>Percent payable annually from the Deemed Date of Allotment (net of withholding taxes)</i>
	Mode of Payment	cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer.
	Mode of Repayment	cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer
Proposed time schedule for which the Issue/Offer Letter is valid	The Issue for Debentures will open and close from August 22, 2023 to August 22, 2023.	
Purpose and objects of the Issue/Offer	<p>To raise debt to the extent of Rs. 100,00,00,000/- (Rupees One Hundred Crore only)</p> <p>100% (One Hundred Percent) of the proceeds of the Issue will be utilized for investment in Security Receipts in accordance with the applicable RBI regulations, Repayment of debt and ongoing business requirements.</p>	
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	N.A.	
Principal terms of assets charged as security, if applicable	<p>The security to be provided by the Company as security for the discharge of the Secured Obligations shall consist of a first ranking exclusive charge to be created over the Hypothecated Securities under or pursuant to the Deed of Hypothecation (“Security”).</p> <p>The Company shall create the security set out in Section above prior to filing the application for listing of the Debentures with the relevant stock exchange. Further, the charge created by Company shall be registered with Sub-registrar, Registrar of Companies, CERSAI, Depository etc., as applicable, within 30 (Thirty) days of creation of such charge. In case the charge is not registered anywhere or is not independently verifiable, then the same shall be considered a breach of covenants/ terms of the issue by the Company.</p> <p>The Company shall, at all times ensure that the Minimum Security Cover is maintained in terms of the Deed of Hypothecation i.e. the net asset value of the Hypothecated Securities shall be at least 1.10 (One decimal one zero) times the aggregate principal amount outstanding of the Debentures and the Coupon payable thereon, pursuant to the Deed of Hypothecation. The net asset value of the Hypothecated Securities for this purpose (both for initial and subsequent valuations), shall be the amount reflected as the value thereof</p>	

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	<p>in the books of accounts of the Company or as certified by the statutory auditor of the Company in the requisite certificate(s) required to be issued by it, in accordance with and within the timelines set out in the SEBI Debt Listing Regulations read with the SEBI circular dated March 31, 2023 (bearing reference number SEBI/HO/DDHS/P/CIR/2023/50), each as amended, modified or replaced from time to time, the details of which are more particularly set out in the Deed of Hypothecation.</p> <p>Please refer Debenture Trust Deed and Deed of Hypothecation dated August 22, 2023 for further details</p>				
<p>The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations</p>	None				
<p>The pre-issue and post-issue shareholding pattern of the Company in the following format:</p>					
S.	Category	Pre-issue		Post-issue	
		No. of shares held	Percentage (%) of shareholding	No. of shares held	Percentage (%) of shareholding
A	Promoters' holding	-	-	-	-
	Indian	-	-	-	-
1	Individual	-	-	-	-
	Bodies Corporate	83832000	49.9%	83832000	49.9%
	Sub-total				
2	Foreign promoters	-	-	-	-
	Sub-total (A)	83832000	49.9%	83832000	49.9%
B	Non-promoters' holding	-	-	-	-
1	Institutional Investors	-	-	-	-
2	Non-Institutional Investors	-	-	-	-
	Private Corporate Bodies	1,42,53,333 8.49%		1,42,53,333 8.49%	
	Directors and relatives	-	-	-	-
	Indian public	52169667	31.05%	52169667	31.05%
	Others (including Non-resident Indians) - Only resident individuals	17745000	10.56%	17745000	10.56%
	Sub-total (B)	84168000	50.1%	84168000	50.1%
	GRAND TOTAL	168000000	100%	168000000	100%

10.8 Mode of payment for subscription (Cheque/ Demand Draft/ other banking channels):
Other banking channels – RTGS/NEFT.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

10.9 Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons	None															
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately preceding the year of the issue of this Offer Letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	None															
Remuneration of directors (during the current year and last 3 (three) financial years)	<p style="text-align: right;">(Rs. in Lakhs)</p> <table border="1" data-bbox="730 837 1489 1151"> <thead> <tr> <th data-bbox="730 837 970 904">Name of the Director</th> <th data-bbox="975 837 1235 882">Remuneration*</th> <th data-bbox="1240 837 1489 882">Sitting Fees</th> </tr> </thead> <tbody> <tr> <td data-bbox="730 911 970 945">(Current Year)</td> <td data-bbox="975 911 1235 945">0.00</td> <td data-bbox="1240 911 1489 945">10.80</td> </tr> <tr> <td data-bbox="730 952 970 985">2022-23</td> <td data-bbox="975 952 1235 985">6.00</td> <td data-bbox="1240 952 1489 985">30.30</td> </tr> <tr> <td data-bbox="730 1014 970 1048">2021 -22</td> <td data-bbox="975 1014 1235 1048">4.00</td> <td data-bbox="1240 1014 1489 1048">14.40</td> </tr> <tr> <td data-bbox="730 1077 970 1111">2020-21</td> <td data-bbox="975 1077 1235 1111">4.00</td> <td data-bbox="1240 1077 1489 1111">10.80</td> </tr> </tbody> </table> <p>*Remuneration is in the form of Profit based Commission</p>	Name of the Director	Remuneration*	Sitting Fees	(Current Year)	0.00	10.80	2022-23	6.00	30.30	2021 -22	4.00	14.40	2020-21	4.00	10.80
Name of the Director	Remuneration*	Sitting Fees														
(Current Year)	0.00	10.80														
2022-23	6.00	30.30														
2021 -22	4.00	14.40														
2020-21	4.00	10.80														
Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided	None															
Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of this Offer Letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark	None															
Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of the Offer Letter in the case of the Company and all of its subsidiaries.	None															

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Also, if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Offer Letter and if so, section-wise details thereof for the Company and all of its subsidiaries	
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company	None

10.10 Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form:

The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	Share Capital	Rs. in Lakhs
	Authorised	
	25,00,00,000 equity shares of Rs.10/- each	25,000/-
	TOTAL	25,000/-
	Issued, Subscribed and Fully Paid- up	
	16,80,00,000 equity shares of Rs. 10/- each	16,800/-
	TOTAL	16,800/-
Size of the Present Offer	INR 100,00,00,000/- (Rupees One Hundred Crore only)	
Paid-up Capital:	Equity Share Capital: Rs. 16,800 Lakhs Preference Share Capital: Nil	
a. After the offer:	Equity Share Capital: Rs. 16,800 Lakhs Preference Share Capital: Nil	
b. After the conversion of Convertible Instruments (if applicable)	Not Applicable	
Share Premium Account:		
a. Before the offer:	Rs. 3,006.10 Lakhs	
b. After the offer:	Rs. 3,006.10 Lakhs	
Details of the existing share capital of the Issuer including details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case: None		
Details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case.	None	

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this Offer Letter	FY	PBT (Rs in Lakhs)	PAT (Rs in Lakhs)
	FY 2023	22,778.18	16,944.18
	FY 2022	11,504.14	8,015.02
	FY 2021	4,123.91	2,559.16
Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)	Nil		
A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter	Please refer CHAPTER A to this Private Placement Offer cum Application Letter.		
Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter	Please refer CHAPTER B to this Private Placement Offer cum Application Letter.		
Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company	Nil		

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

10.11 PART B (To be filed by the Applicant)

- (i) Name: _____
- (ii) Father's name: _____;
- (iii) Complete Address including Flat / House Number, Street, Locality, Pin Code: –

- (iv) Phone number; if any: _____
- (v) Email ID, if any: _____
- (vi) PAN Number: _____
- (vii) Bank Account details: _____
- (viii) Tick whichever is applicable:
 - (a) The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares / securities:

✓

 - (b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith: Not applicable.

