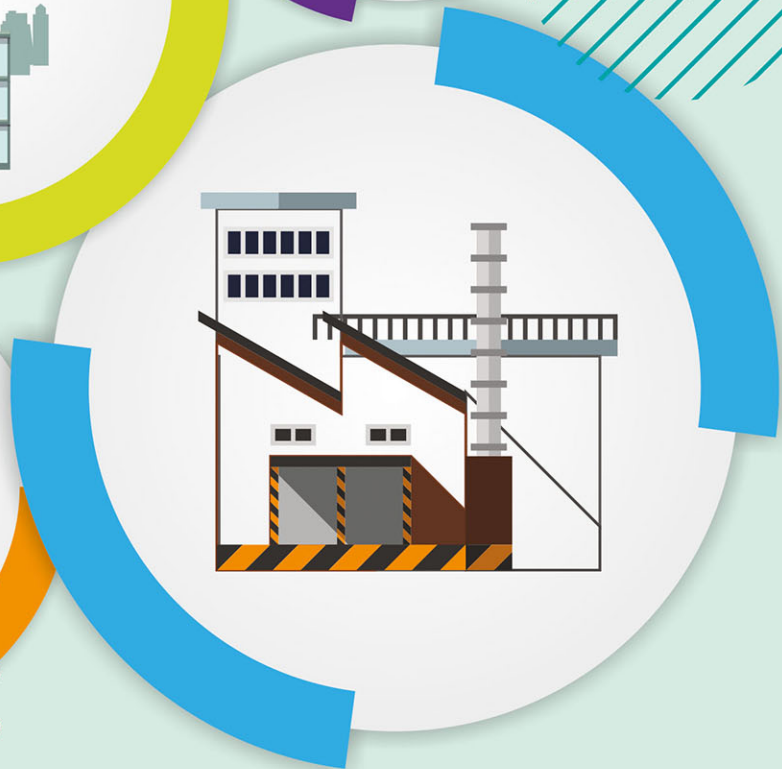
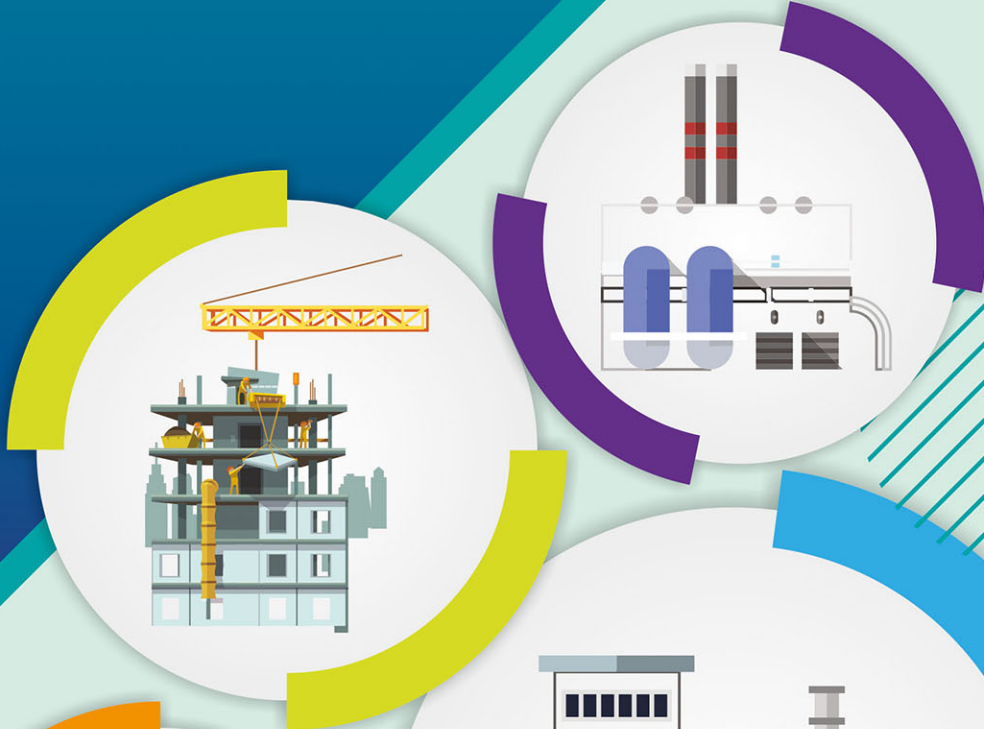




ANNUAL REPORT

2024-25



RESTORING PRODUCTIVITY OF NPAs

Principal Sponsor

Authum Investment & Infrastructure Limited

Chief Executive Officer

Mr. Jethanand Chopra

Company Secretary

Ms. Minal Jain

Statutory AuditorsM/s Desai Associates
Chartered Accountants**Bankers**State Bank of India
IDBI Bank Limited
Bank of Baroda**Registered Office**The Ruby, 11th Floor, North-West Wing,
Plot No. 29, Senapati Bapat Marg,
Dadar (West), Mumbai – 400028
CIN No.: U67190MH2008PLC181062
Phone No.: 91 22 6963 1100
Email: isarc@isarc.in
Website: www.isarc.in**Registrar & Share Transfer Agent**Satellite Corporate Services Pvt. Ltd.
A/106-107, Dattani Plaza,
East West Indl. Compound,
Andheri Kurla Road, Safed Pool,
Sakinaka, Mumbai-400072
Email : scs_pl@yahoo.co.in
service@satellitecorporate.com
Phone : +91 22 28520461-62**Contents****Page No.**

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Board of Directors



Ms. Rachna Dikshit
Chairperson and
Independent Director



Mr. Sandeep Welling
Independent Director



Mr. Hari Shanker Sharma
Independent Director



Mr. Mukesh Chand
Independent Director



Mr. Haridas Bhat
Nominee Director
Authum Investment &
Infrastructure Limited



Mr. Vijay Tyagi
Nominee Director
Authum Investment &
Infrastructure Limited

NOTICE OF 17TH ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of the Members of India SME Asset Reconstruction Company Limited will be held through Video Conference (VC) on Monday, September 29, 2025 at 02:30 p.m. to transact the business stated herein:

Ordinary Business:

Item No. 1:

Adoption of the Audited Financial Statement of the Company for the Financial Year ended March 31, 2025 and the Reports of the Board of Directors and Auditors thereon

To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended March 31, 2025 together with the Reports of the Board of Directors and the Report of the Auditors thereon and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT the Audited Financial Statement of the Company for the Financial Year ended March 31, 2025 and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and is hereby considered and adopted.”

Item No. 2:

Appointment of Mr. Vijay Tyagi (DIN: 10103631) who retires by rotation and being eligible, has offered himself for reappointment

To appoint a Director in place of Mr. Vijay Tyagi (DIN: 10103631) who retires by rotation and being eligible, offers himself for re-appointment and in this regard, 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 Articles 158 and 187 of Part A and Article 249.5.2 of Part B of the Articles of Association of the Company and provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Vijay Tyagi (DIN: 10103631), Director of the Company, who retires by rotation at this meeting and who being eligible has offered himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation.”

Item No. 3:

Appointment of M/s. Desai Associates, Chartered Accountants, as the Statutory Auditor of the Company

To appoint M/s. Desai Associates, Chartered Accountants (FRN: 102286W) as the Statutory Auditor of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with applicable rules made thereunder, including any statutory amendment(s), modification(s) thereto or re-

enactment(s) thereof, for the time being in force and pursuant to the recommendation of the Audit Committee and the Board of Directors, approval of the Members of the Company be and is hereby accorded for appointment of M/s. Desai Associates, Chartered Accountants, (FRN:102286W), who have confirmed their eligibility to be appointed in terms of Section 141 of the Act, as the Statutory Auditor of the Company, to hold office for first term of five consecutive years from the conclusion of the 17th Annual General Meeting of the Company till the conclusion of the 22nd Annual General Meeting of the Company to be held in the year 2030, at a remuneration to be determined by the Board of Directors (including any Committee thereof) of the Company in addition to out-of-pocket expenses as may be incurred by them during the course of the audit.

RESOLVED FURTHER THAT approval of the Members be and is hereby accorded to the Board of Directors [which term shall include its duly empowered Committee(s)] to do all such acts, deeds, matters and things and to take all such steps as may be required and to execute all documents, applications, returns and writings as may be necessary, proper, desirable or expedient to give effect to this resolution or for the matters connected therewith or incidental thereto.”

Place: Mumbai

Date: September 04, 2025

**By order of the Board of Directors
India SME Asset Reconstruction Company Limited**

**S/d
Minal Jain
Company Secretary
Membership No. A64030**

Notes:-

1. An explanatory statement pursuant to Section 102(1) of the Act as set out in the Notice is annexed herewith.
2. As required under Secretarial Standard on General Meetings (the SS-2), additional information of Mr. Vijay Tyagi seeking appointment / re-appointment at the Annual General Meeting (AGM), is detailed as **Annexure A**
3. In accordance with the Ministry of Corporate Affairs (MCA), General Circulars Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 21/2021 dated December 14, 2021; 2/2022 dated May 5, 2022, 10/2022 dated December 28, 2022, 09/2023 dated September 25, 2023 and 09/2024 dated September 19, 2024 respectively (the MCA Circulars), the AGM will be held without the physical presence of the Members at a common venue and Members can attend and participate in the AGM through VC. In terms of the MCA circulars, the Members are requested to take note of the following:
 - a) Notice convening the AGM of the Company and the Annual Report for the financial year

2024-25, have been uploaded on the website of the Company, viz., www.isarc.in. Notice and annual report are being sent only by email to those Members who have registered their email address with the Company.

- b) Since the AGM is being held through VC, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by Members is not available and as such the Proxy Form and Attendance Slip are not annexed to this Notice.
- c) Pursuant to the relevant Circular, representatives of the Members may be appointed for the purpose of participation and voting in AGM. Corporate Members intending to authorize their representatives to attend the AGM are requested to email the same to cs@isarc.in along with certified true copy of the latest Board Resolution or Power of Attorney, authorizing their representative to participate and vote at the AGM, on their behalf.
- d) Members are requested to send their queries, if any, on Annual Report, to the Company Secretary at the designated email address i.e. cs@isarc.in not less than 5 working days before the date of Meeting, so that the requisite information / explanations can be provided in time.
- e) Link for attending the AGM through VC will be shared with the members separately.
- f) Attendance of Members at the AGM through VC shall be counted for the purpose of reckoning the quorum, under the provisions of Section 103 of the Act read with the relevant Circulars.
- g) All the documents referred to in this Notice and the Statutory Registers will be made available for inspection by the Company and as such the Members are requested to send an email to cs@isarc.in.
- h) Since the AGM is being held through VC, the route map for the AGM venue is not attached.
- i) Members may contact the Company to convey grievances, if any, relating to the conduct of the AGM, at the registered office address or at the designated email address i.e. cs@isarc.in.

