August 7, 2026

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

Subject: Intimation under provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Madam/Sir,

As per the requirement of Regulations 50 (2), 51 read with Part B of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that at the ensuing Nineteenth Annual General Meeting of the Shareholders of the Company to be held on Monday, August 31, 2026, the Shareholders of the Company shall consider following proposals:

1. To receive, consider and adopt the audited standalone financial statements of the Company for the year ended March 31, 2026, together with the reports of the Board of Directors and the Auditors thereon.

2. To receive, consider and adopt the audited consolidated financial statements of the Company for the year ended March 31, 2026, together with the report of the Auditors thereon.

3. To consider retirement by rotation of Ms. Jyoti Agarwal (Director Identification Number: 08577171) in this Annual General Meeting.

4. To approve power to borrow funds pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, not exceeding Rs. 2000 Crore (Rupees Two Thousand Crore).

5. To approve the power for creation of charge on the assets of the Company to secure borrowings of the Company pursuant to section 180(1)(a) of the Companies Act, 2013.

6. To consider and approve Issuance of Non-Convertible Debentures not exceeding Rs. 600 Crore (Rupees Six Hundred Crore) in or more tranches.

Further pursuant to Regulations 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report along with Notice of the Nineteenth Annual General Meeting.

Kindly take the aforesaid information on your record.

Thanking you,
For **Phoenix ARC Limited**

KAMLESH TULSHIDAS RANE Digitally signed by KAMLESH TULSHIDAS RANE
Date: 2026.08.07 12:54:39 +05'30'

Kamlesh Rane
Company Secretary & Vice President - Legal

PHOENIX ARC LIMITED

NINETEENTH ANNUAL REPORT 2025-26

Board of Directors

Mr. Balan Wasudeo
Mr. Bharat Vasani
Mr. Nimesh Kampani
Mr. Venkattu Srinivasan
Ms. Jyoti Agarwal
Mr. Sanjay Tibrewala

Management Team

Mr. Sanjay Tibrewala, Managing Director & Chief Executive Officer
Mr. K. B. Ajit, Head Resolution
Mr. Aditya Gupta, Head Acquisition
Ms. Gauri Bhatkal, Chief Financial Officer

Company Secretary

Mr. Kamlesh Rane

Statutory Auditors

M/s. Manohar Chowdhry & Associates

Internal Auditors

CNK & Associates LLP, Chartered Accountants

Secretarial Auditors

Parikh & Associates, Company Secretaries

Bankers

Kotak Mahindra Bank Limited
HDFC Bank Limited
Punjab National Bank
The Federal Bank Limited
CSB Bank Limited

Registered Office

3rd Floor, Wallace Towers,
139-140/B/1, Crossing of Sahar Road
and Western Express Highway,
Vile Parle East, Mumbai 400057
CIN: U67190MH2007PLC168303
Email: compliance@phoenixarc.co.in
Website: www.phoenixarc.co.in
Tel. No. (022) 68492450

Registrar & Share Transfer Agent

MUFG Intime India Private Limited
C-101, 247 Park, LBS Marg,
Vikhroli (West), Mumbai 400083
Tel. No. (022) 49186000

NOTICE

NOTICE is hereby given that NINETEENTH ANNUAL GENERAL MEETING of the Phoenix ARC Limited (formerly known as Phoenix ARC Private Limited) (“the Company”) will be held on Monday, August 31, 2026, at 11:00 a.m. (IST) at 3rd Floor, Wallace Towers, 139-140/B/1, Crossing of Sahar Road and Western Express Highway, Vile Parle East, Mumbai 400057 to transact the following business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2026, together with the reports of the Board of Directors and the Auditors thereon.**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the audited standalone financial statements of the Company for the financial year ended March 31, 2026, together with the reports of the Board of Directors and the Auditors thereon, be and are hereby received, considered and adopted."

2. **To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2026, together with the report of the Auditors thereon.**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended March 31, 2026, together with the report of the Auditors thereon, be and are hereby received, considered and adopted."

3. **To consider retirement by rotation of Ms. Jyoti Agarwal (Director Identification Number: 08577171) in this Annual General Meeting (“AGM”).**

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

   "RESOLVED THAT in accordance with the provisions of section 152 and any other applicable provisions, if any, of the Companies Act, 2013, Ms. Jyoti Agarwal (holding Director Identification Number: 08577171), retires by rotation in this Annual General Meeting (“AGM”) and shall cease to be director on the Board of the Company from conclusion of the AGM and the vacancy so created be not filled in terms of the provisions of Section 152(7)(a) of the Companies Act, 2013."

SPECIAL BUSINESS:

4. **To approve power to borrow funds pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, not exceeding Rupees Two Thousand Crores.**

   To consider and if thought fit to pass the following resolution, with or without modification, as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), and the relevant regulations/directions as may be prescribed by the Reserve Bank of India from time to time (including any amendment(s), modification(s) thereof) and the Articles of Association of the Company and as per the recommendation of the Board of Directors of the Company, consent of the Members be and is hereby accorded for raising monies by way of the borrowing through any or all of the following modes viz., (a) issuance and allotment of various series/ tranches of Secured Debentures or Unsecured Debentures where the returns are either fixed, floating or linked to the market, (b) issuance of Commercial Papers (CPs), (c) term loans (d) secured or unsecured borrowing from banks, non-banking financial companies or financial institutions (e) any and all other means of borrowing funds permitted under applicable law, from time to time as it may think fit, any sum or sums of money(ies) which together with the monies already borrowed by the Company (apart from temporary loans as per the Companies Act, 2013 obtained or to be obtained in the ordinary course of business of the Company) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves and securities premium, so that the total amount up to which the moneys may be borrowed by the Company and outstanding at any time shall not exceed the sum of Rs. 2000/- crores (Rupees Two Thousand Crores only);

RESOLVED FURTHER THAT the Board of Directors or such person/s or such committee (by whatever name called) as authorized by the Board of Directors from time to time, be and are hereby authorized to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security and execute such documents/ deeds/ writings/ papers/ agreements or otherwise howsoever as it may think fit and to do all other acts, deeds, matters and things as may be deemed necessary and incidental for giving effect to the above, including execution of all such documents, instruments and writings, as may be required."

5. To approve the power for creation of charge on the assets of the Company to secure borrowings of the Company pursuant to section 180(1)(a) of the Companies Act, 2013.

To consider and if thought fit to pass the following resolution, with or without modification, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules notified thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), and the Articles of Association of the Company and as per the recommendation of the Board of Directors of the Company, consent of the Members be and is hereby accorded to create such security interest (including but not limited to) by way of mortgages, hypothecation and pledge in addition to the existing charges on such movable and immovable properties, both present and future and in such manner as the members may deem fit, in favor of banks, non-banking financial companies or financial institutions, other investing agencies, mutual funds, trusts, other bodies corporate and trustees for the holders of Debentures or other lenders to secure borrowings of the Company availed / to be availed by way of loans, debentures and other instruments provided that the total amount of such loans/borrowings shall not exceed at any time the limits approved under section 180(1)(c) of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board of Directors or such person/s or such committee (by whatever name called), be and are hereby authorized to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security and execute such documents/ deeds/ writings/ papers/ agreements or otherwise howsoever as it may think fit and to do all other acts, deeds, matters and things as may be deemed necessary and incidental for giving effect to the above, including execution of all such documents, instruments and writings, as may be required."

6. To consider and approve issuance of Non-Convertible Debentures aggregating to Rupees Six Hundred Crores in one or more tranches.

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

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

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

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

By Order of the Board of Directors
For Phoenix ARC Limited

Kamlesh Rane
Company Secretary
(ACS 29339)

Mumbai
July 15, 2026

Registered Office
Phoenix ARC Limited
CIN: U67190MH2007PLC168303
3rd Floor, Wallace Towers,
139-140/B/1, Crossing of Sahar Road
and Western Express Highway,
Vile Parle East, Mumbai 400057

Notes:

1. The relative Explanatory Statements pursuant to Section 102 of the Companies Act, 2013, in respect of item nos. 4, 5 & 6 have been annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies in order to be effective must be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.
4. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The Members are requested to promptly notify any change in their address, Email ID or contact numbers to the Registered Office of the Company or by email at compliance@phoenixarc.co.in.

EXPLANATORY STATEMENTS CONTAINING MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

The Company has been converted into a public limited company, with effect from February 19, 2026, accordingly the provisions of Section 180 (1) (c) of the Companies Act, 2013 have become applicable to the Company.

Considering the current book size, future projections, to augment growth, to continue business momentum and various other factors, it is proposed to obtain approval of the Members of the Company, for overall borrowing limit of the Company up to Rs. 2,000/- crores (Rupees Two Thousand Crores only) as per the provisions of the Section 180(1) (c) of the Companies Act, 2013 and rules made thereunder.

The Board of Directors of the Company recommends Resolution No. 4 of this Notice for your approval as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the passing of the said Resolution.

Item No. 5

The Company has been converted into a public limited company, with effect from February 19, 2026, accordingly the provisions of Section 180 (1) (a) of the Companies Act, 2013 have become applicable to the Company.

Creation of security/mortgage on the assets of the Company requires consent of Members. Accordingly, matter has been put forward for the approval of the Members of the Company.

The approval of the Members has been sought pursuant to provisions of Sections 180(1) (a) of the Companies Act, 2013 and rules made thereunder.

The Board of Directors of the Company recommends Resolution No. 5 of this notice for your approval as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the passing of the said Resolution.

Item No. 6

Pursuant to Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, it shall be sufficient if the Company passes a special resolution once in a year for all offers or invitation for the debentures issued during the year. The Members of the Company at Eighteenth Annual General Meeting held on August 11, 2025, approved issue of Non-Convertible Debentures (NCDs) not exceeding Rs. 600 Cr on private placement basis in one or more tranches. The Special Resolution passed on August 11, 2025, was valid for a period of one year i.e. up to August 10, 2026.

With the object to raise medium term finance, the Board of Directors (the Board) of the Company, at its meeting held on July 15, 2026, subject to approval of the Members of the Company, approved issue of Non-Convertible Debentures up to Rs.600 Crore on private placement basis in one of more tranches. It may be noted that pursuant to Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company shall not make a private placement of its securities (including non-convertible debentures) unless the proposed offer of securities or invitation to subscribe securities has been previously approved by the shareholders of the company, by a special resolution, for each of the offers or invitations and in case of offer or invitation for non-convertible debentures, it shall be sufficient if the company passes a special resolution once in a year for all offers or invitation for such debentures during the year.

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

The Board of Directors of the Company recommends Resolution No. 6 of this Notice for your approval as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the passing of the said Resolution.

By Order of the Board of Directors
For Phoenix ARC Limited

Kamlesh Rane
Company Secretary
(ACS 29339)

Mumbai
July 15, 2026

Registered Office
Phoenix ARC Limited
CIN: U67190MH2007PLC168303
3rd Floor, Wallace Towers,
139-140/B/1, Crossing of Sahar Road
and Western Express Highway,
Vile Parle East, Mumbai 400057

DIRECTORS' REPORT

TO THE MEMBERS OF
PHOENIX ARC LIMITED

The Board of Directors has pleasure in presenting the Nineteenth Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2026.

FINANCIAL HIGHLIGHTS

Financial performance under Indian Accounting Standards for financial year 2025-26 with comparative numbers for financial year 2024-25 is presented below:

CONSOLIDATED FINANCIAL PERFORMANCE

Particulars	For the year ended March 31, 2026 (Rs. in Lakhs)	For the year ended March 31, 2025 (Rs. in Lakhs)
Total Income	43,663.66	74,675.53
Profit/(Loss) before tax	23,920.91	31,666.96
Provision for tax	(6,011.41)	(7,812.65)
Profit/(Loss) after Tax	17,909.50	23,854.31
Other Comprehensive Income (net of Tax)	(3.77)	(9.91)
Total Comprehensive Income transferred to Reserves	17,905.73	23,844.40

The consolidated financial results include the figures of the Company along with 51 Trusts, consolidated in accordance with the Indian Accounting Standards (Ind AS). During the year ended March 31, 2026, the Group reported a total income of ₹43,663.66 lakhs as compared to ₹74,675.53 lakhs in the previous year, representing a decline of 41.53%. Further, the Total Comprehensive Income for the year stood at ₹17,905.73 lakhs, as against ₹23,844.40 lakhs in the previous year, reflecting a decrease of 24.91%, primarily driven by lower fee income during the year.

STANDALONE FINANCIAL PERFORMANCE

Particulars	For the year ended March 31, 2026 (Rs. in Lakhs)	For the year ended March 31, 2025 (Rs. in Lakhs)
Total Income	35,283.55	43,578.45
Profit/(Loss) before tax	22,148.20	26,640.97
Provision for tax	(5,729.29)	(6,948.15)
Profit/(Loss) after Tax	16,418.91	19,692.82
Other Comprehensive Income (net of Tax)	(3.77)	(9.91)
Total Comprehensive Income transferred to Reserves	16,415.14	19,682.91

For the year ended March 31, 2026, the Company reported total revenues of ₹35,283.55 lakhs, reflecting a decrease of 19.03% compared to the previous year. The Total Comprehensive Income for the year stood at ₹16,415.14 lakhs, as against ₹19,682.91 lakhs in the previous year. The decline in Total Comprehensive Income was primarily driven by a reduction in fee income, which decreased to ₹24,343.60 lakhs from ₹34,722.46 lakhs in the prior year, representing a decline of approximately 29.89%.

DIVIDEND

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

RESERVES

The details of reserves are given in the financial statements.

CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business of the Company.

CHANGE IN CONSTITUTION

Considering the growing size of the Company and its presence as one of the leading ARCs in the country, for adoption of higher corporate governance norms and better public image, the Board of Directors of the Company at its meeting held on April 25, 2025, approved conversion of the Company into a public limited Company.

During the year under review, the constitution of the Company was changed to a public limited company, consequently with effect from February 19, 2026, the name of the Company has been changed to 'PHOENIX ARC LIMITED' and Corporate Identification Number of the Company has been changed to 'U67190MH2007PLC168303'.

YEAR UNDER REVIEW AND FUTURE OUTLOOK

During the year under review, the Company delivered a comprehensive performance, meeting key financial and operational benchmarks. The acquisition of NPLs from various banks and financial institutions aggregated to ₹2,00,315.41 lakhs. In line with the strategic plan, the Company invested an aggregate amount of ₹1,18,184.61 lakhs during the year. Further, during the year, the Company reported significant recoveries amounting to ₹2,59,772.59 lakhs. The Company has till date, issued Security Receipts (SRs) with a face value aggregating to ₹31,28,692.15 lakhs. Assets Under Management as on March 31, 2026, stood at ₹13,41,002.52 lakhs.

According to a CRISIL Ratings report, Asset Reconstruction Companies (ARC / ARCs) experienced significant growth during the peak of the banking sector's Gross Non-Performing Assets (GNPAs). However, with GNPAs hitting a decadal low in March 2024, the supply of large-scale corporate stressed assets has diminished. This, combined with the rapid churn of retail loans, has led ARCs to pivot toward the retail segment.

Regulatory updates introduced by the Reserve Bank of India (RBI) during the year under review, specifically the revised loan settlement guidelines and stricter KYC/Credit Information Company (CIC) norms have streamlined recovery processes for small-ticket loans while aligning the ARC compliance with banking standards. Although these measures increase immediate operational costs, they are expected to significantly enhance long-term transparency and credit risk assessment.

On economic front, heightened geopolitical instability, coupled with fluctuations in the currency rates and persistent supply chain challenges, it is expected to elevate delinquency risks within the MSME and retail sectors. While this signals broader economic stress, it offers a strategic growth opportunity for the ARC industry.

As the regulatory landscape and the stressed assets market continue to evolve, the Company remains agile, adapting its strategies to meet new competitive pressures. Supported by a superior track record and a meticulous risk-reward framework, the Management of the Company is confident to navigate industry shifts and emerge as a resilient, long-term player in asset reconstruction industry.

DETAILS OF SUBSIDIARY, ASSOCIATE OR JOINT VENTURE COMPANY

As on March 31, 2026, the Company did not have any subsidiary, associate or joint venture company.

COMPOSITION OF THE BOARD OF DIRECTORS

As on March 31, 2026, the Board of Directors of the Company comprised of six Directors viz., three Independent Directors, two Non-executive Non-independent Directors including one Woman Director, and one Executive Director.

The composition of the Board of Directors of the Company is in conformity with the provisions of the Companies Act, 2013, SEBI Regulations and applicable RBI Guidelines. The size of the Board is commensurate with the size and business of the Company.

None of the Directors of the Company is a director in more than twenty companies with not more than ten public companies.

During the year under review, Mr. Balan Wasudeo (DIN: 00073697) was reappointed as an Independent Director with effect from July 02, 2025, for tenure of four years. Further, Mr. Nimesh Kampani (DIN: 09198511) was appointed as an Independent Director for a term of five years with effect from January 12, 2026.

During the year under review, Mr. Keki Elavia (DIN: 00003940) ceased to be Director of the Company with effect from January 12, 2026. The Board of Directors places on record its appreciation and deep gratitude for the immense contributions made by Mr. Elavia to the Company during his tenure as a Director.

DIRECTOR E-KYC

Ministry of Corporate Affairs has pursuant to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated registration of KYC of all Directors. All the Directors of the Company have complied with said requirement for the financial year 2025-26.

DECLARATION OF NON-DISQUALIFICATION BY DIRECTORS

Basis the declaration received from all the Directors of the Company, none of the Directors is disqualified from being appointed as director of the Company pursuant to Section 164 of the Companies Act, 2013.

BOARD EVALUATION AND MEETING OF INDEPENDENT DIRECTORS

Nomination and Remuneration Committee of the Company approved the criteria and the mechanism for carrying out performance evaluation of the Board as a whole, its Committees, Chairman of the Board and individual Directors.

The Criteria formulated broadly covering composition and structure of the Board, role and responsibilities of the Board & its Committees, governance and compliance, board processes & procedures, functioning and effectiveness of the Board and its Committees, role of the Chairman of the Board and individual Directors, director competency, relationship among Directors was carried out by circulation of a questionnaire.

Based on the assessment of the responses received to the questionnaire from the Directors, on annual evaluation of the Board, its Committees, the Chairman and the individual Directors, a summary of the Board Evaluation was placed before the Board. The Board was satisfied with the results of the performance evaluation.

A separate meeting of the Independent Directors was held during the year under review, wherein, the Independent Directors evaluated the performance of the Non-Independent Directors, performance of the Board as a whole and also that of Chairman of the Board and Managing Director & Chief Executive Officer of the Company.

DECLARATION BY THE INDEPENDENT DIRECTORS

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Independent Directors of the Company, have submitted the requisite declaration confirming that each of them meets the criteria of independence as prescribed under the Act read with rules made thereunder and that they continue to comply with the Code of Conduct laid down under Schedule IV to the Act.

Further, in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs.

Accordingly, based on the said declarations and after reviewing and verifying its veracity, the Board is of the opinion that the independent directors are persons of integrity, possess relevant expertise, experience, proficiency, fulfils conditions of independence specified in the Companies Act, 2013, and are independent of the Management of the Company.

KEY MANAGERIAL PERSONNEL

In terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Sanjay Tibrewala, Managing Director & Chief Executive Officer, Ms. Gauri Bhatkal, Chief Financial Officer, and Mr. Kamlesh Rane, Company Secretary are the Key Managerial Personnel of the Company.

FIT AND PROPER DECLARATIONS

In accordance with the RBI Master Directions for Asset Reconstruction Companies, the Company has received the requisite annual declarations and undertakings from the Sponsors, and the Directors including the Managing Director & Chief Executive Officer of the Company.

MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments which affected the financial position of your Company, which occurred between the end of the financial year to which the financial statements relate and up to the date of this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS WHICH IMPACTS GOING CONCERN STATUS AND COMPANY OPERATIONS IN FUTURE.

There have been no orders passed by the Regulators / Courts / Tribunal, which would impact the going concern status of your Company and its future operations, during the financial year.

SHARE CAPITAL

As on March 31, 2026, the authorised share capital of the Company stood at Rs 25,000 Lakhs divided into 25,00,00,000 equity shares of Rs. 10 each.

During the year under review, there has been no change in the paid-up share capital of the Company. As on March 31, 2026, the issued, subscribed and paid-up equity share capital of the Company stood at Rs. 16,800 lakhs, divided into 168,000,000 equity shares of Rs. 10/- each fully paid up.

SPONSORS

During the year under review, there was no change in Sponsors of the Company. As on March 31, 2026, Kotak Mahindra Investments Limited and Kotak Mahindra Prime Limited continue to be Sponsors of the Company.

CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio of the Company as on March 31, 2026 stood at 52.30% which is well above the RBI stipulated norm of 15%.

DEBENTURES

During the year under review, your company issued Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures amounting to Rs. 30,000 Lakhs having face value of Rs. 1,00,000 (Rupees One Lakh each) in 4 (Four) Series of Rs. 7,500 Lakhs each. As on March 31, 2026, amount of outstanding Non-Convertible Debentures stood at 30,000 Lakhs. The Debentures issued by the Company are listed on the Debt Segment of National Stock Exchange of India Limited. The Company has appointed Vistra ITCL (India) Limited as Debenture Trustee.

DETAILS OF DEBENTURE TRUSTEE

Vistra ITCL (India) Limited,The Qube, 2nd Floor, A Wing, 202, Hasan Pada Road, Mittal Industrial Estate, Marol, Andheri (East), Mumbai - 400059, Maharashtra, India.

Tel: (022) 69300045, Email: itclcomplianceofficer@vistra.com Website: vistraitcl.com

COMMERCIAL PAPER

During the year under review, your Company issued Commercial Paper for an amount aggregating to Rs. 20,000 Lakhs and redeemed Commercial Paper aggregating to Rs. 30,000 Lakhs. The Commercial Paper issued by the Company are listed on the Debt Segment of National Stock Exchange of India Limited.

CREDIT RATING

The Company has been accredited with following ratings by CRISIL Rating Agency for its borrowing instruments:

Instrument	Rating assigned
Commercial Papers	CRISIL A1+
Non-Convertible Debentures	CRISIL AA / Stable
Bank Lines	CRISIL AA / Stable

DEPOSITS

The Company has not accepted any deposits from public during the year under review, further there were no deposits due and outstanding as on March 31, 2026.

LOANS, INVESTMENTS AND GUARANTEES

Particulars of loans disbursed, and investments made, if any, are disclosed in the Financial Statements. During the year ended March 31, 2026, the Company has not given any guarantee.

RELATED PARTY TRANSACTIONS

All the related party transactions as required under Ind AS - 24 are reported in the notes to the Financial Statement.

During the year under review, there were no contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013.

RISK MANAGEMENT

The Company has established well defined risk management framework. The framework provides for early identification, assessment and effective mitigation/management of Business & Financial Risk, Reputation Risk, Operational Risk and various other potential risks. Further, to facilitate better enterprise-wide risk management, a Risk management committee has been constituted. Risk Management Committee of the Company reviews the risk management framework and outcome of the risk assessment carried out through risk registers from time to time, with a view to align the same to the risk strategy and risk appetite of the Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company being engaged in financial services related activities, provisions pertaining to the conservation of energy and technology absorption are not applicable to your Company. However, energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company had no foreign exchange earnings while the outgo of foreign exchange was ₹18.97 lakhs (net of Tax Deducted at Source).

SYNOPSIS OF NOMINATION AND REMUNERATION POLICY

In accordance with the provisions of Section 178 of the Companies Act, 2013 and rules thereunder, the Company has adopted a Nomination and Remuneration Policy. Based on the various criteria prescribed in the Policy, the Nomination and Remuneration Committee makes recommendations to the Board of Directors in respect of appointment, removal and remuneration of the Directors and Key Managerial Personnel.

The salient features of the Nomination and Remuneration Policy are as follows:

- Objective of the Policy is to maintain fair, consistent, and equitable compensation practices in alignment with strategic business goals of the Company.
- The Policy sets out compensation philosophy of the Company which aims to maintain a fair balance between the compensation rewards that is perceived as necessary to remain competitive in the marketplace and the fairness to all stakeholders, taking into account the risk and return on their investment.
- The Policy is applicable to the Directors, Key Managerial Personnel, Senior Management and other employees of the Company.
- The Policy sets out the various criteria for appointment, retirement, removal of the Directors, Key Managerial Personnel, Senior Management and other employees of the Company.
- The Policy prescribes manner for effective evaluation of performance of the Board and its Committees, the Chairman of the Board and individual Directors.

Nomination and Remuneration Policy is available on website of the Company: www.phoenixarc.co.in.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Company has zero tolerance policy towards sexual harassment at workplace and upholds itself as a safe and non-discriminatory Organisation. In accordance with provisions of ‘The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013’, the Company has implemented comprehensive policies and procedures to prevent and address any instances of sexual harassment. The Company has constituted Internal Committee to diligently redress complaints regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. During the year under review, no incidence of sexual harassment was reported to the Internal Committee.

VIGIL MECHANISM

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

Vigil Mechanism Policy is also placed on website of the Company: www.phoenixarc.co.in.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, there were no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors of the Company.

CORPORATE GOVERNANCE

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

ANNUAL RETURN

In accordance with the provisions of the Companies Act, 2013 and the Rules framed thereunder, the Annual Return is available on the website of the Company:

URL: http://www.phoenixarc.co.in/financial-reports/

CORPORATE SOCIAL RESPONSIBILITY (CSR)

We recognize that our Corporate Social Responsibility (CSR) efforts have a positive impact on society and the environment. Throughout the year, your Company invested in initiatives and activities that promote community well-being, sustainability, and positive change.

Pursuant to Section 135 of the Companies Act, 2013 and rules thereunder, during the year Company incurred CSR expenditure of Rs. 537 lakhs as against Rs. 416 lakhs in the previous financial year, an increase of 29.09% over the previous year. With focus on ‘Healthcare’ ‘Education’ & Sports sectors, during the year under review, the Company implemented following CSR Projects in collaboration with following implementing agencies:

- i) ‘System Intervention through Smart Model Anganwadis’ - Foundation for Mother and Child Health
- ii) ‘Aid to walk-in Cancer Patients’ - Cancer Patient Aid Association
- iii) ‘Elimination of Cervical Cancer through HPV Vaccination’ - Cancer Patient Aid Association
- iv) ‘Rashtriya Netra Yagna’ - Vision Foundation of India
- v) ‘Ratna Nidhi Leg for Persons with Disability’ - Ratnanidhi Charitable Trust
- vi) ‘Digital Classroom with Solar Power Backup’ – Seva Sahayog Foundation
- vii) ‘Olympic Gold Quest’ - Foundation for Promotion of Sports and Games

CSR initiatives of the Company are guided and monitored by the CSR Committee of the Board. The CSR Committee confirms that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and policy of the Company.

A brief outline of CSR Policy of the Company, composition of CSR Committee and CSR Project spends have been provided in Annual Report on CSR activities carried during financial year 2025-26, the same is annexed hereto as “Annexure II”.

CSR Policy is available on website of the Company i.e. www.phoenixarc.co.in.

STATUTORY AUDITORS

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

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

SECRETARIAL AUDITOR

In terms of Section 204 of the Companies Act, 2013, the Board of Directors of the Company had appointed Parikh and Associates, Company Secretaries, as Secretarial Auditors of the Company for the financial year 2025-26. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Report from Secretarial Auditors is annexed as "Annexure III" to this Report.

During the year under review, the Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that your Company has in place adequate internal controls appropriate to the size, scale and nature of its operations and that such controls are adequate & are operating effectively. Such controls are reviewed / revisited / updated / deleted every year for change in processes / organisational changes etc.

Company has appointed M/s. Discern Risks, an independent firm of Chartered Accountants, who confirm to the Audit Committee of the Company, the existence and operating effectiveness of controls over financial reporting. During the year under review, no inefficiency or inadequacy of such controls, were observed.

INTERNAL AUDITORS

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

COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013, are not applicable for the business activities carried out by the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that in preparation of the annual accounts:

i) the applicable accounting standards have been followed and no material departures have been made from the same;

ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date;

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the accounts have been prepared on a going concern basis;

v) internal financial controls have been laid down and such internal financial controls are adequate and are operating effectively;

vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

OTHER DISCLOSURES

- The Company has made no application or no proceedings are pending under the Insolvency and Bankruptcy Code, 2016 during the year.
- There were no settlements made by the Company with Banks and Financial Institutions requiring disclosure under clause (x) of sub-rule 5 of Rule 8 of the Companies (Accounts) Rules 2014.

ACKNOWLEDGEMENT

Your Directors would like to place on record their gratitude for the valuable guidance and support received from the Government and Regulatory agencies. The Directors thank the shareholders for the strong support that they have continued to extend to the Company. The Board also takes this opportunity to place on record its appreciation of the outstanding performance and dedication of your Company's employees at all levels, without whose commitment, the achievement of results as indicated above could not have been possible. The Board also acknowledges the faith reposed in the Company by the Company's lending institutions.

On behalf of the Board of Directors

Balan Wasudeo	**Sanjay Tibrewala**
Chairman	Managing Director
(DIN: 00073697)	(DIN: 10779180)

Place : Mumbai
Date : April 24, 2026

Annexure I

CORPORATE GOVERNANCE REPORT

I. Company's Policy

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

Board of Directors

The Board of the Company comprises of professional individuals with varied experience, skills, qualifications and competencies which enables constructive discussion and informed decisions. The Board comprises of an optimum mix of Independent Directors, Non-Executive & Non-Independent Directors and Executive Director in alignment with the applicable provisions of the Companies Act, SEBI Regulations and RBI Guidelines

As on March 31, 2026, the Board comprises of Six (6) Directors including three Independent Directors, two Non-Executive & Non-Independent Directors and a Managing Director. Mr. Balan Wasudeo, Chairman, presides the meetings of the Board of Directors. The Board is responsible for overall management of the Company's business including formulation of strategic and business plans, review of corporate performance and reporting to the Shareholders. The Directors provide inputs to Management based on their knowledge and expertise. The Board members ensure that their other responsibilities do not materially impact their responsibility as Directors of the Company.

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

Audit Committee

As on March 31, 2026, Audit Committee comprises of three members which includes two Independent Directors viz. Mr. Nimesh Kampani (Chairman) & Mr. Bharat Vasani, Mr.Venkattu Srinivasan, Non-Executive & Non-Independent Director. The Audit Committee meets at least once in every quarter. Audit Committee reviews financial statements, financial controls and adequacy of internal control systems of the Company.

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

Risk Management Committee

As on March 31, 2026, Risk Management Committee of the Company comprises of two Independent Directors viz. Mr. Balan Wasudeo (Chairman) & Mr. Bharat Vasani, Mr.Venkattu Srinivasan, a Non-Executive & Non-Independent Director and Mr. Sanjay Tibrewala, Managing Director & Chief Executive Officer. Risk Management Committee reviews risk management framework of the Company from time to time and meets at least two times in a year.

Corporate Social Responsibility (CSR) Committee

As part of Company's commitment towards economic, environmental and social well-being of communities, Corporate Social Responsibility Committee has been constituted at the Board level pursuant to provisions of Section 135 of the Companies Act, 2013. As on March 31, 2026, the CSR Committee comprises of four Directors which includes two Independent Directors viz. Mr. Bharat Vasani (Chairman) & Mr. Balan Wasudeo and two Non-Executive & Non-Independent Directors viz. Mr. Venkattu Srinivasan & Ms. Jyoti Agarwal. The Committee takes decisions on deployment of allocated funds to meet the objectives of CSR Policy. The Committee makes recommendation to the Board of Directors on CSR policy and related matters.

Nomination and Remuneration Committee

As on March 31, 2026, the Nomination and Remuneration Committee consists of four Directors which includes two Independent Directors viz. Mr. Balan Wasudeo & Mr. Nimesh Kampani and two Non-Executive & Non-Independent Directors viz. Mr. Venkattu Srinivasan (Chairman) & Ms. Jyoti Agarwal. The Committee has been formed to lay down criteria for appointment of persons as directors, Key Managerial Personnel and in senior management of the Company and to recommend to the Board a policy relating to the remuneration to the Directors, Key Managerial Personnel and other employees.

Board Settlement Committee

In accordance with the applicable RBI Guidelines, the Company has constituted a Board Settlement Committee. As on March 31, 2026, the Board Settlement Committee comprises of two independent directors viz Mr. Balan Wasudeo (Chairman) & Mr. Nimesh Kampani, Mr. Venkattu Srinivasan, Non-Executive & Non-Independent Director and Mr. Sanjay Tibrewala, Manging Director & Chief Executive Officer. Committee considers and approves proposals for settlement of dues payable by the borrowers, where the principal outstanding dues of the borrower are above Rs. 1 Cr. The Board Settlement Committee meets as and when required.

Allotment Committee

As on March 31, 2026, Allotment Committee comprises of four Directors which includes two Independent Directors viz. Mr. Balan Wasudeo & Mr. Bharat Vasani and two Non-Executive Non-Independent Directors Ms. Jyoti Agarwal (Chairperson), Non-Executive & Non-Independent Director, Mr. Sanjay Tibrewala, Managing Director & Chief Executive Officer. The Committee functions to allot any securities including Shares, Debentures and Bonds and to issue security certificates.

Investment Committee

As on March 31, 2026, Investment Committee comprises of five Directors which includes three Independent Directors viz. Mr. Balan Wasudeo (Chairman), Mr. Bharat Vasani & Mr. Nimesh Kampani, two Non-Executive & Non-Independent Directors viz. Mr. Venkattu Srinivasan & Ms. Jyoti Agarwal. The Investment Committee of directors considers proposals for investment of funds of the Company.

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

During the year, Directors of the Company had thirteen (13) Board Meetings, four (4) Audit Committee Meetings, two (2) Risk Management Committee Meetings, three (3) CSR Committee Meetings, five (5) Nomination and Remuneration Committee Meetings, one (1) Meeting of Independent Directors, five (5) Board Settlement Committee Meetings, two (2) Meetings of Investment Committee, one (1) Meeting of Allotment Committee. Annual General Meeting of the Members of the Company was held on August 11, 2025. Extra Ordinary General Meeting of the Members of the Company was held on February 4, 2026.

Management Committee

As on March 31, 2026, Management Committee comprises of Managing Director & Chief Executive Officer (Chairman) and other senior executives of the Company. The Management Committee monitors and regulates day to day operations of the Company including evaluation of acquisition proposals, approval of investments, formulation of resolution strategy of acquired assets etc. The Management Committee meets as and when required. During the year Management Committee has conducted its meeting fifty-seven (57) times.

Independent Advisory Committee

In accordance with the applicable RBI Guidelines, the Company has constituted an Independent Advisory Committee. As on March 31, 2026, Independent Advisory Committee comprises of three independent professionals having financial/legal/technical background to consider and recommend to the Board, the proposals for settlement of dues of the borrowers. The Independent Advisory Committee meets as and when required. During the year, the Independent Advisory Committee met six (6) times.

Internal Settlement Committee

In accordance with the applicable RBI Guidelines, the Company has constituted an Internal Settlement Committee. As on March 31, 2026, Internal Settlement Committee comprises of senior officials of the Company to consider and approve proposals for settlement of dues payable by the borrowers, where the principal outstanding dues of the borrower at the time of acquisition were up to Rs. 1 Cr. The Internal Settlement Committee meets as and when required. During the year, the Internal Settlement Committee met fifty-three (53) times.