Initial of the Officer of the Company designated to keep the record

Enclosed
Copy of Board Resolution
Copy of Shareholders Resolution
Summary of Financial Position
Audited Cash Flow Statement

Placement Memorandum

Date: August 22, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

**CHAPTER A: FINANCIAL POSITION OF THE COMPANY AS IN THE 3 (THREE)
AUDITED BALANCE SHEETS IMMEDIATELY PRECEDING THE DATE OF
CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION
LETTER**

As Attached

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)	
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

For and on behalf of the Board of

Directors of Phoenix ARC Private Limited

Keki Elavia

Director

DIN : 00003940

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Kamlesh Rane

Company Secretary

Membership No. A29339

Mumbai, April 25, 2023

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

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 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

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 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

Mumbai, 25 April, 2022

Keki Elavia
Director
DIN : 00003940

Gauri Bhatkal
Chief Financial Officer

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

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED STATEMENT OF 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
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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Phoenix ARC Private Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Phoenix ARC Private Limited (hereinafter referred to as "the Company") and trusts controlled by the Company (the Company and its trusts together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including consolidated statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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

Basis for Opinion

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

Emphasis of Matter

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

Our opinion is not modified in this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of financial instruments (loans, trade receivables and advance recoverable from trust) (Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the consolidated Ind AS financial statements)</p>	
<p>Loans, trade receivables (majorly management fee receivable) and advance recoverable from trust amount to Rs. 6,176.33 lacs (net of impairment provision) as disclosed in the consolidated Ind AS financial statements as at March 31, 2021.</p> <p>Ind AS 109 Financial instruments (Ind AS 109) requires the Group to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the standard. In the process of applying such principles and other requirements of the standard, a significant degree of judgement has been applied by the management in respect of following matters:</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 advance 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.</p> <p>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 Group's board approved policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109. • We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation. • We understood the methodology used by the management to arrive at their ECL provision and examined certain assumptions used by the Group in their model for grouping and staging of financial assets into various categories and default buckets and for determining the PD and LGD rates including the macro-economic factors • We have understood the methodology applied by the management to stress test its PD and LGD to ascertain a best estimate impact of COVID-19 on the ECL provision and tested the key assumptions and judgements made by the management. The actual impact may vary from the estimates made by the management. We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. We performed test of details to verify the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • We tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets. • We assessed the disclosures included in the consolidated Ind AS financial statements with respect to such allowance/estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.

Key audit matters	How our audit addressed the key audit matter
<p>(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> <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 March 31, 2021 is Rs. 69,856.98 lacs as disclosed in the consolidated Ind AS financial statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions</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 significant judgement exercised by the management, involvement of external CRA in the fair value estimation and uncertainty of the impact of COVID-19 on the recoverability of the SRs, we have considered this area as key audit matter.</p>	<ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • We have involved our valuation experts for the process understanding of the valuation process followed by the CRAs and test the fair valuation of sample cases. They understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SRs. • We have tested on a sample basis, the management rationale for declaring the fair value of the SRs in range provided by CRA, to assess for reasonableness of the recovery range declared. • We have understood the management’s assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis we have tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold. • We assessed disclosures included in consolidated Ind AS financial statements with respect to such fair valuation.

Key audit matters	How our audit addressed the key audit matter
<p>(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> <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. 17,837.96 as disclosed in the consolidated Ind AS financial statements as at 31 March 2021.</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.
<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 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 (Ind AS 110), the company needs to consolidate the entity when it controls it. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To assess control various factors need to be considered based on relevant facts and circumstances.</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.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- (a) We have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept by the Group so far as it appears from our examination of those books;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Group as on March 31, 2021 taken on record by the Board of Directors of the Group none of the directors of the Group is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Group refer to our separate Report in “Annexure 1” to this report;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Group for the year ended March 31, 2021;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us trusts:
 - i. The Group does not have any pending litigations which would impact its consolidated financial position;
 - ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group, during the year ended March 31, 2021.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN:21048749AAAAGY3964

Date: April 24, 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF PHOENIX ARC PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Phoenix ARC Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, the Company, has, maintained in all material respects, an adequate internal financial controls system over financial reporting with respect to the consolidated Ind AS financial statements and such internal financial controls over financial reporting with respect to the consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN:21048749AAAAGY3964

Date: April 24, 2021

**PHOENIX ARC PVT LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021**
(Amount in lakhs)

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

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No. 301003E/E300005

per **Viren Mehta** (Partner)

Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia

Director

DIN : 00003940

Venkattu Srinivasan

Director

DIN : 01535417

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Ajay Walimbe

Head Acquisition & Company Secretary

FCS No: 4786

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

(Amount in lakhs)

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

In terms of our report attached.

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

per **Viren Mehta** (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

INDEPENDENT AUDITOR'S REPORT

To the Members of Phoenix ARC Private Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Phoenix ARC Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including, a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter

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

Our opinion is not modified in this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of financial instruments (loans, trade receivables and advance recoverable from trust) (Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the standalone Ind AS financial statements)</p>	
<p>Loans, trade receivables (majorly management fee receivable) and advance recoverable from trust amount to Rs. 6,212.04 lacs (net of impairment provision) at March 31, 2021 as disclosed in the standalone Ind AS financial statements.</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> <p>a) Grouping of the trade receivables and advance recoverable from trust under homogenous pools in order to determine probability of default (PD) on a collective basis.</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 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.</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>	<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 • We have understood the methodology applied by the management to stress test its PD and LGD to ascertain a best estimate impact of COVID-19 on the ECL provision and tested the key assumptions and judgement made by the management. The actual impact may vary from the estimates made by the management. • We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. We performed test of details to verify the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • We assessed the disclosures included in the Ind AS financial statements with respect to such allowance/estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.