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013
setting out all the material facts relating to the Business
as set out in Item No. 3 of this Notice.**

The following Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013 (the Act), sets out all material facts relating to the business mentioned in the accompanying Notice dated September 04, 2025:

Item No.3:

Appointment of M/s. Desai Associates, Chartered Accountants as the Statutory Auditors of the Company

The Comptroller and Auditor General of India (CAG) vide its No./CA.V/COY/Central Government, ISARCL (1)/456 dated September 21, 2024 had appointed M/s. Desai Associates, Chartered Accountants, as the Statutory Auditors of the Company for the FY2024-25.

Subsequent to change in sponsor, the Company has ceased to be a Public Sector Undertaking. Consequently, the provisions relating to audit by the CAG are no longer applicable.

However, the new management has decided to continue with the services of M/s. Desai Associates, Chartered Accountants, as they are well versed with the system/procedure and books of accounts of the Company.

Accordingly, the Board at its meeting held on September 04, 2025 based on the recommendation of the Audit Committee, has approved and recommended to the Members, the appointment of M/s. Desai Associates, Chartered Accountants (Registration No. 102286W), as Statutory Auditors of the Company, for first term of five consecutive years from the conclusion of this AGM till the conclusion of the 22nd AGM to be held in the year 2030 in accordance with sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with applicable rules made thereunder.

Established in 1981 by CA Suresh Paharia, a qualified chartered accountant since 1980, the firm is a leading provider of comprehensive professional services in Audit, Taxation, Internal Controls, and Regulatory Compliance. Over the past three decades, it has built a strong client base across Manufacturing, NBFCs, Services, and Banking sectors. The firm further expanded its capabilities with the merger of M/s. Mukadam and Associates on 30.12.2009. Known for its high-quality, value-driven approach, the firm blends professional expertise with a personal touch, fostering long-standing client relationships and continuous growth. Delivering personalized and high-standard services remains a core priority.

M/s. Desai Associates, Chartered Accountants have consented to their appointment as Auditors and have confirmed that their appointment, if made, will be in accordance with Section 139 and Section 141 of the Act and that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India ('ICAI') and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

On the recommendation of the Audit Committee, the Board has approved and recommended to the Members, a fee of Rs. 4.21 lakh towards statutory audit, excluding applicable taxes and reimbursement of out of pocket expenses, for FY2026 and first quarter of FY 2026-2027. The remuneration for the subsequent period of their term shall be fixed by the Board of Directors on the recommendation of the Audit Committee.

After evaluating and considering various factors, including reputation and track record, industry experience, independence, expertise of audit team, audit approach and ability to handle audit of complex multi-entity, multi-geography entities, the Board, on the recommendation of the Audit Committee, recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval of the Members.

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

Annexure A

Additional Information on Directors seeking appointment / re-appointment at the AGM [Pursuant to the Secretarial Standard on General Meetings]

Name	Mr. Vijay Tyagi
DIN	10103631
Age	62 years
Qualification and Experience	Mr. Tyagi hold a Bachelor of Commerce degree with a specialization in Finance and Accountancy. He is a Certified Associate of the Indian Institute of Bankers (CAIIB) and a Certified Corporate Governance Professional (CCGP), awarded by the Indian Institute of Corporate Affairs under the Ministry of Corporate Affairs, Government of India. He has completed several professional certifications, including Blockchain: Understanding its uses and implications, and Introduction to Hyperledger Blockchain Technologies—both issued by The Linux Foundation. Additionally, he holds a Certificate in Risk Management and Credit Principles from the New York Institute of Finance, USA; a Certificate in Analytical Problem Solving and Design Thinking from Fullbridge, USA; and a Certificate in Fundamentals of Macroeconomics from Universidad Carlos III de Madrid. He has also completed a specialized program on Cybersecurity for Critical Urban Infrastructure from the Massachusetts Institute of Technology (MIT), USA. Furthermore, He was empanelled as a Non-Official Director (ID: 77683) with the Department of Public Enterprises, Ministry of Finance, Government of India.
Terms and conditions of appointment	Nominee Director on behalf of Authum Investment & Infrastructure Limited, liable to retire by rotation as per Articles of Association
Details of remuneration last drawn during the Financial Year 2024-25	Nil
Details of remuneration sought to be paid	Nil
Date of appointment on the Board	June 17, 2025
Shareholding in the Company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	None
The number of Meetings of the Board eligible to attend / attended during (FY 2024-25)	Nil
Other Directorships of other Board	<ul style="list-style-type: none"> - Lesol City Limited - IFCI Infrastructure Development Limited - Exato Technologies Limited - Xanadu Foods Limited

DIRECTORS' REPORT



The Members,

Your Directors are pleased to present the 17th Annual Report of India SME Asset Reconstruction Company Limited (hereinafter referred as 'the Company' or 'ISARC') on the business, operations and state of the affairs of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2025.

FINANCIAL PERFORMANCE OF THE COMPANY

Brief particulars of the financial performance of the Company during the Financial Year (FY) 2024-25 and previous year are as under: -

(₹ in Lakh)

Sr. No.	Particulars	Year ended 31-Mar-25	Year ended 31-Mar-24
I	Revenue from operation	2,122	247
II	Other Income	1,518	1561
III	Total revenue (I+II)	3,640	1808
IV	Operating Expenses	551	457
V	Operating Profit (III-IV)	3089	1351
VI	Provision for Security Receipts /Advances to Trusts	379	----
VI.A	Write-Off Security Receipts/Advance to Trusts/GST recoverable on reversed management fee	1	283
VIII	EBITDA (V-VI-VI.A)	2709	1068
IX	Interest	----	----
X	Depreciation	5	4
XI	PBT (VIII-IX-X)	2704	1064
XII	Tax	725	128
XIII	PAT (XI-XII)	1,979	936
XIV	Earnings Per Share (EPS) (Basic & Diluted)	1.98	0.94

FINANCIAL SUMMARY

Summary of performance of the Company in brief during FY2024-25 is as under:

- a. Revenue from Operation has risen to ₹ 2122 lakh in FY2025 as against ₹247 lakh in FY2024 on account of upside income realized during the year. Further, there are only 3 live Trusts, because of which the accrual of management fee has come down.
- b. Company has made a recovery of ₹ 4191 lakh during FY2025 as against ₹7669 Lakh for FY2024. Out of the recovery for FY2025, ₹ 2017 lakh have been realized as upside income which has resulted in increase in operational income for the year. Further for FY2025 remaining amount has been utilized towards redemption of Security Receipts (SRs) and realization of unrealized management fee / interest on advance to trusts.
- c. Other Income comprises interest on Fixed Deposits, interest on advance to trusts and write back of provision made on Security Receipts. Interest income has increased to ₹999 lakh in FY2025 from ₹769 lakh in FY2024, as the FD amount as well as the rate of interest offered by banks have increased. Many Fixed Deposits which matured during the year were placed with the banks offering a higher rate of interest. Write back of provision made on SRs / Advance to Trusts has decreased to ₹ 490 lakh in FY2025 from ₹724 lakh in FY2024.
- d. Operating expenses have increased to ₹ 551 lakh in FY2025 from ₹457 lakh in FY2024 due to an increase in deputation charges paid to SIDBI for KMPs deputed by them and expenditure related to Fund raising to meet the RBI compliance for NOF.
- e. The write off of SRs / Advance to Trusts was only to the extent of ₹ 1 lakhs during FY2025 vis-à-vis ₹283 lakh in FY2024.
- f. Profit post tax has increased to ₹ 1979 lakh in FY 2025 from ₹936 lakh in FY2024 due to upside income realized during the year.

STATE OF COMPANY'S AFFAIRS

Change in control and Management of the Company

The Company was promoted by SIDBI with participation from other public sector banks viz. Bank of Baroda, Punjab National Bank, and SIDBI Venture Capital Limited (collectively referred as 'existing sponsors'). As per the RBI Master Directions issued for Asset Reconstruction Companies dated April 24, 2024, ARCs existing on October 11, 2022 are required to maintain NOF of Rs. 200 Crore by March 31, 2024 and Rs. 300 Crore by March 31, 2026. To ensure compliance of NOF requirement, the Company through its Merchant Banker has identified Authum Investment & Infrastructure Limited ('Authum') as the potential investor to infuse funds in the Company by way of share capital through Private Placement, for which the Share Subscription and Purchase cum Shareholders' Agreement ('SSPSHA') dated October 14, 2024 was executed between Authum, the Company and its certain existing shareholders.

As per the terms agreed through SSPSHA, the Company on June 17, 2025, has allotted 13,00,00,000 (thirteen crore) equity shares of Rs. 14.86/- (rupees fourteen and eighty-six paise) each amounting to Rs. 1,93,18,00,000/- (rupees one hundred ninety-three crore and eighteen

lakh) to Authum, representing 56.52% of paid-up share capital of the Company. Further the certain existing shareholders of the Company have transferred 7,32,50,000 (seven crore thirty-two lakh fifty thousand) equity shares of Rs. 16.29/- (rupees sixteen and twenty-nine paise) each amounting to Rs. 1,19,32,42,500 (rupees one hundred nineteen crore thirty-two lakh forty-two thousand and five hundred) to Authum, representing 31.85% of paid-up share capital of the Company. In aggregate, Authum now holds 20,32,50,000 (twenty crores thirty-two lakh and fifty thousand) equity shares, representing 88.37% of the paid-up share capital of the Company.

The RBI vide its letter dated March 25, 2025 has approved the proposal for change in sponsor of the Company and subsequent to the closure of the aforesaid transactions, Authum has become the sponsor of the Company, and the existing sponsors have ceased to be the sponsors. Authum is now the Holding Company of ISARC. Consequently, ISARC is no longer classified as a public sector undertaking and will now operate as a private entity.

Authum is a Middle Layer NBFC registered with Reserve Bank of India specializing in investment and lending, focusing on long-term equity investments in both listed and unlisted spaces and has further diversified to build a fully integrated credit platform. Authum now holds ISARC as its asset reconstruction business arm.

Furthermore, RBI vide its letter dated March 26, 2025 has approved the appointment of Mr. Vijay Tyagi and Mr. Haridas Bhat as the nominee directors of Authum on the board of ISARC. Concurrently, the nominee directors representing the existing sponsors relinquished their board positions upon the cessation of existing sponsors.

These appointments completed the transition of control, with Authum now holding sole sponsorship status and executing full governance oversight of ISARC.

Business Environment

The Indian economy demonstrated continued resilience in FY 2024-25, with real GDP growth estimated at 6.5%, supported by strong Q4 recovery. The RBI eased monetary policy, reducing the repo rate to 6.0%, to counteract trade tensions and support demand.

Though lending to MSMEs remained buoyant, with improvements in asset quality—evidenced by system-wide GNPA declining to a 12-year low of 2.6%. Looking ahead, the economy is expected to sustain around 6.5% growth in FY 2025-26, underpinned by firm domestic demand, policy support, and continued export performance. These dynamics suggest a steady pipeline of stressed assets, particularly in vulnerable sectors—offering strategic opportunities for ARCs amidst a stable and evolving resolution landscape.

Operations

(i) Asset Acquisition:

As on March 31, 2025, the Company received the approval from RBI to meet the requirement for Net Owned Fund (NOF) by June 30, 2025 with the condition that Company will not undertake any new business till it meets the desired NOF. Due to above condition

there were no fresh acquisitions. Further the company had received the approval from RBI for change in sponsor vide its letter dated March 25, 2025.