Internal Committee

In accordance with provisions of ‘The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013’ Company has constituted ‘Internal Committee’ to receive and redress complaints of sexual harassment. Internal Committee comprises of 3 employees of the Company including a woman employee as ‘Presiding Officer’ and one external Member from a Non-Governmental Organisation committed to the cause of women. During the year under review, the Internal Committee met once.

II. Disclosures

(1) During the year under review there were no transactions of the Company with its Directors, Key Managerial Personnel and their relatives that had any potential conflict with the interest of the Company at large.

(2) None of the Directors of the Company are related to each other.

III. Shareholders’ Information

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

On behalf of the Board of Directors

Balan Wasudeo	**Sanjay Tibrewala**
Chairman	Managing Director
(DIN: 00073697)	(DIN: 10779180)

Place : Mumbai
Date : April 24, 2026

Annexure II

CSR REPORT

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

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

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

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Bharat Vasani	Independent Director	3	3
2	Mr. Balan Wasudeo	Independent Director	3	3
3	Mr. Venkattu Srinivasan	Director	3	3
4	Ms. Jyoti Agarwal	Director	3	3

3. **Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board:** www.phoenixarc.co.in

4. **Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 :** Not Applicable

5. (a) **Average net profit of the company as per sub-section (5) of section 135**: Rs. 2,582,235,016.00

   (b) **Two percent of average net profit of the company as per sub-section (5) of section 135:** Rs. 51,644,700.00

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

   (d) **Amount required to be set off for the financial year, if any:** Nil

   (e) **Total CSR obligation for the financial year [(b) + (c) - (d)]:** Rs. 51,644,700.00

6. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** Rs. 53,700,000.00

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

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

   (d) **Total amount spent for the Financial Year [(a) + (b) + (c)]:** Rs. 53,700,000.00

(e) **CSR amount spent or unspent for the Financial Year :**

Total Amount Spent for the Financial year (in Rupees)	Amount Unspent (in Rupees)				
	Amount transferred to Unspent CSR account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to subsection (5) of section 135		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
53,700,000.00	Nil	Nil	Nil	Nil	Nil

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

Sl. No.	Particulars	Amount (in Rupees)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	51,644,700.00
(ii)	Total amount spent for the financial year	53,700,000.00
(iii)	Excess amount spent for the financial year [(ii) – (i)]	2,055,300.00
(iv)	Surplus arising out of CSR projects or programmes or activities of the previous financial year, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii) – (iv)]	2,055,300.00

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three financial years spent against ongoing projects for the financial year:** None

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:** No

9. **Reason(s), if Company has failed to spend two percent of the average net profit as per sub-section (6) of section 135:** Not Applicable

On behalf of the Board of Directors

Balan Wasudeo
Chairman
(DIN: 00073697)

Bharat Vasani
Chairman of CSR Committee
(DIN: 00040243)

Place : Mumbai
Date : April 24, 2026

Annexure III

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2026

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

To,

The Members,

Phoenix ARC Limited (formerly Phoenix ARC Private Limited)

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, to the extent the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2026 generally complied with the statutory provisions listed hereunder and also that the Company has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2026 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period)

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the audit period)

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)

   (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

(vi) Other Laws specifically applicable to the Company namely

(a) The Reserve Bank of India Act, 1934 and Circulars, Directions, Guidelines and Notifications issued thereunder applicable to Asset Reconstruction Companies.

(b) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and Rules, Guidelines and Circulars issued thereunder.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings which have been generally complied by the Company.

(ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

As per the minutes, the decisions at the Board Meetings were taken unanimously.

In view of what is stated herein above, we further report that the systems and processes in the Company are required to be strengthened to commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc. and adherence to good corporate practices.

We report that National Stock Exchange of India Limited (NSE) vide its letters NSE/LIST-SOP/COMB/FINES/0030 dated March 13, 2026 and NSE/LIST-SOP/DEBT/R- 0037 dated March 30, 2026 imposed fine of ₹5,000 for non-compliance of Regulation 50(1) of the (Listing Obligations and Disclosure Requirement) Regulations, 2015. The Company has filed waiver application on April 07, 2026 to NSE requesting for waiver of the said fine.

We further report that the Company paid a penalty of ₹52.70 lakhs on April 23, 2025, pursuant to Order No. CO.ENFD.DENBFC.No.S854/02-14-165/2024-25 dated March 24, 2025 issued by the Reserve Bank of India for non-compliance with RBI Directions on “Settlement of dues payable by the borrower” under the provisions of Section 30A(1) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

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

- The Company has been converted into a public limited company vide its fresh certificate of incorporation dated 19th February, 2026 and subsequent amendment to the Memorandum and Article of Association of the Company.
- Issued 30,000 Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures ("NCDs") of Rs.1,00,000 each for an aggregate amount of Rs. 300 Crore on a private placement basis in various tranches.
- Issued Commercial Papers aggregating to Rs. 200 crore.
- Redeemed Commercial Papers aggregating to Rs. 300 crore.

For Parikh & Associates
Company Secretaries

Place: Mumbai

Date: April 24, 2026

Signature:

Sarvari Shah
Partner
FCS No: 9697 CP No:11717
UDIN: F009697H000189723
PR No.: 7327/2025

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

‘Annexure A’

To,

The Members,

Phoenix ARC Limited (formerly Phoenix ARC Private Limited)

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

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

For Parikh & Associates
Company Secretaries

Place: Mumbai
Date: April 24, 2026

Signature:

Sarvari Shah
Partner
FCS No: 9697 CP No:11717
UDIN: F009697H000189723
PR No.: 7327/2025

INDEPENDENT AUDITOR'S REPORT

To the Members of **PHOENIX ARC LIMITED (formerly 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 Limited (formerly 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 March 31, 2026, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2026 and their consolidated profit and consolidated other comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2026. 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. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS Financial Statements :

Key audit matters	How our audit addressed the key audit matter
a) Impairment of financial instruments (Trade receivables and advances recoverable from Trusts) (Refer note K of the material accounting policies)	
Trade receivables and advances recoverable from Trusts amounting to INR 4,012.08 lakhs (net of impairment provision) at March 31, 2026 as disclosed in the Consolidated Ind AS Financial Statements.	• 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.

Key audit matters	How our audit addressed the key audit matter
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 the Standard. In the process of applying such principles and other requirements of the Standard, a significant degree of judgement has been applied by the management in respect of following matters: a) Grouping of the trade receivables and advances recoverable from Trusts under homogenous pools in order to determine Probability of Default (PD) on a collective basis. b) Determining the staging of trade receivables and recoverable from Trusts. c) Determining effect of past defaults on future probability of default. d) Estimation of management overlay for macro-economic factors which could impact the ECL provisions. e) Estimation of Loss Given Default (LGD) based on past recovery rates. 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.	● 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 tested the operating effectiveness of the controls for staging of receivables and advance recoverable based on their past-due status. ● We tested the arithmetical accuracy of the computation of ECL provision performed by the Group in spread sheets. ● 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.
b) Fair valuation of Security Receipts (SRs) (Refer note N of the material accounting policies)	
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 March 31, 2026 amounts to INR 1,62,929.61 lakhs as disclosed in the Consolidated Ind AS Financial Statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 on Fair Value Measurement, the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. As required by RBI regulations, these SRs are valued on a half yearly basis by eligible Credit Rating Agencies (“CRAs”). These CRAs 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 SRs based on its best estimate of recovery, and the range of recovery provided by the CRAs.	● 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.

Key audit matters	How our audit addressed the key audit matter
The management and CRAs 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 CRAs have used several estimates, assumptions and sources of information (both internal and external). These assumptions, estimates and information used by the management and CRAs may have an uncertainty and the actual results may differ from the estimates and assumptions made. Given the significance of fair valuation of investments in SRs to overall Consolidated Ind AS Financial Statements and the degree of management's judgement involved in the estimate and involvement of external CRAs in the fair value estimation and the uncertainty on the recoverability of the SRs, we have considered this area as a key audit matter.	● We have tested on a sample basis, the rationale for declaring the fair value of the SRs as per the range provided by CRAs, 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 internal experts. The assumptions and estimates used by the management on future recoverability may vary and actual results may differ from the estimates and assumptions. ● We assessed disclosures included in the Consolidated Ind AS Financial Statements with respect to such fair valuation of SRs in accordance with the requirements of Ind AS 113 and Ind AS 107.
c) Valuation of Purchase or originated credit impaired assets (POCI) (Refer note K of the material accounting policies	
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 66,199.32 lakhs as disclosed in the Consolidated Ind AS Financial Statements as at March 31, 2026. These assets are measured using projected cash flows based on management estimates of recovery and then discounted at the credit adjusted effective interest rate. The management has made an assessment on each POCI asset to ascertain future recoverability estimates. In making this assessment, the management has used several estimates, assumptions and sources of information (both internal and external), including but not limited to quality of collateral available, external credit reports, economic forecasts for future expected performance of the underlying companies etc. The assumptions and estimates used by the management may vary and actual results may differ from the estimates and assumptions. Considering the significant management estimates and judgements involved in assessing cash flows and the discount rate, we have considered this as a key audit matter.	● 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 flows 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 Controlled Structured Trusts (Refer Note 4 of accounting policies)	
The Group sets up structured Trusts to acquire stressed assets for the purpose of carrying on the activity of Securitization 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.	● We have understood the structure of all the structured 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.

Key audit matters	How our audit addressed the key audit matter
The Group acts as asset manager in respect of these Trusts and consolidates the Trusts which it controls. 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. Considering the significant management judgements and estimates involved in assessing control, we have considered this a key audit matter.	● 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 structured 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 Board of Directors of the Group are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report including Annexures thereto, but does not include the Standalone Ind AS Financial Statements, Consolidated Ind AS Financial Statements, and our auditor's report thereon.

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

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

The other information is expected to be made available to us after the date of this auditor's report and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

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

The Board of Directors of the Group are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, as amended.

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

In preparing the Consolidated Ind AS Financial Statements, Management and 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.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2026 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. 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, to which the reporting under CARO is applicable we report that there are following qualifications or adverse remarks in the CARO report:

Sr. No.	Name of Company	CIN	Nature of Relationship	Clause number of the CARO report which is qualified or adverse
1	Phoenix ARC Limited	U67190MH2007PLC168303	Holding Company	Clause (iii) (a), (iii) (c), (iii) (d) and (vii) (b).

Trusts controlled by the Company and included in the Consolidated Ind AS Financial Statements are not subject to CARO.

2. 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, as amended;

e) On the basis of the written representations received from the directors of the Group as on March 31, 2026 taken on record by the Board of Directors of the Group, none of the directors of the Group is disqualified as on March 31, 2026 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) With respect to the matter to be included in the Auditor’s Report under section 197(16) of the Act, in our opinion and according to the information and explanation given to us, the remuneration paid during the year by the Group to its directors complies with the provisions of Section 197 of the Act;

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, 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 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 Group;

iv. (a) The respective Management of the Company and Trusts controlled by the Company, has represented that, to the best of its knowledge and belief, as disclosed in the note 44(ix)(A) to the accounts, during the year 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, as disclosed in the note 44(ix) (B) to the accounts, during the year no funds (which are material either individually or in the aggregate) have been received by the Company or any of such Trusts from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such Trusts shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

v. During the year, the Company has not declared/paid any dividend. Accordingly, reporting under Rule 11(f) is not applicable to that extent;

vi. Based on our examination, which included test checks, the Group has used accounting software systems for maintaining its books of account for the financial year ended March 31, 2026 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention. (Note 44(xv) to the Consolidated Ind AS Financial Statements)

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

Ameet N. Patel
Partner
Membership No. 039157
UDIN: 26039157FINZPW6815

Place : Mumbai
Date : April 24, 2026

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF PHOENIX ARC LIMITED (FORMERLY 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 under Section 143(3)(i) 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 Statements of Phoenix ARC Limited (formerly Phoenix ARC Private Limited) ("the Company") as of March 31, 2026 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Group for the year ended on that date.

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

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

Auditor's Responsibility

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

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

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

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

A company's internal financial controls over financial reporting with reference to the Consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us , the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to the Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to the Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

Other Matters

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

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

Ameet N. Patel
Partner
Membership No. 039157
UDIN: 26039157FINZPW6815

Place : Mumbai
Date : April 24, 2026

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
CIN : U67190MH2007PLC168303
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2026

(Amount in lakhs)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
Assets			
Financial assets			
Cash and cash equivalents	2	20,257.79	32,966.99
Trade receivables	3	3,170.08	2,134.37
Loans	4	68,104.44	54,889.48
Investments	5	1,62,929.61	1,30,681.52
Other financial assets	6	1,049.31	612.40
Sub total		**2,55,511.23**	**2,21,284.76**
Non-financial assets			
Current tax assets (net)		454.01	2,356.99
Deferred tax assets (net)	26	3,920.70	4,412.18
Property, plant and equipment	7	864.26	1,163.55
Intangible assets under development	8A	-	4.00
Other intangible assets	8B	8.00	-
Other non-financial assets	9	64.53	156.44
Sub total		**5,311.50**	**8,093.16**
Total assets		**2,60,822.73**	**2,29,377.92**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Payables			
Trade payables			
(a) Dues of small enterprises and micro enterprises	10	12.58	2.28
(b) Dues of creditors other than small enterprises and micro enterprises		59.32	5.78
Debt securities	11	52,410.86	30,748.25
Borrowings (other than debt securities)	12	46,219.97	54,850.71
Other financial liabilities	13	2,935.48	3,104.75
Sub total		**1,01,638.21**	**88,711.77**
Non-Financial liabilities			
Current tax liabilities (net)		13,568.84	12,091.18
Provisions	14	5,028.37	6,390.12
Other non-financial liabilities	15	10,376.92	9,880.19
Sub total		**28,974.13**	**28,361.49**
Equity			
Equity share capital	16	16,800.00	16,800.00
Other equity	17	1,13,410.39	95,504.66
Sub total		**1,30,210.39**	**1,12,304.66**
Total liabilities and equity		**2,60,822.73**	**2,29,377.92**
Material accounting policies & notes to accounts.	1		

In terms of our report attached.

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

Ameet N Patel
Partner
Membership No. 039157

Place : Mumbai
Date : April 24, 2026

For and on behalf of the Board of Directors of
Phoenix ARC Limited (Formerly Known as Phoenix ARC Private Limited)

Balan Wasudeo
Director
DIN: 00073697

Sanjay Tibrewala
MD & CEO
DIN: 10779180

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
CIN : U67190MH2007PLC168303
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2026

(Amount in lakhs)

Particulars	Note no.	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue From Operations			
Interest income	18	12,940.10	9,925.34
Fees and commission income	19	23,617.97	33,197.25
Net gain on fair value changes	20	6,495.01	30,292.27
Total revenue from operations (I)		**43,053.08**	**73,414.86**
Other income (II)	21	**610.58**	**1,260.67**
Total income (III = I + II)		**43,663.66**	**74,675.53**
Expenses			
Finance costs	22	7,123.99	5,154.08
Impairment on financial instruments	23	7,366.00	33,187.43
Employee benefits expense	24	3,089.44	2,633.21
Depreciation, amortization and impairment	7 & 8	342.51	346.14
Other expenses	25	1,820.81	1,687.71
Total expenses (IV)		**19,742.75**	**43,008.57**
Profit / (loss) before exceptional items and tax (V = III - IV)		**23,920.91**	**31,666.96**
Tax expense (VI)	26		
(i) Current tax		4,813.05	7,314.13
(ii) Deferred tax		1,178.50	373.31
(iii) Adjustments for earlier years (net)		19.86	125.21
Total tax expense (i+ii+iii)		**6,011.41**	**7,812.65**
Profit/(loss) for the period (VII = V - VI)		**17,909.50**	**23,854.31**
Other comprehensive income (VIII)			
Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans		(5.04)	(13.24)
		(5.04)	**(13.24)**
Income tax relating to items that will not be reclassified to profit or loss	26	1.27	3.33
Total		**(3.77)**	**(9.91)**
Total Comprehensive Income for the period (IX = VII + VIII)		**17,905.73**	**23,844.40**
Earnings per equity share (X)	27		
Basic and Diluted earning per share (Rs.)		10.66	14.20

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 Limited (Formerly Known as Phoenix ARC Private Limited)

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Sanjay Tibrewala
MD & CEO
DIN: 10779180

Place : Mumbai
Date : April 24, 2026

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PhoenixARC

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
CIN : U67190MH2007PLC168303
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash flow from operating activities		
Profit before tax	23,920.91	31,666.96
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation, amortization and impairment	342.51	346.14
Net loss / (gain) on sale of investments	(5,035.25)	9,128.98
Net loss / (gain) on fair value changes	(1,459.76)	(32,374.81)
Impairment (gain) / loss on financial instruments	7,366.00	33,187.43
Net loss / (gain) on sale of property, plant and equipment	-	(4.43)
Interest income (other than loans and advances)	(340.99)	(551.21)
Interest on lease liability	96.28	119.22
Finance costs	7,027.71	5,034.86
Gratuity	(3.77)	21.72
Operating profit before working capital changes	**31,913.64**	**46,574.86**
Working capital adjustments		
Adjustments for (increase) / decrease in operating assets		
Loans and advances	(19,959.67)	(2,847.93)
Trade receivables	(1,803.87)	7,425.11
Other assets	(198.10)	(29,204.95)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	63.84	(26.37)
Provisions	654.33	(4,185.30)
Other liabilities	(1,456.69)	4,775.06
	(22,700.16)	**(24,064.38)**
Cash from operations	**9,213.48**	**22,510.48**
Income tax paid (net of refund)	(2,139.29)	(5,755.37)
Net cash from operating activities	**7,074.19**	**16,755.11**
Cash flow from investing activities		
Purchase of property plant and equipments and Intangible Assets	(47.22)	(74.47)
Sale of property, plant and equipment	-	4.35
Purchase of investments	(73,273.89)	(61,580.84)
Proceeds from sale of investments	47,520.81	1,00,305.07
Bank deposits with original maturity greater than three months	-	1,534.31
Interest received on fixed deposits with bank	340.99	551.21
Net cash (used in) / generated from investing activities	**(25,459.31)**	**40,739.63**
Cash flow from financing activities		
Proceeds from borrowings	63,496.60	1,12,892.90
Repayment of borrowings	(56,515.64)	(1,34,269.10)
Net proceeds from bank overdraft facility & working capital loans	5,347.47	(1,617.43)
Finance costs including share issue expenses	(7,236.51)	3,617.73
Proceeds from issuance of security receipts (net)	912.24	(15,770.91)
Payment of lease liability (including interest thereon)	(328.24)	(312.61)
Net cash flow from financing activities	**5,675.92**	**(35,459.42)**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
CIN : U67190MH2007PLC168303
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026 *(Continued)*

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net (decrease) / increase in cash and cash equivalents	**(12,709.20)**	**22,035.32**
Cash and cash equivalents at the beginning of the year	32,966.99	10,931.67
Cash and cash equivalents at the end of the year	20,257.79	32,966.99
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 2)		
Cash on hand	0.15	0.07
Balances with banks in current account	3,609.78	4,518.40
Balance in term deposit ≤ 3 months	15,273.15	27,924.43
Balance in overdraft facility	1,377.37	529.24
Term Deposits	-	-
Less: Impairment loss allowance	(2.66)	(5.15)
Cash and cash equivalents as restated as at the year end	**20,257.79**	**32,966.99**

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 Limited (Formerly Known as Phoenix ARC Private Limited)

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Sanjay Tibrewala
MD & CEO
DIN: 10779180

Place : Mumbai
Date : April 24, 2026

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
CIN : U67190MH2007PLC168303
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

A. Equity share capital

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the reporting year	16,800.00	16,800.00
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	**16,800.00**	**16,800.00**

B. Other equity

(Amount in lakhs)

Particulars	Other equity					Total
	Securities premium	Debenture redemption reserve	Impairment reserve	General reserve	Retained earnings	
Balance as at April 01, 2024	**3,006.10**	**1,963.06**	**249.67**	**-**	**70,421.25**	**75,640.08**
Profit for the year	-	-	-	-	23,854.31	**23,854.31**
Other comprehensive income for the year (net of tax)	-	-	-	-	(9.91)	**(9.91)**
	-	-	-	-		
Total Comprehensive Income for the year ended March 31, 2025	**-**	**-**	**-**	**-**	**23,844.40**	**23,844.40**
Transfer/utilisations						
Transfer to general reserve	-	(1,963.06)	-	1,963.06	-	**-**
Pre-acquisition profit from new trust acquired		-	-	-	(3,979.82)	**(3,979.82)**
Balance as at March 31, 2025	**3,006.10**	**-**	**249.67**	**1,963.06**	**90,285.83**	**95,504.66**
Profit for the year	-	-	-	-	17,909.50	**17,909.50**
Other comprehensive income for the year (net of tax)	-	-	-	-	(3.77)	**(3.77)**
Total Comprehensive Income for the year ended March 31, 2026	**-**	**-**	**-**	**-**	**17,905.73**	**17,905.73**
Transfer/utilisations						
Additions during the year	-	341.28	-	-	(341.28)	**-**
Transfer to general reserve	-	-	-	-	-	**-**
Balance as at March 31, 2026	**3,006.10**	**341.28**	**249.67**	**1,963.06**	**1,07,850.28**	**1,13,410.39**

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 Limited (Formerly Known as Phoenix ARC Private Limited)

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Sanjay Tibrewala
MD & CEO
DIN: 10779180

Place : Mumbai
Date : April 24, 2026

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2026

1. General information

Phoenix ARC Limited (formerly known as Phoenix ARC Private Limited) (referred to as 'the Company') is a company domiciled in India and incorporated on March 2, 2007. The Company is registered with the Reserve Bank of India ('RBI') under section 3 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

The Company is incorporated to carry on the business of securitization of assets and reconstruction thereof under the provisions of the SARFAESI Act and the various guidelines issued by RBI from time to time.

During the year, the Company was converted into a public limited company. Consequently, with effect from February 19, 2026, the name of the Company has been changed to 'Phoenix ARC Limited' and the Corporate Identification Number (CIN) of the Company has also been changed to 'U67190MH2007PLC168303'.

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

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

2. Basis of Preparation

A. Statement of compliance

The financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and the guidelines prescribed by the RBI, to the extent applicable.

The Group presents its financial statements in compliance with the Division III of the Schedule III of the Act. The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. These consolidated financial statements were authorized for issue by the Group's Board of Director's on April 24, 2026.

B. Functional and presentation currency & rounding of amounts

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

C. Basis of measurement

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

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans - Plan assets are measured at fair value.

D. Critical accounting estimates, judgements, and assumptions

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

Judgement, estimates and assumptions are required in particular for:

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2026

I. Recognition and measurement of defined benefit obligations

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

II. Recognition of deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, carry-forwards losses and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, i.e. unabsorbed depreciation and unused tax credits could be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

III. Recognition and measurement of provisions and contingencies

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, contingent liability is disclosed.

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

IV. Discounting of long-term financial assets/liabilities

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets which are required to be subsequently measured at amortized cost, interest is accrued using the Effective Interest Rate (EIR) method.

V. Fair value of financial instruments

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

VI. Business model assessment

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

Monitoring is part of the Group’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

VII. Effective Interest Rate (EIR) method

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

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

VIII. Impairment of financial assets

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

The Group regularly reviews its models in the context of actual past experiences and adjusts when necessary.

IX. Determination of lease term

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

X. Discount rate for lease liability

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

3. Amendments to existing Ind AS

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2026

In August 2025, MCA notified the following amendments to:

- Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Group has no impact of these amendments in its classification criteria of current and non-current liabilities.
- Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.
- Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any impact in its financial statements.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The material accounting policy information used in preparation of the consolidated financial statements have been discussed hereunder.

4. Basis for consolidation

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

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

The consolidated financial statements comprise the financial statements of the Company and its trusts over which Group has control as at 31st March 2026. The Company consolidates an entity when it has control over the entity. Control is achieved when 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 investee. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Company considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Company can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Company is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns

- Decision making authority in trusts managed by it, economic interests in the form of units of Security Receipts (SRs), fees earned and collection incentives.
- Investment management and other contractual arrangements
- Removal rights held by other parties

Consolidation procedure

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company with those of trusts over which Group has control.

b. Offset (eliminate) the carrying amount of the Company's investment in and the Company's portion of securities of each trust over which Group has control.

c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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

e. The financial statement of the controlled structured trusts (all incorporated in India) have been consolidated as per Ind AS 110 - Consolidated Financial Statements. Please refer note 40 for the list of consolidated trusts.

5. Material accounting policies

A. Cash and cash equivalents

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

B. Property, plant and equipment

i. Recognition and measurement

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

The cost of an item of property, plant and equipment comprises

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in statement of profit and loss.

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

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2026

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably. Repairs and maintenance are recognized in the statement of profit and loss as incurred.

iii. Depreciation

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

Nature of Assets	Useful Life
Furniture and Fixtures	6 years*
Vehicles	4 years
Computers	3 years
Office equipment	5 years

* Depreciation is restricted to the lease term when the asset's useful life exceeds the lease term.

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

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

iv. Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognized as assets is derecognized at the time of replacement thereof. Any gain or loss arising on from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

C. Intangible assets

i. Recognition and measurement

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

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

ii. Subsequent expenditure

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

iii. Amortisation

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

Software (including development) expenditure	3 years

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

iv. Gain / Loss on disposal

Any gain or loss on disposal of an item of Intangible asset is recognized in the statement of profit loss.

D. Revenue recognition

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

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

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

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

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

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

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

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

i. Trusteeship fees are recognised on accrual basis over a period of time as per terms of the relevant Trust Deed / Offer Document when it is probable that consideration would be collected while considering the customer's ability and intention to pay when it is due.

ii. Other fees are recognized at a point in time as per terms of the relevant trust deed/offer document.

iii. Realisation / returns on assets over acquisition price is recognized at a point in time as per terms of the relevant trust deed/offer document.

Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed:

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of loss allowance) of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For Purchased or Originated Credit-Impaired (POCI) financial assets, the Group calculates interest income by calculating the credit- adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

E. Leases

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

(i) the contract involves the use of identified asset;

(ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease; and

(iii) right to direct the use of the asset.

As a lessee

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

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

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

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

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

The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

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

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

The Group recognizes short term lease payments of 12 months or less as an expense on a straight-line basis over the lease term

Lease Payment

Lease payments included in the measurement of lease liabilities comprise fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees, net of lease incentives receivable. Lease liabilities are subsequently increased to reflect interest accretion and reduced for lease payments made.

F. Retirement and other employee benefits

Defined Contribution Plan

Provident Fund

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

Defined Benefit Plan

i. Gratuity

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

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

ii. Compensated Absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date using the Projected Unit Credit Method.

Other Employee Benefits

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

G. Income Tax

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

Current tax

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

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

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

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

Deferred tax

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

H. Earnings per share

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

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

I. Impairment of non-financial assets

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

The recoverable amount is the greater of the asset's fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

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

J. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

Recognition, Initial measurement and derecognition

Financial assets and financial liabilities are initially measured at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification

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

Business model assessment

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

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile;
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity;
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

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

For the purposes of assessing contractual cash flows, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Subsequent measurement

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

1. **Financial assets at amortised cost**

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

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

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

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

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

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

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

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

Financial liabilities and equity instruments:

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

K. Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)

In IndAS 109, a loss allowance on instruments is recognised on the basis of an expected credit loss approach. The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI, comprising of:

- trade receivables, including ‘trusteeship fees’, ‘resolution incentive fees’ and any other fees
- recoverables including ‘advance for expense’, ‘advances recoverable from trust'
- loans,
- security deposit,
- balances with banks and
- other financial assets.

ECL shall not be determined on financial assets measured at FVTPL.

ECL Approach:

One of the following approaches is adopted for impairment requirements:

- general approach,
- simplified approach,
- purchase or originated credit-impaired approach

For trade receivables and recoverables, the Group shall compute ECL by applying a credit model approach under the general approach. This approach incorporates forward-looking estimates of Probability of Default (PD) over both a 12-month horizon and the lifetime of the asset. At each reporting date, the ECL is calculated as the product of:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

It shall recognise impairment loss allowance based on either 12- month ECLs or lifetime ECLs depending on whether there has been significant increase in credit risk on financial instrument.

Staging of Financial Assets

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

Stage 1: 12-month ECL

Exposures having DPD of 0 to 30 days as at the reporting date are considered as Stage 1 and for exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL (not credit impaired)

At each reporting date, the Group shall assess whether there has been a significant increase in credit risk for financial assets since initial recognition. All exposures where there has been a significant increase in credit risk but not credit impaired are classified under this stage. DPD over 30 days is considered by the Group as significant increase in credit risk. In determining whether credit risk has increased significantly since initial recognition, the Group shall also assess other qualitative factors to assess deterioration in credit quality of a financial asset.

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, ECL shall be recognised for defaults events that may occur over the lifetime of the assets.

Stage 3: Lifetime ECL (credit impaired): Exposures having DPD greater than 90 days as at the reporting date

At each reporting date, the Group shall assess whether financial assets are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired includes the observable data such as Days Past Due ('DPD') (which is considered to be when assets are 90 days past due or more) or default event.

For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the Expected Credit Loss reverts from lifetime ECL to 12-month ECL.

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

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

ECL on loan to borrowers:

The Group shall calculate ECL for loans based on a probability weighted scenario by measuring the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the present value of cash flows that the entity expects to receive. The Group shall apply statistical techniques to estimate lifetime ECL.

Other Financial Assets:

ECL is required to be computed on all the financial assets classified as amortised cost and FVOCI. Management considered that ECL will be computed on other financial assets such as balances with banks, fixed deposits with banks, etc.

PD & LGD ratios for other financial assets will be determined basis factors such as availability of information, credit risk in nature, etc.

Management overlay:

As per Ind AS 109, If the model's statistical outcome is outside the range of possible outcomes that arises from a review of the risk and business profile of the portfolio, the Group may perform management overlay. While this is not expected on a frequent basis, but due to data environment and use of external sources, it may be possible that period-on-period ECL movement might seem to be volatile. Such overrides are subject to back-testing and are temporary measures.

Rebuttable presumption:

As per Ind AS 109, regardless of the way in which an entity assesses significant increase in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due (DPD). An entity can rebut this presumption if the entity has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

Further, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Forward looking assumptions in ECL estimates:

The Group shall consider its historical loss experience and adjust it for current observable data. In addition, the Group shall use reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions shall be periodically reviewed and changes, if any, shall be accounted for prospectively. The Group's ECL calculations shall be outputs of number of underlying assumptions regarding the choice of variable inputs and the interdependencies such as macroeconomic scenarios and collateral values.

Macro-economic factors information is publicly available with Central Statistical Organisation, Economist Intelligence Unit etc. from which the best fit parameters will be used for PD calculation. Best fit macro-economic factors will be identified basis business and statistical judgment.

L. Write-offs

As per of Ind AS 109, financial assets shall be written off either partially or in their entirety when there is no realistic prospect of recovery. This shall generally be the case when the Group determines that the customer does not have assets or sources of income that could generate enough cash flows to repay the amounts. If the amount to be written off is greater than the accumulated loss allowance, the difference shall first be treated as an addition to the allowance that shall then be applied against the gross carrying amount. Any subsequent recoveries shall be credited to impairment on financial instruments in statement of profit and loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

M. Derecognition of financial assets and financial liabilities

Financial Assets

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

- The rights to receive cash flows from the financial asset have expired, or
- The Group has transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-

through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

Financial liabilities

The Group derecognises financial liability when its contractual obligations are discharged or cancelled or expire.The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, is recognised in the statement of profit and loss.

Modifications of financial assets and financial liabilities

Financial assets

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

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

Financial liabilities

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

N. Measurement of fair values

The Group's accounting policies and disclosures require measurement of fair values for the financial instruments. The Group has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of Ind AS, including level in the fair value hierarchy in which such valuations should be classified.

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

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

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

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

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

O. Provisions and contingent liabilities

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

A disclosure for a contingent liability is made (other than in its capacity as Trustee) when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resource is remote or the amount of the obligation cannot be measured with sufficient reliability,, no provision is made. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

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

P. Cash flows statement

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 2 CASH AND CASH EQUIVALENTS (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash on hand	0.15	0.07
Balances with banks in current account	3,609.78	4,518.40
Balance in term deposit ≤ 3 months	15,273.15	27,924.43
Balance in overdraft facility	1,377.37	529.24
Sub total	**20,260.45**	**32,972.14**
Less: Impairment loss allowance	(2.66)	(5.15)
Total	**20,257.79**	**32,966.99**

NOTE 3 TRADE RECEIVABLES (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade receivables		
Receivables - unsecured, considered good	2,197.20	207.60
Receivables - which have significant increase in credit risk	984.14	1,061.00
Receivables - credit impaired - overdue more than 90 days	8,039.58	8,148.46
Sub total	**11,220.92**	**9,417.06**
Less: Impairment loss allowance	(8,050.84)	(7,282.69)
Total	**3,170.08**	**2,134.37**

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

(Amount in lakhs)

Particulars	As at March 31, 2026					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables - Considered good	2,197.20	-	-	-	-	**2,197.20**
ii. Undisputed Trade Receivables - which have significant increase in credit risk	984.14	-	-	-	-	**984.14**
iii. Undisputed Trade Receivables - Credit Impaired	263.46	8.74	5,882.60	68.85	1,815.93	**8,039.58**
Total	**3,444.80**	**8.74**	**5,882.60**	**68.85**	**1,815.93**	**11,220.92**

(Amount in lakhs)

Particulars	As at March 31, 2025					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables - Considered good	207.60	-	-	-	-	**207.60**
ii. Undisputed Trade Receivables - which have significant increase in credit risk	1,061.00	-	-	-	-	**1,061.00**
iii. Undisputed Trade Receivables - Credit Impaired	554.07	1,233.31	1,787.01	357.33	4,216.74	**8,148.46**
Total	**1,822.67**	**1,233.31**	**1,787.01**	**357.33**	**4,216.74**	**9,417.06**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 4 LOANS (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(A) Term Loans	1,45,816.61	1,22,871.10
Total Gross	**1,45,816.61**	**1,22,871.10**
Less: Impairment loss allowance	(77,712.17)	(67,981.62)
Total Net	**68,104.44**	**54,889.48**
(B) Out of above		
Secured by tangible assets	1,45,816.61	1,22,871.10
Unsecured	-	
Total Gross	**1,45,816.61**	**1,22,871.10**
Less: Impairment loss allowance	(77,712.17)	(67,981.62)
Total Net	**68,104.44**	**54,889.48**
(C) Out of above		
i. Loans in India		
(a) Public Sector	-	-
(b) Other than public sector	1,45,816.61	1,22,871.10
ii. Loans outside India	-	-
Total Gross	**1,45,816.61**	**1,22,871.10**
Less: Impairment loss allowance	(77,712.17)	(67,981.62)
Total Net	**68,104.44**	**54,889.48**

Gross carrying value reconciliation:

(Amount in lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired Assets (POCI)
Term loans				
Balance as at March 31, 2024	**4,615.13**	**244.69**	**5,165.75**	**88,678.22**
Transfers				
Net remeasurement of existing financial asset	(33.47)	-	-	(27,782.08)
New financial assets originated during the year	4,207.00	-	-	54,116.68
Financial assets that have been derecognised during the period	(4,615.13)	(244.69)	-	(1,481.00)
Balance as at March 31, 2025	**4,173.53**	**-**	**5,165.75**	**1,13,531.82**
Transfers				
Net remeasurement of existing financial asset	78.73	-	(930.35)	12,823.52
New financial assets originated during the year	2,900.00	-	-	42,937.24
Financial assets that have been derecognised/ repaid during the year	(5,247.15)	-	(568.29)	(29,048.19)
Balance as at March 31, 2026	**1,905.11**	**-**	**3,667.11**	**1,40,244.39**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 5 INVESTMENTS (AT FAIR VALUE THROUGH PROFIT OR LOSS) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(A) Fair value through profit and Loss		
Unquoted		
Investments in Security Receipts (available for sale)*		
Structured trusts- others	1,62,929.61	1,30,681.52
Investments in Equity Shares**	-	-
Total Gross (A)	**1,62,929.61**	**1,30,681.52**
(B) Out of above		
Investments in India	1,62,929.61	1,30,681.52
Total (B)	**1,62,929.61**	**1,30,681.52**
Total Net	**1,62,929.61**	**1,30,681.52**

*During the year, the Group has written-off investments in Security Receipts amounting to Rs. 11,357.95 lakhs (March 31, 2025 : Rs. 14,619.42 lakhs).