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 standalone Ind AS financial statements)	
<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 March 31, 2021 amounts to Rs. 82,694.95 lacs as disclosed in the standalone Ind AS financial statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.</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 significant judgement exercised by the management, involvement of external CRA in the fair value estimation and uncertainty of the impact of COVID-19 on the recoverability of the SRs, we have considered this area as key audit matter.</p>	<ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • We have involved our valuation experts for the process understanding of the valuation process followed by the CRAs and test the fair valuation of sample cases. They understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SRs. • We have tested on a sample basis, the management rationale for declaring the fair value of the Security receipts in range provided by CRA, to assess for reasonableness of the NAV declared. • We have understood the management's assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis we have tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold. • We assessed disclosures included in the standalone Ind AS financial statements with respect to such fair valuation.

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

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

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone

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

Responsibilities of Management for the Standalone Ind AS Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies Indian Accounting Standards Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i The Company does not have any pending litigations which would impact its financial position;
- ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN: 21048749AAAAGX5428

Date: April 24, 2021

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in one case.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions related to service tax, sales-tax, duty of custom, duty of excise, value added tax, are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income tax and goods and services tax, which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of non-convertible debentures and term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN: 21048749AAAAGX5428

Date: April 24, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF PHOENIX ARC PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Phoenix ARC Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, the Company, has, maintained in all material respects, an adequate internal financial controls system over financial reporting with respect to the standalone Ind AS financial statements and such internal financial controls over financial reporting with respect to the standalone Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN: 21048749AAAAGX5428

Date: April 24, 2021

**PHOENIX ARC PRIVATE LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2021**
(Amount in lakhs)

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

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No. 301003E/E300005

per **Viren Mehta** (Partner)

Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia

Director

DIN : 00003940

Venkattu Srinivasan

Director

DIN : 01535417

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Ajay Walimbe

Head Acquisition & Company Secretary

FCS No: 4786

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021
(Amount in lakhs)

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

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No. 301003E/E300005

per **Viren Mehta** (Partner)

Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia

Director

DIN : 00003940

Venkattu Srinivasan

Director

DIN : 01535417

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Ajay Walimbe

Head Acquisition & Company Secretary

FCS No: 4786

Placement Memorandum

Date: August 22, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

**CHAPTER B: AUDITED CASH FLOW STATEMENT FOR THE 3 (THREE) YEARS
IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE
PLACEMENT OFFER CUM APPLICATION LETTER**

As Attached

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

**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

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

**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

**PHOENIX ARC PVT LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021**
(Amount in lakhs)

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

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

(Amount in lakhs)

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

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

In terms of our report attached.

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

Keki Elavia
Director
DIN : 00003940

For **Phoenix ARC Private Limited**

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

per Viren Mehta (Partner)
Membership No. 048749

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

Place : Mumbai | Date : 24 April, 2021

**PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021**
(Amount in lakhs)

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

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

(Amount in lakhs)

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

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

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)

Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
 Director
 DIN : 00003940

Venkattu Srinivasan
 Director
 DIN : 01535417

Sanjay Tibrewala
 Chief Executive Officer

Gauri Bhatkal
 Chief Financial Officer

Ajay Walimbe
 Head Acquisition & Company Secretary
 FCS No: 4786

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 11: DECLARATION BY THE DIRECTORS

Each of the directors of the Company hereby confirm and declare that:

- A. the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder, including the compliances in relation to making a private placement of the Debentures;
- B. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, if applicable, is guaranteed by the Central Government;
- C. the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Memorandum; and
- D. whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 3 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

I am authorized by the Board of Directors of the Company vide resolution dated July 18, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For **Phoenix ARC Private Limited**

Name: Venkattu Srinivasan
Title: Director
Date: August 22, 2023

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE I: TERM SHEET

As provided in Section 5.37 (*Issue Details*) above.

Placement Memorandum

Date: August 22, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

**ANNEXURE II: RATING LETTER AND RATING RATIONALE FROM THE RATING
AGENCY**

As Attached

CONFIDENTIAL

RL/GDS16577/308726/NCD/0123/50216/109951901/1
August 03, 2023



Mr. Gauri Bhatkal
Chief Financial Officer
Phoenix ARC Private Limited
5th Floor, Dani Corporate Park, 158,
C.S.T. Road,
Kalina, Santacruz (E)
Mumbai City - 400098

Dear Mr. Gauri Bhatkal,

Re: CRISIL Rating on the Rs.100 Crore Non Convertible Debentures of Phoenix ARC Private Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review. Please refer to our rating letters dated January 05, 2023 bearing Ref. no.: RL/GDS16577/308726/NCD/0123/50216/109951901 Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Non Convertible Debentures	100	CRISIL AA/Stable

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

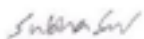
As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook 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.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Subhasri Narayanan
Director - CRISIL Ratings



Nivedita Shibu
Associate 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



Rating Rationale

January 05, 2023 | Mumbai

Phoenix ARC Private Limited

'CRISIL AA/Stable' assigned to Non Convertible Debentures; Rated amount enhanced for Commercial Paper

Rating Action

Total Bank Loan Facilities Rated	Rs.500 Crore
Long Term Rating	CRISIL AA/Stable (Reaffirmed)

Rs.50 Crore Non Convertible Debentures	CRISIL AA/Stable (Assigned)
Rs.100 Crore Non Convertible Debentures	CRISIL AA/Stable (Reaffirmed)
Non Convertible Debentures Aggregating Rs.250 Crore	CRISIL AA/Stable (Reaffirmed)
Non Convertible Debentures Aggregating Rs.50 Crore	CRISIL AA/Stable (Withdrawn)
Rs.300 Crore (Enhanced from Rs.200 Crore) Commercial Paper	CRISIL A1+ (Reaffirmed)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its 'CRISIL AA/Stable' rating to Rs 50 crore non-convertible debentures of Phoenix ARC Private Limited (Phoenix ARC). Ratings on existing debt instruments and bank facilities is reaffirmed at 'CRISIL AA/Stable/CRISIL A1+'.

CRISIL Ratings has also withdrawn its rating on the non-convertible debentures of Rs 50 crore (See Annexure 'Details of Rating Withdrawn' for details) in-line with its withdrawal policy. CRISIL Ratings has received independent verification that these instruments are fully redeemed.

The ratings continue to centrally factor in expectation of strong support from Phoenix ARC's sponsor and largest shareholder, the Kotak group. The group consists of Kotak Mahindra Bank Ltd (KMBL; rated 'CRISIL AAA/CRISIL AA+^[1]/Stable/CRISIL A1+'), its subsidiaries and associates. The ratings also reflect Phoenix ARC's comfortable capitalisation, and good recovery record. These strengths are partially offset by volatility in earnings because of asset quality challenges inherent in the distressed assets business.