(ii) Asset Resolution / Recovery:

During the year, the gross & net recovery stood at ₹ 1669 lakh & ₹ 419 lakh respectively. Security Receipt (SRs) worth ₹ 1561.30 lakh were redeemed during FY2024-25 (after adjusting management fee and all commissions & expenses) to SR holders including ISARC. The cumulative gross recovery (since commencement of business) till March 31, 2025 aggregated ₹ 48913.73 lakh of which ₹ 26740.93 lakh have been redeemed to SR holders including ISARC.

(iii) Assets under Management:

The aggregate SR issuance (since commencement of business) amounts to ₹54391 lakh out of which SRs amounting to ₹ 26640 lakh were outstanding as on March 31, 2025, SRs amounting to ₹ 26741 lakh have been redeemed and SRs amounting to ₹1010 lakh have been written off till March 31, 2025. The AUM including additional funding (since commencement of business) is ₹55095 lakh whereas the Net AUM of the Company is ₹ 26640 lakh (Previous Year ₹28202 lakh) as on March 31, 2025.

(iv) Ratings of security receipts & Net Asset Value (NAV) of SRs:

As on March 31, 2025, aggregate SRs amounting to ₹ 1911 lakh have been rated by rating agencies under the recovery ratings scale as per the guidelines issued by RBI to ARCs and the corresponding NAVs have been communicated to the respective SR holders.

SHARE CAPITAL

As on March 31, 2025, the authorised, issued, subscribed and paid-up share capital of the Company stood at Rs. 100,00,00,000 (rupees one hundred crore) divided into 10,00,00,000 (ten crore) equity shares of face value of Rs. 10/- (rupees ten) each.

The Company at its extraordinary general meeting held on May 14, 2025, has increased its authorised share capital from existing Rs. 100,00,00,000 (rupees one hundred crore) divided into 10,00,00,000 (ten crore) equity shares of face value of Rs. 10/- (rupees ten) each to Rs. 250,00,00,000 (rupees two hundred and fifty crore) divided into 25,00,00,000 (twenty-five crore) equity shares of face value of Rs. 10/- (rupees ten) each.

Further, the Company at its meeting held on June 17, 2025 has allotted 13,00,00,000 (thirteen crore) equity shares of Rs. 14.86/- (rupees fourteen and eighty-six paise) each amounting to Rs. 1,93,18,00,000/- (rupees one hundred ninety-three crore and eighteen lakh). Thereafter the issued, subscribed and paid-up share capital of the Company stood at Rs. 230,00,00,000 (rupees two hundred and thirty crore) divided into 23,00,00,000 (twenty-three crore) equity shares of face value of Rs. 10/- (rupees ten) each.

THE CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review, there was no change in the nature of the business of the Company.

TRANSFER TO RESERVES

There is no amount proposed to be transferred to reserves.

DIVIDEND

During the year under review, the Board of Directors have not recommended any dividend for the financial year ended on March 31, 2025.

TRANSFER OF UNCLAIMED DIVIDEND ETC. TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Since there was no amount lying with respect to unpaid/unclaimed Dividend, the provisions of Section 125 of the Companies Act, 2013, do not apply.

DEPOSITS

During the year under review, the Company had neither accepted nor held any deposits from the public and shall not accept any deposits from the public without obtaining prior approval from the Reserve Bank of India (RBI).

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

The following material changes took place during the year ended March 31, 2025 and upto the date of this report:

1. Compliance with NOF requirement- In accordance with RBI Master Directions issued for Asset Reconstruction Companies dated April 24, 2024, ARCs existing on October 11, 2022 are required to maintain NOF of Rs. 200 Crore by March 31, 2024 and Rs. 300 Crore by March 31, 2026. The Company has secured fresh capital from Authum to ensure timely compliance with these thresholds;
2. Change in sponsor- Authum has become the sole sponsor of the Company and the existing sponsors viz. SIDBI, Bank of Baroda, Punjab National Bank, and SIDBI Venture Capital Limited have ceased to be the sponsor. The RBI vide its letter dated March 25, 2025 has conveyed its approval for the aforesaid change in sponsor;
3. Change in control and Management- Authum has become the Holding Company of ISARC and with the sole sponsorship status, it shall execute full governance oversight of ISARC;
4. Cessation of public sector undertaking status – Following the sponsor transition from public sector entities to a private entity, ISARC is no longer classified as a public sector undertaking and now operates as a private entity. As a result of which the Company is not subject to CAF audit;
5. Change in accounting policy- Authum, the Holding Company, prepares its financial statements in accordance with Indian Accounting Standards (Ind AS). As ISARC is a subsidiary of Authum, its financials are consolidated with those of its Holding Company. Effective April 1, 2025, ISARC has adopted Ind AS in accordance with Ind AS 101, First-time adoption of Ind AS, with April 1, 2024, designated as the transition date. The transition was made from the previous GAAP, as prescribed under Section 133 of the Companies Act,

2013, read with the Companies (Accounts) Rules and subsequent applicable amendments.

Apart from the above, there were no other material changes impacting on the financial position of the Company from the end of the financial year under review and up to the date of this report.

CORPORATE GOVERNANCE

Committees

The Board of Directors of the Company has constituted Audit Committee (AC), Nomination and Remuneration Committee (NRC), Risk Management Committee (RMC), Corporate Social Responsibility (CSR) Committee and Executive Committee (EC) inter-alia, to provide guidance to Board, frame policies and plans, monitor the risks, recommend the appointment and remuneration of the Directors and Key Managerial Personnel (KMPs). Major risks are systematically identified and addressed through mitigating actions on a continuing basis.

The Board

The Board of Directors along with its committees provide leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company. In addition to the governance practices, the Board lays strong emphasis on transparency, accountability and integrity.

As on the date of this report, the Board comprises 6 (six) Directors, of which 2 (two) are Non-Executive Nominee Directors, 4 (four) are Independent Directors including one Woman Director.

A detailed report on Corporate Governance is placed as **Annexure-I**.

RISK MANAGEMENT

Your Company has adopted a comprehensive Enterprise Risk Management policy to identify, assess, manage, monitor and mitigate the risk associated with your Company's business. The Policy sets as a guiding principle to set up the process of execution, implementation and mitigation of risk associated with the business of the Company.

BUSINESS CONTINUITY

Your Company has adopted a Business Continuity Management policy to ensure continuity, resumption and recovery of critical business processes, at an agreed level and limit the impact of the disaster on people, processes and infrastructure including Information Technology and to minimise the operational, financial, legal, reputational and other material consequences arising from a disaster.

MEETINGS OF THE BOARD

The Board met at regular intervals to consider, among other businesses, the quarterly performance of the Company and financial results. To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information was made available to the Board including circulation of agenda and notes thereof as well as presentations on financials and other critical areas of operations of the Company. The Board was also kept

informed of the overall performance of the Company, major events/items and approvals taken, wherever necessary. The Board also took decisions by circular resolutions which were noted by the Board at the subsequent meetings.

During FY 2024-25, the Company held 9 (nine) meetings of the Board of Directors as per Section 173 of the Companies Act, 2013. These were held on May 09, 2024, July 02, 2024, August 14, 2024, September 24, 2024, October 15, 2024, October 28, 2024, November 11, 2024, February 13, 2025, and March 27, 2025.

STATEMENT AS TO COMPLIANCE WITH PROVISIONS RELATING TO THE CONSTITUTION OF INTERNAL COMPLAINTS COMMITTEE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Board has formulated and adopted a policy on prevention of sexual harassment at workplace and takes all necessary measures to ensure a harassment free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The Company believes that all employees, including other individuals, who are dealing with the Company, have the right to be treated with dignity.

During the year under review, there were no complaints received or pending of any sexual harassment.

Effective June 17, 2025, Authum being the holding company, its policy on prevention of sexual harassment extends to its subsidiaries as well. Consequently, ISARC continues to operate under the same policy and compliant redressal mechanism as Authum, ensuring consistent governance and compliance across the group. Simultaneously, the existing policy framed by ISARC is discontinued.

The Policy on Protection of Sexual Harassment at Workplace is placed on the website of the Company <http://www.isarc.in/information-corner.htm>.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMPs)

The Composition of the Board is in accordance with the applicable provisions of the Companies Act, 2013, and the rules framed thereunder, the Master direction(s)/ guideline(s) issued by the Reserve Bank of India and other applicable laws, inter-alia, with respect to appointment of directors and key managerial personnel.

Director(s) retiring by rotation

In accordance with the provisions of the Companies Act, 2013 read along with the applicable Companies (Appointment and Qualification of Directors) Rules, 2014, including any modifications / amendments thereof, Mr. Vijay Tyagi (DIN:10103631) is liable to retire by rotation at the forthcoming Annual General Meeting, being longest in office, in compliance with the Articles 158 and 187 of Part A and Article 249.5.2 of Part B of the Articles of Association of the Company and Section 152(6) and other applicable provisions of the Companies Act, 2013 and being eligible to offer himself for re-appointment.

Brief particulars of Mr. Vijay Tyagi (DIN:10103631) as required under Secretarial Standard on

General Meetings (the SS-2) are provided in the Notice convening the Annual General Meeting of the Company.

Appointment of Directors

Mr. Mukesh Chand- Independent Director

The Board at its meeting held on September 24, 2024, had approved the appointment of Mr. Mukesh Chand (DIN: 10791544) as an Additional (Independent) Director for a period of 3 years with effect from RBI approval date. The RBI vide its letter dated December 11, 2024 had approved his appointment. Further, the Members at its extraordinary general meeting had approved Mr. Chand's appointment as the Independent Director of the Company w.e.f. December 11, 2024.

Mr. Vijay Tyagi- Nominee Director

The Board at its meeting held on October 28, 2024, had approved the appointment of Mr. Vijay Tyagi (DIN: 10103631) as the nominee director representing Authum Investment & Infrastructure Limited subject to RBI approval for change in sponsor of the Company. The RBI vide its letter dated March 26, 2025, had approved the appointment of Mr. Tyagi. Subsequently, the Board at its meeting had passed the resolution for his appointment effective June 17, 2025.

Mr. Haridas Bhat- Nominee Director

The Board at its meeting held on October 28, 2024, had approved the appointment of Mr. Haridas Bhat (DIN: 09691308) as the nominee director representing Authum Investment & Infrastructure Limited subject to RBI approval for change in sponsor of the Company. The RBI vide its letter dated March 26, 2025, had approved the appointment of Mr. Bhat. Subsequently, the Board at its meeting had passed the resolution for his appointment effective June 17, 2025.