**Equity shares of value Rs. 229.23 lakhs have been fully provided for in the year ending March 31, 2023.

Investments in Security Receipts are provided as a security for Debt securities and Secured borrowings availed as on March 31, 2026. Refer note 11 & 12 for fair value of Security Receipts offered for each Debt securities and Secured borrowings.

NOTE 6 OTHER FINANCIAL ASSETS (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advances recoverable from Trust	3,240.92	2,979.72
Other Receivables	35.09	13.93
Security Deposits	174.86	164.68
Sub total	**3,450.87**	**3,158.33**
Less: Impairment loss allowance	(2,401.56)	(2,545.93)
Total	**1,049.31**	**612.40**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

(Amount in lakhs)

Particulars	Right to use asset (ROU) - Building*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Balance as at April 1, 2024	**1,288.18**	**157.71**	**85.41**	**18.87**	**71.31**	**1,621.48**
Additions during the year	-	13.69	44.63	-	12.14	**70.46**
Disposals during the year	-	-	(13.67)	-	(9.01)	**(22.68)**
Balance as at March 31, 2025	**1,288.18**	**171.40**	**116.37**	**18.87**	**74.44**	**1,669.26**
Accumulated depreciation as at April 1, 2024	**117.04**	**3.31**	**30.73**	**4.89**	**32.69**	**188.66**
Depreciation for the year	258.04	34.78	25.20	3.05	18.13	**339.20**
Disposals during the year	-	-	(13.67)	-	(8.48)	**(22.15)**
Accumulated depreciation as at March 31, 2025	**375.08**	**38.09**	**42.26**	**7.94**	**42.34**	**505.71**
Net carrying amount as at March 31, 2025	**913.10**	**133.31**	**74.11**	**10.93**	**32.10**	**1,163.55**
Balance as at April 1, 2025	**1,288.18**	**171.40**	**116.37**	**18.87**	**74.44**	**1,669.26**
Additions during the year	-	-	-	-	41.22	**41.22**
Disposals during the year	-	-	-	(0.28)	(2.69)	**(2.97)**
Balance as at March 31, 2026	**1,288.18**	**171.40**	**116.37**	**18.59**	**112.97**	**1,707.51**
Accumulated depreciation as at April 1, 2025	**375.08**	**38.09**	**42.26**	**7.94**	**42.34**	**505.71**
Depreciation for the year	256.67	34.43	26.79	2.91	19.71	**340.51**
Disposals during the year	-	-	-	(0.28)	(2.69)	**(2.97)**
Accumulated depreciation as at March 31, 2026	**631.75**	**72.52**	**69.05**	**10.57**	**59.36**	**843.25**
Net carrying amount as at March 31, 2026	**656.43**	**98.88**	**47.32**	**8.02**	**53.61**	**864.26**

*The ROU assets includes office premises taken on long term lease. Refer Note 32 for disclosures on leases.

Impairment loss and reversal of impairment loss

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 8A INTANGIBLE ASSETS UNDER DEVELOPMENT

As at March 31, 2026 *(Amount in lakhs)*

Ageing Schedule	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

As at March 31, 2025 *(Amount in lakhs)*

Ageing Schedule	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	4.00	-	-	-	4.00
Projects temporarily suspended	-	-	-	-	-
Total	**4.00**	**-**	**-**	**-**	**4.00**

The Group does not have any intangible assets under development whose completion is overdue or whose costs have exceeded its original plan.

NOTE 8B OTHER INTANGIBLE ASSETS

(Amount in lakhs)

Particulars	Computer Software
Balance as at April 1, 2024	**21.08**
Additions during the year	**-**
Disposals during the year	**-**
Balance as at March 31, 2025	**21.08**
Accumulated depreciation and impairment as at April 1, 2024	**14.74**
Depreciation for the year	**6.34**
Disposals during the year	**-**
Accumulated depreciation and impairment as at March 31, 2025	**21.08**
Net carrying amount as at March 31, 2025	**-**
Balance as at April 1, 2025	**21.08**
Additions during the year	10.00
Disposals during the year	**-**
Balance as at March 31, 2026	**31.08**
Accumulated depreciation and impairment as at April 1, 2025	**21.08**
Depreciation for the year	2.00
Disposals during the year	**-**
Accumulated depreciation and impairment as at March 31, 2026	**23.08**
Net carrying amount as at March 31, 2026	**8.00**

Impairment loss and reversal of impairment loss

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 9 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance TDS to SR Holders	5.65	56.94
Prepaid expenses	55.04	99.50
Other assets	3.84	-
Total	**64.53**	**156.44**

NOTE 10 TRADE PAYABLES (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade Payables		
Dues of small enterprises and micro enterprises	12.58	2.28
Dues of creditors other than small enterprises and micro enterprises	59.32	5.78
Total	**71.90**	**8.06**

As at March 31, 2026

(Amount in lakhs)

Particulars	Outstanding for the following period from due date of payment				Total
	< 1 Year	1-2 years	2-3 years	> 3 years	
(i) Undisputed dues - MSME	12.58	-	-	-	**12.58**
(ii) Undisputed dues -Others	59.32	-	-	-	**59.32**
Total	**71.90**	**-**	**-**	**-**	**71.90**

As at March 31, 2025

(Amount in lakhs)

Particulars	Outstanding for the following period from due date of payment				Total
	< 1 Year	1-2 years	2-3 years	> 3 years	
(i) Undisputed dues - MSME	2.28	-	-	-	**2.28**
(ii) Undisputed dues -Others	5.78	-	-	-	**5.78**
Total	**8.06**	**-**	**-**	**-**	**8.06**

Dues payable to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act 2006:

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	12.58	2.28
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond appointed day.	-	-
(iv) The amount of interest due and payable for the year.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-
Total	**12.58**	**2.28**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 11 DEBT SECURITIES (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
8.95% Non-Convertible Debentures	30,742.66	-
Commercial Paper	18,721.03	28,713.33
Security Receipts	10,921.45	9,998.76
SR holder's share in reserves and surplus	(7,974.28)	(7,963.84)
Total (A)	**52,410.86**	**30,748.25**
(B) Out of the above		
Debt securities in India	52,410.86	30,748.25
Debt securities outside India	-	-
Total (B)	**52,410.86**	**30,748.25**
(C) Out of above		
Secured	33,689.83	2,034.92
Unsecured	18,721.03	28,713.33
Total (C)	**52,410.86**	**30,748.25**

*Debentures are secured againts hypothecation of Security Receipts at NAV. All debentures are redeemable at par.

Terms of repayment schedule of debt securities (based on Primary market transactions):

(Amount in lakhs)

Non Convertible Debentures	31-03-2026	Repayment	SRs pledged (at NAV)
8.95% Non-Convertible Debentures	7,684.94	23-12-2027	39,052.52
8.95% Non-Convertible Debentures	7,685.35	23-03-2028	
8.95% Non-Convertible Debentures	7,685.77	23-06-2028	
8.95% Non-Convertible Debentures	7,686.60	22-12-2028	

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 12 BORROWINGS OTHER THAN DEBT SECURITIES (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(a) Term loans		
(i) From Banks	13,740.06	13,780.29
(ii) From others	25,110.73	23,009.55
(b) Loans from related parties (refer note 31)		
(i) From Banks	-	1,042.55
(ii) From others	-	15,018.45
(c) Loans repayable on demand		
(i) From Banks	7,369.18	1,999.87
Total (A)	**46,219.97**	**54,850.71**
(B) Out of above		
Borrowings in India	46,219.97	54,850.71
Borrowings outside India	-	-
Total (B)	**46,219.97**	**54,850.71**
(C) Out of above		
Secured*	46,219.97	39,933.45
Unsecured	-	14,917.26
Total (C)	**46,219.97**	**54,850.71**

*Facilities are secured againts hypothecation of Security Receipts at NAV.

Terms of repayment schedule of borrowings other than debt securities (based on Primary market transactions):

(Amount in lakhs)

Particulars	< 1 Year	1-3 Years	SRs pledged (at NAV)	Rate of interest (%) / Repayment terms
Term loans from Banks	6,683.75	7,056.31	19,238.35	7.20 - 9.05 / Quarterly Installments
Term loans from others	11,747.17	13,363.56	32,263.66	8.60 - 9.25 / Quarterly Installments
Working capital loans from Banks	7,369.18	-	31,727.09	8.70 - 9.15
Total	**25,800.10**	**20,419.87**	**83,229.10**	

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 13 OTHER FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance for Expenses	196.77	206.48
Lease liability (refer note 32)	782.51	1,014.46
Employee related accruals	1,955.73	1,762.15
Others	0.47	121.66
Total	**2,935.48**	**3,104.75**

NOTE 14 PROVISIONS

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Gratuity (refer note 33)	195.05	134.51
Compensated absences	25.51	21.13
Other provisions	4,807.81	6,234.48
Total	**5,028.37**	**6,390.12**

NOTE 15 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Revenue received in advance (refer note 35)	4,361.30	4,520.39
Amount collected pending allocation	5,205.94	5,018.28
Statutory liabilities	803.78	341.52
Others	5.90	-
Total	**10,376.92**	**9,880.19**

NOTE 16 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Authorised		
2,500 lakhs (March 31, 2025: 2,500 lakhs) equity shares of Rs.10 each with voting rights	25,000.00	25,000.00
Issued, subscribed and paid up		
1,680 lakhs (March 31, 2025: 1,680 lakhs) equity shares of Rs.10 each fully paid up with voting rights	16,800.00	16,800.00

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 16 EQUITY SHARE CAPITAL *(Continued)*

a. Reconciliation of number of shares outstanding at the beginning and at the end of the year

(Amount in lakhs)

Particulars	No. of shares (In lakhs)	Amount
Equity shares of Rs.10 each, fully paid-up		
As at March 31, 2024	**1,680.00**	**16,800.00**
Add/(less) : Movement during the year	-	-
As at March 31, 2025	**1,680.00**	**16,800.00**
Add/(less) : Movement during the year	-	-
As at March 31, 2026	**1,680.00**	**16,800.00**

b. Rights, preferences and restrictions attached to equity shares

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

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

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of shares (In lakhs)	% Holding	Number of shares (In lakhs)	% Holding
Equity shares with voting rights				
Kotak Mahindra Investments Limited	504.00	30.00%	504.00	30.00%
Kotak Mahindra Prime Limited	334.32	19.90%	334.32	19.90%
Anjum Gafulbhai Bilakhia	94.50	5.63%	94.50	5.63%
Ashu Khanna and Rajesh Khanna	84.50	5.03%	84.50	5.03%
Total	**1,017.32**	**60.56%**	**1,017.32**	**60.56%**

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

Promoter name	As at March 31, 2026		As at March 31, 2025		% change in holding during the year
	Number of shares (In lakhs)	%of total shares	Number of shares (In lakhs)	%of total shares	
Kotak Mahindra Investments Limited	504.00	30.00%	504.00	30.00%	0.00%
Kotak Mahindra Prime Limited	334.32	19.90%	334.32	19.90%	0.00%
Total	**838.32**	**49.90%**	**838.32**	**49.90%**	

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 17 OTHER EQUITY

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Securities premium	3,006.10	3,006.10
Debenture redemption reserve	341.28	-
General reserve	1,963.06	1,963.06
Impairment Reserve	249.67	249.67
Retained earnings	1,07,850.28	90,285.83
Total	**1,13,410.39**	**95,504.66**

NOTE 17.1 Nature and purpose of reserve

Securities premium

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

Debenture redemption reserve

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Group is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve shall not be utilised except to redeem debentures. According to the provisions of Rule (18)(7)(iii) of the Companies (Share Capital and Debentures) Rules, 2014, requirements of creation of Debenture Redemption Reserve are not applicable to listed companies. On redemption of debentures, the amount may be transferred from debenture redemption reserve to general reserve. Previous year the Group has transferred Rs. 1,963.06 lakhs from Debenture Redemption Reserve to general reserve on account of repayment of debentures. During the year amount has been transferred to Debenture Redemption Reserve from retained earning Rs. 341.28 lakhs.

General reserve

The general reserve is used from time to time to transfer profits from Retained Earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Impairment reserve

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

Retained earnings

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 17 OTHER EQUITY*(Continued)*

NOTE 17.2 Other equity movement

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Securities premium		
Opening balance	3,006.10	3,006.10
Addition during the year	-	-
Closing balance	**3,006.10**	**3,006.10**
(ii) Debenture redemption reserve		
Opening balance	-	1,963.06
Transfer from retained earnings	341.28	-
Transfer to general reserve	-	(1,963.06)
Closing balance	**341.28**	**-**
(iii) General reserve		
Opening balance	1,963.06	-
Transfer from debenture redemption reserve	-	1,963.06
Closing balance	**1,963.06**	**1,963.06**
(iv) Impairment reserve		
Opening balance	249.67	249.67
Transfer From Retained earnings	-	-
Closing balance	**249.67**	**249.67**
(v) Retained earnings		
Opening balance	90,285.83	70,421.25
Net profit for the year	17,909.50	23,854.32
Net remeasurement (gain)/loss on defined benefit plans	(3.77)	(9.91)
Transfer to debenture redemption reserve	(341.28)	-
Pre-acquisition profit from new trust acquired	-	(3,979.83)
Closing balance	**1,07,850.28**	**90,285.83**

NOTE 18 INTEREST INCOME (AT AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest income on financial assets		
Interest on loans	12,661.05	9,892.71
Interest on advances (net)	279.05	32.63
Total	**12,940.10**	**9,925.34**

NOTE 19 FEES AND COMMISSION INCOME (refer note 35)

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Trusteeship fees	20,782.18	29,864.99
Other Fees	2,835.79	3,332.26
Total	**23,617.97**	**33,197.25**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 20 NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Fair value gain on investments	6,495.01	30,292.27
Total net gain on fair value changes	**6,495.01**	**30,292.27**
Fair value changes (net):		
- Realised (net of write-off, refer note 5)	5,035.25	(9,128.98)
- Unrealised	1,459.76	39,421.25
Total net gain on fair value changes	**6,495.01**	**30,292.27**

NOTE 21 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Gain on sale of property, plant and equipment (net)	-	4.43
Other income - interest on income tax refund	259.12	63.01
Interest on deposits with banks	340.99	1,183.65
Other interest income	10.47	9.58
Total	**610.58**	**1,260.67**

NOTE 22 FINANCE COSTS (AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on borrowings	4,683.73	4,289.08
Interest on debt securities	2,304.74	3,309.70
Interest on lease liability (refer note 32)	96.28	119.22
Distribution to other SR holders	18.28	2,339.16
Share in profit of other SR holder	(10.71)	(4,920.17)
EIR adjustment	14.25	36.46
Other borrowing costs	17.42	(19.37)
Total	**7,123.99**	**5,154.08**

NOTE 23 IMPAIRMENT ON FINANCIAL INSTRUMENTS (AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Loans	6,744.71	27,760.03
Trade receivables	768.15	4,497.28
Recoverables from trusts	(144.85)	926.52
Others	(2.01)	3.60
Total	**7,366.00**	**33,187.43**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 24 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, bonus and allowances	2,884.92	2,495.39
Contribution to provident fund and other funds	88.32	69.61
Gratuity (refer note 33)	59.70	21.72
Staff Welfare Expenses	56.50	46.49
Total	**3,089.44**	**2,633.21**

NOTE 25 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Advertisement expenses	-	12.94
Audit Fees (refer note 29)	57.94	49.09
Electricity expenses	13.94	20.45
Filing charges	23.38	14.84
Rates and taxes	4.32	56.69
Director fees	86.25	76.40
Security charges	91.97	80.56
Travelling and conveyance	52.22	50.82
Legal & Professional fees	531.06	322.95
CSR Expenditure (refer note 30)	537.00	416.00
Collection charges	15.66	31.50
Others	407.07	555.47
Total	**1,820.81**	**1,687.71**

NOTE 26 TAX EXPENSE

(a) Amounts recognised in profit and loss

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current tax expense		
Current period	4,813.05	7,314.13
Changes in estimated related to prior years	705.61	125.21
Total current tax expense (A)	**5,518.66**	**7,439.34**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	1,178.50	373.31
Reduction in tax rate	(685.75)	-
Deferred tax expense (B)	492.75	373.31
Total tax expense for the year (A)+(B)	**6,011.41**	**7,812.65**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 26 TAX EXPENSE (Continued)

(b) Amounts recognised in other comprehensive income

(Amount in lakhs)

Particulars	For the year ended March 31, 2026			For the year ended March 31, 2025		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
- Remeasurements of defined benefit liability (asset)	(5.04)	1.27	**(3.77)**	(13.24)	3.33	**(9.91)**
Total	**(5.04)**	**1.27**	**(3.77)**	**(13.24)**	**3.33**	**(9.91)**

(c) Reconciliation of effective tax rate

(Amount in lakhs)

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Amount	% terms	Amount	% terms
Profit before tax as per Statement of profit and loss	23,920.91	-	31,666.97	-
Tax using the Group's domestic tax rate (Current year and Previous year 25.168%)	6,020.41	25.17%	7,969.94	25.17%
Tax effect of:				
Tax effects of amounts which are not deductible for taxable income	135.15	0.56%	117.96	0.37%
Tax impact on consolidation of trusts	(164.01)	-0.69%	(400.46)	-1.26%
Changes in estimated related to prior years (Including change in tax rate) (net)	19.86	0.08%	125.21	0.40%
Total tax expense	**6,011.41**	**25.13%**	**7,812.65**	**24.68%**

(d) Movement in deferred tax balances

(Amount in lakhs)

Particulars	As at March 31, 2026						
	Net balance March 31, 2025	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)							
Property, plant and equipment	18.99	5.72	-	-	24.71	24.71	-
Receivables	11,393.69	(7,241.24)	-	-	4,152.45	4,152.45	-
Employee benefits	482.44	60.26	1.27	-	543.97	543.97	-
Investments	(633.56)	(1,404.13)	-	-	(2,037.69)	-	(2,037.69)
Borrowings	25.47	(61.14)	-	-	(35.67)	-	(35.67)
Loans	1,307.75	(1,111.24)	-	-	196.51	196.51	-
Leases	(34.95)	73.94	-	-	38.99	38.99	-
Share of income of trust on accrual basis	(6,143.43)	7,179.56	-	-	1,036.13	1,036.13	-
Other items	(2,004.22)	2,005.52	-	-	1.30	1.30	-
Total	**4,412.18**	**(492.75)**	**1.27**	**-**	**3,920.70**	**5,994.06**	**(2,073.36)**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 26 TAX EXPENSE (Continued)

(Amount in lakhs)

Particulars	As at March 31, 2025						
	Net balance March 31, 2024	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)							
Property, plant and equipment	12.37	6.62	-	-	18.99	18.99	-
Receivables	(338.70)	11,732.39	-	-	11,393.69	11,393.69	-
Employee benefits	409.90	69.21	3.33	-	482.44	482.44	-
Investments	10,675.28	(11,308.84)	-	-	(633.56)	-	(633.56)
Borrowings	(2.79)	28.26	-	-	25.47	25.47	-
Loans	104.42	1,203.33	-	-	1,307.75	1,307.75	-
Leases	21.34	(56.29)	-	-	(34.95)	-	(34.95)
Share of income of trust on accrual basis	(6,099.78)	(43.65)	-	-	(6,143.43)	-	(6,143.43)
Other items	0.11	(2,004.33)	-	-	(2,004.22)	-	(2,004.22)
Total	**4,782.15**	**(373.31)**	**3.33**	**-**	**4,412.18**	**13,228.34**	**(8,816.16)**

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

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

NOTE 27 EARNINGS PER EQUITY SHARE

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

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

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net profit attributable to equity holders	17,909.50	23,854.32
Weighted average number of ordinary shares	1,680.00	1,680.00
Face value per share	10.00	10.00
Basic and Diluted earnings per share (Rs. Per share)	**10.66**	**14.20**
Nominal value per share (Rs. Per share)	**10.00**	**10.00**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 28 MATURITY ANALYSIS

(Amount in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	20,257.79	-	20,257.79	32,966.99	-	32,966.99
Trade receivables	3,170.08	-	3,170.08	2,134.37	-	2,134.37
Loans	38,301.86	29,802.58	68,104.44	25,387.85	29,501.63	54,889.48
Investments	53,600.00	1,09,329.61	1,62,929.61	40,300.00	90,381.52	1,30,681.52
Other financial assets	874.45	174.86	1,049.31	447.72	164.68	612.40
Sub total	**1,16,204.19**	**1,39,307.06**	**2,55,511.23**	**1,01,236.93**	**1,20,047.83**	**2,21,284.76**
Non-financial assets						
Current tax assets (net)	-	454.01	454.01	-	2,356.99	2,356.99
Deferred tax assets (net)	-	3,920.70	3,920.70	-	4,412.18	4,412.18
Property, plant and equipment	-	864.26	864.26	-	1,163.54	1,163.54
Intangible assets under development	-	-	-		4.00	4.00
Other intangible assets	-	8.00	8.00	-	-	-
Other non-financial assets	64.53	-	64.53	156.44	-	156.44
Sub total	**64.53**	**5,246.97**	**5,311.50**	**156.44**	**7,936.71**	**8,093.15**
Total Assets	**1,16,268.72**	**1,44,554.03**	**2,60,822.73**	**1,01,393.37**	**1,27,984.54**	**2,29,377.91**
LIABILITIES						
Financial liabilities						
Trade payables						
Dues of small enterprises and micro enterprises	12.58	-	12.58	2.28	-	2.28
Dues of creditors other than small enterprises and micro enterprises	59.32	-	59.32	5.78	-	5.78
Debt securities	19,449.29	32,961.57	52,410.86	28,713.33	2,034.92	30,748.25
Borrowings (other than debt securities)	25,880.61	20,339.36	46,219.97	30,682.17	24,168.54	54,850.71
Other financial liabilities	2,479.95	455.53	2,935.48	2,322.24	782.51	3,104.75
Sub total	**47,881.75**	**53,756.46**	**1,01,638.21**	**61,725.80**	**26,985.97**	**88,711.77**

NOTE 28 MATURITY ANALYSIS(Continued)

(Amount in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-Financial liabilities						
Current tax liabilities (net)	13,568.84	-	13,568.84	12,091.18	-	12,091.18
Provisions	4,843.08	185.29	5,028.37	6,259.62	130.50	6,390.12
Other non-financial liabilities	10,376.92	-	10,376.92	9,880.19	-	9,880.19
Sub total	**28,788.84**	**185.29**	**28,974.13**	**28,230.99**	**130.50**	**28,361.49**
Total Liabilities	**76,670.59**	**53,941.75**	**1,30,612.34**	**89,956.79**	**27,116.47**	**1,17,073.26**

For the assets and liabilities mentioned above where no contractual maturity is available, the management has done an assessment to arrive at the probable maturity timeline based on assumptions and estimates.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 29 PAYMENT TO AUDITORS

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Payment to the auditor as:		
Statutory audit	55.49	47.96
Others- Certification	1.20	1.00
Out of pocket expenses	1.25	0.13
Total	**57.94**	**49.09**

NOTE 30 CORPORATE SOCIAL RESPONSIBILITY (CSR)

Details of CSR expenditure

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Foundation of Mother and Child Health	50.00	50.00
Cancer Patients Aid Association	217.00	146.00
Vision Foundation of India	75.00	75.00
Ratna Nidhi Charitable Trust	115.00	95.00
Seva Sahayog Foundation	60.00	
Foundation for Promotion of Sports and Games	20.00	50.00
Total	**537.00**	**416.00**

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Corporate Social Responsibility expenses for the period	537.00	416.00
Various Head of expenses included in above:	-	-
Other expenses (CSR Expenditure)	537.00	416.00
Amount required to be spent during the year as per Companies Act 2013	517.00	415.56
Gross amount required to be spent by the Group during the year.	517.00	416.00
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	537.00	416.00
Details of related party transactions	NA	NA
<u>**Provision for CSR Expenses**</u>		
Opening Balance	-	-
Add: Provision created during the year	-	-
Less: Provision utilised during the year	-	-
Closing Balance	**-**	**-**
The amount of shortfall at the end of the year out of the amount required to be spent by the Group during the year	NA	NA
The total of previous years' shortfall amounts	NA	NA
The reason for above shortfalls by way of a note	NA	NA
The nature of CSR activities undertaken by the Group	Promoting Healthcare; Education; Sports	Promoting Healthcare; Education

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 31 RELATED PARTY DISCLOSURE

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

A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation
(a)	**Entity having Joint control over the company** Kotak Mahindra Investments Limited (holding company of KMIL is 'Kotak Mahindra Bank Limited')	India
(b)	**Other related parties with whom transactions have taken place during the year**	
	Kotak Mahindra Bank Limited	India
	Subsidiaries of Kotak Mahindra Bank Limited	
	Kotak Securities Limited	India
	Kotak Mahindra Life Insurance Company Limited	India
	Associates of Kotak Mahindra Bank Limited	
	Infina Finance Private Limited (ceases to be related party w.e.f. March 23, 2026)	India
	Zurich Kotak General Insurance Company (India) Limited (earlier known as Kotak Mahindra General Insurance Company Limited)	India
(c)	**Key Management Personnel**	
	Mr Sanjay Tibrewala - MD & CEO (Re-designated as MD & CEO w.e.f January 1, 2025) Ms Gauri Bhatkal - CFO Mr Kamlesh Rane - Company Secretary Mr Chandan Bhattacharya - Independent director** (Retired on January 13, 2025) Mr Keki Elavia - Independent director** (Ceased to be Independent Director w.e.f. January 12, 2026) Mr Balan Wasudeo - Independent director** Mr Bharat Vasani - Independent director** (w.e.f December 30, 2024) Mr Nimesh Kampani - Independent director** (w.e.f January 12, 2026)	
	** Categorised as Key Management Personnel as per definition of IndAS 24, however Directors continue to be Independent Director as defined in section 149 (6) of the Companies Act, 2013.	

B. Transactions with related parties

(Amount in lakhs)

Nature of transaction	Year ended March 31,	Entity having joint control over the Company	Others	Key Management Personnel	Total
Term deposits repaid	2026	1,831.93	-	-	**1,831.93**
	2025	2,693.90	-	-	**2,693.90**
Term deposits placed	2026	1,585.18	-	-	**1,585.18**
	2025	1,481.94	-	-	**1,481.94**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

(Amount in lakhs)

Nature of transaction	Year ended March 31,	Entity having joint control over the Company	Others	Key Management Personnel	Total
Interest received on term deposits	2026	31.47	-	-	**31.47**
	2025	36.62	-	-	**36.62**
Other expenses	2026	-	19.66	-	**19.66**
	2025	-	4.13	-	**4.13**
Remuneration paid	2026	-	-	653.79	**653.79**
	2025	-	-	554.21	**554.21**
Directors Sitting Fee	2026	-	-	53.75	**53.75**
	2025	-	-	41.40	**41.40**
Directors Commission	2026	-	-	32.50	**32.50**
	2025	-	-	35.00	**35.00**
Sale of Fixed Assets	2025	-	-	-	**-**
	2024	-	-	4.10	**4.10**
Interest expense	2026	-	1,240.97	-	**1,240.97**
	2025	-	1,809.52	-	**1,809.52**
Loan repaid	2026	-	16,031.20	-	**16,031.20**
	2025	-	39,000.05	-	**39,000.05**
Loan taken	2026	-	-	-	**-**
	2025	-	22,500.00	-	**22,500.00**
Balance Outstanding					
Term deposits	2026	4,689.51	-	-	**4,689.51**
	2025	4,936.26	-	-	**4,936.26**
Bank balance in current account	2026	3,608.62	-	-	**3,608.62**
	2025	1,757.30	-	-	**1,757.30**
Loan Outstanding (including outstanding interest)*	2026	-	-	-	**-**
	2025	-	16,061.00	-	**16,061.00**

C. Terms and conditions of transactions with related parties

The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 31 RELATED PARTY DISCLOSURE *(Continued)*

D. Compensation of Key management personnel

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Remuneration	653.79	554.21
Post employment benefits*	-	-
Termination benefits	-	-
Total	**653.79**	**554.21**

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

NOTE 32 LEASE DISCLOSURES

As Lessee:

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

(A) Right to use asset

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	913.10	1,171.14
Additions during the year	-	-
Depreciation charge for the year	(256.67)	(258.04)
Disposals during the year	-	-
Closing balance	**656.43**	**913.10**

(B) Lease liability movement

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	1,014.46	1,207.85
Additions during the year	-	-
Interest on lease liability	96.28	119.22
Payment of lease liabilities	(328.23)	(312.61)
Disposals during the year	-	-
Closing balance	**782.51**	**1,014.46**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 32 LEASE DISCLOSURES *(Continued)*

(C) Maturity analysis of lease liabilities

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Less than 6 months	168.50	160.47
6-12 months	176.15	167.77
1-2 years	361.88	344.65
2-5 years	185.77	547.65
Total undiscounted lease liabilities	**892.30**	**1,220.54**
Lease liabilities included in the statement of financial position	**782.51**	**1,014.46**
Current	327.45	231.95
Non Current	455.06	782.51

(D) Amounts recognised in Statement of profit and loss

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Interest on lease liabilities	96.28	119.22
Gain on termination of lease	-	-
Depreciation charge for the year	256.67	258.04
Total	**352.95**	**377.26**

(E) Cash flows during the year

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Total cash outflow for leases	328.24	312.61

NOTE 33 EMPLOYEE BENEFITS

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

i. Defined Contribution Plans:

The Group makes Provident Fund contributions to Recognized Provident Fund for employees. The Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised Rs 88.32 lakhs (Year ended March 31, 2025 Rs 69.61 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the Fund are at rates specified in the Rules of the Scheme.

ii. Defined Contribution Plans:

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

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Present value of defined benefit obligations (A)	195.05	134.51
Fair Value of plan assets (B)	-	-
Net (asset) / liability recognised in the Balance Sheet (A-B)	**195.05**	**134.51**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 33 EMPLOYEE BENEFITS *(Continued)*

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

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

(Amount in lakhs)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) / liability	
	As at March 31, 2026	**As at March 31, 2025**	**As at March 31, 2026**	**As at March 31, 2025**	**As at March 31, 2026**	**As at March 31, 2025**
Opening balance	**134.51**	**101.46**	**-**	**-**	**134.51**	**101.46**
Included in profit or loss						
Current service cost	23.84	14.95	-	-	23.84	14.95
Past service cost	26.49	-	-	-	26.49	-
Interest cost (income)	9.37	6.77	-	-	9.37	6.77
	194.21	**123.18**	**-**	**-**	**194.21**	**123.18**
Included in OCI						
<u>Remeasurement loss / (gain):</u>						
Actuarial loss / (gain) arising from:						
Demographic assumptions	-	0.09	-	-	-	0.09
Financial assumptions	(5.60)	4.58	-	-	(5.60)	4.58
Experience adjustment	10.65	8.58	-	-	10.65	8.58
Return on plan assets excluding interest income	-	-	-	-	-	-
	5.05	**13.25**	**-**	**-**	**5.05**	**13.25**
Other						
Contributions paid by the employer	-	-	4.21	1.92	**(4.21)**	(1.92)
Benefits paid	(4.21)	(1.92)	(4.21)	(1.92)	**(0.00)**	(0.00)
Liabilities (settled on divestiture) / assumed on acquisitions	-	-	-	-	**-**	-
Closing balance	**195.05**	**134.51**	**-**	**-**	**195.05**	**134.51**

*The past service cost recognised in the movement of net defined benefit (asset)/liability is on account of the Government of India consolidating multiple existing labour legislations into a unified framework comprising four Labour Codes, collectively referred to as the 'New Labour Codes', on November 21, 2025. The Group has assessed the impact of these changes and, based on certain estimates and actuarial valuation, has recognised the impact in the financial statements for the year ended 31st March, 2026, considering information available. The impact estimates will be re-assessed and finalised based on the final rules and prevailing industry practices.

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Net defined benefit asset	-	-
Net defined benefit liability	195.05	134.51
	195.05	**134.51**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 33 EMPLOYEE BENEFITS *(Continued)*

C. Actuarial assumptions

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

Particulars	As at March 31, 2026	As at March 31, 2025
Discount rate	7.10%	6.60%
Salary escalation rate	7.00%	7.00%

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

D. Sensitivity analysis

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps)	-2.73%	2.87%	-2.85%	3.01%
Future salary growth (50 bps)	1.63%	-1.66%	1.93%	-1.88%

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

NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Financial Insturments by categories:

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

(Amount in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Amotised Cost	FVTOCI	FVTPL	Amotised Cost	FVTOCI	FVTPL
Financial assets						
Cash and cash equivalents	20,257.79	-	-	32,966.99	-	-
Trade receivables	3,170.08	-	-	2,134.37	-	-
Loans	68,104.44	-	-	54,889.48	-	-
Investments	-	-	1,62,929.61	-	-	1,30,681.52
Other financial assets	1,049.31	-	-	612.40	-	-
Total	**92,581.62**	**-**	**1,62,929.61**	**90,603.24**	**-**	**1,30,681.52**
Financial liabilities						
Trade Payables	71.90	-	-	8.06	-	-
Debt securities	52,410.86	-	-	30,748.25	-	-
Borrowings (other than debt securities)	46,219.97	-	-	54,850.71	-	-
Other financial liabilities	2,935.48	-	-	3,104.75	-	-
Total	**1,01,638.21**	**-**	**-**	**88,711.77**	**-**	**-**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

B. Fair value hierarchy for financial instruments

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

(Amount in lakhs)

Particulars	Fair value							
	As at March 31, 2026				As at March 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments	-	-	1,62,929.61	1,62,929.61	-	-	1,30,681.52	1,30,681.52
Total	**-**	**-**	**1,62,929.61**	**1,62,929.61**	**-**	**-**	**1,30,681.52**	**1,30,681.52**

Fair values of financial assets and financial liabilities measured at amortised cost, including their levels in the fair value hierarchy, are presented below:

(Amount in lakhs)

Particulars	As at March 31, 2026					As at March 31, 2025				
	Carrying Value	Level 1	Level 2	Level 3	Fair Value	Carrying Value	Level 1	Level 2	Level 3	Fair Value
Financial assets										
Cash and cash equivalents	20,257.79	-	-	20,257.79	20,257.79	32,966.99	-	-	32,966.99	32,966.99
Trade receivables	3,170.08	-	-	3,170.08	3,170.08	2,134.37	-	-	2,134.37	2,134.37
Loans	68,104.44	-	-	68,104.44	68,104.44	54,889.48	-	-	55,139.18	55,139.18
Other financial assets	1,049.31	-	-	1,049.31	1,049.31	612.40	-	-	612.40	612.40
Total	**92,581.62**	-	-	**92,581.62**	**92,581.62**	**90,603.24**	-	-	**90,852.94**	**90,852.94**
Financial liabilities		-	-				-	-		
Trade payables	71.90	-	-	71.90	71.90	8.06	-	-	8.06	8.06
Debt securities	52,410.86	-	-	49,507.86	49,507.86	30,748.25	-	-	30,748.25	30,748.25
Borrowings (other than debt securities)	46,219.97	-	-	49,612.03	49,612.03	54,850.71	-	-	55,547.43	55,547.43
Other financial liabilities	2,935.48	-	-	2,935.48	2,935.48	3,104.75	-	-	3,151.75	3,151.75
Total	**1,01,638.21**	-	-	**1,02,127.27**	**1,02,127.27**	**88,711.77**	-	-	**89,455.49**	**89,455.49**

C. Valuation techniques used to determine fair value:

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

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

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

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

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

Fair value of financial instruments carried at FVTPL

Investment in Security Receipts(SR)

The fair value of investments in security receipts is based on Net Asset Value (NAV) calculated using discounted cash flow method and valuation range provided by the rating agencies. This is included in Level 3.