^[1]For Perpetual Non-Cumulative Preference Shares

Analytical Approach

For arriving at the ratings, CRISIL Ratings has considered the standalone business and financial risk profiles of Phoenix ARC. CRISIL Ratings has also factored in the support that Phoenix ARC is expected to receive from Kotak group. This is considering the strategic importance of the entity and the 49.9% ultimate shareholding by the bank, via its subsidiaries.

Key Rating Drivers & Detailed Description

Strengths:

Strong support from sponsor and largest shareholder

KMBL, via its subsidiaries, holds 49.9% stake in Phoenix ARC as on September 30, 2022. Phoenix ARC, which has a strong focus on the distressed assets business, is a critical platform for the Kotak group's overall strategy in this segment.

Phoenix ARC not only benefits from the franchise of being an associate of Kotak group, but also from management and governance philosophy of the Kotak group, which extends oversight to Phoenix ARC. The Kotak group has infused capital worth Rs 97.8 crore in Phoenix ARC till date, including participation in the rights issue in fiscal 2015. Phoenix ARC's borrowing had also been from associate companies, although it started raising external funds from fiscal 2016, thereby reducing dependence on funds from the group companies. As on November 30, 2022, borrowings from within the group formed around 23.5% of the outstanding borrowings (Rs 122.8 crores though listed non-convertible debentures and term loan from an associate company). However, the flexibility to lend further remains.

Also, Phoenix ARC and KMBL have operational synergies, and have been co-investors in some deals. Furthermore, the group provides management expertise and strategic direction to Phoenix ARC. The group is also well represented on Phoenix ARC's board. While Phoenix ARC does not carry Kotak's name, it is widely recognised as a Kotak group-sponsored company. CRISIL Ratings believes that the Kotak group would continue providing financial support to Phoenix ARC through appropriate avenues-equity, loan, and preference shares -- given the strategic importance to the group and strong moral obligation on the group to support the company.

Comfortable capitalisation

Phoenix ARC has comfortable capitalisation with adequate network for its current and proposed scale of operations and a conservative gearing philosophy. Network was Rs 632 crore as on September 30, 2022, with gearing at 0.9 times. Given the inherently volatile nature of cash inflow in the asset reconstruction business, Phoenix ARC has a philosophy of maintaining gearing below 3.0 times, which is more conservative than its peers. Phoenix ARC's capital profile is also supported by granularity in its portfolio. Phoenix ARC is likely to maintain comfortable capitalisation with relatively low gearing over the medium term. The gearing philosophy will remain a key rating sensitivity factor.

Good recovery track record

Phoenix ARC has a good recovery track record from distressed assets. The overall SR redemption ratio till September 30, 2022, was 45.8%, which is also better than that of peers. In most of Phoenix ARC's closed trusts, the gross internal rate of return has been well above the threshold. The company's recovery record is supported by continued focus on relatively small accounts, primarily small and medium enterprises and retail accounts, where it has built expertise. While it has acquired large accounts in recent years, in line with market opportunity, the share of such assets in its portfolio is lower than that for peers. Also, given the regulatory changes, the share of cash deals has increased for Phoenix ARC in last couple of years as compared to earlier years. This has also kept the cumulative discount rate relatively high at 67% for acquisitions done till September 30, 2022. While the SR ratings of Phoenix ARC indicate reasonable expectation of recovery, and CRISIL Ratings believes Phoenix ARC may maintain better-than-industry-average recovery rate over the medium term.

Weakness:

Volatile earnings profile

Phoenix ARC's earnings are volatile given the uncertainty in recovery of acquired assets, both in terms of quantum and timing, as is inherent in the ARC industry. Phoenix ARC used to traditionally acquire most of the assets in the form of cash deals; however, in between, the share of SR deals had increased manifold. But with the revised guidelines for provisioning by banks, the share of cash deals has picked up in last couple of years and is expected to increase further. Hence, the dependency on ultimate recoveries has in fact increased. Furthermore, the company's ability to continue recovery traction in the large accounts acquired in the past few years is yet to be demonstrated.

Nevertheless, earnings profile is expected to remain volatile, being linked to both actual and expected recoveries. There was a healthy improvement in profitability in first half of fiscal 2023, with the company reporting net profit of Rs 83 crore as against Rs 80 crore in fiscal 2022 and Rs 26 crore in fiscal 2021. The improvement was driven by increased management fees and writebacks from previously written off accounts among others. The recovery performance and profitability will remain a monitorable

Liquidity: Strong

Liquidity position of the company should remain strong, with cash, bank balance and liquid investments of Rs 51 crore as on November 30, 2022, with further cushion available through unutilised lines of Rs 426 crore. This is against Rs 70 crore of borrowings coming up for repayments till May 31, 2023. The company also benefits from the support from the Kotak group franchisee

Outlook: Stable

CRISIL Ratings believes Phoenix ARC will continue to receive strong support from the KMBL and the Kotak group, and will maintain comfortable capitalisation and good recovery record, over the medium term.

Rating Sensitivity Factors

Upward Factors

- Increase in shareholding to above 51% and increased branding support from KMBL
- Scaling-up of operations while maintaining healthy recovery track record, leading to sustained improvement in earnings profile

Downward Factors

- Downward change in the credit risk profile of KMBL by 1 notch could have a similar rating change on Phoenix ARC
- Any material change in the shareholding or group support philosophy of KMBL
- More-than-expected increase in Phoenix's gearing or the company's inability to maintain traction in recoveries

About the Company

Phoenix ARC was incorporated in March 2007 by KMBL, which holds 49.9% stake in the company through its subsidiaries. The remaining stake is held by high-networth individuals. Phoenix ARC had acquired total dues worth Rs 55,579 crore till September 30, 2022 and had managed SRs (assets under management) of Rs 9,790 crore as on same date.

Phoenix ARC reported a PAT of Rs 80.2 crore on total income of Rs 212.5 crore for fiscal 2022, as against Rs 25.6 crore and Rs 154.6 crore, respectively, for the previous fiscal. Further, it reported PAT of Rs 83 crore in first half of fiscal 2023 on a total income of Rs 168 crore.