Cessation of Directors

The following directors of the Company have ceased to be directors on the board of ISARC:

1. Mr. Anup Sankar Bhattacharya (DIN: 02719232), Chairperson & Independent Director and Mr. Shyam Sundar Barik (DIN: 08184820), Independent Director have completed their second term of appointments and accordingly they ceased to hold office w.e.f. September 29, 2024;
2. Mr. S Ananthakrishnan (DIN: 10347692), nominated by SIDBI has ceased to be the Nominee Director w.e.f. January 29, 2025;
3. Mr. Amitabh Misra (DIN: 10370703) who was serving on deputation from SIDBI, as MD & CEO of the Company, w.e.f. June 17, 2025, coinciding with SIDBI's cessation as a sponsor of the Company;
4. Mr. Prakash Kumar (DIN: 06758416) nominated by SIDBI, Mr. Dilip Kumar Jain (DIN: 06822012) nominated by Punjab National Bank (PNB) and Mr. Dinesh Kumar Namdeo (DIN: 07738940) nominated by Bank of Baroda (BOB) have ceased to hold office as Nominee Directors of the Company, effective June 17, 2025, following the cessation of SIDBI, PNB, and BOB as sponsors of the Company.

Chairperson of the Board

Subsequent to the resignation of Mr. Anup Sankar Bhattacharya, erstwhile Chairperson of the Board, The Board at its meeting held on October 15, 2024 had appointed Ms. Rachna Dikshit, Independent Director, as the Chairperson of the Board with immediate effect.

Key Managerial Personnel

In terms of the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to appoint Key Managerial Personnel (KMP)

During the year under review and upto the date of this report, the following changes took place in the position of KMP:

1. Cessation of Mr. K Prakash, who was serving on deputation from SIDBI, as the Chief Financial Officer of the Company w.e.f. May 27, 2025;
2. Cessation of Mr. Amitabh Misra, who was serving on deputation from SIDBI, as the Chief Executive Officer of the Company w.e.f. June 17, 2025;
3. Cessation of Ms. Ketki Muzumdar, as the Company Secretary of the Company w.e.f. June 17, 2025;
4. Appointment of Mr. Jethanand Chopra as the Chief Executive Officer of the Company w.e.f. August 21, 2025
5. Appointment of Ms. Minal Jain as the Company Secretary of the Company w.e.f. June 17, 2025.

Furthermore, the Company is actively engaged in identifying a suitable candidate to fill the position of Chief Financial Officer of the Company. In accordance with the provisions of the Companies Act, 2013 and the rules framed thereunder, the Company is committed to completing this process within the prescribed timeline.

DIRECTOR(S) DISCLOSURE

Based on the declarations and confirmations received from all the Directors, in terms of the applicable provisions of the Companies Act, 2013 (the Act), circulars, notification and directions issued by the Reserve Bank of India (RBI) and other applicable laws, including any modifications or amendments thereof, none of the Directors of your Company is disqualified from being appointed as Director of the Company.

The Company has received necessary declarations from the Independent Directors, affirming compliance with the criteria of independence laid under the provisions of Section 149(6) and sub rule 3 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Act. The Company has also received from them declaration of compliance of Rule 6 (1) & (2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, regarding online registration with the 'Indian Institute of Corporate Affairs', for inclusion / renewal of name in the data bank of Independent Directors. Board of Directors is of the opinion that the independent directors have the required integrity and possess relevant expertise and experience including

proficiency being ascertained from the online proficiency self-assessment test conducted by the institute, as notified under sub-section (1) of section 150 of the Act and their continued association will be of immense benefit and in the best interest of the Company. The Board of Directors has taken on record the declarations and confirmations submitted by the independent directors for the FY 2024-25.

None of the Directors of the Company is related inter-se, in terms of section 2(77) of the Act including Rules thereunder. The profile of the Directors forms part of the Corporate Governance Report which is a part of this Annual Report.

ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD

Pursuant to provisions of the Companies Act, 2013 (the Act), the Board has carried out an Annual Performance Evaluation of its own and the Directors individually including Chairperson, as well as the evaluation of the working of its Audit, Nomination & Remuneration, CSR and other Committees.

A structured questionnaire designed for the performance evaluation of the Board, its Committees, Chairperson and individual directors, in accordance with the criteria set and covering various aspects of performance, was circulated to all the directors of the Company for the annual performance evaluation. Based on the assessment of the responses received to the questionnaire from the directors on the annual evaluation of the Board, its Committees, the Chairperson and the individual Directors, a summary of the Board Evaluation was placed before the meeting of the Board of Directors for consideration. Accordingly, the Board assessed the performance of all the Directors including MD&CEO and Independent Directors. The Directors were satisfied with the results of the performance evaluation of the Board & its Committees, Chairperson and individual directors.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any loan or provided any guarantee and has not made any investments in terms of Section 186 of the Companies Act, 2013.

During the year under review, the Company has not taken any Loan from the Banks or Financial Institutions and thus the provision under Rule 8 sub-rule 5 (xii) of the Companies (Accounts) Rules, 2014 is not applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

All the Related Party Transactions entered by the Company are on arm's length basis and in the ordinary course of business. All the Related Party Transactions as required under applicable accounting standards are reported in the Notes to the Financial Statement.

Relevant Form (AOC-2) for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 (the Act) is given as **Annexure II** to this Report.

During the year, the Company has not entered into any contract / arrangement / transaction with related parties which may have a potential conflict with the interest of the Company at

large. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all the related party transactions is placed before the Audit Committee for review. None of the Directors has any pecuniary relationship or transactions with the Company.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of section 134(3)(a) and section 92(3) of the Companies Act, 2013 (the Act), read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company as on March 31, 2025, once prepared, shall be disclosed on the Company's website at <http://www.isarc.in/information-corner.htm>.

CORPORATE SOCIAL RESPONSIBILITY

The Company sees itself as an essential part of society and is well aware of its responsibilities beyond financial considerations towards improving the quality of life of the communities at large.

The annual report on Corporate Social Responsibility (CSR) containing details of CSR Policy, composition of CSR Committee, CSR projects undertaken and weblink thereto on the website of the Company, as required under Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out under **Annexure III** of this Report. For other details regarding CSR Committee, please refer to the Report on Corporate Governance, which is a part of this Annual Report.

The Policy adopted by the Company on CSR is placed on the website of the Company <https://www.isarc.in/information-corner.htm>.

SECRETARIAL STANDARD

The Company complies with the applicable Secretarial Standard issued by the Institute of Company Secretaries of India (ICSI).

RBI COMPLIANCES

During the year under review, the Company has complied with and continues to comply with all applicable laws, rules, circulars and regulations prescribed by the RBI, from time to time, including the RBI Directions.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 of the Companies Act, 2013:

- (a) in the preparation of the annual accounts for financial year ended March 31, 2025, the applicable accounting standard and RBI guidelines were followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2025 and of the profit of the

Company for the year ended on that date;

- (c,) the Directors had taken proper and sufficient care 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.
- (d) the Directors had prepared the annual accounts for financial year ended March 31, 2025 on a 'going concern' basis.
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

Statutory Auditor

During the year under review, the Statutory Auditors of your Company are appointed by the Comptroller and Auditor General of India (C&AG) in accordance with the provisions of Section 139(5) of the Companies Act, 2013 (the Act) and the Rules framed thereunder. The C&AG vide its No./CA.V/COY/Central Government, ISARCL (1)/456 dated September 21, 2024 has appointed M/s Desai Associates, Chartered Accountants, Mumbai as Statutory Auditor for the FY2024-25.

The statutory auditors have not reported any incident of fraud during the year under review. Further, the auditor's report does not contain any qualification, reservation or adverse remark.

Further, in view of change in sponsor and the declassification of the Company as a public sector undertaking effective June 17, 2025, the provisions relating to audit by the CAG are no longer applicable.

However, the new management has decided to continue with the services of M/s. Desai Associates, Chartered Accountants, as they are well versed with the system/procedure and books of accounts of the Company.

Accordingly, the Board at its meeting held on September 04, 2025 based on the recommendation of the Audit Committee and subject to approval of members at the ensuing Annual General Meeting (AGM), has approved the appointment of M/s. Desai Associates, Chartered Accountants (FRN:102286W) as the Statutory Auditors of the Company who shall hold office for first term of five consecutive years from the conclusion of 17th AGM until the conclusion of 22nd AGM to be held in 2030 in accordance with sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with applicable rules made thereunder.

Internal Auditor

In terms of provisions of Section 138 of the Companies Act, 2013 (the Act) and other applicable laws, M/s. Kochar & Associates, Chartered Accountants, were appointed as the Internal

Auditors of the Company for the FY 2024-25. The Internal Audit reports are reviewed by the Audit Committee on a periodical basis.

Further, the Board at its meeting held on June 26, 2024 based on the recommendation of the Audit Committee, has appointed M/s. Grant Thornton Bharat LLP as the Internal Auditors of the Company for a period of two financial years i.e. FY 2025-26 & FY 2026-27.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit has been carried out by M/s. Surjan Singh Rauthan, Practicing Company Secretary, Mumbai for the FY 2024-25 which confirms that the Company has complied with all the applicable provisions of the corporate laws, guidelines, rules, etc. The Secretarial Audit Report for the financial year ended March 31, 2025 is given as **Annexure IV** to this Report.

Observations of the Secretarial Auditor and comments of the Board of Directors on the same are as follows:

Sr. No.	Audit Observations	Comments/Compliance				
1	There are certain e-forms which were filed by the Company with the Registrar of Companies after the due date of filing during the audit period which are mentioned herein	The forms filing were delayed mostly due to factors not in control of the Company as indicated below.				
		Sr. No.	Particulars	Due date for filing eform(s)	Date of Filing eform(s)	Reason for the delay
		1	AOC-4 XBRL	24.10.2024	25.10.2024	Technical issues in the MCA site, delayed the filing process.
		2	MGT-14 for appointment of Secretarial Auditors and Filing of Audited Financial Statements (SRN: AA8644496)	08.06.2024	21.06.2024	The absence of Company Secretary delayed the filing process.
		However, it would be the endeavour of the company to adhere to the timelines henceforth.				

REVIEW OF ACCOUNTS BY COMPTROLLER AND AUDITOR GENERAL OF INDIA (C&AG)

The C&AG vide their letter no. GA/CA-1/AUDIT/ISARC/2024-25/99 dated August 13, 2025 has stated that their office has decided not to conduct supplementary audit of the financial statements of the Company for the year ended March 31, 2025 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013.

DISCLOSURE OF ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNAL

During the year under review, no such order was passed by the regulators or courts or tribunals which impacts the going concern status and Company's operations in future.

APPLICATIONS UNDER IBC

There is NIL case filed against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), during the year.

However, the Company being the Financial Creditor for various Borrower Companies, proceedings are going on under the Insolvency and Bankruptcy Code, 2016 for recovery of loan amount.

INTERNAL FINANCIAL CONTROL (IFC)

Your Company has adequate internal control on Financial Reporting to ensure the orderly and efficient conduct of its business including adherence to the Company's policies; accuracy and completeness of the accounting records; timely preparation of reliable financial information, which is commensurate with the operations of the Company. These are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit observations, if any, and follow up actions thereon, are reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company does not carry out any manufacturing activities, disclosures pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable to your company during the year under review. The Company is, however, constantly pursuing its goal of technological upgradation in a cost-effective manner commensurate with its portfolio.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Committee functions, inter-alia, in accordance with Section 178 of the Companies Act, 2013 (the Act), identify persons who are qualified to become Directors, recommend to the Board for their appointment and removal and carry out evaluation of every Director's performance. The Company has put a Nomination and Remuneration policy in place which formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a Director and also criteria for determining the remuneration of the Directors and Key Managerial Personnel.