Fair value of financial instruments carried at amortised cost

Loans

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

Security deposits and other receivables

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

Borrowings

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

Other financial instruments

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

D. Fair values measurement using significant unobservables inputs (Level 3)

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

(Amount in lakhs)

Particulars	As at April 1, 2025	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at March 31, 2026
Investments in Security Receipts	1,30,681.52	6,495.01	73,273.89	(47,520.81)	-	1,62,929.61

(Amount in lakhs)

Particulars	As at April 1, 2024	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at March 31, 2025
Investments in Security Receipts	1,44,625.61	24,780.14	61,580.84	(1,00,305.07)	-	1,30,681.52

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

ii. Unobservable inputs used in measuring fair value.

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

iii. Sensitivity analysis of significant unobservable inputs for fair valuation of financial instruments measured at FVTPL (Level 3)

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

(Amount in lakhs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	100 bp increase in net cash flow	100 bp decrease in net cash flow	100 bp increase in net cash flow	100 bp decrease in net cash flow
Investments in Security Receipts	1,629.30	(1,629.30)	1,306.82	(1,306.82)

E. Financial risk management

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

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

i. Risk management framework

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

1. Adheres to procedures described in various policies approved by the Board from time to time by implementing adequate financial controls.
2. Communicates various policies to the stakeholders through suitable training and communication and periodical review of its relevance in changing business atmosphere.
3. Identifies risks and promotes proactive approach for treating such risks.
4. Allocates adequate and timely resources to mitigate, manage and minimize the risks and their adverse impact on outcomes.
5. Strives towards strengthening the Risk Management System through continuous learning and improvement.
6. Complies with all relevant laws and regulations across the areas of operations of the Group.
7. Optimises risk situations to manage adverse exposure on deliverables and bring them in line with acceptable risk appetite of the Group in consonance with business objectives.

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

8. Engages Internal Auditors to periodically review various aspects of the internal control systems. The reports of the internal auditors are reviewed by the Audit Committee.
9. The Group has implemented adequate internal financial controls in consultation with third party consultants.
10. The Group has Board approved ALM Policy.

ii. Credit risk

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

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

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade receivables	11,220.92	9,417.06
Loans to borrowers	1,45,816.61	1,22,871.10
Advance receivable from trust	3,240.92	2,979.72
Bank Balances	20,260.30	32,972.07
Other financial assets	209.95	178.61
Total	**1,80,748.70**	**1,68,418.56**

(a) Credit quality analysis

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

(Amount in lakhs)

Particulars	As at March 31, 2026				
Trade receivables	**Past due 1–30 days**	**Past due 31–60 days**	**Past due 61–90 days**	**Past due more than 90 days**	**Total**
Gross Carrying amount	2,197.20	100.75	883.39	8,039.58	**11,220.92**
Impairment loss allowance	(232.56)	(13.25)	(116.15)	(7,688.88)	**(8,050.84)**
Carrying amount	**1,964.64**	**87.50**	**767.24**	**350.70**	**3,170.08**

(Amount in lakhs)

Particulars	As at March 31, 2026				
Loans to borrowers	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased credit impaired**	**Total**
Current	1,905.11	-	-	-	1,905.11
Past due 1–30 days	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-
Past due more than 90 days	-	-	3,667.11	1,40,244.39	1,43,911.50
	1,905.11	**-**	**3,667.11**	**1,40,244.39**	**1,45,816.61**
Impairment loss allowance	-	-	(3,667.11)	(74,045.06)	(77,712.17)
Carrying amount	**1,905.11**	**-**	**-**	**66,199.33**	**68,104.44**

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

(Amount in lakhs)

Particulars	As at March 31, 2026			
Advance receivable from trust	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Past due 1–30 days	40.99	-	-	**40.99**
Past due 31–60 days	-	5.46	-	**5.46**
Past due 61–90 days	-	3.02	-	**3.02**
Past due more than 90 days	-	-	3,191.45	**3,191.45**
	40.99	**8.48**	**3,191.45**	**3,240.92**
Impairment loss allowance	(8.83)	(2.20)	(2,387.88)	**(2,398.91)**
Carrying amount	**32.16**	**6.28**	**803.57**	**842.01**

(Amount in lakhs)

Particulars	As at March 31, 2026			
Other financial assets	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Current	20,470.25	-	-	**20,470.25**
Past due 1–30 days	-	-	-	**-**
Past due 31–60 days	-	-	-	**-**
Past due 61–90 days	-	-	-	**-**
Past due more than 90 days	-	-	-	**-**
	20,470.25	**-**	**-**	**20,470.25**
Impairment loss allowance	(5.31)	-	-	**(5.31)**
Carrying amount	**20,464.94**	**-**	**-**	**20,464.94**

(Amount in lakhs)

Particulars	As at March 31, 2025				
Trade receivables	**Past due 1–30 days**	**Past due 31–60 days**	**Past due 61–90 days**	**Past due more than 90 days**	**Total**
Gross Carrying amount	207.60	197.73	863.27	8,148.46	**9,417.06**
Impairment loss allowance	(18.08)	(26.06)	(145.71)	(7,092.84)	**(7,282.69)**
Carrying amount	**189.52**	**171.67**	**717.56**	**1,055.62**	**2,134.37**

(Amount in lakhs)

Particulars	As at March 31, 2025				
Loans to borrowers	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased credit impaired**	**Total**
Current	4,173.53				**4,173.53**
Past due 1–30 days	-	-	-	-	**-**
Past due 31–60 days	-	-	-	-	**-**
Past due 61–90 days	-	-	-	-	**-**
Past due more than 90 days	-	-	5,165.75	1,13,531.82	**1,18,697.57**
	4,173.53	**-**	**5,165.75**	**1,13,531.82**	**1,22,871.10**
Impairment loss allowance	(52.65)	-	(5,165.75)	(62,763.22)	**(67,981.62)**
Carrying amount	**4,120.88**	**-**	**-**	**50,768.60**	**54,889.48**

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

(Amount in lakhs)

Particulars	As at March 31, 2025			
Advance receivable from trust	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Past due 1–30 days	147.58	17.77	268.48	**433.83**
Past due 31–60 days	-	12.46	106.24	**118.70**
Past due 61–90 days	-	-	104.99	**104.99**
Past due more than 90 days	-	-	2,322.20	**2,322.20**
	147.58	**30.23**	**2,801.91**	**2,979.72**
Impairment loss allowance	(25.92)	(18.58)	(2,499.27)	**(2,543.77)**
Carrying amount	**121.66**	**11.65**	**302.64**	**435.95**

(Amount in lakhs)

Particulars	As at March 31, 2025			
Other financial assets	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Current	33,150.68	-	-	**33,150.68**
Past due 1–30 days	-	-	-	**-**
Past due 31–60 days	-	-	-	**-**
Past due 61–90 days	-	-	-	**-**
Past due more than 90 days	-	-	-	**-**
	33,150.68	**-**	**-**	**33,150.68**
Impairment loss allowance	(7.31)	-	-	**(7.31)**
Carrying amount	**33,143.37**	**-**	**-**	**33,143.37**

(b) Collaterals

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

Instrument type	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	As at March 31, 2026	**As at March 31, 2025**	
Loans to Borrowers	100%	100%	Immovable property

Quantitative information of Collateral

(Amount in lakhs)

Loan to Value (LTV) range	As at March 31, 2026	As at March 31, 2025
Less than 50%	1,45,816.61	1,22,871.10

(c) Computation of impairment on financial instruments - Expected credit loss (ECL) model

(i) Inputs, assumptions and techniques used for estimating impairment

Inputs considered in the ECL model:

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

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

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

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

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

Assumption considered in the ECL model:

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Group.

Forward looking information:

The Group shall consider its historical loss experience and adjust it for current observable data. In addition, the Group shall use reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions shall be periodically reviewed and changes, if any, shall be accounted for prospectively. The Group's ECL calculations shall be outputs of number of underlying assumptions regarding the choice of variable inputs and the interdependencies such as macroeconomic scenarios and collateral values.

Macro-economic factors information is publicly available with Central Statistical Organisation, Economist Intelligence Unit etc. from which the best fit parameters will be used for PD calculation. Best fit macro-economic factors will be identified basis business and statistical judgment.

Assessment of significant increase in credit risk:

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

Definition of default

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

Policy for write-off of loan assets

All loans which are not recoverable in the opinion of management are written off.

(ii) Impairment loss allowance

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

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

(Amount in lakhs)

Particulars	Past due 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days
Trade receivables				
Balance as at April 01, 2024	**44.40**	**0.05**	**-**	**2,740.96**
New financial assets originated during the year	8.31	26.06	-	3,993.70
Net remeasurement of loss allowance	(34.63)	(0.05)	145.71	358.18
Financial assets that have been derecognised during the period	-	-	-	-
Balance as at March 31, 2025	**18.08**	**26.06**	**145.71**	**7,092.84**
New financial assets originated during the year	(5.96)	(26.06)	(145.63)	1,515.04
Net remeasurement of loss allowance	229.62	13.25	116.16	19.91
Financial assets that have been derecognised during the period	(9.18)	-	(0.09)	(938.91)
Balance as at March 31, 2026	**232.56**	**13.25**	**116.15**	**7,688.88**

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased Credit Impaired Assets
Term loans				
Balance as at March 31, 2024	**66.14**	**3.46**	**5,165.75**	**26,082.53**
New financial assets originated during the year	52.66	-	-	31,827.81
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Net remeasurement of loss allowance	(66.15)	-	-	7,105.23
Financial assets that have been derecognised during the period	-	(3.46)	-	(2,252.35)
Balance as at March 31, 2025	**52.65**	**-**	**5,165.75**	**62,763.22**
New financial assets originated during the year		-		6,008.47
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Net remeasurement of loss allowance	(52.65)	-	-	5,273.37
Financial assets that have been derecognised during the period	-	-	(1,498.64)	
Balance as at March 31, 2026	**-**	**-**	**3,667.11**	**74,045.06**

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

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit-impaired
Advance receivable from trust			
Balance as at April 01, 2024	**8.01**	**7.46**	**1,601.72**
New financial assets originated during the year	1.56	1.50	39.51
Transfers from Stage 1	(106.76)	17.07	89.69
Transfers from Stage 2	0.52	(5.65)	5.13
Transfers from Stage 3	10.31	-	(10.31)
Net remeasurement of loss allowance	112.28	(1.80)	773.53
Financial assets that have been derecognised during the period	-	-	-
Balance as at March 31, 2025	**25.92**	**18.58**	**2,499.27**
New financial assets originated during the year	2.71	2.19	7.47
Transfers from Stage 1	(13.27)	-	13.27
Transfers from Stage 2	0.02	(210.03)	210.01
Transfers from Stage 3	1.76	-	(1.76)
Net remeasurement of loss allowance	46.80	191.70	(130.41)
Financial assets that have been derecognised during the period	(55.11)	(0.24)	(209.97)
Balance as at March 31, 2026	**8.83**	**2.20**	**2,387.88**

(Amount in lakhs)

Particulars	Bank Balances	Other financial assets	Total
Other financial assets			
Balance as at April 01, 2024	**1.15**	**2.26**	**3.41**
Net remeasurement of loss allowance	4.00	0.10	4.10
Balance as at March 31, 2025	**5.15**	**2.36**	**7.51**
Net remeasurement of loss allowance	(2.49)	0.29	(2.20)
Balance as at March 31, 2026	**2.66**	**2.65**	**5.31**

(iii) Liquidity Risk

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

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

Maturity profile of financial Liabilities

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

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

(Amount in lakhs)

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years
As at March 31, 2026							
Non-derivative financial liabilities							
Trade and other payables	71.90	71.90	71.90	-	-	-	-
Debt securities	52,410.86	58,650.96	-	-	25,632.17	17,013.75	16,005.04
Borrowings (other than debt securities)	46,219.97	50,226.45	-	15,864.05	12,421.96	14,349.84	7,590.60
Other financial liabilities	2,935.48	3,045.27	-	2,321.47	176.15	361.88	185.77
Loan commitments (undrawn)	-	18,458.02	-	-	18,458.02	-	-

(Amount in lakhs)

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years
As at March 31, 2025							
Non-derivative financial liabilities							
Trade and other payables	8.06	8.06	8.06	-	-	-	-
Debt securities	30,748.25	30,748.25	2,034.92	14,821.20	13,892.13	-	-
Borrowings (other than debt securities)	54,850.71	54,952.26	1,999.87	7,132.66	21,549.65	12,500.00	11,770.08
Other financial liabilities	3,104.75	3,310.82	2,090.29	160.47	167.76	344.65	547.65
Loan commitments	-	18,000.13	-	-	18,000.13	-	-

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

(iv) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income (NII).

Board of Directors (the Board) of the Group are the guiding body for management of its interest rate risk and sets the overall policy and risk limits. In order to manage/mitigate interest rate risk, the Group has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board.

The Group undertakes NII analysis to assess the impact of changes in interest rate on the earnings of the Group. The overall yields expected by the Group on its financial assets are significantly higher than the borrowing cost and hence the interest rate risk is quite marginal for the Group.

Exposure to interest rate risk

The exposure of the Group's borrowings to the interest rates risk at the end of the reporting period is as follows:

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed-rate instruments		
Financial assets	68,104.44	54,889.48
Financial liabilities	(49,463.69)	(28,713.33)
Variable-rate instruments		
Financial liabilities	(46,219.97)	(54,850.71)
Total Net	**(27,579.22)**	**(28,674.56)**

Cash flow sensitivity analysis for variable-rate instruments

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

(Amount in lakhs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	(462.20)	462.20	(548.51)	548.51
Cash Flow Sensitivity	**(462.20)**	**462.20**	**(548.51)**	**548.51**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

(v) Capital management

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

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

Regulatory Capital *(Amount in lakhs)*

Particulars	As at March 31, 2026	As at March 31, 2025
Total Capital	1,20,180.26	1,03,108.18
Risk Weighted assets	2,29,782.27	1,88,363.48
Total capital ratio	**52.30%**	**54.74%**

Note: In the previous year, DRR was considered as part of free reserves upon redemption of debentures and was subsequently transferred to General Reserve. During the current year, fresh DRR has been created on issuance of debentures, which has not been considered as free reserve for computation of Net Owned Funds.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

Tier I CRAR and Tier II CRAR is not applicable considering nature of the Group's business.

Liquidity ratio *(Amount in lakhs)*

Particulars	As at March 31, 2026	As at March 31, 2025
Current assets	1,16,268.72	1,01,393.37
Current liabilities	67,097.45	80,418.13
Liquidity ratio	**1.73**	**1.26**

NOTE 35 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from contracts with customers	23,617.97	33,197.25
Revenue from other sources	13,550.68	11,186.01
Total Revenue	**37,168.65**	**44,383.26**
Impairment loss/(gain) on receivables	768.15	4,497.28

Disaggregation of revenue from contracts with customers

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

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Primary Geographical Market		
India	23,617.97	33,197.25
Total	**23,617.97**	**33,197.25**
Major products/service lines		
Trusteeship fees	20,782.18	29,864.99
Other Fees	2,835.79	3,332.26
Total	**23,617.97**	**33,197.25**
Timing of revenue recognition		
Over a period of time	20,782.18	29,864.99
At a point in time	2,835.79	3,332.26
Total	**23,617.97**	**33,197.25**

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

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Receivables	3,170.08	2,134.37
Contracts liabilities	4,361.30	4,520.39

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

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

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	4,520.39	10,125.01
Liabilities recognised during the year	4,361.30	4,520.39
Revenue recognised that was included in the contract liability balance at the beginning of the period	(4,520.39)	(10,125.01)
Closing balance	**4,361.30**	**4,520.39**

Transaction price allocated to the remaining performance obligation

As of March 31, 2026, the amount of transaction price allocated to remaining performance obligation are as follows. The Group will recognise the revenue as and when management services are rendered.

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Contracts liabilities	4,361.30	4,520.39

NOTE 36 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

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

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

(Amount in lakhs)

Type of Structured Entity	Nature and purpose	Interest held by the group	As at March 31, 2026		As at March 31, 2025	
			SRs issued by trusts	SRs subscribed by the Company	SRs issued by trusts	SRs subscribed by the Company
Assets Reconstruction Trusts	To acquire stressed assets for the purpose of carrying on the activity of securitisation and asset reconstruction.	Investment in security receipts. Acting as trustee to the trusts	12,26,940.40	2,00,578.11	12,37,561.63	1,83,214.41

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 36 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

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

(Amount in lakhs)

Carrying amounts	As at March 31, 2026	As at March 31, 2025
(i) Investment in security receipts	1,62,929.61	1,30,681.52
(ii) Trade receivables	3,170.08	2,134.37
(iii) Advances recoverable from trusts	842.01	435.95
Total	**1,66,941.70**	**1,33,251.84**

NOTE 37 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Contingent, liabilities and commitments		
Contingent liabilities	-	-
Commitment to acquire additional non-performing loan	580.30	1,297.32
Software under development - Capital commitment	-	6.00
Total	**580.30**	**1,303.32**

NOTE 38 PENALTIES LEVIED BY THE RESERVE BANK OF INDIA (RBI)

No penalty has been levied on the Company by the Reserve Bank of India (RBI) during the year ended 31st March 2026. In the previous year, a penalty of ₹52.70 lakhs was levied and paid by the Company for non-compliance with RBI directions pertaining to the ‘Settlement of Dues Payable by the Borrower’.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 39 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 PURSUANT TO THE RBI CIRCULAR NO DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 DATED MARCH 13, 2020

As at March 31, 2026 *(Amount in lakhs)*

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,883.88	-	1,883.88	-	-
	Stage 2	-	-	-	-	-
Subtotal (A)		**1,883.88**	**-**	**1,883.88**	**-**	**-**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	3,667.11	3,667.11	-	1,737.85	1,929.26
Subtotal for doubtful		**3,667.11**	**3,667.11**	**-**	**1,737.85**	**1,929.26**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (B)		**3,667.11**	**3,667.11**	**-**	**1,737.85**	**1,929.26**
Other items						
Advances to trusts & other financial assets	Stage 1	70.97	15.31	55.66	19.47	(4.16)
	Stage 2	9.29	2.40	6.89	-	2.40
	Stage 3	4,005.12	3,144.25	860.87	3,716.56	(572.31)
Other financials assets	NA	13,849.26	5.31	13,843.95	-	5.31
Trade receivables	NA	11,338.75	8,133.18	3,205.57	7,922.36	210.82
Purchased or Originated Credit Impaired Loans (POCI)	NA	4,647.69	2,704.97	1,942.72	2,888.32	(183.35)
Subtotal (F) = (C) + (D) + (E)	**-**	**33,921.08**	**14,005.42**	**19,915.66**	**14,546.71**	**(541.29)**
Total (G) = (A) + (B) + (F)	**Stage 1**	**1,954.85**	**15.31**	**1,939.54**	**19.47**	**(4.16)**
	Stage 2	**9.29**	**2.40**	**6.89**	**-**	**2.40**
	Stage 3	**7,672.23**	**6,811.36**	**860.87**	**5,454.41**	**1,356.95**
	Others	**29,835.70**	**10,843.46**	**18,992.24**	**10,810.68**	**32.78**
	Total	**39,472.07**	**17,672.53**	**21,799.54**	**16,284.56**	**1,387.97**

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NOTE 39 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 PURSUANT TO THE RBI CIRCULAR NO DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 DATED MARCH 13, 2020 *(Continued)*

As at March 31, 2026 *(Amount in lakhs)*

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	4,173.53	52.67	4,120.86	-	52.67
	Stage 2	-	-	-	-	-
Subtotal (A)		**4,173.53**	**52.67**	**4,120.86**	**-**	**52.67**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	5,165.75	5,165.75	-	2,097.07	3,068.68
Subtotal for doubtful		**5,165.75**	**5,165.75**	**-**	**2,097.07**	**3,068.68**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (B)		**5,165.75**	**5,165.75**	**-**	**2,097.07**	**3,068.68**
Other items						
Advance receivable from trust	Stage 1	152.53	26.79	125.74	39.14	(12.35)
	Stage 2	43.20	21.76	21.44	31.46	(9.70)
	Stage 3	3,448.24	3,128.89	319.35	3,350.82	(221.93)
Other financial assets	NA	26,602.91	7.31	26,595.60	-	7.31
Trade receivables	NA	9,564.28	7,367.00	2,197.28	8,147.85	(780.85)
Purchased or Originated Credit Impaired Loans (POCI)	NA	5,512.16	-	5,512.16	-	-
Subtotal (F) = (C) + (D) + (E)	-	**45,323.32**	**10,551.75**	**34,771.57**	**11,569.27**	**(1,017.53)**
Total (G) = (A) + (B) + (F)	**Stage 1**	**4,326.06**	**79.46**	**4,246.60**	**39.14**	**40.32**
	Stage 2	**43.20**	**21.76**	**21.44**	**31.46**	**(9.70)**
	Stage 3	**8,613.99**	**8,294.64**	**319.35**	**5,447.89**	**2,846.75**
	Others	**41,679.35**	**7,374.31**	**34,305.04**	**8,147.85**	**(773.54)**
	Total	**54,662.60**	**15,770.18**	**38,892.43**	**13,666.35**	**2,103.83**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 39 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 PURSUANT TO THE RBI CIRCULAR NO DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 DATED MARCH 13, 2020 *(Continued)*

In accordance with Ind-AS 109 Financial Instruments, the interest on impaired assets is accrued and the gross amounts are tested for impairme nt provision while in the IGAAP books no interest is accrued on impaired assets as required by RBI regulations. This accounting treatment results in higher gross outstanding values as per Ind-AS compared to those reported in IGAAP amounting to Rs. 1,929.26 lakhs (March 31, 2025: Rs. 3,068.68 lakhs). For the purpose of this disclosure the Management has compared absolute amounts of provision on the gross loan balance as per Ind-AS with the provision on the gross balance as per IGAAP books disclosed the difference if any.

Reconciliation to Impairment reserve

As at March 31, 2026 *(Amount in lakhs)*

Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS 109	Loss allowances (provisions) as required under Ind AS 109	Net carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms*
(1)	**(2)**	**(3)**	**(4) = (2)-(3)**	**(5)**	**(6) = (3)-(5)**
Stage 1	1,954.85	15.31	1,939.54	19.47	(4.16)
Stage 2	9.29	2.40	6.89	-	2.40
Stage 3	7,672.23	6,811.36	860.87	5,454.41	1,356.95
Others	18,496.95	2,710.28	15,786.67	2,888.32	(178.04)
Total	**28,133.32**	**9,539.35**	**18,593.97**	**8,362.20**	**1,177.15**

As at March 31, 2025 *(Amount in lakhs)*

Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS 109	Loss allowances (provisions) as required under Ind AS 109	Net carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms*
(1)	**(2)**	**(3)**	**(4) = (2)-(3)**	**(5)**	**(6) = (3)-(5)**
Stage 1	4,326.06	79.46	4,246.60	39.14	40.32
Stage 2	43.20	21.76	21.44	31.46	(9.70)
Stage 3	8,613.99	8,294.64	319.35	5,447.89	2,846.75
Others	32,115.07	7.31	32,107.76	-	7.31
Total	**45,098.32**	**8,403.17**	**36,695.15**	**5,518.49**	**2,884.68**

* Based on the current year's calculation, requirement of impairment reserve is lesser than what was created upto pervious year ending March 31, 2025. However, excess balance has not been transferred back as per the RBI guidelines on impairment reserve requirements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 GROUP INFORMATION

Composition of the Group

Information about the composition of the Group at the end of each reporting period is as follows :

Name of the Entity	Principal Activities	Country of incorporation	Proportion of ownership interest	
			As at March 31, 2026	As at March 31, 2025
Phoenix Trust-FY09-2	Securitisation and asset reconstruction	India	99.26%	99.26%
Phoenix Trust-FY10-8 - Scheme C	Securitisation and asset reconstruction	India	50.00%	50.00%
Phoenix Trust-FY11-1 - Scheme K	Securitisation and asset reconstruction	India	99.78%	99.78%
Phoenix Trust FY 11-6	Securitisation and asset reconstruction	India	50.00%	50.00%
Phoenix Trust FY 14-12 - Scheme B	Securitisation and asset reconstruction	India	0.00%	99.38%
Phoenix Trust FY 15-14	Securitisation and asset reconstruction	India	99.70%	99.70%
Phoenix Trust FY 15-25	Securitisation and asset reconstruction	India	66.67%	66.67%
Phoenix Trust FY 15-26	Securitisation and asset reconstruction	India	99.89%	99.89%
Phoenix Trust FY 16-1 - Scheme C	Securitisation and asset reconstruction	India	99.80%	99.80%
Phoenix Trust FY 18-1 - Scheme F	Securitisation and asset reconstruction	India	99.93%	99.93%
Phoenix Trust FY 18-2	Securitisation and asset reconstruction	India	99.86%	99.86%
Phoenix Trust FY 18-2 - Scheme C	Securitisation and asset reconstruction	India	99.92%	99.92%
Phoenix Trust FY 18-8	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust FY 18-8 - Scheme B	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust FY 19-5 - Scheme D	Securitisation and asset reconstruction	India	99.95%	99.95%
Phoenix Trust FY 19-5 - Scheme M	Securitisation and asset reconstruction	India	99.89%	99.89%
Phoenix Trust FY 19-7	Securitisation and asset reconstruction	India	51.00%	51.00%
Phoenix Trust FY 19-21	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY20-5	Securitisation and asset reconstruction	India	99.73%	99.73%
Phoenix Trust-FY20-15	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY21-9	Securitisation and asset reconstruction	India	0.00%	61.67%
Phoenix Trust-FY21-11	Securitisation and asset reconstruction	India	0.00%	61.67%
Phoenix Trust-FY21-17	Securitisation and asset reconstruction	India	0.00%	61.67%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 GROUP INFORMATION *(Continued)*

Name of the Entity	Principal Activities	Country of incorporation	Proportion of ownership interest	
			As at March 31, 2026	As at March 31, 2025
Phoenix Trust-FY22-6	Securitisation and asset reconstruction	India	0.00%	99.89%
Phoenix Trust-FY22-11	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY22-14	Securitisation and asset reconstruction	India	0.00%	99.99%
Phoenix Trust-FY22-17	Securitisation and asset reconstruction	India	99.95%	99.95%
Phoenix Trust-FY22-18	Securitisation and asset reconstruction	India	99.88%	99.88%
Phoenix Trust-FY22-21	Securitisation and asset reconstruction	India	99.92%	99.92%
Phoenix Trust-FY22-24	Securitisation and asset reconstruction	India	99.96%	99.96%
Phoenix Trust-FY23-14	Securitisation and asset reconstruction	India	0.00%	99.99%
Phoenix Trust-FY23-12	Securitisation and asset reconstruction	India	23.86%	51.68%
Phoenix Trust-FY23-23	Securitisation and asset reconstruction	India	38.75%	40.94%
Phoenix Trust-FY23-30	Securitisation and asset reconstruction	India	99.98%	99.98%
Phoenix Trust-FY23-33	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY23-34	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY23-35	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY24-3	Securitisation and asset reconstruction	India	0.00%	100.00%
Phoenix Trust-FY24-9	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY24-13	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY24-15	Securitisation and asset reconstruction	India	0.00%	100.00%
Phoenix Trust-FY24-18	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY25-2	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY25-3	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY25-7	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY25-8	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY25-10	Securitisation and asset reconstruction	India	100.00%	100.00%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 GROUP INFORMATION *(Continued)*

Name of the Entity	Principal Activities	Country of incorporation	Proportion of ownership interest	
			As at March 31, 2026	As at March 31, 2025
Phoenix Trust-FY25-12	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY25-15	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY25-16	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY26-3	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY26-4	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY26-5	Securitisation and asset reconstruction	India	50.00%	0.00%
Phoenix Trust-FY26-6	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY26-9	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY26-10	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY26-12	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY26-19	Securitisation and asset reconstruction	India	100.00%	0.00%

NOTE 41 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES

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

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
Sponsors		Nil	Nil
Non-sponsors			
Abhyudaya Co-operative Bank Ltd.	K K Tower, G D Ambekar Marg, Parel Village, Mumbai - 400012.	9,610.00	9,610.00
Allahabad Bank (merged with Indian Bank)	1st Floor, Industrial Finance Branch, 17 Parliament Street, New Delhi - 110001.	16,928.80	16,928.80
Alchemist Asset Reconstruction Company Limited	A-270, First & Second Floor Defence Colony New Delhi South Delhi 110024	700.00	700.00
Andhra Bank (merged with Union Bank of India)	Dr Pattabhi Bhavan, 5-9-11, Saifabad, Hyderabad - 500004.	30,745.00	30,745.00
Annapurna Finance Private Limited	Plot No. 1215/1401, Khandagiri Bari, Infront Of Jayadev Vatika, Ps/Po- Khandagiri Bhubaneswar Khordha 751030	15,000.00	15,000.00
Arohan Financial Services Limited	Pti Building, 4th Floor,Dp-9, Sector-5 ,Salt Lake Kolkata Parganas Northwest Bengal 700091	21,200.00	21,200.00

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 41 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
Arka Fincap Limited	2504/25th Floor, One Lodha Palace, Senapati Bapat Marg, Lower parel, Mumbai - 400 013.	233.00	0.00
Ashok Investors Trust Limited	701, The Capital G- block, Bandra Kurla Complex, Bandra (East), Mumbai -400 051.	10,690.43	0.00
Asirvad Micro Finance Limited	9th Floor, No.9,Club House Road Anna Salai Chennai Tamil Nadu 600002	10,630.00	10,630.00
ASREC (India) Limited	Solitaire Corporate Park, Building No.2, Unit No 201/202 A, 200/202 B, Gr Floor, Andheri Ghatkopar Link Rd, Chakala, Andheri (E), Mumbai- 400093	13,940.00	13,940.00
Asset Reconstruction Company (India) Ltd.	Shreepati Arcade, August Kranti Marg, Nana Chowk, Mumbai-400036.	24,163.00	24,163.00
Axis Bank Ltd	Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli Mumbai - 400025.	35,078.11	35,078.11
Bajaj Finance Ltd	Bajaj Auto complex, Mumbai – Pune Road, Akurdi Pune – 411035.	9,061.00	9,061.00
Bandhan Bank	Dn-32, Sector V Salt Lake Kolkata West Bengal 700091	1,87,279.00	1,54,082.00
Bank of Baroda	Baroda House,Mandovi,Vadodara-390006.	6,322.18	6,322.18
Bank of India	G-Block, C5 Bandra Kurla Complex, Bandra (E), Mumbai - 400051.	52,265.23	52,265.23
Bank of Maharashtra	Lokmangal, 1501,Shivajinagar, Pune-411005.	10,468.00	10,468.00
Barclays Bank PLC	601, Ceejay House, Dr.Annie Besant Road, Worli, Mumbai - 400018	4,914.26	4,914.26
Belstar Microfinance Limited	New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai Tamil Nadu 600083	8,300.00	8,300.00
Canara Bank	112 JC Road, Bangalore - 560002.	29,743.42	23,143.42
Catholic Syrian Bank Ltd	CSB Bhavan, Post Box No 502, ST Mary's College Road, Thrissur, Kerala - 680020	15,520.00	15,520.00
Central Bank of India	Central Office, Chander Mukhi, Nariman Point, Mumbai- 400021.	46,719.00	46,719.00
CFM Asset Reconstruction Private Limited	Block No. A/1003, West Gate, Near Ymca Club, Sur No. 835/1+3, S.G. Highway, Makarba Ahmedabad Gujarat 380051	5,800.00	5,800.00
Citibank N.A.	7th Floor C-61, Bandra Kurla Complex, G Block, Bandra East, Mumbai 400051.	4,081.25	4,081.25
Clix Capital Services Private Limited	4th Floor, Kailash Building, Kasturba Gandhi Marg,Connaught Place New Delhi North East-110001	23,292.00	19,777.00
Clix Finance India Private Ltd. (merged with Clix Capital Services Private Ltd.)	4th Floor, Kailash Building, Kasturba Gandhi Marg,Connaught Place New Delhi North East-110001	11,260.00	11,260.00
Corporation Bank (merged with Union Bank of India)	114, M.G Road, Bangalore.	8,258.37	8,258.37
Dena Bank (merged with Bank of Baroda)	Dena Corporate Centre, C- 10, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051.	29,197.88	29,197.88
Development Bank of Singapore	Fort House, 3rd Floor, 221 Dr. D N Road, Fort, Mumbai - 400001.	1,257.97	1,257.97

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 41 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
Dhanlakshmi Bank	Dhanalakshmi Buildings, Naickanal, Thrissur, Kerala - 680001	10,000.00	10,000.00
Edelweiss Asset Reconstruction Company Ltd	Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400098	45,714.50	21,141.81
Equitas Small Finance Bank	4th Floor, Phase II, Spencer Plaza No.769, Mount Road, Anna Salai Chennai Tamil Nadu 600002	8,138.00	8,138.00
ESAF Small Finance Bank	Building No. VII/83/8,Esaf Bhavan, Thrissur-Palakkad National Highway, Mannuthy, Thrissur Kerala 680651	21,828.00	20,548.00
Exim Bank	21st Floor, Centre One Building, Cuff Parade-Colaba, Mumbai - 400005, World Trade Centre	1,600.00	1,600.00
Federal Bank Ltd.	21, Variety Hall Road, Dist Coimbatore, Coimbatore - 641001.	59,272.48	59,272.48
Fedbank Financial Services Limited	Unit no.: 1101, 11th Floor, Cignus, Plot No. 71A, Powai, Paspoli, Mumbai – 400087, Maharashtra, India	1,196.00	1,196.00
Fullerton India	Megh Towers, 3rd floor, Old No.307, New No. 165, PH Road, Maduravoyal, Chennai, Tamil Nadu-600095.	129.00	129.00
HDFC Bank Ltd.	HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013.	2,01,297.64	2,01,297.64
Hero Fincorp Limited	34, Community Centre, Basant Lok Vasant Vihar New Delhi Dl 110057	1,300.00	1,300.00
Hinduja Leyland Finance Ltd	27A, Developed Industrial Estate, Guindy, Chennai - 600032.	20,000.00	20,000.00
Honkong and Shanghai Banking Corporation	52/60, MG Road, Fort, Mumbai - 400001.	5,175.00	5,175.00
ICICI Bank Ltd.	ICICI Bank Tower, North East Wing, 2nd Floor, Bandra Kurla Complex, Bandra (East), Mumbai-400051.	94,200.12	88,400.12
IDBI Bank Ltd.	IDBI Tower, 17th Floor, WTC Complex, Cuffe Parade, Mumbai-400005.	14,452.56	14,452.56
IDFC Ltd.	KRM Tower, 8th Floor, No 1, Harrington Road, Chetpet, Chennai.	6,257.50	5,387.50
IFCI Ltd	IFCI Tower, 61, Nehru Place, New Delhi – 110019.	19,647.00	19,647.00
IL&FS Financial Services Ltd	The IL&FS Financial Centre, Plot C-22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051.	1,598.78	1,598.78
IIFL Finance Limited	IIFL House, Sun Infotech Park, Road No. 16v, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane 400604	2,49,500.00	2,42,000.00
IIFL Home Finance Limited	IIFL House, Sun Infotech Park, Road No. 16v, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane 400604	33,500.00	0.00
Incred Financial Services Limited	1203. 12th Floor, B wing, The capital C-70 block, BKC, Mumbai - 400 051.	342.00	0.00