Key Financial Indicators

As on/for the year ended	Unit	Sept-22	Mar-22	Mar-21
Total assets	Rs crore	1389	1332.6	1054.4
Total income	Rs crore	168	212.5	154.6
PAT	Rs crore	83	80.2	25.6
Gross NPA	%	Not applicable	Not applicable	Not applicable
Gearing	Times	0.9	1.2	1.1
Return on assets	%	12.2*	6.7	2.4

*annualised

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (INR.Crs)	Complexity level	Rating Assigned with Outlook
INE163K07113	Non-convertible debenture	27-Dec-2022	9.25%	20-Jun-2024	95	Simple	CRISIL AA/Stable
INE163K07071	Non-convertible debenture	28-Dec-20	6.95%	28-Dec-23	50	Simple	CRISIL AA/Stable
INE163K07089	Non-convertible debenture	29-Dec-20	6.95%	29-Dec-23	25	Simple	CRISIL AA/Stable
INE163K07097	Non-convertible debenture	29-Nov-21	7.55%	29-Nov-24	50	Simple	CRISIL AA/Stable
INE163K07105	Non-convertible debenture	29-Nov-21	7.55%	4-Nov-24	45	Simple	CRISIL AA/Stable
NA	Non-convertible debenture [^]	NA	NA	NA	50	Simple	CRISIL AA/Stable
NA	Non-convertible debenture [^]	NA	NA	NA	85	Simple	CRISIL AA/Stable
NA	Commercial Paper	NA	NA	7 to 365 days	300	Simple	CRISIL A1+
NA	Overdraft Facility	NA	NA	NA	100	NA	CRISIL AA/Stable
NA	Cash Credit & Working Capital Demand Loan	NA	NA	NA	150	NA	CRISIL AA/Stable
NA	Long Term Loan	NA	NA	31-Mar-25	100	NA	CRISIL AA/Stable

NA	Long Term Loan	NA	NA	25-Apr-26	59.07	NA	CRISIL AA/Stable
NA	Proposed Long Term Bank Loan Facility*	NA	NA	NA	90.93	NA	CRISIL AA/Stable

^Yet to be issued

*Interchangeable with short term bank facilities

Annexure - Details of Rating Withdrawn

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (INR.Crs)	Complexity level
INE163K07063	Non-convertible debenture	12-Dec-19	10.37%	12-Dec-22	50	Simple

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2023 (History)		2022		2021		2020		Start of 2020
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	500.0	CRISIL AA/Stable		--	18-05-22	CRISIL AA/Stable	31-05-21	CRISIL AA/Stable	29-05-20	CRISIL AA/Stable	CRISIL AA/Stable
					--	29-04-22	CRISIL AA/Stable		--		--	--
Commercial Paper	ST	300.0	CRISIL A1+		--	18-05-22	CRISIL A1+	31-05-21	CRISIL A1+	29-05-20	CRISIL A1+	CRISIL A1+
					--	29-04-22	CRISIL A1+		--		--	--
Non Convertible Debentures	LT	400.0	CRISIL AA/Stable		--	18-05-22	CRISIL AA/Stable	31-05-21	CRISIL AA/Stable	29-05-20	CRISIL AA/Stable	CRISIL AA/Stable
					--	29-04-22	CRISIL AA/Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit & Working Capital Demand Loan	150	HDFC Bank Limited	CRISIL AA/Stable
Long Term Loan	59.07	Kotak Mahindra Bank Limited	CRISIL AA/Stable
Long Term Loan	100	HDFC Bank Limited	CRISIL AA/Stable
Overdraft Facility	100	Punjab National Bank	CRISIL AA/Stable
Proposed Long Term Bank Loan Facility*	90.93	Not Applicable	CRISIL AA/Stable

This Annexure has been updated on 05-Jan-23 in line with the lender-wise facility details as on 02-Aug-21 received from the rated entity

*Interchangeable with short term bank facilities

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies
CRISILs Criteria for rating short term debt
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations CRISIL Limited M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com	Krishnan Sitaraman Senior Director and Deputy Chief Ratings Officer CRISIL Ratings Limited D: +91 22 3342 8070 krishnan.sitaraman@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com

Prakruti Jani
Media Relations
CRISIL Limited
M: +91 98678 68976
B: +91 22 3342 3000
PRAKRUTI.JANI@crisil.com

Rutuja Gaikwad
Media Relations
CRISIL Limited
B: +91 22 3342 3000
Rutuja.Gaikwad@ext-crisil.com

Subhasri Narayanan
Director
CRISIL Ratings Limited
D:+91 22 3342 3403
subhasri.narayanan@crisil.com

Leena Gupta
Senior Rating Analyst
CRISIL Ratings Limited
B:+91 22 3342 3000
Leena.Gupta@crisil.com

For Analytical queries:
ratingsinvestordes@crisil.com

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

CRISIL is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their

issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, www.crisilratings.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, www.crisilratings.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html>

Placement Memorandum

Date: August 22, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

As Attached

Ref. No. DT/23-24/4465

August 1, 2023

Phoenix ARC Private Limited (Company)5th Floor, Dani Corporate Park,
158, CST Road, Kalina, Santacruz (E),
Mumbai 400098,

Sub: Consent to act as Debenture Trustee for the issue upto 10,000 (Ten Thousand only) Secured, Rated, Listed, Redeemable Non-Convertible Debentures on a private placement basis in having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregate face value of upto Rs. 100,00,00,000/- (Rupees One Hundred Crore only) (hereinafter referred to as the "Debentures" or "NCDs") on private placement basis by Phoenix ARC Private Limited

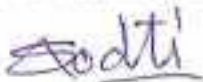
Dear Sir,

This is with reference to our discussion regarding appointment of Vistra ITCL (India) Limited for the issue upto 10,000 (Ten Thousand only) Secured, Rated, Listed, Redeemable Non-Convertible Debentures on a private placement basis in having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregate face value of upto Rs. 100,00,00,000/- (Rupees One Hundred Crore only) (hereinafter referred to as the "Debentures" or "NCDs") on private placement basis to be issued by the Company. In this regard, we do hereby give our consent to act as the Debenture Trustee subject to the Company agreeing to the following conditions.

1. The Company shall create security to secure the aforesaid NCDs on such terms and conditions as disclosed in the Debenture Trustee Agreement dated August 1, 2023 and execute requisite documents as agreed upon by the Company under the Debenture Trustee Appointment Agreement
2. The Company agrees & undertakes to pay Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated in appointment letter dated July 31, 2023 for the services as Debenture Trustee in addition to all legal, travelling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with
3. The Company shall comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis.