The Nomination and Remuneration Policy is placed on the website of the Company

<https://www.isarc.in/information-corner.htm>

SUBSIDIARIES / JOINT VENTURE / ASSOCIATE COMPANIES

Your Company does not have any Subsidiary, Joint Venture or Associate Companies in accordance with the provisions of the Companies Act, 2013 (the Act). Hence, disclosure regarding the same is not applicable.

DISCLOSURE AS TO MAINTENANCE OF COST RECORDS

The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 (the Act) read with rules made thereunder, for any of the services rendered by the Company.

VIGIL MECHANISM

The Company, as and when required as per the provisions of the Section 177(9) of the Companies Act, 2013 or relevant regulations, establish a vigil mechanism / whistle blower policy for Directors and employees to report genuine concerns in the manner as may be prescribed in the Companies Act, 2013. The Audit Committee shall oversee the vigil mechanism.

HUMAN RESOURCES

Your Company believes that employees are its main strength. The Company has operated on lean but effective staff structure and the same shall be suitably augmented to suit the business requirements of the Company from time to time. The Company has undertaken steps for employees' health and safety.

ACKNOWLEDGEMENTS

Your Directors express their appreciation and gratitude for the co-operation, assistance and guidance received from Government of India, Reserve Bank of India (RBI), shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff resulting in the successful performance of the Company during the year.

**For and on behalf of the Board of Directors
India SME Asset Reconstruction Company Limited**

**Sd/-
Rachna Dikshit
Chairperson & Independent Director
(DIN: 08759332)**

Place: Mumbai

Date: September 04, 2025

CORPORATE GOVERNANCE REPORT

The Company believes that good Corporate Governance practices ensure ethical and efficient conduct of the affairs of the Company and also help in maximising value for all its stakeholders like customers, employees and society at large in order to build an environment of trust and confidence among all the constituents.

The Company recognises that good corporate governance is a continuous exercise and reiterates its commitment to pursue highest standards of corporate governance such as empowerment and integrity of its employees, transparency in decision making process, fair & ethical dealings with all and last but not the least accountability to all the stakeholders.

ISARC's governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company has formed three tiers of Corporate Governance structure, viz.:

- a) The Board of Directors: The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals & targets, policies, reporting mechanism & accountability and decision-making process to be followed.
- b) Committees of the Board of Directors: Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, Executive Committee and Corporate Social Responsibility Committee to focus on financial reporting, audit & internal controls, compliance issues, appointment and remuneration of Directors and senior management employees, sustainable development and business and risk management framework.
- c) Executive Management: The entire business, including the support services, is managed with clearly demarcated responsibilities and authorities at different levels.

BOARD OF DIRECTORS

The Board of Directors comprises an optimum combination of Executive and Non-Executive Directors (which includes Independent and Nominee Directors). Independent Directors are persons with proven record in the fields of Audit / Accounts, Finance, Risk Management, Law and Banking.

The Board of Directors take active participation in the Board and Committee Meetings by providing valuable inputs to the Management on various aspects of audit / accounts, policy direction, governance, compliance, etc. and thus enhance the transparency in the decision-making process of the Board of Directors.

Composition of Board of Directors

In compliance with the provisions of the Companies Act, 2013 (the Act) the composition of Board of Directors of the Company, as on the date of report, is as follows:

Sr. No.	DIN No.	Name of Directors	Designation
1.	08759332	Ms. Rachna Dikshit	Chairman and Independent Director
2.	07123442	Mr. Hari Shanker Sharma	Independent Director
3.	00072457	Mr. Sandeep Welling	Independent Director
4.	10791544	Mr. Mukesh Chand	Independent Director
5.	09691308	Mr. Haridas Bhat	Nominee Director – Authum Investment & Infrastructure Limited (Authum)
6.	10103631	Mr. Vijay Tyagi	Nominee Director – Authum Investment & Infrastructure Limited (Authum)

Profile of the Directors

The Brief profile of each Director, as on the date of this report, is given below:

Ms. Rachna Dikshit

Chairman and Independent Director (DIN: 08759332)

Ms. Rachna Dikshit held pivotal roles at the Reserve Bank of India, notably as Regional Director for Punjab, Haryana, and Chandigarh, where she oversaw regulatory oversight and operations of banks, NBFCs, and co-operative banks, worked closely with NABARD, SIDBI, and state governments; she co-chaired SLBC, SLSC, and SLCC forums and led the regional MSME Empowered Committee. Previously, in Chandigarh and Delhi as General Manager, she championed financial inclusion and literacy for underbanked populations and SMEs, partnering with government bodies and industry groups. At RBI Mumbai, she directed the Financial Institutions and Credit Information Divisions and was a member of significant committees like the 1998 Kapoor Committee on SSI credit, a 2004 SHG study in Rajasthan, and the 2012–13 World Bank Credit Reporting Committee. She is a member of Certified Associate Indian Institute of Bankers. She holds Masters in Political Science from Allahabad University, and Bachelor of Arts from Isabella Thoburn College, Lucknow.

Ms. Dikshit is the Chairperson of the Board and Corporate Social Responsibility Committee of the Company. She is also a member of Nomination and Remuneration Committee.

Mr. Hari Shanker Sharma

Independent Director (DIN: 07123442)

Mr. Hari Shanker Sharma is retired as the General Manager from Bank of Baroda. He has more than 40 years of experience in the field of banking and Risk Management.

Mr. Sharma is the Chairperson of Nomination and Remuneration Committee and Risk Management Committee of the Company. He is also a member of the Audit Committee.

Mr. Sandeep Welling

Independent Director (DIN: 00072457)

Mr. Sandeep Welling is a Chartered Accountant. He is having more than 36 years of experience in the field of finance and accounts. He is Chief Operating Partner of Kirtane & Pandit LLP, Chartered Accountants.

Mr. Welling is the chairperson of Audit Committee of the Company. He is also a member of Executive Committee.

Mr. Mukesh Chand

Independent Director (DIN: 10791544)

Mr. Mukesh Chand is a seasoned expert in the fields of banking, finance, restructuring, and insolvency law. With an extensive background and deep understanding of financial regulations in India, Mr. Mukesh has established himself as a leading authority in these domains. His practice spans a broad range of services, including handling complex insolvency cases, financial restructurings, and advising both creditors and debtors in high-profile insolvency proceedings.

Mr. Chand is the Chairperson of the Executive Committee of the Company. He is also a member of the Audit and Risk Management Committee.

Mr. Haridas Bhat

Nominee Director – Authum Investment & Infrastructure Limited (Authum) (DIN: 09691308)

Mr. Haridas Bhat is a Chartered Accountant in Practice having experience of over 37 years. He specializes in Income Tax matters and has been regularly attending ITAT matters in Mumbai, Pune and Ahmedabad. He was member of WIRC during the years 2003-04, 2007-08, 2020-21, and 2021-22, Member of ICAI Central Council during the year 2011-12 and 2015-16, Member of Direct Committee of Chamber of Income Tax Consultants 2016-17 and has delivered lectures in WIRC, Study Circles, on Income Tax matters. Further, he was a Core Committee Member in JB Nagar CPE Study Circle since 2002-03, Convenor of JB Nagar CPE Study Circle year 2006-07. He has also been a winner of Times Business Awards 2021, Mangaluru, Mysuru, Hubballi for Excellence in Financial and Tax Advisory.

Mr. Bhat is the member of various Committees of the Company viz. Audit, Corporate Social Responsibility, Nomination and Remuneration, Risk Management and Executive Committee.

Mr. Vijay Tyagi

Nominee Director – Authum Investment & Infrastructure Limited (Authum) (DIN: 10103631)

Mr. Vijay Tyagi is a seasoned banker with extensive experience across domestic and international banking operations, covering corporate credit, MSME and retail lending, agriculture finance, remittances, risk management, and regulatory compliance. He has held leadership roles—including chairmanships and board-level responsibilities—in SBI subsidiaries and JVs across diverse markets such as Nepal, Botswana, Mauritius, Bhutan, Indonesia, Russia, Canada, California, and the UK, driving operational efficiency, governance and sustained growth across rural and metro segments. He further served as Director (FDI & ODI) in the Ministry of Finance, Government of India, where he steered policy formulation and promotion of foreign and outward direct investment, collaborating with multiple ministries and regulators to enhance India's investment environment. Additionally, as Chief Vigilance Officer at Punjab National Bank, National Housing Bank, and Punjab & Sindh Bank, he led integrity and fraud

management initiatives—including during major mergers—earning recognition from the Central Vigilance Commission. Overall, Mr. Tyagi stands out as a versatile financial leader with deep cross-cutting expertise in banking, investment policy, compliance, and vigilance across India and abroad.

Mr. Tyagi is the member of various Committees of the Company viz. Audit, Corporate Social Responsibility, Nomination and Remuneration, Risk Management and Executive Committee.

Meeting of Independent Directors

As stipulated by the Code of Independent Directors under Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on March 26, 2025 to review the performance of the Board, Chairman and Board-Management relations.

The Independent Directors are adhering to the Code of Conduct prescribed under Schedule IV of the Companies Act, 2013.

General Meeting

The 16th Annual General Meeting of the Company was held on September 25, 2024 through Video Conference in Microsoft Teams. All the applicable provisions of the Companies Act, 2013 and rules made thereunder with respect to conducting of General Meeting with Video Conferencing were duly adhered. AGM was attended by the Members, Chairman of Audit Committee and Representative appointed by the Chairman of the Nomination and Remuneration Committee of the Board, as required under Companies Act, 2013.

Committees of the Board of Directors

In accordance with the applicable provisions of the Companies Act, 2013 (the Act), the circular(s), notification(s) and directions issued by the Reserve Bank of India (RBI) and the Company's internal corporate governance requirements, the Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution on diverse matters. These include the Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Executive Committee and Risk Management Committee. The matters pertaining to financial results and auditors report are taken care of by the Audit Committee and those pertaining to nomination / remuneration of Key Executives and Directors are within the realms of Nomination & Remuneration Committee. The terms of reference of Committee of Directors are as per the Charter duly approved by the Board. The Corporate Social Responsibility (CSR) Committee focuses on compliance of CSR policy and framework by the Company and monitors the expenditure to be incurred by the Company. The Risk Management Committee manages the integrated risk and further oversees the Risk Management function of the Company. The Company Secretary acts as the Secretary for all the aforementioned Committees. The minutes of the meetings of all Committees along with summary of key decision / discussion taken at each Committee, is placed before the Board for discussion / noting / approval.

Authum Investment & Infrastructure Limited, Holding Company has constituted an Internal Complaints Committee (ICC) in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The jurisdiction of this ICC

extends to all the subsidiaries and associates of Authum, including ISARC, thereby ensuring a workplace free from sexual harassment and facilitating the prompt, confidential, and effective redressal of complaints under the POSH Act.

Audit Committee

The Committee members possess strong accounting and financial management knowledge. The Committee meets the composition requirement pursuant to the provisions of Section 177 of the Companies Act, 2013.