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 41 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
India Infrastructure Finance Co Ltd	8th floor, Hindustan Times house, 18 & 20, Kasturba Gandhi Marg, New Delhi - 110001.	2,900.00	2,900.00
Indian Bank	4th Floor, East Wing Raheja Towers, 26-27 M.G Road, Bangalore - 560001	29,358.96	29,358.96
Indian Overseas Bank	No.5, K.H. Road, Shanti Nagar, Bangalore - 560027.	25,811.95	25,811.95
Indo Star Capital Finance Ltd	One Indiabulls center, 20th Floor, Tower 2A, Jupiter mills compound, S. B. Marg, Lower parel, Mumbai - 400013	1,22,635.00	89,750.00
IndusInd Bank	701 Solitaire Corporate Park, 167 Guru Har Govindji Marg, Andheri East, Mumbai 400093.	15,763.00	15,763.00
Industrial Investment Bank of India Ltd.	19, Netaji Subhas Road, Kolkata 700001.	350.00	350.00
ING Vysya Bank Ltd. (merged with Kotak Mahindra Bank)	22, ING House, M.G. Road, Bangalore - 560001	2,325.00	2,325.00
International Asset Reconstruction Company Private Limited	A-601, 6th Floor, 215 Atrium, Kanakia Spaces, Andheri Kurla Road, Andheri (East), Mumbai – 400093.	750.00	0.00
J & K Bank	MA Road,Srinagar 190001.	980.00	980.00
Janata Sahakari Bank Ltd	1444, Shukrawar Peth, Thorale Bajirao Road, Pune – 411002.	56,752.00	56,752.00
JP Morgan Chase Bank N.A.	Mafatlal Centre 9th Floor, Nariman Point, Mumbai - 400001.	60.00	60.00
JM Financial Asset Reconstruction Company Private Limited	7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra, 400025	2,500.00	0.00
Karnataka Bank Ltd.	P B No. 599, Mahaveera Circle, Kankanady, Mangalore - 575002.	21,749.00	21,749.00
Karur Vysya Bank	Erode Road, Karur, Tamil Nadu.	1,321.00	1,321.00
Karvy Financial Services Ltd	705/706, 7th Floor, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opposite Guru Nanak Hospital, Bandra (E), Mumbai 400051	4,850.00	4,850.00
KKR India Financial Services Private Ltd	Regus Citi Centre, Level 6, 10/11, Dr. Radhakrishna Salai, Chennai, Tamil Nadu - 600004	21,300.00	14,500.00
L&T Finance Ltd	Technopolis, 7th Floor, A-wing, Plot No.-4, Block - BP, Sector -V, Salt lake, Kolkata, West Bengal - 700091	5,73,387.00	5,57,800.00
L&T Infrastructure Finance Company Ltd. (merged with L&T Finance Ltd.)	Mount Poonamallee Road, Manapakkam, Chennai - 600089	37,673.00	37,673.00
Laxmi Vilas Bank Ltd. (merged with DBS Bank)	Swapna Sadan, Azad Road, Andheri East, Mumbai - 400069.	3,210.00	3,210.00
Lendingkart Finance Limited	Unit Number PS 40/41, 3rd Floor, Birla Centurion, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra – 400030	3,360.00	3,360.00
Maheshwari Investors Private Ltd.	401, Akruti Star Building, Central Main Road, Midc, Pocket No 5, Midc, Central Road, Marol, Andheri (E) Mumbai 400069	21,229.19	14,693.19

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 41 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
Midland Microfin Limited	The Axis, Plot No.1, R.B. Badri Dass Colony, G.T Road Jalandhar Punjab 144001	9,200.00	9,200.00
Motilal Oswal Housing Finance Ltd	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel St Depot, Prabhadevi, Mumbai – 400025	53,001.00	53,001.00
Muthoot Capital Services Limited	3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682035, Kerala, India	11,755.00	11,755.00
NKGSB Co-operative Bank Limited	361, V.P. Road, Girgaum, Mumbai 400004.	900.00	900.00
Omkara Assets Reconstruction Private Limited	No.9, M.P.Nagar First Street, Kongu Nagar Extension Tirupur Coimbatore -641607 Tamil Nadu	24,119.80	24,119.80
Oriental Bank of Commerce (merged with Punjab National Bank)	Harsh Bhavan, E-Block, Connaught Place, New Delhi - 110001	12,636.10	12,636.10
Phoenix Trust-FY25-8	Wallace Towers, 139/140/B/1, 3rd Floor, Crossing of Sahar Road and W.E.H., Vile Parle East, Mumbai, Maharashtra - 400057, India	750.00	0.00
Piramal Finance Limited	601, 6th Floor, Amiti building, Agastya Corporate Park, Kamani Junction, Opp, Fire Station, Kural (W), Mumbai - 400 070.	3,333.29	0.00
Poonawalla Housing Finance Limited	602, 6th Floor, Zero One It Park, Survey No. 79/1, Ghorpadi, Mundhwa Road, Pune 411036	2,987.00	2,987.00
Prudent ARC Limited	611, Sixth Floor, D Mall, Plot No. A-1, Netaji Subhash Palace, Pitampura, New Delhi West Delhi 110034	12,831.00	6,731.00
Profectus Capital Private Limited	B-17, 4th Floor, Art Guild Hoise, Phoenix Market City, Kurla West, Mumbai - 400 070.	418.00	0.00
Pridhvi Asset Reconstruction and Securitisation Co. Limited	4th floor, Wing - I, Door No 1-55, Masjid Banda Road, Kondapur, Hyderabad - 500 084.	1,715.00	0.00
PTC India Financial Services Ltd (PFS)	7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi, Delhi - 110066	18,650.00	18,650.00
Punjab & Sindh Bank	Head Office at Bank House, 21, Rajendra Place, New Delhi-110008 and, having one of its Zonal Office at 27/29, Ambalal Doshi Marg, Fort, Mumbai 400 001	8,850.00	8,850.00
Punjab National Bank	10th Floor, Atma Ram House, 1- Tolstoy Marg, New Delhi - 110001.	25,707.55	25,707.55
RBL Bank Ltd.	Shahupuri, Kolhapur.	4,310.69	4,310.69
Religare Finvest Ltd	2nd floor, Rajlok Building, 24, Nehru Place, New Delhi - 110019.	6,308.00	6,308.00
Royal Bank of Scotland	Gustav Mahlerlaan 10 Amsterdam 1082 PP The Netherlands through their Indian branches.	3,295.40	3,295.40
Saraswat Cooperative Bank	Saraswat Bank Bhavan, 953, Appasaheb Marathe Bank, Prabhadevi, Mumbai - 400025	53,000.00	53,000.00
Satya MicroCapital Limited	519 5th Floor DLF Prime Towers, Okhla Industrial Area, Phase-1 Delhi South Delhi 110020	15,000.00	15,000.00

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 41 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
SBFC Finance Private Limited	103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri East, Mumbai - 400059	393.00	393.00
Sir M. Visvesvaraya Co-Operative Bank Ltd	109, Shankarpuram, Shankarmutt Road, Banglore - 560 004.	700.00	-
SK Finance Limited	G 1-2, New Market, Khasa Kothi Jaipur Rajasthan 302001	14,390.00	14,390.00
South Indian Bank Ltd.	SIB House, T.B. Road, Mission Quarter, Thrissur District, Kerela State-680001.	1,24,370.00	1,24,370.00
Spandana Sphoorty Financial Limited	Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,Tsiic, Raidurgpanmaktha, Hyderabad Telangana 500081	22,800.00	22,800.00
Specified Undertaking of Unit Trust of India	UTI Tower, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.	330.00	330.00
Standard Chartered Bank	Standard Chartered Tower, 201 B/I , Western Express Highway, Goregaon East, Mumbai 400063.	950.00	950.00
State Bank of Bikaner & Jaipur (merged with State Bank of India)	Tilak Marg, Jaipur - 302005.	6,466.00	6,466.00
State Bank of Hyderabad (merged with State Bank of India)	Gunfoundry, Hyderabad.	42,670.00	42,670.00
State Bank of India	Egmore, Stressed Assets Management Branch, Chennai.	1,36,414.99	1,35,339.99
State Bank of Mauritius Ltd	TSR Tower, Rajbhavan Road, Somajiguda, Hyderabad - 500082	1,250.00	1,250.00
State Bank of Mysore (merged with State Bank of India)	K.G. Road,Banglore-560254.	1,500.00	1,500.00
State Bank of Patiala (merged with State Bank of India)	The Mall, Patiala, Punjab.	8,015.00	8,015.00
State Bank of Travancore (merged with State Bank of India)	Poojapura, Thiruvananthapuram - 695012.	14,462.00	14,462.00
Stressed Asset Stabilisation Fund	IDBI Tower, WTC Complex, Cuffe Parade, Mumbai-400005.	868.75	868.75
Suryoday Small Finance Bank	1101, Sharda Terraces, Plot 65, Sector 11, CBD Belapur, Navi Mumbai - 400 614.	566.00	0.00
Svatantra Microfin Private Limited	Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road Mumbai 400013	2,243.00	2,243.00
Syndicate Bank Ltd (merged with Canara Bank)	Large Corporate Branch, Illaco House, No. 1 Brabourne Road, Ground Floor, Kolkata - 700001	807.75	807.75
TATA Capital Financial Services	Peninsula Park, Tower A. 11th Floor, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013	1,527.80	1,527.80
Tourism Finance Corporation of India Limited	4th Floor, Tower 1, Nbcc Plaza Pushp Vihar, Sector-5, Saket New Delhi South Delhi 110017	8,603.00	8,603.00
UCO Bank	10, BTM Sarani, Kolkata- 700001.	19,961.00	19,961.00
Union Bank of India	Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai - 400021	24,180.20	24,180.20

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 41 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
United Bank of India (merged with Punjab National Bank)	184/192 Sree Durga Towers, R K Mutt Road, Mandaveli, Chennai 600028.	12,990.40	12,990.40
UV Asset Reconstruction Company Limited	704, 7th Floor, Deepali Building, 92 Nehru Place, New Delhi Dl 110019	10,805.00	10,805.00
Varthana Finance Private Limited	Varasiddhi, 3rd Floor, No. 5bc-110 Service Road, 3rd Block Hrbr Layout, Bangalore - 560043	3,917.00	3,917.00
Vijaya Bank (merged with Bank of Baroda)	41/2, MG Road, Trinity Circle, Bangalore - 560001.	19,634.84	19,634.84
VSJ Investments Private Limited	G 12, Ground Floor, Raheja Centre, 214 Free Press Journal Marg, Nariman Point, Mumbai, Maharashtra- 400021	2,400.00	2,400.00
Yes Bank	Yes Bank Tower, IFC -2, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai, Maharashtra – 400013	11,726.00	11,726.00
Total		**31,49,781.15**	**29,41,965.74**

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

ii) Dispersion of various financial assets industry - wise:

(Amount in lakhs)

Industry	March 31, 2026		March 31, 2025	
	Acquisition Price	% of Total	Acquisition Price	% of Total
Sponsors	Nil	0.00%	Nil	0.00%
Non-sponsors				
Real Estate - Housing	4,14,237.01	13.15%	3,70,100.29	12.58%
Real Estate - Commercial	3,30,253.20	10.49%	3,22,753.20	10.97%
Retail loans - (Microfinance Loans)	3,20,338.00	10.17%	2,87,141.00	9.76%
Infrastructure - Power	2,70,693.89	8.59%	2,70,693.89	9.20%
Retail loans – (PL, BL, STPL, CTG etc)	3,16,822.50	10.06%	2,80,422.50	9.53%
Metal	2,48,299.87	7.88%	2,47,421.88	8.41%
Infrastructure - Roads	2,22,118.11	7.05%	2,22,118.11	7.55%
Home Loans/LAP	1,75,764.53	5.58%	1,42,264.53	4.84%
Auto and Ancilliary	93,697.55	2.97%	90,943.89	3.09%
Hospitality	83,543.18	2.65%	83,543.18	2.84%
Textiles	77,572.49	2.46%	74,764.36	2.54%
Infrastructure - Others	81,743.28	2.60%	68,742.42	2.34%
Retailing	64,620.74	2.05%	64,462.24	2.19%
Food Processing	59,521.88	1.89%	55,387.33	1.88%
Chemicals	36,829.20	1.17%	36,829.20	1.25%
Pharma	33,612.73	1.07%	33,612.73	1.14%
Oil Refining	32,812.99	1.04%	32,812.99	1.12%
Others	2,87,300.00	9.12%	2,57,952.00	8.77%
Total	**31,49,781.15**	**100.00%**	**29,41,965.74**	**100.00%**

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 41 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

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

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Value of financial assets acquired during the financial year either on its own books or in the books of the trust	2,07,815.41	1,36,470.00
Value of financial assets realised during the financial year	2,01,613.40	2,75,219.83
Value of financial assets outstanding for realisation as at the end of the financial year	11,35,542.44	11,29,340.43
Value of Security Receipts:		
Partially redeemed during the year (*)	1,01,429.90	2,03,838.04
Fully redeemed during the year	80,252.22	56,895.00
Written-off during the year	14,558.61	2.28
Value of Security Receipts pending for redemption as at the end of the financial year	13,41,002.53	13,33,627.85
Value of Security Receipts which could not be redeemed as a result of non-realisation of the financial assets as per the policy formulated by the Company under Paragraph 7(6)(ii) or 7(6)(iii) of The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003	54,766.17	96,600.97
Value of land and / or building acquired in ordinary course of business of reconstruction of assets (year wise)	-	-

The values in the table do not include information related to Trusts, where Phoenix has investment in Security Receipts in the capacity of other SR holder only.

The values in the table are in accordance with the quarterly report submitted by the Company to RBI.

iv) Net of Rs. 52,284.31 lakhs (previous year : Rs. 46,421.15 lakhs), amounts transferred to “SRs fully redeemed during the year” on full redemption of SRs in the current year, which were disclosed as “Partially redeemed during the year” in the respective previous years on part redemptions of SRs.

v) Restructuring loan disbursed amounting to Rs. 3,007.07 lakhs (previous year: Rs. 2,097.07 lakhs) has been classified non-performing asset. A provision of Rs. 126.92 (previous year: Rs. Nil) has been made in the current year on the same as per RBI guidelines.

Under Ind AS, restructuring loan disbursed amounting to a total exposure of Rs. 3,667.11 lakhs (previous year: Rs. 5,165.75 lakhs) has been classified credit impaired assets. A loss allowance of Rs. Nil (previous year: Rs. Nil) has been provided in the current year.

vi) During the year, the Company has not entered into any transactions with outsourced agencies owned/controlled by directors of the Company.

vii) The Company is not a Resolution Applicant under Insolvency and Bankruptcy Code, 2016 (IBC) and accordingly nothing has been acquired under IBC.

viii) The Company is not a Resolution Applicant under Insolvency and Bankruptcy Code, 2016 (IBC) and accordingly reporting requirement of the implementation status of the resolution plan approved by the Adjudicating Authority is not applicable.

ix) No land and/or building has been acquired in the ordinary course of business of reconstruction of assets till date.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 42 FOLLOWING ADDITIONAL DISCLOSURES ARE TAKEN FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI CIRCULAR NO DNBS (PD) CC. NO. 41/ SCRC / 26.03.001/ 2014-2015 DATED 5TH AUGUST, 2014 (FOR ACQUISITIONS MADE AFTER 5TH AUGUST, 2014):

i) There have been no acquisitions in the current year, in which the acquisition value of the assets is more than the Book Value.

ii) There were no instances during the year where physical assets were disposed of at a discount of more than 20% of their valuation as at the previous year end.

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

(Amount in lakhs)

Name of the Trusts	Amount of SRs outstanding as on 31st March, 2026	NAV of SRs
Phoenix Trust FY 18-1 - Scheme F	389.47	0.00%
Phoenix Trust FY 18-6	2,908.72	0.00%
Phoenix Trust FY 19-1	415.00	0.00%
Phoenix Trust FY 19-5 - Scheme C	4,099.76	50.00%
Phoenix Trust FY 19-5 - Scheme G	810.34	50.00%
Phoenix Trust FY 19-15	290.40	25.00%
Phoenix Trust FY 19-19	832.55	50.00%
Phoenix Trust FY 20-1	564.75	50.00%
Phoenix Trust-FY21-4	1,815.54	20.00%
Phoenix Trust-FY21-15	1,900.80	10.64%
Phoenix Trust-FY22-5	800.40	0.00%
Phoenix Trust-FY22-15	372.96	0.00%
Phoenix Trust-FY23-7	14,896.00	50.00%
Phoenix Trust-FY23-10	1,804.15	72.50%
Phoenix Trust-FY23-16	2,870.40	37.84%
Phoenix Trust-FY23-19	4,655.00	23.99%
Phoenix Trust-FY23-24	6,752.80	18.40%
Phoenix Trust-FY23-26 Series B	16,229.92	25.00%
Phoenix Trust-FY23-31	944.30	15.00%
Phoenix Trust-FY23-23 Series A	1,946.00	0.00%
Phoenix Trust-FY23-29 Series B	2,929.73	27.20%
Phoenix Trust-FY24-11	1,962.24	25.00%
Phoenix Trust-FY24-1 Series B	505.00	75.00%

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 42B FOLLOWING ADDITIONAL DISCLOSURES ARE MADE PURSUANT TO THE RBI/2022-23/182 DOR. ACC.REC.No.104/21.07.001/2022-23 DATED 20TH FEBRUARY, 2023:

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Outstanding amount of unrealised management fee	11,311.17	9,564.28
Out of the above, amount outstanding for:		
(a) Amounts where the net asset value of the security receipts has fallen below 50 per cent of the face value	1,261.08	2,348.51
(b) Other amounts unrealized for:		
i. More than 180 days but upto 1 year	18.57	3,830.17
ii. More them 1 year but upto 3 years	5,709.31	947.79
iii. More than 3 years	933.38	807.73
Allowance held for unrealized management fee	(8,133.18)	(7,367.00)
Net unrealized management fee receivable	**3,177.99**	**2,197.28**

NOTE 43

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

NOTE 44 ADDITIONAL REGULATORY INFORMATION

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

ii) The Group 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 Group.

iv) The Group has not been declared as wilful defaulter by any bank or financial institutions or government or any government authority.

v) The Group has no transactions with the companies struck off under the Companies Act, 2013.

vi) No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

vii) The Group has complied with the number of layers prescribed under the Companies Act, 2013.

viii) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

ix) (A) During the year, the Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or

- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 44 ADDITIONAL REGULATORY INFORMATION *(Continued)*

(B) During the year, the Group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group 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 to or on behalf of the Ultimate Beneficiaries.

x) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

xi) The Group has not traded or invested in crypto currency or virtual currency during the current and the previous year.

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

xiii) There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

xiv) The Group has operation in single business segment and hence there are no separate reportable segments to be disclosed under Ind As 108 - “Operating Segments”

xv) As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014 the Group has used accounting software for maintaining its books of account that have a feature of recording audit trail (edit log) facility and the audit trail feature has operated throughout the year for all relevant transactions recorded in the software. Further the audit trail has been preserved by the Group for all the accounting software used for maintaining its books of accounts as per the statutory requirements for record retention.

NOTE 45

Figures for the previous year have been regrouped / reclassified whereever necessary to conform to current years presentations.

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 Limited (Formerly Known as Phoenix ARC Private Limited)**	
Ameet N Patel Partner Membership No. 039157	**Balan Wasudeo** Director DIN: 00073697	**Sanjay Tibrewala** MD & CEO DIN: 10779180
Place : Mumbai Date : April 24, 2026	**Gauri Bhatkal** Chief Financial Officer	**Kamlesh Rane** Company Secretary Membership No. A29339

INDEPENDENT AUDITOR'S REPORT

To the Members of **PHOENIX ARC LIMITED (formerly 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 Limited** (formerly Phoenix ARC Private Limited) ("the Company") which comprises the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, 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 March 31, 2026. 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.

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
a) Impairment of financial instruments (Trade receivables and advances recoverable from Trusts) (Refer note K of the material accounting policies)	
Trade receivables and advances recoverable from Trusts amounting to INR 4,101.41 lakhs (net of impairment provision) at March 31, 2026 as disclosed in the Standalone Ind AS Financial Statements.	• 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.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Ind AS 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 the following matters:

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.
b) Determining the staging of trade receivables and recoverable from Trust.
c) Determining effect of past defaults on future probability of default.
d) Estimation of management overlay for macroeconomic factors which could impact the ECL provisions.
e) Estimation of loss given default (LGD) based on past recovery rates.

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.</td><td>● We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation.
● We understood the methodology used by the management to arrive at their ECL provision and examined certain assumptions used by the Company in their model for grouping and staging of financial assets into various categories and default buckets and for determining the PD and LGD rates including the macro-economic factors.
● We tested the operating effectiveness of the controls for staging of 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.</td></tr>
<tr><td colspan="2">b) Fair valuation of Security Receipts (SR) (Refer note N of the material accounting policies)</td></tr>
<tr><td>The Company holds investments in the form of Security Receipts which represent the investments in underlying pool of assets. The fair valuation of these investments at March 31, 2026 amounts to INR 2,20,017.30 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.

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 a 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.</td><td>● 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</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
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. Given the significance of fair valuation of investments in SR to overall Standalone Ind AS financial statements and the degree of management's judgement involved in the estimate and involvement of external CRA in the fair value estimation and the uncertainty on the recoverability of the SR, we have considered this area as a key audit matter.	● 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 internal experts. The assumptions and estimates used by the management on future recoverability may vary and actual results may differ from the estimates and assumptions. ● We assessed disclosures included in the Standalone Ind AS Financial Statements with respect to such fair valuation of SR are in accordance with the requirements of Ind AS 113 and Ind AS 107.

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

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

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

The other information is expected to be made available to us after the date of this auditor's report and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Responsibilities of Management and Board of Directors for the Standalone Ind AS Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 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 and Board of Directors are 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 March 31, 2026 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

2) As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, as amended.

   e. On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Ind AS Financial Statements.

   g. With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act, in our opinion and according to the information and explanation given to us, the remuneration paid during the year by the Company to its directors complies with the provisions of Section 197 of the Act.

   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, 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;

      vi. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 43 (ix)(A) to the accounts, during the year, 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, as disclosed in the note 43 (ix)(B) to the accounts, during the year, 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. During the year, the Company has not declared/paid any dividend. Accordingly, reporting under Rule 11(f) is not applicable to that extent.

vi. Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended March 31, 2026 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention (Note 43(xv) to the Standalone Ind AS Financial Statement).

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

Ameet N. Patel
Partner
Membership No. 039157
UDIN: 26039157NICHTT6326

Place : Mumbai
Date : April 24, 2026

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 Limited (formerly Phoenix ARC Private Limited) of even date

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 (PPE) of the Company.

(B) The Company has maintained proper records showing full particulars of intangible assets of the Company.

(b) All Property, Plant and Equipment were physically verified by the management during the year in accordance with a planned program of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable property. In respect of immovable properties of office premises that have been taken on lease and disclosed as Property, Plant and Equipment (lease assets - right to use) in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(d) According to information and explanations given to us and books of account and records examined by us, the Company has not revalued its Property, Plant and Equipment (including Right to use) or intangible assets during the year ended March 31, 2026.

(e) According to information and explanation given to us and our verification of records of the Company, no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Accordingly, reporting on paragraphs 3(i)(e) of the Order is not applicable to the Company.

(ii) (a) The Company is into the services sector, primarily rendering asset reconstruction and securitization services and as such does not hold any inventory. Accordingly, reporting under the clause 3(ii)(a) of the Order relating to physical verification of inventory is not applicable to the Company.

(b) According to information and explanation given to us and books of account and records examined by us, 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 facilities from banks in excess of five crore rupees during the year. Investments in Security Receipts are provided as security for availing such working capital facilities. As per the information and explanation given to us and examination of books of account and other records produced before us, in our opinion, the quarterly returns and statements filed by the Company with such banks are in agreement with the books of account of the Company.

(iii) The Company is registered under section 3 of 'Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002' (SARFAESI Act) under the RBI regulation, as an 'Asset Reconstruction Company'. During the year, the Company has made investments in Security Receipts, granted secured loans for restructuring, and given unsecured advances to various Trusts managed by it/ where it is a trustee during the course of business for restructuring:

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

(a) (A) The Company is engaged in the business of asset reconstruction and securitisation, including providing loans for restructuring of acquired financial assets, as permitted by the Reserve Bank of India. During the year, the Company has not provided any loans to subsidiaries, joint ventures and associates. Accordingly, reporting under clause 3(iii)(a)(A) of the Order is not applicable to the Company.

(B) In addition to loans granted in earlier years, the Company has granted loans aggregating to Rs.2,900 lakhs during the year to 2 entities, other than subsidiaries, joint ventures and associates. The aggregate outstanding balance as at March 31, 2026 amounts to Rs. 3,593 lakhs in respect of 6 entities.

(b) In our opinion, considering the nature of business of the Company, the terms and conditions of grant of loans are not prejudicial to the interest of the Company. As per the information and explanation provided to us, during the year, the Company has not provided any guarantee or security to any entities.

(c) In respect of the loans granted by the Company to entities whose accounts are acquired under SARFAESI Act, the schedule of repayment of principal and payment of interest has been stipulated and the repayment of principal amount and receipts of interest have generally been regular, except in respect of the following:

(Amount in lakhs)

Sl. No.	Name of the entity	Principal outstanding*	Due date	Extent of delay (in days)
1	Karni Developer and Construction Co Ltd	Nil**	03-10-15	3705
2	Dhanalaxmi Builders and Developers	455.61	15-04-16	3637
3	Vijayent Crushers	40.00	15-03-16	3668
4	Sovereign Developers and Infrastructure Limited	209.17	31-10-16	3438
5	JCT Limited	1,033.07	27-11-22	1220
6	Magus Infra Tech Private Limited	Nil**	31-12-25	89

* Excluding interest

** The entity has fully settled the principal outstanding as on March 31, 2026, though there was a delay in complying with the stipulated repayment terms.

(d) The following amounts are overdue for more than 90 days from entities 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:

(Amount in lakhs)

Sl. No.	Name of the entity	Principal outstanding*
1	Dhanalaxmi Builders and Developers	455.61
2	Vijayent Crushers	40.00
3	Sovereign Developers and Infrastructure Limited	209.17
4	JCT Limited	1,033.07

* Excluding interest

(e) In our opinion and according to the information and explanations given to us, no loans or advances in the nature of loans granted during the year which have fallen due have been renewed or extended, nor have any fresh loans been granted to settle the overdues of existing loans given to the same entities. Accordingly, reporting on the aggregate amount and percentage thereof does not arise.

(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 clause (76) of section 2 of the Companies Act, 2013. Accordingly, the requirement to report on clause 3(iii)(f) is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted loans, made investments or provided guarantees which require compliance with the provisions of Section 185 and 186 of the Companies Act 2013. Accordingly, reporting under clause 3 (iv) of the Order is not applicable to the Company.

(v) According to the information and explanation given to us, 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 respect of the business activities carried out by the Company, maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act. 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, professional tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues where 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 statutory dues specified above in (vii)(a) in arrears as at March 31, 2026 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 March 31, 2026 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	Demand raised in assessment order issued by the department	Commissioner of Income-tax (Appeals)	AY 2018-19	2718.94*
The Income Tax Act, 1961	Demand raised in Intimation issued by the department	Assessing Officer	AY 2019-20	79.145*
The Income Tax Act, 1961	Demand raised in assessment order issued by the department	Assessing Officer	AY 2024-25	34.651*
* Entire sum has been paid / adjusted against income tax refund receivable by the Company				

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) In our opinion, and according to the information and explanation given and books of account and records examined by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) In our opinion, and according to the information and explanation given to us, the Company is not declared as a willful defaulter by any bank or financial institution or other lender. Accordingly, reporting on paragraphs 3(ix)(b) of the Order is not applicable to the Company.

(c) In our opinion and according to the information and explanations given, and records examined by us, the Company has raised additional term loan and the same were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company and considering the business nature of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the nature of business and financial statements, 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 Securitisation 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 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 on the audit procedures performed, no fraud by the Company or any fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under Section 143(12) of the Act has been filed by the 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 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.

(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, for the period under audit.

(xv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, 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) Being an Asset Reconstruction Company under SARFAESI Act, 2002, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company;

(b) The Company is registered under Section 3 of the 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)(c) 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, clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) In our opinion and according to the information and explanations given to us, 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 standalone financial statements, aging and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone 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 the 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 standalone 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 statements.

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

Ameet N. Patel
Partner
Membership No. 039157
UDIN: 26039157NICHTT6326

Place : Mumbai
Date : April 24, 2026

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF PHOENIX ARC LIMITED (FORMERLY 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 Section 143(3)(i) 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 Limited (formerly Phoenix ARC Private Limited) ("the Company") as of March 31, 2026 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

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

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to the Standalone Ind AS Financial Statements and such internal financial controls over financial reporting with reference to the Standalone Ind AS Financial Statements were operating effectively as at March 31, 2026, based on the internal control over financial reporting with reference to Standalone Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Ameet N. Patel
Partner
Membership No. 039157
UDIN: 26039157NICHTT6326

Place : Mumbai
Date : April 24, 2026

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
CIN : U67190MH2007PLC168303
STANDALONE BALANCE SHEET AS AT MARCH 31, 2026

(Amount in lakhs)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
Assets			
Financial assets			
Cash and cash equivalents	2	13,636.62	26,426.51
Trade receivables	3	3,177.99	2,197.28
Loans	4	3,847.83	9,633.02
Investments	5	2,20,017.30	1,71,483.95
Other financial assets	6	1,130.74	635.68
Sub total		**2,41,810.48**	**2,10,376.44**
Non-financial assets			
Current tax assets (net)		454.01	2,356.99
Deferred tax assets (net)	26	7,844.51	8,053.88
Property, plant and equipment	7	864.26	1,163.55
Intangible assets under development	8A	-	4.00
Other intangible assets	8B	8.00	-
Other non-financial assets	9	58.89	31.25
Sub total		**9,229.67**	**11,609.67**
Total assets		**2,51,040.15**	**2,21,986.11**
Liabilities and equity			
Liabilities			
Financial liabilities			
Payables			
Trade payables	10		
(a) Dues of small enterprises and micro enterprises		12.58	2.28
(b) Dues of creditors other than small enterprises and micro enterprises		58.01	5.78
Debt securities	11	49,463.69	28,713.33
Borrowings (Other than debt securities)	12	46,219.97	54,850.71
Other financial liabilities	13	2,738.24	2,796.97
Sub total		**98,492.49**	**86,369.07**
Non-financial liabilities			
Current tax liabilities (net)		13,568.83	12,091.15
Provisions	14	4,998.02	6,390.05
Other non-financial liabilities	15	5,102.31	4,672.50
Sub total		**23,669.16**	**23,153.70**
Equity			
Equity share capital	16	16,800.00	16,800.00
Other equity	17	1,12,078.50	95,663.34
Sub total		**1,28,878.50**	**1,12,463.34**
Total liabilities and equity		**2,51,040.15**	**2,21,986.11**
Material accounting policies & notes to 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 Limited (Formerly Known as Phoenix ARC Private Limited)

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Sanjay Tibrewala
MD & CEO
DIN: 10779180

Place : Mumbai
Date : April 24, 2026

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

CIN : U67190MH2007PLC168303

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2026

(Amount in lakhs)

Particulars	Note no.	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from operations			
Interest income	18	2,353.44	1,552.78
Fees and commission income	19	24,343.60	34,722.46
Net gain on fair value changes	20	8,007.38	6,674.97
Total revenue from operations (I)		**34,704.42**	**42,950.21**
Other income (II)	21	**579.13**	**628.24**
Total income (III = I + II)		**35,283.55**	**43,578.45**
Expenses			
Finance costs	22	7,115.88	7,759.00
Impairment on financial instruments	23	1,377.71	4,998.70
Employee benefits expense	24	3,088.07	2,633.21
Depreciation, amortization and impairment	7 & 8	342.51	346.14
Other expenses	25	1,211.18	1,200.43
Total expenses (IV)		**13,135.35**	**16,937.48**
Profit/(loss) before tax (V = III - IV)		**22,148.20**	**26,640.97**
Tax expense (VI)	26		
(i) Current tax		4,813.04	7,314.13
(ii) Deferred tax		896.39	(491.19)
(iii) Adjustments for earlier years (net)		19.86	125.21
Total tax expense (i + ii + iii)		**5,729.29**	**6,948.15**
Profit/(loss) for the year (VII = V - VI)		**16,418.91**	**19,692.82**
Other comprehensive income (VIII)			
Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans		(5.04)	(13.25)
		(5.04)	**(13.25)**
Income tax relating to items that will not be reclassified to profit or loss	26	1.27	3.34
		(3.77)	**(9.91)**
Total comprehensive Income for the year (IX = VII + VIII)		**16,415.14**	**19,682.91**
Earnings per equity share (X)			
Basic and Diluted earnings per share (Rs)	27	9.77	11.72

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 Limited (Formerly Known as Phoenix ARC Private Limited)

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Sanjay Tibrewala
MD & CEO
DIN: 10779180

Place : Mumbai
Date : April 24, 2026

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
CIN : U67190MH2007PLC168303
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash flow from operating activities		
Profit before tax	22,148.20	26,640.97
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation, amortization and impairment	342.51	346.14
Net gain on sale of investments	(3,216.25)	(3,425.74)
Net loss on fair value changes	(4,791.13)	(3,249.23)
Impairment (gain) / loss on financial instruments	1,377.71	4,998.70
Net loss / (gain) on sale of property, plant and equipment	-	(4.43)
Interest income (other than loans and advances)	(309.53)	(551.21)
Finance costs	7,019.60	7,639.78
Interest on lease liability	96.28	119.22
Gratuity provision	59.70	21.72
Operating profit before working capital changes	**22,727.09**	**32,535.92**
Working capital adjustments		
Adjustments for (increase) / decrease in operating assets		
Loans and advances	5,156.17	(4,414.30)
Trade receivables	(1,746.89)	(2,885.75)
Other assets	(505.21)	(1,033.00)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	62.53	(26.37)
Provisions	(1,456.77)	4,774.96
Other liabilities	603.03	(5,349.01)
	2,112.86	(8,933.47)
Cash from operations	**24,839.95**	**23,602.45**
Income tax paid (net of refund)	(2,137.99)	(5,755.37)
Net cash from operating activities	**22,701.96**	**17,847.08**
Cash flow from investing activities		
Purchase of property plant and equipments and Intangible Assets	(47.22)	(74.47)
Sale of property plant and equipments	-	4.34
Purchase of investments	(1,11,084.61)	(76,177.69)
Proceeds from sale of investments	70,558.64	1,08,901.80
Bank deposits with original maturity greater than three months	-	1,534.31
Interest received on fixed deposits with bank	309.53	551.21
Net cash (used in) / generated from investing activities	**(40,263.66)**	**34,739.50**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
CIN : U67190MH2007PLC168303
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026 ***(Continued)***

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash flow from financing activities		
Proceeds from borrowings	63,496.60	1,12,892.90
Repayment of borrowings	(56,515.63)	(1,34,269.10)
Net proceeds from bank overdraft facility & working capital loans	5,347.47	(1,617.43)
Finance costs	(7,228.40)	(8,730.75)
Payment of lease liability (including interest thereon)	(328.23)	(312.61)
Net cash flow from financing activities	**4,771.81**	**(32,036.99)**
Net (decrease) / increase in cash and cash equivalents	**(12,789.89)**	**20,549.59**
Cash and cash equivalents at the beginning of the year	26,426.51	5,876.92
Cash and cash equivalents at the end of the year	**13,636.62**	**26,426.51**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 02)		
Cash on hand	0.15	0.07
Balances with banks in current account	1,701.11	2,937.98
Balance in term deposit ≤ 3 months	10,560.65	22,964.37
Balances in overdraft facility	1,377.37	529.24
Less: Impairment loss allowance	(2.66)	(5.15)
Cash and cash equivalents as at the year end	**13,636.62**	**26,426.51**

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 Limited (Formerly Known as Phoenix ARC Private Limited)

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Sanjay Tibrewala
MD & CEO
DIN: 10779180

Place : Mumbai
Date : April 24, 2026

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
CIN : U67190MH2007PLC168303
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

A. Equity share capital

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the reporting year	16,800.00	16,800.00
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	**16,800.00**	**16,800.00**

B. Other equity

(Amount in lakhs)

Particulars	Securities premium	Debenture redemption reserve	General reserve	Impairment reserve	Retained earnings	Total
Balance as at March 31, 2024	**3,006.10**	**1,963.06**	**-**	**249.67**	**70,761.62**	**75,980.45**
Profit for the year	-	-	-	-	19,692.82	**19,692.82**
Other comprehensive income for the year (net of tax)	-	-	-	-	(9.91)	**(9.91)**
Total Comprehensive Income for the year ended March 31, 2025	**-**	**-**	**-**	**-**	**19,682.91**	**19,682.91**
Transfer/utilisations						
Transfer to general reserve	-	(1,963.06)	1,963.06	-	-	-
Transfer to debenture redemption reserve	-	-	-	-	-	-
Balance as at March 31, 2025	**3,006.10**	**-**	**1,963.06**	**249.67**	**90,444.53**	**95,663.34**
Profit for the year	-	-	-	-	16,418.91	**16,418.91**
Other comprehensive income for the year (net of tax)	-	-	-	-	(3.77)	**(3.77)**
Total Comprehensive Income for the year ended March 31, 2026	**-**	**-**	**-**	**-**	**16,415.14**	**16,415.14**
Transfer/utilisations						
Addition during the year	-	-	-	-	-	**-**
Transfer to general reserve	-	-	-	-	-	**-**
Transfer to debenture redemption reserve	-	341.28	-	-	(341.28)	**-**
Balance as at March 31, 2026	**3,006.10**	**341.28**	**1,963.06**	**249.67**	**1,06,518.39**	**1,12,078.50**

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 Limited (Formerly Known as Phoenix ARC Private Limited)

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Sanjay Tibrewala
MD & CEO
DIN: 10779180

Place : Mumbai
Date : April 24, 2026

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT MARCH 31, 2026

1. General information

Phoenix ARC Limited (formerly known as Phoenix ARC Private Limited) (referred to as 'the Company') is a company domiciled in India and incorporated on March 2, 2007. The Company is registered with the Reserve Bank of India ('RBI') under section 3 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

The Company is incorporated to carry on the business of securitization of assets and reconstruction thereof under the provisions of the SARFAESI Act and the various guidelines issued by RBI from time to time.