Sincerely,

Vistra ITCL (India) Limited

Authorized Signatory
Name: Sanjay Dodti
Designation: ManagerRegistered office:
The IL&FS Financial Centre,
Plot No. C-22, G Block, 6th Floor
Gandara Kurla Complex, Bandra (East),
Mumbai 400051, IndiaCorporate office :
The Qube, 6th floor, 602
A wing Hasan pada road,
Mittal industrial estate, Andheri,
Andheri (East) Mumbai 400059

Tel : +91 22 2850 0028

Fax : +9122 2850 0029

Email: mumbai@vistra.comwww.vistraitcl.com Corporate Identity Number (CIN): U66020MH1995PLC095507

Vistra ITCL (India) Limited

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

We have read and understood the terms and conditions of the issue of Debentures including the Risk Factors described in the Placement Memorandum and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Debenture Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's Signature:

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	NSDL and CDSL
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account : (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Placement Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: (i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, (ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, (iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures. We undertake that upon sale or transfer to subsequent investor or transferee (“**Transferee**”), we shall convey all the terms and conditions contained herein and in this Placement Memorandum to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and also hold the Issuer and each of such person harmless in respect of any claim by any Transferee.

Applicant’s
Signature

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

------(TEAR HERE)-----

ACKNOWLEDGMENT SLIP

<i>(To be filled in by Applicant)</i> SERIAL NO.	1	-	-	-	-	-	-	-	-
--	---	---	---	---	---	---	---	---	---

Received from _____

Address _____	
Cheque/Draft/UTR # _____ Drawn on _____ for	
Rs. _____ on account of application of _____ Debenture	

Placement Memorandum
Date: August 22, 2023

Private & Confidential
For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE V: AUDITED FINANCIAL STATEMENTS

AS ATTACHED

Manohar Chowdhry & Associates

CHARTERED ACCOUNTANTS

Independent Auditor's Limited Review Report on Unaudited Financial Results of Phoenix ARC Private Limited for the quarter ended 30th June, 2023 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
5th Floor, Dani Corporate Park
158, CST Road, Kalina, Santacruz (E)
Mumbai - 400 098.

Introduction

1. We have reviewed the accompanying statement of Unaudited Financial Results of Phoenix ARC Private Limited (the "Company") for the quarter ended 30th June 2023, together with notes thereon (the "Statement") being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. This Statement is the responsibility of the Company's Management and approved by the Board of Directors and has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34') prescribed under Section 133 of the Companies Act, 2013 ('the Act') as amended, read with relevant rules and relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and related matters and other accounting principles generally accepted in India. Our responsibility is to issue report on these statements 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.



116, Udyog Mandir No. 1, 7-C, Bhagoji Keer Marg,
Mahim West, Mumbai - 400016, Maharashtra, India.
Tel: +91 22 24445064 | Web: www.mca.co.in

Chennai • Bengaluru • Gurugram • Hyderabad • Mumbai • Vizag •
Coimbatore • Kochi • Madurai • Mangaluru • Vijayawada • Bargarh •
Bhubaneswar • Trichirapalli •

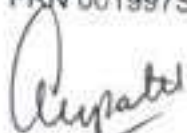
Conclusion

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 Financial Results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies 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: 23039157BGYS CF8782

Place: Mumbai.

Date: 18th July, 2023



Phoenix ARC Private Limited

Regd. Office: 5th Floor, Dami Corporate Park, 158, C.S.T. Road, Kalina, Santacruz (E), Mumbai 400048

CIN: U67190MH2007PTC168301

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

Statement of standalone unaudited financial results for the quarter ended June 30, 2023

Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Quarter ended			
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023
	Unaudited	Audited	Unaudited	Audited
REVENUE FROM OPERATIONS				
Interest income	550.16	517.43	154.03	1,392.25
Fees and commission income	7,362.13	5,040.30	9,242.94	28,285.90
Net gain on fair value changes	-	442.96	2,032.70	-
I Total revenue from operations	7,912.29	6,000.69	11,429.67	29,678.15
II Other income	132.37	-	-	221.46
III Total income (I + II)	7,944.56	6,000.69	11,429.67	30,094.61
IV EXPENSES				
Finance costs	1,789.77	1,238.63	1,111.32	4,628.76
Net loss on fair value changes	495.02	-	-	2,040.32
Impairment on financial instruments	702.91	(2,621.36)	37.07	(1,507.89)
Employee benefits expenses	159.62	421.29	453.72	1,528.56
Depreciation, amortization and impairment	25.71	24.52	25.00	99.67
Other expenses	145.65	154.69	121.39	527.01
Total expenses (IV)	3,318.48	(782.23)	1,748.70	7,316.43
V Profit/(loss) before tax (III - IV)	4,626.08	6,782.92	9,680.97	22,778.18
VI Tax expense				
(1) Current tax	1,993.38	(112.58)	1,707.11	3,610.88
(2) Deferred tax	(812.91)	1,826.25	785.94	223.12
Total tax expense (1+2)	1,180.47	1,713.67	2,493.05	5,834.00
VII Profit/(loss) for the period (V-VI)	3,445.61	5,069.25	7,187.92	16,944.18
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit plans	(7.51)	9.37	(0.91)	6.21
Sub-total	(7.51)	9.37	(0.91)	6.21
Income tax relating to items that will not be reclassified to profit or loss	1.89	(2.36)	0.23	(1.56)
VIII Other Comprehensive Income for the period, net of tax	(5.62)	7.01	(0.68)	4.65
IX Total Comprehensive Income for the period (VII+VIII)	3,439.99	5,076.25	7,187.24	16,948.83
X Paid-up equity share capital (face value of Rs. 10 per share)	1,680.00	1,680.00	1,680.00	1,680.00
XI Earnings per equity share (not annualised):				
(1) Basic	2.05	3.02	4.28	10.09
(2) Diluted	2.05	3.02	4.28	10.09
See accompanying notes to the financial results.				



Place: Mumbai
Date: July 18, 2023

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

Balan Wadodeo
Director
DIN: 00073697

Keki Elavia
Director
DIN: 00003940

Phoenix ARC Private Limited

Regd. Office: 3rd Floor, Dard Corporate Park, 15B, C.S.T. Road, Kaline, Santacruz (E), Mumbai 400098

CIN: U71900MH2007PTC168303

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

Statement of standalone unaudited financial results as at June 30, 2023

Balance Sheet

(Rs. in lakhs)