Subsequent to the change in sponsor and appointment of nominee directors of Authum (sponsor) on the board of Company and cessation of nominee directors of existing sponsors, the Committee was reconstituted vide Circular Resolution passed by the Board dated June 23, 2025.

The Composition of Audit Committee, as on date of this report, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Mr. Sandeep Welling	Chairman (Independent Director)
2	Mr. Hari Shanker Sharma	Member (Independent Director)
3	Mr. Mukesh Chand	Member (Independent Director)
4	Mr. Haridas Bhat	Member (Nominee Director)
5	Mr. Vijay Tyagi	Member (Nominee Director)

During the year under review, the Audit Committee met Sixth (6) times on May 9, 2024, July 02, 2024, August 14, 2024, October 15, 2024, November 11, 2024 and February 11, 2025.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is formed in compliance with the provisions of Section 178 of the Companies Act, 2013.

Subsequent to the change in sponsor and appointment of nominee directors of Authum (sponsor) on the board of Company and cessation of nominee directors of existing sponsors, the Committee was reconstituted vide Circular Resolution passed by the Board dated June 23, 2025.

The Composition of Nomination and Remuneration Committee, as on date of this report, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Mr. Hari Shanker Sharma	Chairman (Independent Director)
2	Ms. Rachna Dikshit	Member (Independent Director)
3	Mr. Haridas Bhat	Member (Nominee Director)
4	Mr. Vijay Tyagi	Member (Nominee Director)

During the year under review, the Nomination & Remuneration Committee met twice (2) times on September 24, 2024 and October 28, 2024.

Corporate Social Responsibility Committee

The CSR Committee is formed in compliance with the provisions of Section 135 of the Companies Act, 2013.

Subsequent to the change in sponsor and appointment of nominee directors of Authum (sponsor) on the board of Company and cessation of nominee directors of existing sponsors, the Committee was reconstituted vide Circular Resolution passed by the Board dated June 23, 2025.

The Composition of Corporate Social Responsibility Committee, as on date of this report, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Ms. Rachna Dikshit	Chairman (Independent Director)
2	Mr. Haridas Bhat	Member (Nominee Director)
3	Mr. Vijay Tyagi	Member (Nominee Director)

During the year under review, CSRC met once on August 14, 2024.

Risk Management Committee

The Risk Management Committee of the Company is formed to identify and resolve the risk involved in the business of the Company.

Subsequent to the change in sponsor and appointment of nominee directors of Authum (sponsor) on the board of Company and cessation of nominee directors of existing sponsors, the Committee was reconstituted vide Circular Resolution passed by the Board dated June 23, 2025.

The Composition of Risk Management Committee, as on date of this report, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Mr. Hari Shanker Sharma	Chairman (Independent Director)
2	Mr. Mukesh Chand	Member (Independent Director)
3	Mr. Haridas Bhat	Member (Nominee Director)
4	Mr. Vijay Tyagi	Member (Nominee Director)

During the year under review, RMC met twice on November 11, 2024 and March 27, 2025.

Executive Committee

The Board has constituted the Executive Committee to take decisions with respect to the acquisitions of financial assets and matters related thereto.

Subsequent to the change in sponsor and appointment of nominee directors of Authum (sponsor) on the board of Company and cessation of nominee directors of existing sponsors, the Committee was reconstituted vide Circular Resolution passed by the Board dated June 23, 2025.

The Composition of Executive Committee, as on date of this report, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Mr. Mukesh Chand	Chairman (Independent Director)
2	Mr. Sandeep Welling	Member (Independent Director)
3	Mr. Haridas Bhat	Member (Nominee Director)
4	Mr. Vijay Tyagi	Member (Nominee Director)
5	Mr. Jethanand Chopra	Member (Chief Business Officer)

During the year under review, no Executive Committee Meeting was held.

Internal Complaints Committee

As apprised earlier, the jurisdiction of Internal Complaints Committee (ICC) of Authum Investment & Infrastructure Limited, Holding Company, extends to ISARC for ensuring a workplace free from sexual harassment and facilitating the prompt, confidential, and effective redressal of complaints under the POSH Act.

The ICC of Authum shall take all necessary measures to ensure a harassment free workplace and for redressal of complaints.

The Composition of ICC of Authum, as on date of this report, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Ms. Jyoti Dhuppar	Product Head- Authum
2	Ms. Priya Shetty	Finance Manager- Authum
3	Ms. Sweta Narvekar	Legal Manager- Authum
4	Mr. Savneet Chopra	Operations & Customer Service Head- Authum
5	Mr. Nimesh Chonkar	TA & Comp Head- Authum
6	Ms. Ashwini Inamdar	External Member- Authum (Mandatory)

During the year under review, there is no complaint of any sexual harassment.

Attendance of the Members in Board and Committee Meetings during the FY2024-25

Sr. No.	Type of Meeting	No. of Meetings held	Mr. Anup Sankar Bhatta -charya (ID)	Mr. Shri Shyam Sundar Barik (ID)	Mr. Hari Shankar Sharma (ID)	Mr. Rachna Dikshit (ID)	Mr. Sandeep Welling (ID)	Mr. Dinesh Kumar Namdeo (BOB)	Mr. S. Anantha krishnan (SIDBI)	Mr. Prakash Kumar (SIDBI)	Mr. Dilip Kumar Jain (PNB)	Mr. Amitabh Misra (MD&CEO)	Mr. Mukesh Chand (ID)
1	Board	9	4/4	4/4	9/9	9/9	9/9	5/9	6/7	6/9	4/9	9/9	2/2
2	AC	6	NA	3/3	4/4	NA	6/6	NA	4/4	NA	3/6	NA	1/1
3	NRC	2	NA	NA	2/2	2/2	NA	NA	NA	2/2	NA	NA	NA
4	RMC	2	NA	NA	2/2	NA	NA	NA	0/1	NA	2/2	2/2	1/1
5	CSR	1	NA	1/1	NA	1/1	NA	1/1	NA	NA	NA	1/1	NA
6	EC	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
7	ID	1	NA	NA	1/1	1/1	1/1	NA	NA	NA	NA	NA	1/1
8	AGM	1	1/1	1/1	1/1	1/1	1/1	1/1	NA	NA	1/1	1/1	NA

General Information

Change in Registered Office Address

The registered office address of the Company has been changed from 'Arena House, 2nd Floor, Gate No.3, Plot No.103, Road No.12, Marol, M.I.D.C., Andheri (East), Mumbai 400093' to 'The

Ruby, 11th Floor, North-West Wing, Plot No. 29, Senapati Bapat Marg, Dadar (West), Mumbai – 400028' w.e.f. July 01, 2025.

Investor Correspondence

The Company Secretary

India SME Asset Reconstruction Company Limited

The Ruby, 11th Floor, North-West Wing, Plot No. 29,

Senapati Bapat Marg, Dadar (West),

Mumbai – 400028

Telephone: +91 22 6838 8262

Email: cs@isarc.in / isarc@isarc.in

Website: www.isarc.in

**For and on behalf of the Board of Directors
India SME Asset Reconstruction Company Limited**

Sd/-

Rachna Dikshit

Chairperson & Independent Director

(DIN: 08759332)

Place: Mumbai

Date: September 04, 2025

Annexure-II

FORM AOC-2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section(1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

SI No	Particulars	Details
a)	Name (s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	NIL
c)	Duration of the contracts / arrangements / transactions	NIL
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions	NIL
f)	Date(s) of approval by the Board	NIL
g)	Amount paid as advances, if any	NIL
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

Sr No	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Small Industries Development Bank of India (SIDBI) – Sponsor of the Company
b)	Nature of contracts/arrangements/ transactions	Deputation Charges and Office Rent paid to SIDBI in ordinary course of business
c)	Duration of the contracts / arrangements / transactions	Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	As specified in Related Party Disclosures forming part of Financial Statements
e)	Date(s) of approval by the Board	May 09, 2024
f)	Amount paid as advances, if any	NIL

Note: Transactions with the trusts, managed by ISARC, are in the ordinary course of business and are at arm's length basis. The transactions with trusts are disclosed in Related Party Disclosures forming part of Financial Statements.

**For and on behalf of the Board of Directors
India SME Asset Reconstruction Company Limited**

Sd/-

Rachna Dikshit

Chairperson & Independent Director

(DIN: 08759332)

Place: Mumbai

Date: September 04, 2025

Annexure-III
REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

(As prescribed under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules 2014)

1. Brief Outline on CSR Policy of the Company

The CSR Policy of the Company has been framed in accordance with Section 135 of the Companies Act, 2013 and the rules framed thereunder. The Policy shall apply to all CSR programs undertaken / sponsored by the Company.

2. Composition of CSR Committee

During the year under review, CSR Committee met once on August 14, 2024. The Composition of CSR Committee, as on the date of the report, is as under:

Sr. No	Name of Director	Designation/ Nature of Directorship	Number of meetings held during the year	Number of meetings attended during the year
1	Mr. Shyam Sundar Barik	Chairman (Independent Director)	1	1
2	Ms. Rachna Dikshit	Member (Independent Director)	1	1
3	Mr. Dinesh Kumar Namdeo*	Member (Nominee Director)	1	1
4	Mr. Amitabh Misra **	Member (MD&CEO)	1	1

* Mr. Dinesh Kumar Namdeo, representing Bank of Baroda, has ceased to be Nominee Director w.e.f. June 17, 2025.

** Mr. Amitabh Misra, representing SIDBI, has ceased to be Managing Director & CEO w.e.f. June 17, 2025.

During the year under review, the CSR Committee was re-constituted as detailed in the Corporate Governance Report.

3. Web-Link for the CSR Committee, CSR Policy and CSR Projects

<http://www.isarc.in/information-corner.htm>

4. Impact Assessment of CSR Projects

Not Applicable.