During the year, the Company was converted into a public limited company. Consequently, with effect from February 19, 2026, the name of the Company has been changed to 'Phoenix ARC Limited' and the Corporate Identification Number (CIN) of the Company has also been changed to 'U67190MH2007PLC168303'

2. Basis of Preparation

A. Statement of compliance

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and the guidelines prescribed by the RBI, to the extent applicable.

The Company presents its financial statements in compliance with the Division III of the Schedule III of the Act. The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the financial statements. These standalone financial statements were authorized for issue by the Company's Board of Director's on April 24, 2026.

B. Functional and presentation currency & rounding of amounts

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

C. Basis of measurement

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

- Certain financial assets and liabilities – measured at fair value (refer accounting policy regarding financial instruments)
- Defined benefit plans - Plan assets are measured at fair value.

D. Critical accounting estimates, judgements, and assumptions

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

Judgement, estimates, and assumptions are required in particular for:

I. Recognition and measurement of defined benefit obligations

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

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II. Recognition of deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, carry-forward losses and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences i.e., unabsorbed depreciation and unused tax credits could be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

III. Recognition and measurement of provisions and contingencies

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and consider such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

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

IV. Discounting of long-term financial assets/liabilities

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

V. Fair value of financial instruments

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

VI. Business model assessment

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

Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

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VII. Effective Interest Rate (EIR) method

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given /taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

VIII. Impairment of financial assets

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

The Company regularly reviews its models in the context of past experiences and adjusts when necessary.

IX. Determination of lease term

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

X. Discount rate for lease liability

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

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3. Amendments to existing Ind AS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In August 2025, MCA notified the following amendments to:

- Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Company has no impact of these amendments in its classification criteria of current and non-current liabilities.
- Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.
- Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any impact in its financial statements.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The material accounting policy information used in preparation of the standalone financial statements has been discussed hereunder.

4. Material accounting policies

A. Cash and cash equivalents

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

B. Property, plant and equipment

i. Recognition and measurement

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

The cost of an item of property, plant and equipment comprises:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in statement of profit and loss.

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

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

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably. Repairs and maintenance are recognized in the statement of profit and loss as incurred.

iii. Depreciation

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

Nature of Assets	Useful Life
Furniture and Fixtures	6 years*
Vehicles	4 years
Computers	3 years
Office equipment	5 years

* Depreciation is restricted to the lease term when the asset's useful life exceeds the lease term.

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

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

iv. Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognized as assets is derecognized at the time of replacement thereof. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

C. Intangible assets

i. Recognition and measurement

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

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

ii. Subsequent expenditure

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

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iii. Amortisation

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

Software (including development) expenditure	3 years

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

iv. Gain / Loss on disposal

Any gain or loss on disposal of an item of Intangible asset is recognized in the statement of profit & loss.

D. Revenue recognition

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

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

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

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

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

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

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

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

i. Trusteeship fees are recognised on accrual basis over a period of time as per terms of the relevant Trust Deed / Offer Document when it is probable that consideration would be collected while considering the customer's ability and intention to pay when it is due.

ii. Other fees are recognized at a point in time as per terms of the relevant trust deed/offer document.

iii. Realisation/returns on assets over acquisition price is recognized at a point in time as per terms of the relevant trust deed/offer document.

Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed:

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

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b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of loss allowance) of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

For Purchased or Originated Credit-Impaired (POCI) financial assets, the Company calculates interest income by calculating the credit- adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

E. Leases

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

i. the contract involves the use of identified asset;

ii. the Company has substantially all the economic benefits from the use of the asset through the period of lease; and

iii. the Company has right to direct the use of the asset.

As a lessee

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

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

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

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

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

The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

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

The Company recognizes short term lease payments of 12 months or less as an expense on a straight-line basis over the lease term.

Lease Payment

Lease payments included in the measurement of lease liabilities comprise fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees, net of lease incentives receivable. Lease liabilities are subsequently increased to reflect interest accretion and reduced for lease payments made.

F. Retirement and other employee benefits

Defined Contribution Plan

Provident Fund

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

Defined Benefit Plan

(i) Gratuity

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

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

(ii) Compensated Absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date using the Projected Unit Credit Method.

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Other Employee Benefits

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

G. Income Tax

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

Current tax

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

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

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

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

Deferred tax

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

a. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

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

H. Earnings per share

Basic earnings per share is computed by dividing the net profit or loss after tax before other comprehensive income for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

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

I. Impairment of non-financial assets

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

The recoverable amount is the greater of the asset's fair value, less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

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

J. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

Recognition, and initial measurement

Financial assets and financial liabilities are initially measured at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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Classification

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

Business model assessment

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

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed

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

For the purposes of assessing contractual cash flows, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Subsequent measurement

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

1. **Financial assets at amortised cost**

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

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

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

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

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

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

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

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

Financial liabilities and equity instruments:

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

K. Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)

In IndAS 109, a loss allowance on financial instruments is recognised on the basis of an expected credit loss approach. The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI, comprising of:

- trade receivables, including ‘trusteeship fees’, ‘resolution incentive fees’ and any other fees
- recoverables including ‘advance for expense’, ‘advances recoverable from trust”
- loans,
- security deposit,
- balances with banks and
- other financial assets.

ECL shall not be determined on financial assets measured at FVTPL.

ECL Approach:

One of the following approaches is adopted for impairment requirements:

- general approach,
- simplified approach,
- purchase or originated credit-impaired approach

For trade receivables and recoverables, the Company shall compute ECL by applying a credit model approach under the general approach. This approach incorporates forward-looking estimates of Probability of Default (PD) over both a 12-month horizon and the lifetime of the asset. At each reporting date, the ECL is calculated as the product of:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

It shall recognise impairment loss allowance based on either 12- month ECLs or lifetime ECLs depending on whether there has been significant increase in credit risk on financial instrument.

Staging of Financial Assets

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

Stage 1: 12-month ECL

Exposures having DPD of 0 to 30 days as at the reporting date are considered as Stage 1 and for exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL (not credit impaired):

At each reporting date, the Company shall assess whether there has been a significant increase in credit risk for financial assets since initial recognition. All exposures where there has been a significant increase in credit risk but not credit impaired are classified under this stage. DPD over 30 days is considered by the Company as significant increase in credit risk. In determining whether credit risk has increased significantly since initial recognition, the Company shall also assess other qualitative factors to assess deterioration in credit quality of a financial asset.

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, ECL shall be recognised for defaults events that may occur over the lifetime of the assets.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT MARCH 31, 2026

Stage 3: Lifetime ECL (credit impaired): Exposures having DPD greater than 90 days as at the reporting date:

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired includes the observable data such as Days Past Due('DPD') (which is considered to be when assets are 90 days past due or more) or default event.

For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the Expected Credit Loss reverts from lifetime ECL to 12-month ECL.

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

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

ECL on loan to borrowers:

The Company shall calculate ECL for loans based on a probability weighted scenario by measuring the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the present value of cash flows that the entity expects to receive. The Company shall apply statistical techniques to estimate lifetime ECL.

Other Financial Assets:

ECL is required to be computed on all the financial assets classified as amortised cost and FVOCI. Management considered that ECL will be computed on other financial assets such as balances with banks, fixed deposits with banks, etc.

PD & LGD ratios for other financial assets will be determined basis factors such as availability of information, credit risk in nature, etc.

Management overlay:

As per Ind AS 109, If the model's statistical outcome is outside the range of possible outcomes that arises from a review of the risk and business profile of the portfolio, the Company may perform management overlay. While this is not expected on a frequent basis, but due to data environment and use of external sources, it may be possible that period-on-period ECL movement might seem to be volatile. Such overrides are subject to back-testing and are temporary measures.

Rebuttable presumption:

As per Ind AS 109, regardless of the way in which an entity assesses significant increase in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due (DPD). An entity can rebut this presumption if the entity has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

Further, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Forward looking assumptions in ECL estimates:

The Company shall consider its historical loss experience and adjust it for current observable data. In addition, the Company shall use reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions shall be periodically reviewed and changes, if any, shall be accounted for prospectively. The Company's ECL calculations shall be outputs of number of underlying assumptions regarding the choice of variable inputs and the interdependencies such as macroeconomic scenarios and collateral values.

Macro-economic factors information is publicly available with Central Statistical Organisation, Economist Intelligence Unit etc. from which the best fit parameters will be used for PD calculation. Best fit macro-economic factors will be identified basis business and statistical judgment.

L. Write-offs

As per of Ind AS 109, financial assets shall be written off either partially or in their entirety when there is no realistic prospect of recovery. This shall generally be the case when the Company determines that the customer does not have assets or sources of income that could generate enough cash flows to repay the amounts. If the amount to be written off is greater than the accumulated loss allowance, the difference shall first be treated as an addition to the allowance that shall then be applied against the gross carrying amount. Any subsequent recoveries shall be credited to impairment on financial instruments in statement of profit and loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

M. Derecognition of financial assets and financial liabilities

Financial assets

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

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

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

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT MARCH 31, 2026

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expires.

The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, is recognised in the statement of profit and loss.

Modifications of financial assets and financial liabilities

Financial assets

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

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

Financial liabilities

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

N. Measurement of fair values

The Company's accounting policies and disclosures require measurement of fair values for the financial instruments. The Company has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of Ind AS, including level in the fair value hierarchy in which such valuations should be classified.

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

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

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT MARCH 31, 2026

O. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made of the amount of the obligation. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure for contingent liability is made (other than in its capacity as Trustee) when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote or the amount of the obligation cannot be measured with sufficient reliability, no provision is made. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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

P. Cash flows statement

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 2 CASH AND CASH EQUIVALENTS (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash on hand	0.15	0.07
Balances with banks in current account	1,701.11	2,937.98
Balance in term deposit ≤ 3 months	10,560.65	22,964.37
Balances in overdraft facility	1,377.37	529.24
Sub total	**13,639.28**	**26,431.66**
Less: Impairment loss allowance	(2.66)	(5.15)
Total	**13,636.62**	**26,426.51**

NOTE 3 TRADE RECEIVABLES (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade receivables		
Receivables - unsecured, considered good	2,197.20	276.51
Receivables - which have significant increase in credit risk	984.14	1,061.21
Receivables - credit impaired - ovedue for more than 90 days	8,129.83	8,226.56
Sub total	**11,311.17**	**9,564.28**
Less: Impairment loss allowance	(8,133.18)	(7,367.00)
Total	**3,177.99**	**2,197.28**

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

(Amount in lakhs)

Particulars	As at March 31, 2026					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	2,197.20	-	-	-	-	2,197.20
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	984.14	-	-	-	-	984.14
(iii) Undisputed Trade Receivables - Credit Impaired	263.46	18.57	5,882.60	68.85	1,896.35	8,129.83
Total	**3,444.80**	**18.57**	**5,882.60**	**68.85**	**1,896.35**	**11,311.17**

(Amount in lakhs)

Particulars	As at March 31, 2025					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	276.51	-	-	-	-	**276.51**
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	1,061.21	-	-	-	-	**1,061.21**
(iii) Undisputed Trade Receivables - Credit Impaired	554.07	4,216.74	1,233.31	365.53	1,856.91	**8,226.56**
Total	**1,891.79**	**4,216.74**	**1,233.31**	**365.53**	**1,856.91**	**9,564.28**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 4 LOANS (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(A) Term Loans	10,219.91	14,851.44
Total Gross (A)	**10,219.91**	**14,851.44**
Less: Impairment loss allowance	(6,372.08)	(5,218.42)
Total Net (A)	**3,847.83**	**9,633.02**
(B) Out of above		
(i) Secured by tangible assets	10,218.44	14,845.77
(ii) Unsecured	1.47	5.67
Total Gross (B)	**10,219.91**	**14,851.44**
Less: Impairment loss allowance	(6,372.08)	(5,218.42)
Total Net (B)	**3,847.83**	**9,633.02**
(C) Out of above		
(i) Loans in India		
(a) Public Sector	-	-
(b) Other than public sector	10,219.91	14,851.44
(ii) Loans outside India	-	-
Total Gross (C)	**10,219.91**	**14,851.44**
Less: Impairment loss allowance	(6,372.08)	(5,218.42)
Total Net (C)	**3,847.83**	**9,633.02**
Total	**3,847.83**	**9,633.02**

Gross carrying value reconciliation

(Amount in lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit Impaired Loans (POCI)
Term loans				
Balance as at April 01, 2024	**4,615.13**	**244.69**	**5,165.75**	**-**
Transfers	-	-	-	-
Net remeasurement of existing financial asset	(33.47)	-	-	872.86
New financial assets originated during the year	4,207.00	-	-	5,001.31
Financial assets that have been derecognised/ repaid during the year	(4,615.13)	(244.69)	-	(362.01)
Balance as at March 31, 2025	**4,173.53**	**-**	**5,165.75**	**5,512.16**
Transfers				-
Net remeasurement of existing financial asset	78.73	-	(930.35)	(255.80)
New financial assets originated during the year	2,900.00	-	-	4,203.52
Financial assets that have been derecognised/ repaid during the year	(5,247.15)	-	(568.29)	(4,812.19)
Balance as at March 31, 2026	**1,905.11**	**-**	**3,667.11**	**4,647.69**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 5 INVESTMENTS (AT FAIR VALUE THROUGH PROFIT OR LOSS) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(A) At Fair Value through profit or loss		
Unquoted		
Investments in Security Receipts(available for sale)*		
- Structured trusts - controlled	57,087.70	40,802.43
- Structured trusts - others	1,62,929.60	1,30,681.52
Investments in Equity Shares**	-	-
Total Gross (A)	**2,20,017.30**	**1,71,483.95**
(B) Out of above		
Investments in India	2,20,017.30	1,71,483.95
Total (B)	**2,20,017.30**	**1,71,483.95**
Total (net of provisions)	**2,20,017.30**	**1,71,483.95**

*During the year, the Company has written-off investments in Security Receipts amounting to Rs. 11,357.95 lacs (March 31, 2025 Rs. 14,619.42 lacs).

**Equity shares of value Rs. 229.23 lacs have been fully provided for in the year ending March 31, 2023.

Investments in Security Receipts are provided as a security for Debt Securities and Secured Borrowings availed as on March 31, 2026. Refer note 11 & 12 for fair value of Security Receipts offered for each Debt Securities and Secured Borrowings.

NOTE 6 OTHER FINANCIAL ASSETS (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advances recoverable from Trust	4,085.38	3,643.97
Other receivables	15.10	6.63
Earnest money deposit	20.00	-
Security deposits	174.86	164.68
Sub total	**4,295.34**	**3,815.28**
Less: Impairment loss allowance	(3,164.60)	(3,179.60)
Total	**1,130.74**	**635.68**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

(Amount in lakhs)

Particulars	Right to use asset (ROU) - Building*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Balance as at April 1, 2024	**1,288.18**	**157.71**	**85.41**	**18.87**	**71.31**	**1,621.48**
Additions during the year	-	13.69	44.63	-	12.14	**70.46**
Disposals during the year	-	-	(13.67)	-	(9.01)	**(22.68)**
Balance as at March 31, 2025	**1,288.18**	**171.40**	**116.37**	**18.87**	**74.44**	**1,669.26**
Accumulated depreciation as at April 1, 2024	**117.04**	**3.31**	**30.73**	**4.89**	**32.69**	**188.66**
Depreciation for the year	258.04	34.78	25.20	3.05	18.13	**339.20**
Disposals during the year	-	-	(13.67)	-	(8.48)	**(22.15)**
Accumulated depreciation as at March 31, 2025	**375.08**	**38.09**	**42.26**	**7.94**	**42.34**	**505.71**
Net carrying amount as at March 31, 2025	**913.10**	**133.31**	**74.11**	**10.93**	**32.10**	**1,163.55**
Balance as at April 1, 2025	**1,288.18**	**171.40**	**116.37**	**18.87**	**74.44**	**1,669.26**
Additions during the year	-	-	-	-	41.22	41.22
Disposals during the year	-	-	-	(0.28)	(2.69)	(2.97)
Balance as at March 31, 2026	**1,288.18**	**171.40**	**116.37**	**18.59**	**112.97**	**1,707.51**
Accumulated depreciation as at April 1, 2025	**375.08**	**38.09**	**42.26**	**7.94**	**42.34**	**505.71**
Depreciation for the year	256.67	34.43	26.79	2.91	19.71	340.51
Disposals during the year	-	-	-	(0.28)	(2.69)	(2.97)
Accumulated depreciation as at March 31, 2026	**631.75**	**72.52**	**69.05**	**10.57**	**59.36**	**843.25**
Net carrying amount as at March 31, 2026	**656.43**	**98.88**	**47.32**	**8.02**	**53.61**	**864.26**

*The ROU assets includes office premises taken on long term lease. Refer note 32 for disclosures on leases.

Impairment loss and reversal of impairment loss

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 8A INTANGIBLE ASSETS UNDER DEVELOPMENT

March 31, 2026 *(Amount in lakhs)*

Ageing Schedule	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	-	-		-	-
Projects temporarily suspended	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

March 31, 2025 *(Amount in lakhs)*

Ageing Schedule	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	4.00	-	-	-	**4.00**
Projects temporarily suspended	-	-	-	-	**-**
Total	**4.00**	**-**	**-**	**-**	**4.00**

NOTE 8B OTHER INTANGIBLE ASSETS

(Amount in lakhs)

Particulars	Computer Software
Balance as at April 1, 2024	**21.08**
Additions during the year	-
Disposals during the year	-
Balance as at March 31, 2025	**21.08**
Accumulated depreciation and impairment as at April 1, 2024	**14.74**
Depreciation for the year	6.34
Disposals during the year	-
Accumulated depreciation and impairment as at March 31, 2025	**21.08**
Net carrying amount as at March 31, 2025	**-**
Balance as at April 1, 2025	**21.08**
Additions during the year	10.00
Disposals during the year	-
Balance as at March 31, 2026	**31.08**
Accumulated depreciation and impairment as at April 1, 2025	**21.08**
Depreciation for the year	2.00
Disposals during the year	-
Accumulated depreciation and impairment as at March 31, 2026	**23.08**
Net carrying amount as at March 31, 2026	**8.00**

Impairment loss and reversal of impairment loss

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

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 9 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Prepaid expenses	55.04	31.25
Other assets	3.85	-
Total	**58.89**	**31.25**

NOTE 10 TRADE PAYABLE (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables		
Dues of small enterprises and micro enterprises	12.58	2.28
Dues of creditors other than small enterprises and micro enterprises	58.01	5.78
Total	**70.59**	**8.06**

March 31, 2026

(Amount in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	< 1 Year	1-2 years	2-3 years	> 3 years	
(i) Undisputed dues - MSME	12.58	-	-	-	12.58
(ii) Undisputed dues - Others	58.01	-	-	-	58.01
Total	**70.59**	**-**	**-**	**-**	**70.59**

March 31, 2025

(Amount in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	< 1 Year	1-2 years	2-3 years	> 3 years	
(i) Undisputed dues - MSME	2.28	-	-	-	2.28
(ii) Undisputed dues - Others	5.78	-	-	-	5.78
Total	**8.06**	**-**	**-**	**-**	**8.06**

Dues payable to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act 2006:

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	12.58	2.28
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond appointed day.	-	-
(iv) The amount of interest due and payable for the year.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-
Total	**12.58**	**2.28**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 11 DEBT SECURITIES (AT AMORTISED COST) (refer note 34)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
8.95% Non-Convertible Debentures*	30,742.66	-
Commercial Paper	18,721.03	28,713.33
Total (A)	**49,463.69**	**28,713.33**
(B) Out of above		
Debt securities in India	49,463.69	28,713.33
Debt securities outside India	-	-
Total (B)	**49,463.69**	**28,713.33**
(C) Out of above		
Secured Borrowings	30,742.66	-
Unsecured Borrowings	18,721.03	28,713.33
Total (C)	**49,463.69**	**28,713.33**

*Debentures are secured against hypothecation of Security Receipts at NAV. All debentures are redeemable at par.

Terms of repayment schedule of debt securities (based on Primary market transactions):

Non Convertible Debentures	31-03-2026	Repayment	SRs pledged (at NAV)
8.95% Non-Convertible Debentures	7,684.94	23-12-2027	39,052.52
8.95% Non-Convertible Debentures	7,685.35	23-03-2028	
8.95% Non-Convertible Debentures	7,685.77	23-06-2028	
8.95% Non-Convertible Debentures	7,686.60	22-12-2028	

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 12 BORROWINGS OTHER THAN DEBT SECURITIES (AT AMORTISED COST) (refer note 34)

Particulars	As at March 31, 2026	As at March 31, 2025
(a) Term loans		
(i) From Banks	13,740.06	13,780.29
(ii) From others	25,110.73	23,009.55
(b) Loans from related parties (refer note 31)		
(i) From Banks	-	1,042.55
(ii) From others	-	15,018.45
(c) Loans repayable on demand		
(i) From Banks	7,369.18	1,999.87
Total (A)	**46,219.97**	**54,850.71**
(B) Out of above		
Borrowings in India	46,219.97	54,850.71
Borrowings outside India	-	-
Total (B)	**46,219.97**	**54,850.71**
(C) Out of above		
Secured Borrowings*	46,219.97	39,933.45
Unsecured Borrowings	-	14,917.26
Total (C)	**46,219.97**	**54,850.71**

*Facilities are secured against hypothecation of Security Receipts at NAV.

Terms of repayment schedule of borrowings other than debt securities (based on Primary market transactions):

Particulars	< 1 Year	1-3 Years	SRs pledged (at NAV)	Rate of interest (%) / Repayment terms
Term loans from Banks	6,683.75	7,056.31	19,238.35	7.20 - 9.05 / Quarterly Installments
Term loans from others	11,747.17	13,363.56	32,263.66	8.60 - 9.25 / Quarterly Installments
Loans repayable on demand from Banks	7,369.18	-	31,727.09	8.70 - 9.15
Total	**25,800.10**	**20,419.87**	**83,229.10**	

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 13 OTHER FINANCIAL LIABILITIES (AT AMORTISED COST)

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Lease liability (refer note 32)	782.51	1,014.46
Employee related accruals	1,955.73	1,762.15
Others	-	20.36
Total	**2,738.24**	**2,796.97**

NOTE 14 PROVISIONS

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Gratuity (refer note 33)	195.05	134.51
Compensated absences	25.51	21.13
Other provisions	4,777.46	6,234.41
Total	**4,998.02**	**6,390.05**

NOTE 15 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Revenue received in advance (refer note 35)	4,385.99	4,520.39
Statutory Liabilities	716.32	152.11
Total	**5,102.31**	**4,672.50**

NOTE 16 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Authorised		
2,500 lakhs (March 31, 2025: 2,500 lakhs) equity shares of Rs 10 each with voting rights	25,000.00	25,000.00
Issued, subscribed and paid up		
1,680 lakhs (March 31, 2025: 1,680 lakhs) equity shares of Rs 10 each fully paid up with voting rights	16,800.00	16,800.00

a. Reconciliation of number of shares outstanding at the beginning and at the end of the year :

(Amount in lakhs)

Particulars	No. of shares (In lakhs)	Amount
Equity shares of Rs 10 each, fully paid-up		
As at March 31, 2024	**1,680.00**	**16,800.00**
Add/(less) : Movement during the year	-	-
As at March 31, 2025	**1,680.00**	**16,800.00**
Add/(less) : Movement during the year	-	-
As at March 31, 2026	**1,680.00**	**16,800.00**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 16 EQUITY SHARE CAPITAL *(Continued)*

b. Rights, preferences and restrictions attached to equity shares

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

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

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of shares (in lakhs)	% Holding	Number of shares (in lakhs)	% Holding
Equity shares with voting rights				
Kotak Mahindra Investments Limited	504.00	30.00%	504.00	30.00%
Kotak Mahindra Prime Limited	334.32	19.90%	334.32	19.90%
Anjum Gafulbhai Bilakhia	94.50	5.63%	94.50	5.63%
Ashu Khanna and Rajesh Khanna	84.50	5.03%	84.50	5.03%
Total	**1,017.32**	**60.56%**	**1,017.32**	**60.56%**

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

Promoter name	As at March 31, 2026		As at March 31, 2025		% change in holding during the year
	No. of Shares	%of total shares	No. of Shares	%of total shares	
Kotak Mahindra Investments Limited	504.00	30.00%	504.00	30.00%	0.00%
Kotak Mahindra Prime Limited	334.32	19.90%	334.32	19.90%	0.00%
Total	**838.32**	**49.90%**	**838.32**	**49.90%**	

NOTE 17 OTHER EQUITY

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Securities premium	3,006.10	3,006.10
Debenture redemption reserve	341.28	-
General reserve	1,963.06	1,963.06
Impairment reserve	249.67	249.67
Retained earnings	1,06,518.39	90,444.53
Total	**1,12,078.50**	**95,663.34**

NOTE 17.1 Nature and purpose of reserve

Securities premium

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 17 OTHER EQUITY *(Continued)*

Debenture redemption reserve

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve shall not be utilised except to redeem debentures. According to the provisions of Rule (18) (7) (iii) of the Companies (Share Capital and Debentures) Rules, 2014, requirements of creation of Debenture Redemption Reserve are not applicable to listed companies. On redemption of debentures, the amount may be transferred from Debenture Redemption Reserve to General Reserve. Previous year the Company has transferred Rs. 1,963.06 lakhs from Debenture Redemption Reserve to General Reserve on account of repayment of debentures. During the year amount has been transferred to Debenture Redemption Reserve from retained earning Rs. 341.28 lakhs.

General reserve

The general reserve is used from time to time to transfer profits from Retained Earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Impairment reserve

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

Retained earnings

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

NOTE 17.2 Other equity movement

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Securities premium		
Opening balance	3,006.10	3,006.10
Addition during the year	-	-
Closing balance	**3,006.10**	**3,006.10**
(ii) Debenture redemption reserve		
Opening balance	-	1,963.06
Transfer from retained earnings	341.28	-
Transfer to general reserve	-	(1,963.06)
Closing balance	**341.28**	**-**
(iii) General reserve		
Opening balance	1,963.06	-
Transfer from debenture redemption reserve	-	1,963.06
Closing balance	**1,963.06**	**1,963.06**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 17.2 Other equity movement *(Continued)*

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(iv) Impairment reserve		
Opening balance	249.67	249.67
Transfer from retained earnings	-	-
Closing balance	**249.67**	**249.67**
(v) Retained earnings*		
Opening balance	90,444.53	70,761.62
Net profit for the year	16,418.91	19,692.82
Net remeasurement (gain)/loss on defined benefit plans	(3.77)	(9.91)
Transfer to debenture redemption reserve	(341.28)	-
Closing balance	**1,06,518.39**	**90,444.53**

*** Includes Remeasurement gain / (loss) of Employee Benefit Obligation recognised in Other Comprehensive Income**

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	(39.79)	(29.88)
Other Comprehensive Income for the year	(5.04)	(13.25)
Income tax relating to above	1.27	3.34
Closing balance	**(43.56)**	**(39.79)**

NOTE 18 INTEREST INCOME (AT AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest income on financial assets measured at amortised cost		
Interest on loans	2,074.39	1,520.15
Interest on advances (net)	279.05	32.63
Total	**2,353.44**	**1,552.78**

NOTE 19 FEES AND COMMISSION INCOME (refer note 35)

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Trusteeship fees	21,375.28	31,055.71
Other fees	2,968.32	3,666.75
Total	**24,343.60**	**34,722.46**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 20 NET GAIN ON FAIR VALUE CHANGES

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net gain on financial instruments at fair value through profit or loss		
- Fair value gain on investments	8,007.38	6,674.97
Total net gain on fair value changes	**8,007.38**	**6,674.97**
Fair value changes:		
- Realised (net of write-off, refer note 5)	3,216.25	3,425.74
- Unrealised	4,791.13	3,249.23
Total net gain on fair value changes	**8,007.38**	**6,674.97**

NOTE 21 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net gain on sale of property, plant & equipment	-	4.43
Other income - interest on income tax refund	259.12	63.01
Interest on deposits with banks	309.53	551.21
Other interest income	10.48	9.59
Total	**579.13**	**628.24**

NOTE 22 FINANCE COSTS (AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on borrowings	4,683.74	4,279.31
Interest on debt securities	2,304.74	3,319.47
Interest on lease liability (refer note 32)	96.28	119.22
EIR ajustment	14.25	36.46
Other borrowing costs	16.87	4.54
Total	**7,115.88**	**7,759.00**

NOTE 23 IMPAIRMENT ON FINANCIAL INSTRUMENTS (AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Loans	629.02	(428.52)
Trade receivables	766.18	4,484.82
Recoverables from trust	(15.48)	938.80
Others	(2.01)	3.60
Total	**1,377.71**	**4,998.70**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 24 EMPLOYEE BENEFITS EXPENSE

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, bonus and allowances	2,884.92	2,495.39
Contribution to provident fund and other funds	88.32	69.61
Gratuity (refer note 33)	59.70	21.72
Staff Welfare Expenses	55.13	46.49
Total	**3,088.07**	**2,633.21**

NOTE 25 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Auditor's fees (refer note 29)	38.45	31.18
Electricity expenses	13.94	20.45
Rent	2.93	1.43
Rates and taxes	4.32	48.35
Director fees	86.25	76.40
Travelling and conveyance	34.83	36.12
Professional fees	206.38	230.39
CSR expenditure (refer note 30)	537.00	416.00
Others	287.08	340.11
Total	**1,211.18**	**1,200.43**

NOTE 26 TAX EXPENSE

(a) Amounts recognised in profit and loss

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current tax expense		
Current period	4,813.04	7,314.13
Changes in estimates related to prior years	705.61	125.21
Total current tax expense (A)	**5,518.65**	**7,439.34**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	896.39	(491.19)
Changes in estimates related to prior years	(685.75)	-
Deferred tax expense (B)	210.64	(491.19)
Total tax expense for the year (A)+(B)	**5,729.29**	**6,948.15**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 26 TAX EXPENSE *(Continued)*

(b) Amounts recognised in other comprehensive income

(Amount in lakhs)

Particulars	For the year ended March 31, 2026			For the year ended March 31, 2025		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability/(asset)	(5.04)	1.27	**(3.77)**	(13.25)	3.34	**(9.91)**
Total	**(5.04)**	**1.27**	**(3.77)**	**(13.25)**	**3.34**	**(9.91)**

(c) Reconciliation of effective tax rate

(Amount in lakhs)

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Amount	% terms	Amount	% terms
Profit before tax as per Statement of profit and loss	22,148.20		26,640.97	
Tax using the Company's domestic tax rate (Current year 25.168% Previous Year 25.168%)	5,574.26	25.17%	6,704.99	25.17%
Tax effect of:				
Tax effects of amounts which are not deductible for taxable income	135.15	0.61%	117.95	0.44%
Changes in estimates related to prior years (Including change in tax rate)	19.86	0.09%	125.21	0.47%
Others	0.02	0.00%	-	0.00%
Total tax expense	**5,729.29**	**25.87%**	**6,948.15**	**26.08%**