Sr. No.	Particulars	As at June 30, 2023 Unaudited	As at March 31, 2023 Audited
	ASSETS		
1	Financial assets		
a	Cash and cash equivalents	278.13	2,778.80
b	Bank Balance other than (a) above	1,553.35	1,548.21
c	Trade receivables (net of impairment on financial instruments)	4,337.01	1,393.97
d	Loans (net of impairment on financial instruments)	10,049.83	9,538.57
e	Investments	1,75,182.99	1,53,169.71
f	Other financial assets	1,119.06	447.80
	Sub-total	1,96,320.37	1,69,877.46
2	Non-financial assets		
a	Current tax assets (net)	881.10	1,444.67
b	Deferred tax assets (net)	6,661.61	5,866.81
c	Property, plant and equipment	260.71	255.99
d	Other intangible assets	11.09	12.67
e	Intangible assets under development	28.00	28.00
f	Other non-financial assets	215.31	25.51
	Sub-total	8,077.82	7,633.65
	Total assets	2,04,397.95	1,77,511.11
	LIABILITIES AND EQUITY		
	LIABILITIES		
3	Financial liabilities		
4	Payables		
	Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises		1.24
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	0.23	9.34
b	Debt securities	44,559.54	36,864.90
c	Borrowings (other than debt securities)	40,903.64	53,487.68
d	Other financial liabilities	2,298.71	2,831.39
	Sub-total	1,07,761.14	93,194.75
4	Non-financial liabilities		
a	Current tax liabilities (net)	7,978.38	7,241.31
b	Provisions	123.24	101.94
c	Other non-financial liabilities	13,430.96	5,108.86
	Sub-total	21,532.48	12,452.01
5	EQUITY		
a	Equity share capital	14,800.00	14,800.00
b	Other equity	58,504.33	55,064.25
	Sub-total	73,304.33	71,864.25
	Total equity and liabilities	2,04,397.95	1,77,511.11

Place: Mumbai
Date: July 18, 2023

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

Satan Wasudeo
Director
DIN: 00073697Kohli Elvira
Director
DIN: 00002940

Phoenix ARC Private Limited

Regd. Office: 9th Floor, Dam Corporate Park, 15B, C.S.T. Road, Kalina, Santacruz (E), Mumbai 400086

CIN: U67190MH2007PTC168303

Tel: 022-4849 2400, Fax: 022- 6741 2313 Website: www.phoenixarc.co.in

Notes:

- 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/DO/DEB/R/CW/2021/A13 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. Any application guidance/clarification/directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/applicable.
- 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 July 18, 2023 and reviewed by the Statutory Auditor.
- Information as required by Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith.
- The Company operates in a single reportable operating segment of asset reconstruction business as per the requirement of Ind AS 108- operating segment.
- The table below provides information with respect to Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) issued and outstanding as on June 30, 2023:

Particulars	Issue date	Redemption date	Outstanding as at June 30, 2023	Rating
06.95% NCDs	December 28, 2020	December 28, 2023	1,174.58	CRISIL AA/Stable
06.95% NCDs	December 29, 2020	December 29, 2023	2,587.39	
07.55% NCDs	November 29, 2021	November 9, 2024	4,698.78	reaffirmed as on
07.55% NCDs	November 29, 2021	November 29, 2024	3,220.83	
09.25% NCDs	December 27, 2022	June 20, 2024	8,546.57	January 5, 2023

Security details

- 06.95% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 4,098.54 lakhs.
- 06.95% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 2,354.03 lakhs.
- Both 07.55% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 11,687.08 lakhs.
- 09.25% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 11,571.24 lakhs.

The security cover for the Non-Convertible Debentures issued by the Company has been maintained as per terms of offer document / Information Memorandum and Redemption 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.

- COVID-19, a global pandemic, affected the world economy over last few years. The revival of economic activity improved in financial year 2022 supported by relaxation of restrictions due to administration of the COVID vaccines to a large population in the country. The extent to which COVID-19 pandemic will impact the Company's results going forward will depend on ongoing as well as future developments including the nature and severity of COVID-19.
- Figures for the previous period / year have been regrouped wherever necessary to conform to current period / year presentation.



Place: Mumbai
Date: July 18, 2023

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

Suman Wadodra
Director
DIN: 00073697

Rishi Elaria
Director
DIN: 00003940

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.
b) Fair valuation of Security Receipts (SR) (Refer note P of the significant 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, 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

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
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

Mumbai, 25 April, 2022

Keki Elavia
Director
DIN : 00003940

Gauri Bhatkal
Chief Financial Officer

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

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED STATEMENT OF 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
Directors of Phoenix ARC Private Limited**

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Mumbai, 25 April, 2022

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

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

(Amount in lakhs)

Particulars	For the year ended 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

INDEPENDENT AUDITOR'S REPORT

To the Members of Phoenix ARC Private Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Phoenix ARC Private Limited (hereinafter referred to as "the Company") and trusts controlled by the Company (the Company and its trusts together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including consolidated statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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

Basis for Opinion

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

Emphasis of Matter

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

Our opinion is not modified in this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of financial instruments (loans, trade receivables and advance recoverable from trust) (Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the consolidated Ind AS financial statements)</p> <p>Loans, trade receivables (majorly management fee receivable) and advance recoverable from trust amount to Rs. 6,176.33 lacs (net of impairment provision) as disclosed in the consolidated Ind AS financial statements as at March 31, 2021.</p> <p>Ind AS 109 Financial instruments (Ind AS 109) requires the Group to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the standard. In the process of applying such principles and other requirements of the standard, a significant degree of judgement has been applied by the management in respect of following matters:</p> <ol style="list-style-type: none"> Grouping of the trade receivables and recoverable from trust under homogenous pools in order to determine probability of default (PD) on a collective basis. Determining the staging of loans, trade receivables and advance recoverable from trust Determining effect of past defaults on future probability of default. Estimation of management overlay for macro-economic 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 assets, we have considered this area as a key audit matter.</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. 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
<p>(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> <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 March 31, 2021 is Rs. 69,856.98 lacs as disclosed in the consolidated Ind AS financial statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions</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 significant judgement exercised by the management, involvement of external CRA in the fair value estimation and uncertainty of the impact of COVID-19 on the recoverability of the SRs, we have considered this area as key audit matter.</p>	<ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • We have involved our valuation experts for the process understanding of the valuation process followed by the CRAs and test the fair valuation of sample cases. They understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SRs. • We have tested on a sample basis, the management rationale for declaring the fair value of the SRs in range provided by CRA, to assess for reasonableness of the recovery range declared. • We have understood the management’s assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis we have tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold. • We assessed disclosures included in consolidated Ind AS financial statements with respect to such fair valuation.

Key audit matters	How our audit addressed the key audit matter
<p>(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>	
<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. 17,837.96 as disclosed in the consolidated Ind AS financial statements as at 31 March 2021.</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.
<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 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 (Ind AS 110), the company needs to consolidate the entity when it controls it. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To assess control various factors need to be considered based on relevant facts and circumstances.</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.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- (a) We have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept by the Group so far as it appears from our examination of those books;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Group as on March 31, 2021 taken on record by the Board of Directors of the Group none of the directors of the Group is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Group refer to our separate Report in “Annexure 1” to this report;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Group for the year ended March 31, 2021;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us trusts:
 - i. The Group does not have any pending litigations which would impact its consolidated financial position;
 - ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group, during the year ended March 31, 2021.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN:21048749AAAAGY3964

Date: April 24, 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF PHOENIX ARC PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Phoenix ARC Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, the Company, has, maintained in all material respects, an adequate internal financial controls system over financial reporting with respect to the consolidated Ind AS financial statements and such internal financial controls over financial reporting with respect to the consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN:21048749AAAAGY3964

Date: April 24, 2021

**PHOENIX ARC PVT LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021**
(Amount in lakhs)

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

In terms of our report attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)

Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For Phoenix ARC Private Limited
Keki Elavia

Director

DIN : 00003940

Venkattu Srinivasan

Director

DIN : 01535417

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Ajay Walimbe

Head Acquisition & Company Secretary

FCS No: 4786

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

(Amount in lakhs)

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

In terms of our report attached.