5. Details of the amount available for set off and amount required for set off for the Financial Year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
NIL			

6. Average Net Profit of the Company as per Section 135(5): Rs. 7,05,89,318.33/-

1. CSR Obligation

(a)	Two percent of average net profit of the company as per section 135(5):	Rs. 14,11,786.37
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years:	NIL
(c)	Amount required to be set off for the financial year, if any:	NIL
(d)	Total CSR obligation for the financial year (7a+7b-7c):	Rs. 14,11,786.37

8. a) CSR amount spent or unspent for the Financial Year

Total Amount Spent for the Financial Year (in ₹)	Total amount transferred to Unspent CSR account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per section 135(5)		
	Amount (in ₹)	Date of Transfer	Name of the Fund	Amount (in ₹)	Date of Transfer
14,11,786	NIL	-	SIDBI Swavalamban Foundation	14,11,786	28-03-2025

b) Details of CSR amount spent against ongoing projects for the Financial Year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sr. No	Name of the Project	Item from the list of activities in Schedule VII	Local area (Yes/No)	Location of the Project	Project duration on	Amount allocated for the project (in ₹)	Amount spent on the project in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project (in ₹)	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency
				State	Dist rict					Name CSR Reg no.
NIL										

c) Details of CSR amount spent against other than ongoing projects for the Financial Year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	Name of the Project	Item from the list of activities in Schedule VII	Local area (Yes/No)	Location of the Project	Amount spent for the project (in ₹)	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency
				State	District		Name CSR Reg no.
NIL							

(d)	Amount spent in administrative overheads	NIL
(e)	Amount spent on impact assessment, if applicable	NIL
(f)	Total amount spent for the Financial Year (8b+8c+8d+8e)	NIL

g) Excess amount for set off, if any:

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

9. (a) Details of unspent CSR amount for the preceding three Financial Years

Sr. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
							NIL

(b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year(s)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of the reporting Financial Year (in ₹)	Status of the Project Completed / Ongoing
								NIL

10. In case of creation or acquisition of capital asset (Details relating to the asset so created or acquired through CSR spent in the financial year): NIL

(a)	Date of creation or acquisition of the capital asset(s):	NA
(b)	Amount of CSR spent for creation or acquisition of capital asset:	NA
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	NA
(d)	Details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

For India SME Asset Reconstruction Company Limited
Rachna Dikshit
Chairperson & Independent Director
(DIN: 08759332)

Place: Mumbai

Date: September 04, 2025

Secretarial Audit Report**Form MR - 3**

[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,
India SME Asset Reconstruction Company Limited
(CIN: U67190MH2008PLC181062)
The Ruby, 11th Floor, North West Wing,
Plot No. 29, Senapati Bapat Marg,
Shivaji Park, Dadar (West)
Mumbai – 400028.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by India SME Asset Reconstruction Company 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 and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period from 1st April, 2024 to 31st March, 2025 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period from 1st April, 2024 to 31st March 2025 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder and amendments thereto from time to time;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder and amendments from time to time;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder and amendments from time to time;
- 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 Company being unlisted Company following Regulations, Guidelines and Laws are not

applicable;

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 and amendments from time to time;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021;
- 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 amendments from time to time, regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

VI. The management has identified and confirmed the following other laws are specifically applicable to the Company as under:

- a. Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- b. Regulatory Guidelines, Regulations and Master Circulars issued by Reserve Bank of India issued under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- c. The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003.

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the abovementioned laws specifically applicable to the Company;

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii) The Company being an unlisted entity the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments from time to time is not applicable.

During the period under review the Company has complied with the provisions of the Act,

Rules, Regulations, Guidelines, etc. mentioned above ***subject to delay in filing certain e-forms, which were required to be filed with Registrar of Companies, Ministry of Corporate Affairs, as mentioned hereinunder as Annexure 'B'.***

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors and 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance 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.

All decisions at Board Meetings and Committee Meetings are carried out with requisite majority as recorded in the minutes of the Board of Directors or committee of the Board, as the case may be.

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

We further report that during the Audit Period, there are no event/ action have taken place which is having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. However the Company at its 5th Extraordinary General Meeting held on 14th May, 2025 through Video Conferencing (VC) at 11.00 A.M. approved the following resolutions with requisite majority;

1. To increase the Authorized Share Capital of the Company from Rs. 100,00,00,000/- (Rupees One hundred crore only) to Rs. 250,00,00,000/- (Rupees Two hundred fifty crore only).
2. To approve the amended Articles of Association of the Company.
3. To approve the offer, issuance and allotment of 13,00,00,000 (Thirteen Crore) Equity Shares to M/s. Authum Investment and Infrastructure Limited on private placement basis.
4. Appointment of Shri Mukesh Chand as an Independent Director.

Further the Board at its meeting held on 17th June, 2025 approved;

- a. the allotment of 13,00,00,000 (thirteen crore) equity shares of Rs.10/- (Rupees ten only) each, at a premium of Rs.4.86 (Rupees four and eighty six paise) per share to Authum Investment & Infrastructure Limited (AAIL);
- b. transfer of 7,32,50,000 (seven crore thirty-two lakhs and fifty thousand) equity shares at a price of Rs.14.86 (Rupees fourteen and eighty six paise) per share from existing promoter/shareholders of the Company. Post the above allotment and transfer AAIL is holding 88.37% of paid-up share capital of India SME Asset Reconstruction Limited (ISARC). ISARC became the subsidiary of AAIL w.e.f. 17th June, 2025;
- c. approved the resignation of Mr. Amitabh Misra (DIN:10370703) as Managing Director & CEO, Mr. Prakash Kumar (DIN: 06758416) as Nominee - SIDBI, Mr. Dinesh Kumar Namdeo

(DIN: 07738940) as Nominee - BOB, Mr. Dilip Kumar Jain (DIN: 06822012) as Nominee - PNB, Mr. K. Prakash as CFO and Mrs. Ketki Muzumdar as Company Secretary w.e.f. 17th June, 2025 and;

- d. appointment of Mr. Haridas Bhat (DIN: 09691308), Mr. Vijay Kumar Tyagi (DIN: 10103631), as Nominee Director of AILL and appointment of Ms. Minal Jain, Company Secretary of the Company.

For S. S. Rauthan & Associates

Company Secretaries

UIN: S1999MH026900

Sd/-

CS Surjan Singh Rauthan

Proprietor

M. No.: FCS-4807, C.O.P. No.: 3233

UDIN: F004807G000978441

Peer reviewed Cert. No.: 1840/2022

Place: Mumbai

Date: 11/08/2025

Note: This Report is to be read with my letter annexed as Annexure 'A' and Annexure 'B' which forms an integral part of this report.

ANNEXURE A TO SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members
India SME Asset Reconstruction Company Limited
(CIN: U67190MH2008PLC181062)
The Ruby, 11th Floor, North West Wing,
Plot No. 29, Senapati Bapat Marg,
Shivaji Park, Dadar (West), Mumbai 400028.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to make a report based on the secretarial records produced for our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our report.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. We have obtained the management's representation about the compliances of laws, rules, regulations and happenings of events, wherever required.
5. Compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management.
6. This 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 S. S. Rauthan & Associates
Company Secretaries
UIN: S1999MH026900

Sd/-
CS Surjan Singh Rauthan
Proprietor
M. No.: FCS-4807, C.O.P. No.: 3233
UDIN: F004807G000978441
Peer reviewed Cert. No.: 1840/2022

Place: Mumbai
Date: 11/08/2025

ANNEXURE B

Following e-forms were filed by India SME Asset Reconstruction Company Limited for the Financial Year 2024-2025 after their due date of filing.

Sr. No.	Particulars	Due date for filing eform(s)	Date of Filing eform(s)
1	AOC- 4 XBRL	24.10.2024	25.10.2024
2	MGT 14 for appointment of Secretarial Auditors and Filing of Audited Financial Statements (SRN: AA8644496)	08.06.2024	21.06.2024

Place: Mumbai
Date: 11/08/2025

Sd/-
CS Surjan Singh Rauthan
Proprietor
M. No.: FCS-4807, C.O.P. No.: 3233
UDIN: F004807G000978441
Peer reviewed Cert. No.: 1840/2022

Independent Auditor's Report

To the members of India SME Assets Reconstruction Company Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

1. Opinion

We have audited the accompanying standalone financial statements of **India SME Assets Reconstruction Company Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2025, the Statement of Profit and Loss, the Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, and its profit, and its cash flows for the year ended on that date.

2. Basis For Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SA's) prescribed under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

3. Other Information

The Company's Management is responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Standalone Financial Statements and our auditors' report thereon.

Our opinion on the Standalone 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 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

4. Management's Responsibility for the Standalone Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the Company's financial reporting process.

5. Auditors' Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also;

- a. Identify and assess the risks of material misstatement of the 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.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the

company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period 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.

6. Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of Section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
- II. As required by Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure B" a statement on the directions and sub directions issued by the Comptroller and Auditor General of India.
- III. 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 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 Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Amendment Rules, 2016 and the guidelines issued by The Reserve Bank of India from time to time under SARFAESI Act, to the extent applicable;
 - e) On the basis of written representations received from the directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- IV. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements - Refer Note 31 to the Standalone Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses.
 - iii. There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds 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 person(s) or entity(ies), 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 on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), 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 on behalf of the Ultimate Beneficiaries.

- (c) Based on the audits procedures performed 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 subclause (i) and (ii) of Rule 11 contain any material mis-statement.
- v. The Company has neither declared nor paid dividend during the year, hence we have nothing to report in this regard.
- vi. Based on our examination which includes test checks, the company has used an accounting software for maintaining its books of accounts which has feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further during the course of audit we did not come across any instance of audit trail feature being tempered with and the audit trail has been preserved by the Company as per statutory requirements for records retention.
- V. With respect to matter to be included in Auditor's Report in accordance with the requirement of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and explanation given to us, the remuneration paid by the company to its directors during the year is in accordance with the provision of section 197 of the Act.

For Desai Associates
Chartered Accountant
FRN: - 102286W

Sd/-
Iqbal Mukadam
Partner
Membership No. 016865

Place: Mumbai
Date: May 20th 2025
UDIN No: 25016865BMKRFU2741

Annexure "A" to the Independent Auditors' Report of India SME Assets Reconstruction Company Limited for the year ended 31st March 2025 (referred to in our report 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.
- (B) The Company has maintained proper records showing full particulars of Intangible assets.
- (b) As per information and explanations given to us, the Property, plant and equipment have been physically verified by the management at regular intervals in accordance with the programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its Property, plant and equipment. According to the information & explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own any immovable property included under the head fixed assets. Accordingly, provisions of clause 3(i)(c) of the order is not applicable to the company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including right-of-use assets) or Intangible assets during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company is into the services sector, primarily rendering asset reconstruction and securitization services and as such does not hold inventories and accordingly provisions of clause 3(ii) of the Order are not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits from banks or any financial institution on the basis of current assets. Accordingly, provisions of clause 3(ii)(b) of the order is not applicable to the company.
- (iii) According to information and explanations given to us and books of accounts and records examined by us, 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'. The Company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to Companies, Firms,

Limited Liability Partnership or any other parties. Hence, the reporting requirements under clause 3(iii)(a)(A)& (B), (iii) (b), (iii) (c), (iii) (d), (iii) (e) and (iii) (f) of the Order is not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, the Company has not given/made loans, investments, guarantees, and security. The issue of compliance with the provisions of section 185 and 186 of the Companies Act, 2013, therefore does not arise.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed there under apply. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income-Tax, Goods & Services Tax and any other material statutory dues applicable to it. No undisputed amounts payable in respect of Income-Tax, Goods & Service Tax , Custom Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues were outstanding as at 31st March, 2025 for period of more than six months from the date they became payable.
- (b) According to the records of the Company, the dues of Income Tax, which have not been deposited on March 31, 2025 on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income Tax	2011-12	CIT (A)	19,73,166	5,900
Income Tax Act, 1961	Income Tax	2014-15	CIT (A)	40,40,300	NIL
Income Tax Act, 1961	Income Tax	2016-17	CIT (A)	20,000	NIL
Income Tax Act, 1961	Income Tax	2018-19	Assessing Officer	7,32,509	NIL

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us, the Company has not borrowed any amounts from financial institutions, banks, government or by issue of debentures. Accordingly, the provisions of clause 3(ix)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short-term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under subsection (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors 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) In our opinion, the Company is not a Nidhi Company. Therefore the provisions of clause 3 (xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations provided by the Management, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the standalone Financial Statements, as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For Desai Associates
Chartered Accountant
FRN: - 102286W

Place : Mumbai
Date: May 20TH 2025
UDIN No: 25016865BMKRFU2741

Sd/-
Iqbal Mukadam
Partner
Membership No. 016865

Annexure "B" to the Independent Auditors' Report of India SME Assets Reconstruction Company Limited for the year ended 31 st March 2025 (referred to in our report of even date). Report in terms of Section 143(5) of the Act on the directions and sub directions issued by the Comptroller and Auditor General of India. We further report as under.