(d) Movement in deferred tax balances

(Amount in lakhs)

Particulars	As at March 31, 2026					
	Net balance March 31, 2025	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)						
Property, plant and equipment	18.99	5.72	-	24.71	24.71	-
Receivables	2,845.29	1,520.03	-	4,365.32	4,365.32	-
Employee benefits	482.44	60.26	1.27	543.97	543.97	-
Investments	10,758.75	(1,205.83)	-	9,552.92	9,552.92	-
Borrowings	25.47	(61.14)	-	(35.67)	-	(35.67)
Loans	101.16	95.35	-	196.51	196.51	-
Leases	(34.94)	73.93	-	38.99	38.99	-
Share of income of trust on accrual basis	(6,143.43)	(700.11)	-	(6,843.54)	-	(6,843.54)
Other items	0.15	1.15	-	1.30	1.30	-
Total	**8,053.88**	**(210.64)**	**1.27**	**7,844.51**	**14,723.72**	**(6,879.21)**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 26 TAX EXPENSE *(Continued)*

(Amount in lakhs)

Particulars	As at March 31, 2025					
	Net balance March 31, 2024	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)						
Property, plant and equipment	12.37	6.62	-	18.99	18.99	-
Receivables	1,214.43	1,630.86	-	2,845.29	2,845.29	-
Employee benefits	409.90	69.20	3.34	482.44	482.44	-
Investments	11,576.52	(817.77)	-	10,758.75	10,758.75	-
Borrowings	(2.79)	28.26	-	25.47	25.47	-
Loans	427.21	(326.05)	-	101.16	101.16	-
Leases	21.34	(56.28)	-	(34.94)	-	(34.94)
Share of income of trust on accrual basis	(6,099.78)	(43.65)	-	(6,143.43)	-	(6,143.43)
Other items	0.16	(0.01)	-	0.15	0.15	-
Total	**7,559.36**	**491.19**	**3.34**	**8,053.88**	**14,232.25**	**(6,178.37)**

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

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

NOTE 27 EARNINGS PER EQUITY SHARE

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

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

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net profit attributable to equity holders	16,418.91	19,692.82
Weighted average number of ordinary shares	1,680.00	1,680.00
Face value per share	10.00	10.00
Basic and Diluted earnings per share (Rs. Per share)	**9.77**	**11.72**
Nominal value per share (Rs. Per share)	**10.00**	**10.00**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 28 MATURITY ANALYSIS

(Amount in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	13,636.62	-	13,636.62	26,426.51	-	26,426.51
Trade receivables	3,177.99	-	3,177.99	2,197.28	-	2,197.28
Loans	2,816.41	1,031.42	3,847.83	7,100.43	2,532.59	9,633.02
Investments	76,300.00	1,43,717.30	2,20,017.30	63,300.00	1,08,183.95	1,71,483.95
Other financial assets	955.88	174.86	1,130.74	471.00	164.68	635.68
Sub total	**96,886.90**	**1,44,923.58**	**2,41,810.48**	**99,495.22**	**1,10,881.22**	**2,10,376.44**
Non-financial assets						
Current tax assets (net)	-	454.01	454.01	-	2,356.99	2,356.99
Deferred tax assets (net)	-	7,844.51	7,844.51	-	8,053.88	8,053.88
Property, plant and equipment	-	864.26	864.26	-	1,163.55	1,163.55
Other intangible assets	-	-	-	-	-	-
Intangible assets under development	-	-	-	-	4.00	4.00
Other non-financial assets	58.89	-	58.89	31.25	-	31.25
Sub total	**58.89**	**9,162.78**	**9,221.67**	**31.25**	**11,578.42**	**11,609.67**
Total Assets	**96,945.79**	**1,54,086.36**	**2,51,032.15**	**99,526.47**	**1,22,459.64**	**2,21,986.11**
LIABILITIES						
Financial liabilities						
Trade payables						
Dues of small enterprises and micro enterprises	12.58	-	12.58	2.28	-	2.28
Dues of creditors other than small enterprises and micro enterprises	58.01	-	58.01	5.78	-	5.78
Debt securities	19,449.29	30,014.40	49,463.69	28,713.33	-	28,713.33
Borrowings (other than debt securities)	25,880.61	20,339.36	46,219.97	30,693.54	24,157.17	54,850.71
Other financial liabilities	2,283.18	455.06	2,738.24	2,014.46	782.51	2,796.97
Sub total	**47,683.67**	**50,808.82**	**98,492.49**	**61,429.39**	**24,939.68**	**86,369.07**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 28 MATURITY ANALYSIS *(Continued)*

(Amount in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial liabilities						
Current tax liabilities (net)	13,568.83	-	13,568.83	12,091.15	-	12,091.15
Provisions	4,812.73	185.29	4,998.02	6,390.05	-	6,390.05
Other non-financial liabilities	5,102.31	-	5,102.31	4,672.50	-	4,672.50
Sub total	**23,483.87**	**185.29**	**23,669.16**	**23,153.70**	**-**	**23,153.70**
Total Liabilities	**71,167.54**	**50,994.11**	**1,22,161.65**	**84,583.09**	**24,939.68**	**1,09,522.77**

For the assets and liabilities mentioned above where no contractual maturity is available, the management has done an assessment to arrive at the probable maturity timeline based on assumptions and estimates.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 29 PAYMENT TO AUDITORS

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Payment to the auditor as:		
Statutory audit	36.00	30.05
Others- Certification	1.20	1.00
Out of pocket expenses	1.25	0.13
Total	**38.45**	**31.18**

NOTE 30 CORPORATE SOCIAL RESPONSIBILITY (CSR)

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Foundation of Mother and Child Health	50.00	50.00
Cancer Patients Aid Association	217.00	146.00
Vision Foundation of India	75.00	75.00
Ratna Nidhi Charitable Trust	115.00	95.00
Foundation for Promotion of Sports and Games	20.00	-
Seva Sahayog Foundation	60.00	50.00
Total	**537.00**	**416.00**

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Corporate Social Responsibility expenses for the period	537.00	416.00
Various Head of expenses included in above:		
Other expenses (CSR Expenditure)	537.00	416.00
Gross amount required to be spent by the Company during the year	517.00	415.56
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	537.00	416.00
Details of related party transactions	NA	NA
Provision for CSR Expenses		
Opening Balance	-	-
Add: Provision created during the year	-	-
Less: Provision utilised during the year	-	-
Closing Balance	**-**	**-**
The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	NA	NA
The total of previous years' shortfall amounts	NA	NA
The reason for above shortfalls by way of a note	NA	NA
The nature of CSR activities undertaken by the Company	Promoting Healthcare; Education; Sports	Promoting Healthcare; Education

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 31 RELATED PARTY DISCLOSURE

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

A. Names of related parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
(a)	**Trusts over which the Company has Control:**		
	Phoenix Trust-FY09-2	India	99.26%
	Phoenix Trust-FY10-8 - Scheme C	India	50.00%
	Phoenix Trust-FY11-1 - Scheme K	India	99.78%
	Phoenix Trust-FY11-6	India	50.00%
	Phoenix Trust-FY14-12 - Scheme B	India	99.38%
	Phoenix Trust-FY15-14	India	99.70%
	Phoenix Trust-FY15-25	India	66.67%
	Phoenix Trust-FY15-26	India	99.89%
	Phoenix Trust-FY16-1 - Scheme C	India	99.80%
	Phoenix Trust-FY18-1 - Scheme F	India	99.93%
	Phoenix Trust-FY18-2	India	99.86%
	Phoenix Trust-FY18-2 - Scheme C	India	99.92%
	Phoenix Trust FY 18-8	India	100.00%
	Phoenix Trust FY 18-8 - Scheme B	India	100.00%
	Phoenix Trust-FY19-5 - Scheme D	India	99.95%
	Phoenix Trust-FY19-7	India	51.00%
	Phoenix Trust-FY19-5 - Scheme M	India	99.89%
	Phoenix Trust FY 19-21	India	100.00%
	Phoenix Trust-FY20-5	India	99.73%
	Phoenix Trust-FY20-15	India	100.00%
	Phoenix Trust-FY22-11	India	100.00%
	Phoenix Trust-FY22-17	India	99.95%
	Phoenix Trust-FY22-18	India	99.88%
	Phoenix Trust-FY22-21	India	99.92%
	Phoenix Trust-FY22-24	India	99.96%
	Phoenix Trust-FY23-12	India	23.86%
	Phoenix Trust-FY23-23	India	38.75%
	Phoenix Trust-FY23-30	India	99.98%
	Phoenix Trust-FY23-33	India	100.00%
	Phoenix Trust-FY23-34	India	100.00%
	Phoenix Trust-FY23-35	India	100.00%
	Phoenix Trust-FY24-3	India	100.00%
	Phoenix Trust-FY24-9	India	100.00%
	Phoenix Trust-FY24-13	India	100.00%
	Phoenix Trust-FY24-18	India	100.00%
	Phoenix Trust-FY25-2	India	100.00%
	Phoenix Trust-FY25-3	India	100.00%
	Phoenix Trust-FY25-7	India	100.00%
	Phoenix Trust-FY25-8	India	100.00%

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
	Phoenix Trust-FY25-10	India	100.00%
	Phoenix Trust-FY25-12	India	100.00%
	Phoenix Trust-FY25-15	India	100.00%
	Phoenix Trust-FY25-16	India	100.00%
	Phoenix Trust-FY26-3	India	100.00%
	Phoenix Trust-FY26-4	India	100.00%
	Phoenix Trust-FY26-5	India	50.00%
	Phoenix Trust-FY26-6	India	100.00%
	Phoenix Trust-FY26-9	India	100.00%
	Phoenix Trust-FY26-10	India	100.00%
	Phoenix Trust-FY26-12	India	100.00%
	Phoenix Trust-FY26-19	India	100.00%
(b)	**Entity having Joint control over the company**		
	Kotak Mahindra Investments Limited (holding company of KMIL is 'Kotak Mahindra Bank Limited')	India	
(c)	**Other related parties with whom transactions have taken place during the year**		
	Kotak Mahindra Bank Limited	India	
	Subsidiaries of Kotak Mahindra Bank Limited		
	Kotak Securities Limited	India	
	Kotak Mahindra Life Insurance Company Limited	India	
	Associates of Kotak Mahindra Bank Limited		
	Infina Finance Private Limited (ceases to be related party w.e.f. March 23, 2026)	India	
	Zurich Kotak General Insurance Company (India) Limited (earlier known as Kotak Mahindra General Insurance Company Limited)	India	
(d)	**Key Management Personnel**		
	Mr Sanjay Tibrewala - MD & CEO (Re-designated as MD & CEO w.e.f January 1, 2025)		
	Ms Gauri Bhatkal - CFO		
	Mr Kamlesh Rane - Company Secretary		
	Mr Chandan Bhattacharya - Independent director** (Retired on January 13, 2025)		
	Mr Keki Elavia - Independent director** (Ceased to be Independent Director w.e.f. January 12, 2026)		
	Mr Balan Wasudeo - Independent director**		
	Mr Bharat Vasani - Independent director** (w.e.f December 30, 2024)		
	Mr Nimesh Kampani - Independent director** (w.e.f January 12, 2026)		
	** Categorised as Key Management Personnel as per definition of IndAS 24, however Directors continue to be Independent Director as defined in section 149 (6) of the Companies Act, 2013.		

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

B. Transactions with related parties

(Amount in lakhs)

Nature of transaction	Year ended March 31,	Entity having joint control over the Company	Trusts over which Company has control	Others	Key Management Personnel	Total
Term deposits repaid	2026	-	-	-	-	**-**
	2025	2,503.73	-	-	-	**2,503.73**
Term deposits placed	2026	-	-	-	-	**-**
	2025	39.49	-	-	-	**39.49**
Interest received on term deposits	2026	-	-	-	-	**-**
	2025	35.70	-	-	-	**35.70**
Interest income	2026	-	2.51	-	-	**2.51**
	2025	-	1.02	-	-	**1.02**
Other expenses	2026	-	-	19.66	-	**19.66**
	2025	-	-	4.13	-	**4.13**
Remuneration paid	2026	-	-	-	653.79	**653.79**
	2025	-	-	-	554.21	**554.21**
Directors Sitting Fee	2026	-	-	-	53.75	**53.75**
	2025	-	-	-	41.40	**41.40**
Directors Commission	2026	-	-	-	32.50	**32.50**
	2025	-	-	-	35.00	**35.00**
Sale of fixed assets	2026	-	-	-	-	**-**
	2025	-	-	-	4.10	**4.10**
Fees income	2026	-	725.63	-	-	**725.63**
	2025	-	1,292.55	-	-	**1,292.55**
Profit from SRs	2026	-	3,806.31	-	-	**3,806.31**
	2025	-	12,554.72	-	-	**12,554.72**
Interest expense	2026	-	-	1,240.97	-	**1,240.97**
	2025	-	-	1,809.52	-	**1,809.52**
Loan repaid	2026	-	-	16,031.20	-	**16,031.20**
	2025	-	-	39,000.05	-	**39,000.05**
Loan taken	2026	-	-	-	-	**-**
	2025	-	-	22,500.00	-	**22,500.00**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

(Amount in lakhs)

Nature of transaction	Year ended March 31,	Entity having joint control over the Company	Trusts over which Company has control	Others	Key Management Personnel	Total
Investment in SRs	2026	-	37,810.72	-	-	**37,810.72**
	2025	-	29,233.00	-	-	**29,233.00**
Redemption of SRs	2026	-	19,231.50	-	-	**19,231.50**
	2025	-	41,797.50	-	-	**41,797.50**
Balance Outstanding		-	-	-	-	
Bank balance in current account	2026	1,700.11	-	-	-	**1,700.11**
	2025	176.88	-	-	-	**176.88**
Security receipts	2026	-	57,087.70	-	-	**57,087.70**
	2025	-	40,802.42	-	-	**40,802.42**
Advances recoverable	2026	-	837.25	-	-	**837.25**
	2025	-	663.51	-	-	**663.51**
Trade receivable	2026	-	90.25	-	-	**90.25**
	2025	-	147.23	-	-	**147.23**
Loan Outstanding (including outstanding interest)	2026	-	-	-	-	**-**
	2025	-	-	16,061.00	-	**16,061.00**

C. Terms and conditions of transactions with related parties

The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

D. Compensation of Key management personnel

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Remuneration	653.79	554.21
Post employment benefits*	-	-
Termination benefits	-	-
Total	**653.79**	**554.21**

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 32 LEASE DISCLOSURES

As Lessee:

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

A) Right to use asset

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance	913.10	1,171.14
Additions during the year	-	-
Depreciation charge for the year	(256.67)	(258.04)
Disposals during the year	-	-
Closing balance	**656.43**	**913.10**

B) Lease liability movement

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance	1,014.46	1,207.85
Additions during the year	-	-
Interest on lease liability	96.28	119.22
Payment of lease liabilities	(328.23)	(312.61)
Disposals during the year	-	-
Closing balance	**782.51**	**1,014.46**

C) Maturity analysis of lease liabilities

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Less than 6 months	168.50	160.47
6-12 months	176.15	167.77
1-2 years	361.88	344.65
2-5 years	185.77	547.65
Total undiscounted lease liabilities	**892.30**	**1,220.54**
Lease liabilities included in the statement of financial position	**782.51**	**1,014.46**
Current	327.45	231.95
Non Current	455.06	782.51

D) Amounts recognised in Statement of profit and loss

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on lease liabilities	96.28	119.22
Gain on termination of lease	-	-
Depreciation charge for the year	256.67	258.04
Total	**352.95**	**377.26**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 32 LEASE DISCLOSURES *(Continued)*

E) Cash flows during the year

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Total cash outflow for leases	328.23	312.61

NOTE 33 EMPLOYEE BENEFITS

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes Provident Fund contributions to Recognized Provident Fund for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 88.32 lakhs (Year ended March 31, 2025 Rs 69.61 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the Fund are at rates specified in the Rules of the Scheme.

(ii) Defined Benefit Plan:

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

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Present value of defined benefit obligations (A)	195.05	134.51
Fair Value of plan assets (B)	-	-
Net (asset) / liability recognised in the Balance Sheet (A-B)	**195.05**	**134.51**

Movement in net defined benefit (asset) / liability

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

(Amount in lakhs)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) / liability	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Opening balance	134.51	101.46	-	-	134.51	101.46
Included in profit or loss						
Current service cost	23.84	14.95	-	-	23.84	14.95
Past service cost*	26.49	-	-	-	26.49	-
Interest cost (income)	9.37	6.77	-	-	9.37	6.77
	194.21	**123.18**	-	-	**194.21**	**123.18**
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	0.09	-	-	-	0.09
Financial assumptions	(5.60)	4.58	-	-	(5.60)	4.58
Experience adjustment	10.65	8.58	-	-	10.65	8.58

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 33 EMPLOYEE BENEFITS *(Continued)*

(Amount in lakhs)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) / liability	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Return on plan assets excluding interest income	-	-	-	-	-	-
	5.05	**13.25**	**-**	**-**	**5.05**	**13.25**
Other						
Contributions paid by the employer	-	-	4.21	1.92	(4.21)	(1.92)
Benefits paid	(4.21)	(1.92)	(4.21)	(1.92)	-	-
Liabilities (settled on divestiture) / assumed on acquisitions	-	-	-	-	-	-
Closing balance	**195.05**	**134.51**	**-**	**-**	**195.05**	**134.51**

*The past service cost recognised in the movement of net defined benefit (asset)/liability is on account of the Government of India consolidating multiple existing labour legislations into a unified framework comprising four Labour Codes, collectively referred to as the 'New Labour Codes', on November 21, 2025. The Company has assessed the impact of these changes and, based on certain estimates and actuarial valuation, has recognised the impact in the financial statements for the year ended 31st March, 2026, considering information available. The impact estimates will be re-assessed and finalised based on the final rules and prevailing industry practices.

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Net defined benefit asset	-	-
Net defined benefit liability	195.05	134.51

Actuarial assumptions

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

Particulars	As at March 31, 2026	As at March 31, 2025
Discount rate	7.10%	6.60%
Salary escalation rate	7.00%	7.00%

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

Sensitivity analysis

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps)	-2.73%	2.87%	-2.85%	3.01%
Future salary growth (50 bps)	1.63%	-1.66%	1.93%	-1.88%

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Financial Instruments by categories:

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

(Amount in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
Financial assets						
Cash and cash equivalents	13,636.62	-	-	26,426.51	-	-
Trade receivables	3,177.99	-	-	2,197.28	-	-
Loans	3,847.83	-	-	9,633.02	-	-
Investments	-	-	2,20,017.30	-	-	1,71,483.95
Other financial assets	1,130.74	-	-	635.68	-	-
Total	**21,793.18**	**-**	**2,20,017.30**	**38,892.49**	**-**	**1,71,483.95**
Financial liabilities						
Trade payables	58.01	-	-	8.06	-	-
Debt securities	49,463.69	-	-	28,713.33	-	-
Borrowings (other than debt securities)	46,219.97	-	-	54,850.71	-	-
Other financial liabilities	2,738.24	-	-	2,796.97	-	-
Total	**98,479.91**	**-**	**-**	**86,369.07**	**-**	**-**

B. Fair value hierarchy for financial instruments

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

(Amount in lakhs)

Particulars	Fair value							
	As at March 31, 2026				As at March 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments	-	-	2,20,017.30	2,20,017.30	-	-	1,71,483.95	1,71,483.95
Total	**-**	**-**	**2,20,017.30**	**2,20,017.30**	**-**	**-**	**1,71,483.95**	**1,71,483.95**

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

(Amount in lakhs)

Particulars	As at March 31, 2026					As at March 31, 2025				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial assets										
Cash and cash equivalents	13,636.62	-	-	13,636.62	13,636.62	26,426.51	-	-	26,426.51	26,426.51
Trade receivables	3,177.99	-	-	3,177.99	3,177.99	2,197.28	-	-	2,197.28	2,197.28
Loans	3,847.83	-	-	3,847.83	3,847.83	9,633.02	-	-	9,882.73	9,882.73
Other financial assets	1,130.74	-	-	1,130.74	1,130.74	635.68	-	-	635.68	635.68
Total	**21,793.18**	-	-	**21,793.18**	**21,793.18**	**38,892.49**	-	-	**39,142.20**	**39,142.20**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

(Amount in lakhs)

Particulars	As at March 31, 2026					As at March 31, 2025				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial liabilities										
Trade payables	70.59	-	-	70.59	70.59	8.06	-	-	8.06	8.06
Debt securities	49,463.69	-	-	46,560.69	46,560.69	28,713.30	-	-	28,713.33	28,713.33
Borrowings (other than debt securities)	46,219.97	-	-	49,612.03	49,612.03	54,850.71	-	-	55,547.43	55,547.43
Other financial liabilities	2,738.24	-	-	2,738.24	2,738.24	2,796.97	-	-	2,843.97	2,843.97
Total	**98,492.49**	**-**	**-**	**98,981.55**	**98,981.55**	**86,369.04**	**-**	**-**	**87,112.79**	**87,112.79**

C. Valuation techniques used to determine fair value:

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

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

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

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

Fair value of financial instruments carried at FVTPL

Investment in Security Receipts(SR)

The fair value of investments in security receipts is based on Net Asset Value (NAV) calculated using discounted cash flow method and valuation range provided by the rating agencies. This is included in Level 3.

Fair value of financial instruments carried at amortised cost

Loans

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

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

Security deposits and other receivables

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

Borrowings

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

Other financial instruments

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

D. Fair values measurement using significant unobservable inputs (Level 3)

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

(Amount in lakhs)

Particulars	As at April 1, 2025	Total gains/ (losses)recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/ (out)	As at March 31, 2026
Investments in Security Receipts	1,71,483.95	8,007.38	1,11,084.61	(70,558.64)	-	2,20,017.30

(Amount in lakhs)

Particulars	As at April 1, 2024	Total gains/ (losses)recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/ (out)	As at March 31, 2025
Investments in Security Receipts	1,97,533.08	6,674.98	76,177.69	(1,08,901.80)	-	1,71,483.95

ii. Unobservable inputs used in measuring fair value

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

iii. Sensitivity analysis of significant unobservable inputs for fair valuation of financial instruments measured at FVTPL (Level 3)

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	100 bp increase in net cash flow	100 bp decrease in net cash flow	100 bp increase in net cash flow	100 bp decrease in net cash flow
Investments in Security Receipts	2,200.17	(2,200.17)	1,714.84	(1,714.84)

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

E. Financial risk management

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

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

i. Risk management framework

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

1. Adheres to procedures described in various policies approved by the Board from time to time by implementing adequate financial controls.
2. Communicates various policies to the stakeholders through suitable training and communication and periodical review of its relevance in changing business atmosphere.
3. Identifies risks and promotes proactive approach for treating such risks.
4. Allocates adequate and timely resources to mitigate, manage and minimize the risks and their adverse impact on outcomes.
5. Strives towards strengthening the Risk Management System through continuous learning and improvement.
6. Complies with all relevant laws and regulations across the areas of operations of the Company.
7. Optimises risk situations to manage adverse exposure on deliverables and bring them in line with acceptable risk appetite of the Company in consonance with business objectives.
8. Engages Internal Auditors to periodically review various aspects of the internal control systems. The reports of the internal auditors are reviewed by the Audit Committee.
9. The Company has implemented adequate internal financial controls in consultation with third party consultants
10. The Company has Board approved ALM Policy.

ii. Credit risk

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

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

(Amount in lakhs)

Particulars	**As at March 31, 2026**	**As at March 31, 2025**
Trade receivables	11,311.17	9,564.28
Loans to borrowers	10,219.91	14,851.44
Advance receivable from trust	4,085.38	3,643.97
Bank balances	13,639.28	26,431.59
Other financial assets	209.96	171.31
Total	**39,465.70**	**54,662.59**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

a. **Credit quality analysis**

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

(Amount in lakhs)

Particulars	As at March 31, 2026				
	Past due 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days	Total
Trade receivables					
Gross Carrying amount	2,197.20	100.75	883.39	8,129.83	11,311.17
Impairment loss allowance	(232.56)	(13.25)	(116.16)	(7,771.21)	(8,133.18)
Carrying amount	1,964.64	87.50	767.23	358.62	3,177.99

(Amount in lakhs)

Particulars	As at March 31, 2026				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or Originated Credit Impaired Loans (POCI)	Total
Loans to borrowers					
Current	1,905.11	-	-	-	1,905.11
Past due 1–30 days	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-
Past due more than 90 days	-	-	-	-	-
Others	-	-	3,667.11	4,647.69	8,314.80
	1,905.11	-	3,667.11	4,647.69	10,219.91
Impairment loss allowance	-	-	(3,667.11)	(2,704.97)	(6,372.08)
Carrying amount	1,905.11	-	-	1,942.72	3,847.83

(Amount in lakhs)

Particulars	As at March 31, 2026			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Advance receivable from trust				
Past due 1–30 days	70.97	-	-	70.97
Past due 31–60 days	-	5.46	-	5.46
Past due 61–90 days	-	3.83	-	3.83
Past due more than 90 days	-	-	4,005.12	4,005.12
Others	-	-	-	
	70.97	9.29	4,005.12	4,085.38
Impairment loss allowance	(15.31)	(2.40)	(3,144.25)	(3,161.96)
Carrying amount	55.66	6.89	860.87	923.42

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

(Amount in lakhs)

Particulars	As at March 31, 2026			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Other financial assets				
Current	13,849.24	-	-	13,849.24
	13,849.24	**-**	**-**	**13,849.24**
Impairment loss allowance	(5.30)	-	-	(5.30)
Carrying amount	**13,843.94**	**-**	**-**	**13,843.94**

(Amount in lakhs)

Particulars	As at March 31, 2025				
	Past due 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days	Total
Trade receivables					
Gross Carrying amount	276.51	197.73	863.27	8,226.77	9,564.28
Impairment loss allowance	(24.08)	(26.06)	(145.71)	(7,171.15)	(7,367.00)
Carrying amount	**252.43**	**171.67**	**717.56**	**1,055.62**	**2,197.28**

(Amount in lakhs)

Particulars	As at March 31, 2025				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or Originated Credit Impaired Loans (POCI)	Total
Loans to borrowers					
Current	4,173.53	-	-	-	4,173.53
Past due 1–30 days	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-
Past due more than 90 days	-	-	-	-	-
Others	-	-	5,165.75	5,512.16	10,677.91
	4,173.53	**-**	**5,165.75**	**5,512.16**	**14,851.44**
Impairment loss allowance	(52.67)	-	(5,165.75)	-	(5,218.42)
Carrying amount	**4,120.86**	**-**	**-**	**5,512.16**	**9,633.02**

(Amount in lakhs)

Particulars	As at March 31, 2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Advance receivable from trust				
Past due 1–30 days	152.53	28.00	288.28	468.81
Past due 31–60 days	-	15.20	111.24	126.44
Past due 61–90 days	-	-	108.02	108.02
Past due more than 90 days	-	-	2,940.70	2,940.70
	152.53	**43.20**	**3,448.24**	**3,643.97**
Impairment loss allowance	(26.79)	(21.76)	(3,128.89)	(3,177.44)
Carrying amount	**125.74**	**21.44**	**319.35**	**466.53**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

(Amount in lakhs)

Particulars	As at March 31, 2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Other financial assets				
Current	26,602.90	-	-	26,602.90
	26,602.90	**-**	**-**	**26,602.90**
Impairment loss allowance	(7.31)	-	-	(7.31)
Carrying amount	**26,595.59**	**-**	**-**	**26,595.59**

b. **Collaterals**

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

Instrument type	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	As at March 31, 2026	As at March 31, 2025	
Loans to Borrowers	100%	100%	Immovable property

Quantitative information of Collateral

(Amount in lakhs)

Loan to Value (LTV) range	As at March 31, 2026	As at March 31, 2025
Less than 50%	10,219.91	14,851.44

c. **Computation of impairment on financial instruments - Expected credit loss (ECL) model**

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

Inputs considered in the ECL model:

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

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

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

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

Assumption considered in the ECL model:

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company."

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

Forward looking information:

The Company shall consider its historical loss experience and adjust it for current observable data. In addition, the Company shall use reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions shall be periodically reviewed and changes, if any, shall be accounted for prospectively. The Company's ECL calculations shall be outputs of number of underlying assumptions regarding the choice of variable inputs and the interdependencies such as macro-economic scenarios and collateral values.

Macro-economic factors information is publicly available with Central Statistical Organisation, Economist Intelligence Unit etc. from which the best fit parameters will be used for PD calculation. Best fit macro-economic factors will be identified basis business and statistical judgment.

Assessment of significant increase in credit risk:

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

Definition of default

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

Policy for write-off of loan assets

All loans which are not recoverable in the opinion of management are written off.

ii. Movement of provision for impairment (ECL):

The following table shows reconciliations of the loss allowances for different categories of financial assets:

(Amount in lakhs)

Particulars	Past due 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days
Trade Receivables				
Balance as at March 31, 2024	**44.40**	**1.17**	**-**	**2,836.61**
Net remeasurement of loss allowance	(28.63)	(1.17)	145.71	340.84
New financial assets originated during the year	8.31	26.06	-	3,993.70
Financial assets that have been derecognised during the period	-	-	-	-
Written off during the year	-	-	-	-
Balance as at March 31, 2025	**24.08**	**26.06**	**145.71**	**7,171.15**
Net remeasurement of loss allowance	(11.75)	(26.06)	(145.63)	1,517.14
New financial assets originated during the year	229.62	13.25	116.16	21.84
Financial assets that have been derecognised during the period	(9.39)	-	(0.09)	(938.91)
Written off during the year	-	-	-	-
Balance as at March 31, 2026	**232.56**	**13.25**	**116.15**	**7,771.22**

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

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or Originated Credit ImpairedLoans
Loans				
Balance as at March 31, 2024	**66.15**	**3.46**	**5,165.75**	**-**
New financial assets originated during the year	52.67	-	-	-
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Net remeasurement of loss allowance	(66.15)	-	-	-
Financial assets that have been derecognised during the period	-	(3.46)	-	-
Balance as at March 31, 2025	**52.67**	**-**	**5,165.75**	**-**
New financial assets originated during the year	-	-	-	2,704.97
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Net remeasurement of loss allowance	(52.67)	-	-	-
Financial assets that have been derecognised during the period	-	-	(1,498.64)	-
Balance as at March 31, 2026	**-**	**-**	**3,667.11**	**2,704.97**

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Advance receivable from trust			
Balance as at March 31, 2024	**9.13**	**8.81**	**2,220.71**
New financial assets originated during the year	1.79	2.09	42.64
Transfers from Stage 1	(111.41)	17.12	94.29
Transfers from Stage 2	0.52	(6.59)	6.07
Transfers from Stage 3	10.49	-	(10.49)
Net remeasurement of loss allowance	116.27	0.33	775.67
Financial assets that have been derecognised during the period	-	-	-
Written off during the year	-	-	-
Balance as at March 31, 2025	**26.79**	**21.76**	**3,128.89**
New financial assets originated during the year	4.22	2.40	18.49
Transfers from Stage 1	(37.45)	-	37.45
Transfers from Stage 2	0.15	(210.16)	210.01
Transfers from Stage 3	1.76	-	(1.76)
Net remeasurement of loss allowance	79.62	188.64	(38.86)
Financial assets that have been derecognised during the period	(59.78)	(0.24)	(209.97)
Written off during the year	-	-	-
Balance as at March 31, 2026	**15.31**	**2.40**	**3,144.25**

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

(Amount in lakhs)

Particulars	Bank Balances	Other financial assets
Balance as at March 31, 2024	**1.15**	**2.26**
Net remeasurement of loss allowance	4.00	(0.10)
Balance as at March 31, 2025	**5.15**	**2.16**
Net remeasurement of loss allowance	(2.49)	0.48
Balance as at March 31, 2026	**2.66**	**2.64**

iii. Liquidity Risk

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

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

Maturity Profile of Financial Liabilities

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

(Amount in lakhs)

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years
As at March 31, 2026							
Non-derivative financial liabilities							
Trade and other payables	70.59	70.59	70.59	-	-	-	-
Debt securities	49,463.69	55,703.79	-	-	22,685.00	17,013.75	16,005.04
Borrowings (other than debt securities)	46,219.97	50,226.45	-	15,864.05	12,421.96	14,349.84	7,590.60
Other financial Liabilities	2,738.24	2,848.03	-	2,124.23	176.15	361.88	185.77
Loan commitments (undrawn)	-	18,458.02	-	-	18,458.02	-	-

(Amount in lakhs)

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years
As at March 31, 2025							
Non-derivative financial liabilities							
Trade and other payables	8.06	8.06	8.06	-	-	-	-
Debt securities	28,713.33	28,713.32	-	14,821.20	13,892.12	-	-
Borrowings (other than debt securities)	54,850.71	54,952.26	1,999.87	7,132.66	21,549.65	12,500.00	11,770.08
Other financial Liabilities	2,796.97	3,003.05	1,782.51	160.47	167.77	344.65	547.65
Loan commitments (undrawn)	-	18,000.13	-	-	18,000.13	-	-

For the liabilities mentioned above where no contractual maturity is available, the management has done an assessment to arrive at the probable maturity timeline based on some assumptions and estimates.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

iv. Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income (NII).

Board of Directors (the Board) of the Company is the guiding body for management of its interest rate risk and sets the overall policy and risk limits. In order to manage/mitigate interest rate risk, the Company has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board.

The Company undertakes NII analysis to assess the impact of changes in interest rate on the earnings of the Company. The overall yields expected by the Company on its financial assets are significantly higher than the borrowing cost and hence the interest rate risk is quite marginal for the Company.

Exposure to interest rate risk

The exposure of the Company's borrowings to the interest rates risk at the end of the reporting period is as follows:

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed-rate instruments		
Financial assets	3,847.83	9,633.02
Financial liabilities	(49,463.69)	(28,713.33)
Variable-rate instruments		
Financial liabilities	(46,219.97)	(54,850.71)
Net exposure	**(91,835.83)**	**(73,931.02)**

Cash flow sensitivity analysis for variable-rate instruments

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	(462.20)	462.20	(548.51)	548.51
Cash Flow Sensitivity	**(462.20)**	**462.20**	**(548.51)**	**548.51**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

v. Capital management

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

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

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

Regulatory Capital

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Total Capital	1,20,180.26	1,03,108.18
Risk Weighted assets	2,29,782.27	1,88,363.48
Total capital ratio	**52.30%**	**54.74%**

Note: In the previous year, DRR was considered as part of free reserves upon redemption of debentures and was subsequently transferred to General Reserve. During the current year, fresh DRR has been created on issuance of debentures, which has not been considered as free reserve for computation of Net Owned Funds.

Tier I CRAR and Tier II CRAR is not applicable considering nature of the Company's business.