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

per **Viren Mehta** (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

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

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

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

(Amount in lakhs)

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

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

In terms of our report attached.

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

Keki Elavia
Director
DIN : 00003940

For **Phoenix ARC Private Limited**

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

per Viren Mehta (Partner)
Membership No. 048749

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

Place : Mumbai | Date : 24 April, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Phoenix ARC Private Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Phoenix ARC Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including, a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter

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

Our opinion is not modified in this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of financial instruments (loans, trade receivables and advance recoverable from trust) (Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the standalone Ind AS financial statements)</p> <p>Loans, trade receivables (majorly management fee receivable) and advance recoverable from trust amount to Rs. 6,212.04 lacs (net of impairment provision) at March 31, 2021 as disclosed in the standalone Ind AS financial statements.</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 advance recoverable from trust 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 macro-economic 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>	<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 We have understood the methodology applied by the management to stress test its PD and LGD to ascertain a best estimate impact of COVID-19 on the ECL provision and tested the key assumptions and judgement made by the management. The actual impact may vary from the estimates made by the management. We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. We performed test of details to verify the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. We assessed the disclosures included in the Ind AS financial statements with respect to such allowance/estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.

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 standalone Ind AS financial statements)	
<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 March 31, 2021 amounts to Rs. 82,694.95 lacs as disclosed in the standalone Ind AS financial statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.</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 significant judgement exercised by the management, involvement of external CRA in the fair value estimation and uncertainty of the impact of COVID-19 on the recoverability of the SRs, we have considered this area as key audit matter.</p>	<ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • We have involved our valuation experts for the process understanding of the valuation process followed by the CRAs and test the fair valuation of sample cases. They understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SRs. • We have tested on a sample basis, the management rationale for declaring the fair value of the Security receipts in range provided by CRA, to assess for reasonableness of the NAV declared. • We have understood the management's assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis we have tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold. • We assessed disclosures included in the standalone Ind AS financial statements with respect to such fair valuation.

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

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

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone

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

Responsibilities of Management for the Standalone Ind AS Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies Indian Accounting Standards Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i The Company does not have any pending litigations which would impact its financial position;
- ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN: 21048749AAAAGX5428

Date: April 24, 2021

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in one case.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions related to service tax, sales-tax, duty of custom, duty of excise, value added tax, are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income tax and goods and services tax, which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of non-convertible debentures and term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN: 21048749AAAAGX5428

Date: April 24, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF PHOENIX ARC PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Phoenix ARC Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, the Company, has, maintained in all material respects, an adequate internal financial controls system over financial reporting with respect to the standalone Ind AS financial statements and such internal financial controls over financial reporting with respect to the standalone Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

UDIN: 21048749AAAAGX5428

Date: April 24, 2021

**PHOENIX ARC PRIVATE LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2021**
(Amount in lakhs)

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

In terms of our report attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)

Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For Phoenix ARC Private Limited
Keki Elavia

Director

DIN : 00003940

Venkattu Srinivasan

Director

DIN : 01535417

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Ajay Walimbe

Head Acquisition & Company Secretary

FCS No: 4786

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

(Amount in lakhs)

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

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No. 301003E/E300005

per **Viren Mehta** (Partner)

Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia

Director

DIN : 00003940

Venkattu Srinivasan

Director

DIN : 01535417

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Ajay Walimbe

Head Acquisition & Company Secretary

FCS No: 4786

**PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021**
(Amount in lakhs)

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

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

(Amount in lakhs)

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

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

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)

Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
 Director
 DIN : 00003940

Venkattu Srinivasan
 Director
 DIN : 01535417

Sanjay Tibrewala
 Chief Executive Officer

Gauri Bhatkal
 Chief Financial Officer

Ajay Walimbe
 Head Acquisition & Company Secretary
 FCS No: 4786

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

The amounts set out hereinbelow in respect of the Debentures shall be paid by the Company to the Debenture Holder(s) on the respective Due Dates set out hereunder:

Illustration of Bond Cash Flows	
Company	Phoenix ARC Private Limited
Face Value (per security)	Rs. 1,00,000/- (Rupees One Lakh only)
Issue Date / Date of Allotment	Issue Opening Date: August 22, 2023 Deemed Date of Allotment: August 23, 2023
Redemption Date / Maturity Date	February 21, 2025
Coupon Rate	9.10% (Nine Percent Ten Decimal Percent) p.a. net of withholding tax.
Frequency of the Coupon Payment with specified dates	Coupon payable Annually on August 23, 2024 and February 21, 2025 (subject to day count convention in accordance with the SEBI Debt Listing Regulations).
Day Count Convention	Actual/Actual

Cash Flows	Coupon Accrual Date	Coupon Payment Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Principal Amount (in Rupees)
1st Coupon	Friday, August 23, 2024	Friday, August 23, 2024	366	9,10,00,000	NA
2nd Coupon	Friday, February 21, 2025	Friday, February 21, 2025	182	4,53,75,342	NA
Principal	Friday, February 21, 2025	Friday, February 21, 2025	-	NA	1,00,00,00,000

Placement Memorandum
Date: August 22, 2023

Private & Confidential
For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VII: DUE DILIGENCE CERTIFICATE

As Attached

To,
Stock Exchange,
Dear Sir / Madam,

SUB.: ISSUE OF PHOENIX ARC 9.35% NCD aggregating to 1000000000 BY PHOENIX ARC PRIVATE LIMITED LTD.

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.

2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

We confirm that:

a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.

b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).

c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.

d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement

e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.

f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.

g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

PLACE: Mumbai

DATE: 2023-08-07



Digitally signed by

Signer: JATIN KHRUJI CHONANI
Date: 7 August, 2023



Placement Memorandum

Date: August 22, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

**ANNEXURE VIII: TERMS AND CONDITIONS OF DEBENTURE TRUSTEE
AGREEMENT**

Attached separately.

Placement Memorandum

Date: August 22, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IX: IN-PRINCIPLE APPROVAL RECEIVED FROM NSE

Attached separately.