Liquidity ratio

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Current assets	96,945.79	99,526.47
Current liabilities	66,781.55	80,062.70
Liquidity ratio	**1.45**	**1.24**

NOTE 35 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from contracts with customers	24,343.60	34,722.46
Revenue from other sources	2,932.57	2,181.02
Total Revenue	**27,276.17**	**36,903.48**
Impairment loss/(gain) on receivables	766.18	4,484.82

b) Disaggregation of revenue from contracts with customers

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

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Primary Geographical Market		
India	24,343.60	34,722.46
Total	**24,343.60**	**34,722.46**
Major service lines		
Trusteeship fees	21,375.28	31,055.71

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

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Other Fees	2,968.32	3,666.75
Total	**24,343.60**	**34,722.46**
Timing of revenue recognition		
Over a period of time	21,375.28	31,055.71
At a point in time	2,968.32	3,666.75
Total	**24,343.60**	**34,722.46**

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

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Receivables	11,311.17	9,564.28
Contracts liabilities	4,385.99	4,520.39

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

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	4,520.39	10,125.00
Liabilities recognised during the year	4,385.99	4,520.39
Revenue recognised that was included in the contract liability balance at the beginning of the period	(4,520.39)	(10,125.00)
Closing balance	**4,385.99**	**4,520.39**

Transaction price allocated to the remaining performance obligation

As of March 31, 2026, the amount of transaction price allocated to remaining performance obligation are as follows. The Company will recognise the revenue as and when management services are rendered.

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Contracts liabilities	4,385.99	4,520.39

NOTE 36 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

- the voting rights in the Trusts are not dominant rights in deciding who controls them because the rights relate to administrative tasks only;
- each Trust's activities are restricted by its trust deed;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- the Trusts have narrow and well-defined objectives to provide recovery activities to investors.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 36 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

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

(Amount in lakhs)

Type of Structured Entity	Nature and purpose	Interest held by the Company	As at March 31, 2026		As at March 31, 2025	
			SRs issued by trusts	SR subscribed by the Company	SRs issued by trusts	SR subscribed by the Company
Assets Reconstruction Trusts	To acquire stressed assets for the purpose of carrying on the activity of securitisation and asset reconstruction.	Investment in security receipts Acting as trustee to the trusts	13,41,002.53	3,03,718.79	13,33,627.85	2,69,281.87

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

(Amount in lakhs)

Carrying amount	As at March 31, 2026	As at March 31, 2025
Investment in Security Receipts	2,20,017.30	1,71,483.95
Trade receivables	3,177.99	2,197.28
Advances recoverable from trusts	923.42	466.53
Total	**2,24,118.71**	**1,74,147.75**

NOTE 37 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Contingent liabilities and commitments		
Contingent liabilities	-	-
Commitment to acquire additional non-performing loan	580.30	1,297.32
Software under development - Capital commitment	-	6.00
Total	**580.30**	**1,303.32**

NOTE 38 PENALTIES LEVIED BY THE RESERVE BANK OF INDIA (RBI)

No penalty has been levied on the Company by the Reserve Bank of India (RBI) during the year ended 31st March 2026. In the previous year, a penalty of ₹52.70 lakhs was levied and paid by the Company for non-compliance with RBI directions pertaining to the ‘Settlement of Dues Payable by the Borrower’.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 39 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 PURSUANT TO THE RBI CIRCULAR NO DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 DATED MARCH 13, 2020

As at March 31, 2026 *(Amount in lakhs)*

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,883.88	-	1,883.88	-	-
	Stage 2	-	-	-	-	-
Subtotal (A)		**1,883.88**	**-**	**1,883.88**	**-**	**-**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	3,667.11	3,667.11	-	1,737.85	1,929.26
Subtotal for doubtful		**3,667.11**	**3,667.11**	**-**	**1,737.85**	**1,929.26**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (B)		**3,667.11**	**3,667.11**	**-**	**1,737.85**	**1,929.26**
Other items						
Advances to trusts	Stage 1	70.97	15.31	55.66	19.47	(4.16)
	Stage 2	9.29	2.40	6.89	-	2.40
	Stage 3	4,005.12	3,144.25	860.87	3,716.56	(572.31)
Other financial assets	NA	13,849.26	5.31	13,843.95	-	5.31
Trade receivables	NA	11,311.17	8,133.18	3,177.99	7,922.36	210.82
Purchased or Originated Credit Impaired Loans (POCI)	NA	4,647.69	2,704.97	1,942.72	2,888.32	(183.35)
Subtotal for Other items (C)	**-**	**33,893.50**	**14,005.42**	**19,888.08**	**14,546.71**	**(541.29)**
Total (D) = (A) + (B) + (C)	**Stage 1**	**1,954.85**	**15.31**	**1,939.54**	**19.47**	**(4.16)**
	Stage 2	**9.29**	**2.40**	**6.89**	**-**	**2.40**
	Stage 3	**7,672.23**	**6,811.36**	**860.87**	**5,454.41**	**1,356.95**
	Others	**29,808.12**	**10,843.46**	**18,964.66**	**10,810.68**	**32.78**
	Total	**39,444.49**	**17,672.53**	**21,771.96**	**16,284.56**	**1,387.97**

NOTE 39 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 PURSUANT TO THE RBI CIRCULAR NO DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 DATED MARCH 13, 2020 *(Continued)*

As at March 31, 2025 *(Amount in lakhs)*

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	4,173.53	52.67	4,120.86	-	52.67
	Stage 2	-	-	-	-	-
Subtotal (A)		**4,173.53**	**52.67**	**4,120.86**	**-**	**52.67**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	5,165.75	5,165.75	-	2,097.07	3,068.68
Subtotal for doubtful		**5,165.75**	**5,165.75**	**-**	**2,097.07**	**3,068.68**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (B)		**5,165.75**	**5,165.75**	**-**	**2,097.07**	**3,068.68**
Other items						
Advance receivable from trust	Stage 1	152.53	26.79	125.74	39.14	(12.35)
	Stage 2	43.20	21.76	21.44	31.46	(9.70)
	Stage 3	3,448.24	3,128.89	319.35	3,350.82	(221.93)
Other financial assets	NA	26,602.91	7.31	26,595.60	-	7.31
Trade receivables	NA	9,564.28	7,367.00	2,197.28	8,147.85	(780.85)
Purchased or Originated Credit Impaired Loans (POCI)	NA	5,512.16	-	5,512.16	-	-
Subtotal for Other items (C)		**45,323.32**	**10,551.75**	**34,771.57**	**11,569.27**	**(1,017.53)**
Total (D) = (A) + (B) + (C)	**Stage 1**	**4,326.06**	**79.46**	**4,246.60**	**39.14**	**40.32**
	Stage 2	**43.20**	**21.76**	**21.44**	**31.46**	**(9.70)**
	Stage 3	**8,613.99**	**8,294.64**	**319.35**	**5,447.89**	**2,846.75**
	Others	**41,679.35**	**7,374.31**	**34,305.04**	**8,147.85**	**(773.54)**
	Total	**54,662.60**	**15,770.17**	**38,892.43**	**13,666.34**	**2,103.83**

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 39 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 PURSUANT TO THE RBI CIRCULAR NO DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 DATED MARCH 13, 2020 *(Continued)*

In accordance with Ind-AS 109 Financial Instruments, the interest on impaired assets is accrued and the gross amounts are tested for impairment provision while in the IGAAP books no interest is accrued on impaired assets as required by RBI regulations. This accounting treatment results in higher gross outstanding values as per Ind-AS compared to those reported in IGAAP amounting to Rs. 1,929.26 lakhs (March 31, 2025: Rs. 3,068.68 lakhs). For the purpose of this disclosure the Management has compared absolute amounts of provision on the gross loan balance as per Ind-AS with the provision on the gross balance as per IGAAP books disclosed the difference if any.

Reconciliation to Impairment reserve

As at March 31, 2026 *(Amount in lakhs)*

Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS 109	Loss allowances (provisions) as required under Ind AS 109	Net carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms*
(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (3)-(5)
Stage 1	1,954.85	15.31	1,939.54	19.47	(4.16)
Stage 2	9.29	2.40	6.89	-	2.40
Stage 3	7,672.23	6,811.36	860.87	5,454.41	1,356.95
Others	18,496.95	2,710.28	15,786.67	2,888.32	(178.04)
Total	**28,133.32**	**9,539.35**	**18,593.97**	**8,362.20**	**1,177.15**

As at March 31, 2025 *(Amount in lakhs)*

Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS 109	Loss allowances (provisions) as required under Ind AS 109	Net carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms*
(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (3)-(5)
Stage 1	4,326.06	79.46	4,246.60	39.14	40.32
Stage 2	43.20	21.76	21.44	31.46	-9.70
Stage 3	8,613.99	8,294.64	319.35	5,447.89	2,846.75
Others	32,115.07	7.31	32,107.76	-	7.31
Total	**45,098.32**	**8,403.17**	**36,695.15**	**5,518.49**	**2,884.68**

* Based on the current year's calculation, requirement of impairment reserve is lesser than what was created upto pervious year ending March 31, 2025. However, excess balance has not been transferred back as per the RBI guidelines on impairment reserve requirements.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES

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

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
Sponsors		Nil	Nil
Non-sponsors			
Abhyudaya Co-operative Bank Ltd.	K K Tower, G D Ambekar Marg, Parel Village, Mumbai - 400012.	9,610.00	9,610.00
Allahabad Bank (merged with Indian Bank)	1st Floor, Industrial Finance Branch, 17 Parliament Street, New Delhi - 110001.	16,928.80	16,928.80
Alchemist Asset Reconstruction Company Limited	A-270, First & Second Floor Defence Colony New Delhi South Delhi 110024	700.00	700.00
Andhra Bank (merged with Union Bank of India)	Dr Pattabhi Bhavan, 5-9-11, Saifabad, Hyderabad - 500004.	30,745.00	30,745.00
Annapurna Finance Private Limited	Plot No. 1215/1401, Khandagiri Bari, Infront Of Jayadev Vatika, Ps/Po- Khandagiri Bhubaneswar Khordha 751030	15,000.00	15,000.00
Arohan Financial Services Limited	Pti Building, 4th Floor,Dp-9, Sector-5 ,Salt Lake Kolkata Parganas Northwest Bengal 700091	21,200.00	21,200.00
Arka Fincap Limited	2504/25th Floor, One Lodha Palace, Senapati Bapat Marg, Lower parel, Mumbai - 400 013.	233.00	0.00
Ashok Investors Trust Limited	701, The Capital G- block, Bandra Kurla Complex, Bandra (East), Mumbai -400 051.	10,690.43	0.00
Asirvad Micro Finance Limited	9th Floor, No.9,Club House Road Anna Salai Chennai Tamil Nadu 600002	10,630.00	10,630.00
ASREC (India) Limited	Solitaire Corporate Park, Building No.2, Unit No 201/202A,200/202B,GrFloor,AndheriGhatkopar Link Rd, Chakala, Andheri (E), Mumbai- 400093	13,940.00	13,940.00
Asset Reconstruction Company (India) Ltd.	Shreepati Arcade, August Kranti Marg, Nana Chowk, Mumbai-400036.	24,163.00	24,163.00
Axis Bank Ltd	Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli Mumbai - 400025.	35,078.11	35,078.11
Bajaj Finance Ltd	Bajaj Auto complex, Mumbai – Pune Road, Akurdi Pune – 411035.	9,061.00	9,061.00
Bandhan Bank	Dn-32, Sector V Salt Lake Kolkata West Bengal 700091	1,87,279.00	1,54,082.00
Bank of Baroda	Baroda House,Mandovi,Vadodara-390006.	6,322.18	6,322.18
Bank of India	G-Block, C5 Bandra Kurla Complex, Bandra (E), Mumbai - 400051.	52,265.23	52,265.23
Bank of Maharashtra	Lokmangal, 1501,Shivajinagar, Pune-411005.	10,468.00	10,468.00
Barclays Bank PLC	601, Ceejay House, Dr.Annie Besant Road, Worli, Mumbai - 400018	4,914.26	4,914.26
Belstar Microfinance Limited	New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai Tamil Nadu 600083	8,300.00	8,300.00
Canara Bank	112 JC Road, Bangalore - 560002.	29,743.42	23,143.42
Catholic Syrian Bank Ltd	CSB Bhavan, Post Box No 502, ST Mary's College Road, Thrissur, Kerala - 680020	15,520.00	15,520.00
Central Bank of India	Central Office, Chander Mukhi, Nariman Point, Mumbai- 400021.	46,719.00	46,719.00

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
CFM Asset Reconstruction Private Limited	Block No. A/1003, West Gate, Near Ymca Club, Sur No. 835/1+3, S.G. Highway, Makarba Ahmedabad Gujarat 380051	5,800.00	5,800.00
Citibank N.A.	7th Floor C-61, Bandra Kurla Complex, G Block, Bandra East, Mumbai 400051.	4,081.25	4,081.25
Clix Capital Services Private Limited	4th Floor, Kailash Building, Kasturba Gandhi Marg,Connaught Place New Delhi North East-110001	23,292.00	19,777.00
Clix Finance India Private Ltd. (merged with Clix Capital Services Private Ltd.)	4th Floor, Kailash Building, Kasturba Gandhi Marg,Connaught Place New Delhi North East-110001	11,260.00	11,260.00
Corporation Bank (merged with Union Bank of India)	114, M.G Road, Bangalore.	8,258.37	8,258.37
Dena Bank (merged with Bank of Baroda)	Dena Corporate Centre, C- 10, G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051.	29,197.88	29,197.88
Development Bank of Singapore	Fort House, 3rd Floor, 221 Dr. D N Road, Fort, Mumbai - 400001.	1,257.97	1,257.97
Dhanlakshmi Bank	Dhanalakshmi Buildings, Naickanal, Thrissur, Kerala - 680001	10,000.00	10,000.00
Edelweiss Asset Reconstruction Company Ltd	Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400098	45,714.50	21,141.81
Equitas Small Finance Bank	4th Floor, Phase II, Spencer Plaza No.769, Mount Road, Anna Salai Chennai Tamil Nadu 600002	8,138.00	8,138.00
ESAF Small Finance Bank	Building No. VII/83/8,Esaf Bhavan, Thrissur-Palakkad National Highway, Mannuthy, Thrissur Kerala 680651	21,828.00	20,548.00
Exim Bank	21st Floor, Centre One Building, Cuff Parade-Colaba, Mumbai - 400005, World Trade Centre	1,600.00	1,600.00
Federal Bank Ltd.	21, Variety Hall Road, Dist Coimbatore, Coimbatore - 641001.	59,272.48	59,272.48
Fedbank Financial Services Limited	Unit no.: 1101, 11th Floor, Cignus, Plot No. 71A, Powai, Paspoli, Mumbai – 400087, Maharashtra, India	1,196.00	1,196.00
Fullerton India	Megh Towers, 3rd floor, Old No.307, New No. 165, PH Road, Maduravoyal, Chennai, Tamil Nadu-600095.	129.00	129.00
HDFC Bank Ltd.	HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013.	2,01,297.64	2,01,297.64
Hero Fincorp Limited	34, Community Centre, Basant Lok Vasant Vihar New Delhi Dl 110057	1,300.00	1,300.00
Hinduja Leyland Finance Ltd	27A, Developed Industrial Estate, Guindy, Chennai - 600032.	20,000.00	20,000.00
Honkong and Shanghai Banking Corporation	52/60, MG Road, Fort, Mumbai - 400001.	5,175.00	5,175.00
ICICI Bank Ltd.	ICICI Bank Tower, North East Wing, 2nd Floor, Bandra Kurla Complex, Bandra (East), Mumbai-400051.	94,200.12	88,400.12
IDBI Bank Ltd.	IDBI Tower, 17th Floor, WTC Complex, Cuffe Parade, Mumbai-400005.	14,452.56	14,452.56

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
IDFC Ltd.	KRM Tower, 8th Floor, No 1, Harrington Road, Chetpet, Chennai.	6,257.50	5,387.50
IFCI Ltd	IFCI Tower, 61, Nehru Place, New Delhi – 110019.	19,647.00	19,647.00
IL&FS Financial Services Ltd	The IL&FS Financial Centre, Plot C-22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051.	1,598.78	1,598.78
IIFL Finance Limited	IIFL House, Sun Infotech Park, Road No. 16v, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane 400604	2,49,500.00	2,42,000.00
IIFL Home Finance Limited	IIFL House, Sun Infotech Park, Road No. 16v, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane 400604	33,500.00	0.00
Incred Financial Services Limited	1203. 12th Floor, B wing, The capital C-70 block, BKC, Mumbai - 400 051.	342.00	0.00
India Infrastructure Finance Co Ltd	8th floor, Hindustan Times house, 18 & 20, Kasturba Gandhi Marg, New Delhi - 110001.	2,900.00	2,900.00
Indian Bank	4th Floor, East Wing Raheja Towers, 26-27 M.G Road, Bangalore - 560001	29,358.96	29,358.96
Indian Overseas Bank	No.5, K.H. Road, Shanti Nagar, Bangalore - 560027.	25,811.95	25,811.95
Indo Star Capital Finance Ltd	One Indiabulls center, 20th Floor, Tower 2A, Jupiter mills compound, S. B. Marg, Lower parel, Mumbai - 400013	1,22,635.00	89,750.00
IndusInd Bank	701 Solitaire Corporate Park, 167 Guru Har Govindji Marg, Andheri East, Mumbai 400093.	15,763.00	15,763.00
Industrial Investment Bank of India Ltd.	19, Netaji Subhas Road, Kolkata 700001.	350.00	350.00
ING Vysya Bank Ltd. (merged with Kotak Mahindra Bank)	22, ING House, M.G. Road, Bangalore - 560001	2,325.00	2,325.00
International Asset Reconstruction Company Private Limited	A-601, 6th Floor, 215 Atrium, Kanakia Spaces, Andheri Kurla Road, Andheri (East), Mumbai – 400093.	750.00	0.00
J & K Bank	MA Road,Srinagar 190001.	980.00	980.00
Janata Sahakari Bank Ltd	1444, Shukrawar Peth, Thorale Bajirao Road, Pune – 411002.	56,752.00	56,752.00
JP Morgan Chase Bank N.A.	Mafatlal Centre 9th Floor, Nariman Point, Mumbai - 400001.	60.00	60.00
JM Financial Asset Reconstruction Company Private Limited	7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra, 400025	2,500.00	0.00
Karnataka Bank Ltd.	P B No. 599, Mahaveera Circle, Kankanady, Mangalore - 575002.	21,749.00	21,749.00
Karur Vysya Bank	Erode Road, Karur, Tamil Nadu.	1,321.00	1,321.00
Karvy Financial Services Ltd	705/706, 7th Floor, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opposite Guru Nanak Hospital, Bandra (E), Mumbai 400051	4,850.00	4,850.00
KKR India Financial Services Private Ltd	Regus Citi Centre, Level 6, 10/11, Dr. Radhakrishna Salai, Chennai, Tamil Nadu - 600004	21,300.00	14,500.00

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
L&T Finance Ltd	Technopolis, 7th Floor, A-wing, Plot No.-4, Block - BP, Sector -V, Salt lake, Kolkata, West Bengal - 700091	5,73,387.00	5,57,800.00
L&T Infrastructure Finance Company Ltd. (merged with L&T Finance Ltd.)	Mount Poonamallee Road, Manapakkam, Chennai - 600089	37,673.00	37,673.00
Laxmi Vilas Bank Ltd. (merged with DBS Bank)	Swapna Sadan, Azad Road, Andheri East, Mumbai - 400069.	3,210.00	3,210.00
Lendingkart Finance Limited	Unit Number PS 40/41, 3rd Floor, Birla Centurion, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra – 400030	3,360.00	3,360.00
Maheshwari Investors Private Ltd.	401, Akruti Star Building,Central Main Road,Midc, Pocket No 5, Midc, Central Road, Marol, Andheri (E) Mumbai 400069	21,229.19	14,693.19
Midland Microfin Limited	The Axis, Plot No.1, R.B. Badri Dass Colony, G.T Road Jalandhar Punjab 144001	9,200.00	9,200.00
Motilal Oswal Housing Finance Ltd	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel St Depot, Prabhadevi, Mumbai – 400025	53,001.00	53,001.00
Muthoot Capital Services Limited	3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682035, Kerala, India	11,755.00	11,755.00
NKGSB Co-operative Bank Limited	361, V.P. Road, Girgaum, Mumbai 400004.	900.00	900.00
Omkara Assets Reconstruction Private Limited	No.9, M.P.Nagar First Street, Kongu Nagar Extension Tirupur Coimbatore -641607 Tamil Nadu	24,119.80	24,119.80
Oriental Bank of Commerce (merged with Punjab National Bank)	Harsh Bhavan, E-Block, Connaught Place, New Delhi - 110001	12,636.10	12,636.10
Phoenix Trust-FY25-8	Wallace Towers, 139/140/B/1, 3rd Floor, Crossing of Sahar Road and W.E.H., Vile Parle East, Mumbai, Maharashtra - 400057, India	750.00	0.00
Piramal Finance Limited	601, 6th Floor, Amiti building, Agastya Corporate Park, Kamani Junction, Opp, Fire Station, Kural (W), Mumbai - 400 070.	3,333.29	0.00
Poonawalla Housing Finance Limited	602, 6th Floor, Zero One It Park, Survey No. 79/1, Ghorpadi, Mundhwa Road, Pune 411036	2,987.00	2,987.00
Prudent ARC Limited	611, Sixth Floor, D Mall, Plot No. A-1, Netaji Subhash Palace, Pitampura, New Delhi West Delhi 110034	12,831.00	6,731.00
Profectus Capital Private Limited	B-17, 4th Floor, Art Guild Hoise, Phoenix Market City, Kurla West, Mumbai - 400 070.	418.00	0.00
Pridhvi Asset Reconstruction and Securitisation Co. Limited	4th floor, Wing - I, Door No 1-55, Masjid Banda Road, Kondapur, Hyderabad - 500 084.	1,715.00	0.00
PTC India Financial Services Ltd (PFS)	7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi, Delhi - 110066	18,650.00	18,650.00

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
Punjab & Sindh Bank	Head Office at Bank House, 21, Rajendra Place, New Delhi-110008 and, having one of its Zonal Office at 27/29, Ambalal Doshi Marg, Fort, Mumbai 400 001	8,850.00	8,850.00
Punjab National Bank	10th Floor, Atma Ram House, 1- Tolstoy Marg, New Delhi - 110001.	25,707.55	25,707.55
RBL Bank Ltd.	Shahupuri, Kolhapur.	4,310.69	4,310.69
Religare Finvest Ltd	2nd floor, Rajlok Building, 24, Nehru Place, New Delhi - 110019.	6,308.00	6,308.00
Royal Bank of Scotland	Gustav Mahlerlaan 10 Amsterdam 1082 PP The Netherlands through their Indian branches.	3,295.40	3,295.40
Saraswat Cooperative Bank	Saraswat Bank Bhavan, 953, Appasaheb Marathe Bank, Prabhadevi, Mumbai - 400025	53,000.00	53,000.00
Satya MicroCapital Limited	519 5th Floor DLF Prime Towers, Okhla Industrial Area, Phase-1 Delhi South Delhi 110020	15,000.00	15,000.00
SBFC Finance Private Limited	103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri East, Mumbai - 400059	393.00	393.00
Sir M. Visvesvaraya Co-Operative Bank Ltd	109, Shankarpuram, Shankarmutt Road, Banglore - 560 004.	700.00	-
SK Finance Limited	G 1-2, New Market, Khasa Kothi Jaipur Rajasthan 302001	14,390.00	14,390.00
South Indian Bank Ltd.	SIB House, T.B. Road, Mission Quarter, Thrissur District, Kerela State-680001.	1,24,370.00	1,24,370.00
Spandana Sphoorty Financial Limited	Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,Tsiic, Raidurgpanmaktha, Hyderabad Telangana 500081	22,800.00	22,800.00
Specified Undertaking of Unit Trust of India	UTI Tower, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.	330.00	330.00
Standard Chartered Bank	Standard Chartered Tower, 201 B/I , Western Express Highway, Goregaon East, Mumbai 400063.	950.00	950.00
State Bank of Bikaner & Jaipur (merged with State Bank of India)	Tilak Marg, Jaipur - 302005.	6,466.00	6,466.00
State Bank of Hyderabad (merged with State Bank of India)	Gunfoundry, Hyderabad.	42,670.00	42,670.00
State Bank of India	Egmore, Stressed Assets Management Branch, Chennai.	1,36,414.99	1,35,339.99
State Bank of Mauritius Ltd	TSR Tower, Rajbhavan Road, Somajiguda, Hyderabad - 500082	1,250.00	1,250.00
State Bank of Mysore (merged with State Bank of India)	K.G. Road,Banglore-560254.	1,500.00	1,500.00
State Bank of Patiala (merged with State Bank of India)	The Mall, Patiala, Punjab.	8,015.00	8,015.00

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price as of	
		March 31, 2026	March 31, 2025
State Bank of Travancore (merged with State Bank of India)	Poojapura, Thiruvananthapuram - 695012.	14,462.00	14,462.00
Stressed Asset Stabilisation Fund	IDBI Tower, WTC Complex, Cuffe Parade, Mumbai-400005.	868.75	868.75
Suryoday Small Finance Bank	1101, Sharda Terraces, Plot 65, Sector 11, CBD Belapur, Navi Mumbai - 400 614.	566.00	0.00
Svatantra Microfin Private Limited	Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road Mumbai 400013	2,243.00	2,243.00
Syndicate Bank Ltd (merged with Canara Bank)	Large Corporate Branch, Illaco House, No. 1 Brabourne Road, Ground Floor, Kolkata - 700001	807.75	807.75
TATA Capital Financial Services	Peninsula Park, Tower A. 11th Floor, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013	1,527.80	1,527.80
Tourism Finance Corporation of India Limited	4th Floor, Tower 1, Nbcc Plaza Pushp Vihar, Sector-5, Saket New Delhi South Delhi 110017	8,603.00	8,603.00
UCO Bank	10, BTM Sarani, Kolkata- 700001.	19,961.00	19,961.00
Union Bank of India	Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai - 400021	24,180.20	24,180.20
United Bank of India (merged with Punjab National Bank)	184/192 Sree Durga Towers, R K Mutt Road, Mandaveli, Chennai 600028.	12,990.40	12,990.40
UV Asset Reconstruction Company Limited	704, 7th Floor, Deepali Building, 92 Nehru Place, New Delhi Dl 110019	10,805.00	10,805.00
Varthana Finance Private Limited	Varasiddhi, 3rd Floor, No. 5bc-110 Service Road, 3rd Block Hrbr Layout, Bangalore 560043	3,917.00	3,917.00
Vijaya Bank (merged with Bank of Baroda)	41/2, MG Road, Trinity Circle, Bangalore - 560001.	19,634.84	19,634.84
VSJ Investments Private Limited	G 12, Ground Floor, Raheja Centre, 214 Free Press Journal Marg, Nariman Point, Mumbai, Maharashtra- 400021	2,400.00	2,400.00
Yes Bank	Yes Bank Tower, IFC -2, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai, Maharashtra – 400013	11,726.00	11,726.00
Total		**31,49,781.15**	**29,41,965.74**

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

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

(Amount in lakhs)

Industry	March 31, 2026		March 31, 2025	
	Acquisition Price	% of Total	Acquisition Price	% of Total
Sponsors	Nil	0.00%	Nil	0.00%
Non-sponsors				
Real Estate - Housing	4,14,237.01	13.15%	3,70,100.29	12.58%
Real Estate - Commercial	3,30,253.20	10.49%	3,22,753.20	10.97%
Retail loans - (Microfinance Loans)	3,20,338.00	10.17%	2,87,141.00	9.76%
Infrastructure - Power	2,70,693.89	8.59%	2,70,693.89	9.20%

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Industry	March 31, 2026		March 31, 2025	
	Acquisition Price	% of Total	Acquisition Price	% of Total
Retail loans – (PL, BL, STPL, CTG etc)	3,16,822.50	10.06%	2,80,422.50	9.53%
Metal	2,48,299.87	7.88%	2,47,421.88	8.41%
Infrastructure - Roads	2,22,118.11	7.05%	2,22,118.11	7.55%
Home Loans/LAP	1,75,764.53	5.58%	1,42,264.53	4.84%
Auto and Ancilliary	93,697.55	2.97%	90,943.89	3.09%
Hospitality	83,543.18	2.65%	83,543.18	2.84%
Textiles	77,572.49	2.46%	74,764.36	2.54%
Infrastructure - Others	81,743.28	2.60%	68,742.42	2.34%
Retailing	64,620.74	2.05%	64,462.24	2.19%
Food Processing	59,521.88	1.89%	55,387.33	1.88%
Chemicals	36,829.20	1.17%	36,829.20	1.25%
Pharma	33,612.73	1.07%	33,612.73	1.14%
Oil Refining	32,812.99	1.04%	32,812.99	1.12%
Others	2,87,300.00	9.12%	2,57,952.00	8.77%
Total	**31,49,781.15**	**100.00%**	**29,41,965.74**	**100.00%**

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

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

(Amount in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Value of financial assets acquired during the financial year either on its own books or in the books of the trust	2,07,815.41	1,36,470.00
Value of financial assets realised during the financial year	2,01,613.40	2,75,219.83
Value of financial assets outstanding for realisation as at the end of the financial year	11,35,542.44	11,29,340.43
Value of Security Receipts:		
Partially redeemed during the year (*)	1,01,429.90	2,03,838.04
Fully redeemed during the year	80,252.22	56,895.00
Written-off during the year	14,558.61	2.28
Value of Security Receipts pending for redemption as at the end of the financial year	13,41,002.53	13,33,627.85
Value of Security Receipts which could not be redeemed as a result of non-realisation of the financial assets as per the policy formulated by the Company under Paragraph 7(6)(ii) or 7(6)(iii) of The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003	54,766.17	96,600.97
Value of land and / or building acquired in ordinary course of business of reconstruction of assets (year wise)	-	-

The values in the table do not include information related to Trusts, where Phoenix has investment in Security Receipts in the capacity of other SR holder only.

The values in the table are in accordance with the quarterly report submitted by the Company to RBI.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 40 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(iv) Net of Rs. 52,284.31 lakhs (previous year : Rs. 46,421.15 lakhs), amounts transferred to “SRs fully redeemed during the year” on full redemption of SRs in the current year, which were disclosed as “Partially redeemed during the year” in the respective previous years on part redemptions of SRs.

(v) Restructuring loan disbursed amounting to Rs. 3,007.07 lakhs (previous year: Rs. 2,097.07 lakhs) has been classified non-performing asset. A provision of Rs. 126.92 lakhs (previous year: Rs. Nil) has been made in the current year on the same as per RBI guidelines.

Under Ind AS, restructuring loan disbursed amounting to a total exposure of Rs. 3,667.11 lakhs (previous year: Rs. 5,165.75 lakhs) has been classified credit impaired assets. A loss allowance of Rs. Nil (previous year: Rs. Nil) has been provided in the current year.

(vi) During the year, the Company has not entered into any transactions with outsourced agencies owned/controlled by directors of the Company.

(vii) The Company is not a Resolution Applicant under Insolvency and Bankruptcy Code, 2016 (IBC) and accordingly nothing has been acquired under IBC.

(viii) The Company is not a Resolution Applicant under Insolvency and Bankruptcy Code, 2016 (IBC) and accordingly reporting requirement of the implementation status of the resolution plan approved by the Adjudicating Authority is not applicable.

(ix) No land and/or building has been acquired in the ordinary course of business of reconstruction of assets till date.

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

(i) There have been no acquisitions in the current year, in which the acquisition value of the assets is more than the Book Value.

(ii) There were no instances during the year where physical assets were disposed of at a discount of more than 20% of their valuation as at the previous year end.

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

(Amount in lakhs)

Name of the Trusts	Amount of SRs outstanding as on 31st March, 2026	NAV of SRs
Phoenix Trust FY 18-1 - Scheme F	389.47	0.00%
Phoenix Trust FY 18-6	2,908.72	0.00%
Phoenix Trust FY 19-1	415.00	0.00%
Phoenix Trust FY 19-5 - Scheme C	4,099.76	50.00%
Phoenix Trust FY 19-5 - Scheme G	810.34	50.00%
Phoenix Trust FY 19-15	290.40	25.00%
Phoenix Trust FY 19-19	832.55	50.00%
Phoenix Trust FY 20-1	564.75	50.00%
Phoenix Trust-FY21-4	1,815.54	20.00%
Phoenix Trust-FY21-15	1,900.80	10.64%
Phoenix Trust-FY22-5	800.40	0.00%
Phoenix Trust-FY22-15	372.96	0.00%
Phoenix Trust-FY23-7	14,896.00	50.00%
Phoenix Trust-FY23-10	1,804.15	72.50%
Phoenix Trust-FY23-16	2,840.40	37.84%
Phoenix Trust-FY23-19	4,655.00	23.99%

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

(Amount in lakhs)

Name of the Trusts	Amount of SRs outstanding as on 31st March, 2026	NAV of SRs
Phoenix Trust-FY23-24	6,752.80	18.40%
Phoenix Trust-FY23-26 Series B	16,229.92	25.00%
Phoenix Trust-FY23-31	944.30	15.00%
Phoenix Trust-FY23-23 Series A	1,946.00	0.00%
Phoenix Trust-FY23-29 Series B	2,929.73	27.20%
Phoenix Trust-FY24-11	1,962.24	25.00%
Phoenix Trust-FY24-1 Series B	505.00	75.00%

NOTE 41B FOLLOWING ADDITIONAL DISCLOSURES ARE MADE PURSUANT TO THE RBI/2022-23/182 DOR. ACC.REC.No.104/21.07.001/2022-23 DATED 20TH FEBRUARY, 2023:

(Amount in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Outstanding amount of unrealised management fee	11,311.17	9,564.28
Out of the above, amount outstanding for:		
(a) Amounts where the net asset value of the security receipts has fallen below 50 per cent of the face value	1,261.08	2,348.51
(b) Other amounts unrealized for:		
(i) More than 180 days but upto 1 year	18.57	3,830.17
(ii) More them 1 year but upto 3 years	5,709.31	947.79
(iii) More than 3 years	933.38	807.73
Allowance held for unrealized management fee	(8,133.18)	(7,367.00)
Net unrealized management fee receivable	**3,177.99**	**2,197.28**

NOTE 42

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

NOTE 43 ADDITIONAL REGULATORY INFORMATION

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) The Company has not been declared as wilful defaulter by any bank or financial institutions or government or any government authority.

v) The Company has no transactions with the companies struck off under the Companies Act, 2013.

vi) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

PHOENIX ARC LIMITED (FORMERLY KNOWN AS PHOENIX ARC PRIVATE LIMITED)
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 43 ADDITIONAL REGULATORY INFORMATION *(Continued)*

vii) The Company has complied with the number of layers prescribed under the Companies Act, 2013.

viii) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

ix) (A) During the year, the Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) During the year, the Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company 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 to or on behalf of the Ultimate Beneficiaries.

x) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

xi) The Company has not traded or invested in crypto currency or virtual currency during the current and the previous year.

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

xiii) There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

xiv) The Company has operation in single business segment and hence there are no separate reportable segments to be disclosed under Ind As 108 - “Operating Segments”.

xv) As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014 the Company has used accounting software for maintaining its books of account that have a feature of recording audit trail (edit log) facility and the audit trail feature has operated throughout the year for all relevant transactions recorded in the software. Further the audit trail has been preserved by the Company for all the accounting software used for maintaining its books of accounts as per the statutory requirements for record retention.

NOTE 44

Figures for the previous year have been regrouped / reclassified whereever necessary to conform to current years presentations.

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 Limited (Formerly Known as Phoenix ARC Private Limited)**	
Ameet N Patel Partner Membership No. 039157	**Balan Wasudeo** Director DIN: 00073697	**Sanjay Tibrewala** MD & CEO DIN: 10779180
Place : Mumbai Date : April 24, 2026	**Gauri Bhatkal** Chief Financial Officer	**Kamlesh Rane** Company Secretary Membership No. A29339

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