Sr. No.	Directions	Observations of Auditor	Financial Implications/Impact
1	Whether the company has system in place to process all the accounting transactions through IT If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the company has a system in place to process all the accounting transactions through IT Systems. In our opinion and as per the records examined by us there are no accounting transactions processed outside the IT System which may affect the integrity of the accounts.	NIL
2	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may stated. Whether such cases are properly accounted for?	Not Applicable, as the Company has no borrowings	NIL
3	Whether funds (grants/subsidy etc.) received / receivable for specific schemes from central /state Government or its agencies were properly accounted for I utilized as per its terms and conditions? List the cases of deviation.	Not Applicable, as the company has not received any funds for specific schemes from central/ state Government or its agencies	NIL
4	Whether the Company has Fair Practices Code and a Board Approved policy on management fees, expenses and incentives if any claimed from Trust under their Management.	Yes, The Company is having Board approved Fair Practices Code and Policy on Management Fees, expenses and incentives, as per the RBI Master Direction to ARCs.	NIL

For Desai Associates
Chartered Accountant
FRN: - 102286W

Sd/-
Iqbal Mukadam
Partner
Membership No. 016865

Place: Mumbai
Date: May 20TH 2025
UDIN No: 25016865BMKRFU2741

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF

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

We have audited the internal financial controls over financial reporting of **India SME Assets Reconstruction Company Limited ("the Company")** as of **March 31, 2025** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is 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 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was 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 and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Company's internal financial controls system over financial

reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Desai Associates
Chartered Accountant
FRN: - 102286W

Sd/-
Iqbal Mukadam
Partner
Membership No. 016865

Place: Mumbai
Date: May 20TH 2025
UDIN No: 25016865BMKRFU2741

Audited Financial Statements of the Company

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2025**

(₹ in Lakh)

	Particulars	Note No	As at March 31, 2025		As at March 31, 2024	
I	EQUITY AND LIABILITIES					
1	Shareholders' Funds					
	(a) Share Capital	2	10,000.00		10,000.00	
	(b) Reserves and surplus	3	4,947.75	14,947.75	2,968.28	12,968.28
2	Non-Current Liabilities					
	(a) Other Long Term Liabilities			-		-
	(b) Long Term Provisions	4	-	-	-	-
3	Current Liabilities					
	(a) Short Term Borrowings	5	-		-	
	(b) <u>Trade Payables</u>					
	Micro, Small and Medium Enterprises	6	-		-	
	Others	6	55.86		40.25	
	(c) Other Current Liabilities	7	5.06		3.04	
	(d) Short Term Provisions	8		60.91	-	43.29
	TOTAL			15,008.67		13,011.57
II	ASSETS					
1	Non Current Assets					
	(a) <u>Property, Plant and Equipment and Intangible Assets</u>	9				
	Property, Plant and Equipment		9.16		10.09	
	Intangible Assets		0.32		0.32	
	(b) Non Current Investments	10	286.65		701.66	
	(c) Deferred Tax Assets (Net)	11	130.38		151.66	
	(d) Long Term Loans and Advances	12	183.15		178.48	
	(e) Other Non Current Assets	13	11.11	620.76	576.28	1,618.49
2	Current Assets					
	(a) Trade Receivables	14	5.12		22.55	
	(b) Cash and Bank Balances	15	13,738.06		10,909.20	
	(c) Short Term Loans and Advances	16	46.12		18.78	
	(d) Other Current Assets	17	598.61	14,387.91	442.56	11,393.08
	TOTAL			15,008.67		13,011.57

The accompanying notes 1 to 34 are integral part of the standalone financial statements.

As per our report of even date
For **Desai Associates**
Chartered Accountants
Firm Reg. No.: 102286W

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
UDIN: 25016865MKRFU2741
Mumbai, May 20, 2025

For and on behalf of Board of Directors
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Amitabh Misra
Managing Director & CEO
DIN: 10370703

Sd/-
K. Prakash
CFO

Mumbai, May 20, 2025

Sd/-
Sandeep Welling
Independent Director
DIN: 00072457

Sd/-
Ketki Muzumdar
CS & CO
M. No.: A30638

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

	Particulars	Note No	For the Year Ended March 31, 2025		For the Year Ended March 31, 2024	
I	Revenue from Operations	18		2,121.70		247.44
II	Other Income	19		1,518.14		1,560.87
III	Total Revenue (I + II)			3,639.84		1,808.32
IV	Expenses:					
	(a) Employee Benefit Expense	20	306.51		258.11	
	(b) Depreciation and Amortization Expense	9	5.24		4.48	
	(c) Other Expenses	21	623.74		480.91	
	Total Expenses			935.49		743.51
V	Profit Before Tax (III - IV)			2,704.35		1,064.81
VI	Tax Expense:					
	(a) Current Tax			657.99		88.18
	(b) MAT Credit Availment/(Entitlement)			-		-
	(c) Deferred Tax			21.28		42.32
	(d) Income Tax - Earlier years			45.61		-2.37
				724.88		128.14
VII	Profit for the Year (V - VI)			1,979.47		936.67
VIII	Earnings per Equity Share of Rs. 10/- each:					
	(1) Basic			1.98		0.94
	(2) Diluted			1.98		0.94

The accompanying notes 1 to 34 are integral part of the standalone financial statements.

As per our report of even date
For **Desai Associates**
Chartered Accountants
Firm Reg. No.: 102286W

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
UDIN: 25016865MKRFU2741
Mumbai, May 20, 2025

For and on behalf of Board of Directors
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Amitabh Misra
Managing Director & CEO
DIN: 10370703

Sd/-
K. Prakash
CFO

Mumbai, May 20, 2025

Sd/-
Sandeep Welling
Independent Director
DIN: 00072457

Sd/-
Ketki Muzumdar
CS & CO
M. No.: A30638

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2024
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	2,704.35	1,064.81
Adjustments for:		
Add: Depreciation and Amortization Expense	5.24	4.48
Add: Bad Debts	-	-
Add: Sundry Balance Written off	-	-
Add: Loss on sale of Fixed Assets	-	-
Add: Provision for Security Receipts	(425.31)	(313.75)
Add: Provision for Diminution in Value of Security Receipts	378.50	(57.22)
Add: Provision for Advances to Trusts	(57.67)	(55.03)
Add: Written off Advance to Trust	-	0.29
Add: Provision for GST Recoverable on Reversed Management Fees	-	-
Less: Profit on sale of Fixed Assets	0.01	0.37
Less: Sundry Balance Written back	-	-
Less: Reversal of Provision for Deferred Rent		
Less: Interest on Fixed Deposits having maturity of more than three months	752.01	524.38
Operating Profit before Working Capital changes	1,853.10	118.84
Changes in Working Capital		
Adjustments for Operating Assets		
Trade Receivables	17.43	109.40
Security Deposits	0.25	(11.11)
Short Term Loans and Advances	(27.34)	3.87
Other Current Assets	(156.05)	(99.77)
Adjustments for Operating Liabilities		
Trade Payables	15.61	(32.42)
Changes in provision	-	-
Other Current Liabilities	2.02	(1.73)
	(148.08)	(31.76)
Cash generated from / used in Operation	1,705.01	87.08
Less: Taxes paid	(704.92)	(20.87)
Net Cash Flow from Operating Activities (A)	1,000.09	66.20
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure on Fixed Assets	(4.43)	(1.84)
Net Decrease in Investments:		
Security Receipts of Trusts	461.82	523.31
Sale of Fixed Assets	0.13	1.16
Advances given to Trusts	54.32	215.82
Fixed Deposits having maturity of more than three months but less than 12 months	(2,508.97)	(1,608.39)
Fixed Deposits having maturity of more than 12 months	564.92	77.08
Interest Received	752.01	524.38
Net Cash Flow from Investing Activities (B)	(680.19)	(268.49)

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2024
C. CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Cash Flow from Financing activities (c)	-	-
Net Increase in Cash and Cash Equivalents (A + B + C)	319.90	(202.28)
Cash and Cash Equivalents at beginning of the year	3,409.64	3,611.92
Cash and Cash Equivalents at end of the year	3,729.54	3,409.64
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash and Bank Balances as per Balance Sheet (Refer Note 15)	13,738.06	10,909.20
Less: Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements	(10,008.52)	(7,499.55)
Cash and Cash Equivalents at end of the year	3,729.54	3,409.64

As per our report of even date
For **Desai Associates**
Chartered Accountants
Firm Reg. No.: 102286W

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
UDIN: 25016865MKRFU2741
Mumbai, May 20, 2025

For and on behalf of Board of Directors
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Amitabh Misra
Managing Director & CEO
DIN: 10370703

Sd/-
K. Prakash
CFO

Mumbai, May 20, 2025

Sd/-
Sandeep Welling
Independent Director
DIN: 00072457

Sd/-
Ketki Muzumdar
CS & CO
M. No.: A30638

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. Company Overview:

India SME Asset Reconstruction Company Limited ('the Company') was incorporated under the provisions of Companies Act, 1956 on April 11, 2008 and is registered with Reserve Bank of India ('RBI') as an Asset Reconstruction Company to carry on the business of Securitization or Asset Reconstruction under the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ('SARFAESI Act') since March 5, 2009.

B. Significant Accounting Policies:

1. Basis of preparation of financial statements:

The financial statements are prepared under the historic cost convention in accordance with the Generally Accepted Accounting Principles ('GAAP') in India, the provisions of the Companies Act, 2013 ('the Act') and the applicable accounting standards as prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014, and the Guidelines/Directions issued by the RBI from time to time under SARFAESI Act. The Accounting policies applied in the preparation and presentation of the financial statements in the current year are the same as those applied in the previous year, except for the changes elaborated in the subsequent pages.

All the assets and liabilities are classified as current or non-current based on Company's normal operating cycle and other criteria set out in Schedule III of the Act. The Company has ascertained its operating cycle as 12 months for this classification.

2. Use of Estimates:

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Accounting estimates could change from period to period and the actual results could differ from those estimates. Changes in estimates are reflected in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

3. Revenue Recognition:

The Company sets up various trusts and schemes under the trusts for acquisition of financial assets and the income which accrues to it is accounted for as under:

- a) Management fee is recognized on accrual basis in terms of the provisions of the relevant trust deed/offer document. However, management fees which remains outstanding for a period exceeding 180 days and/or NAV of SRs fall below 50% of FV of SRs is derecognized and the same gets recognized again only on actual receipts basis on recovery in accordance with the RBI guidelines.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

- b) Yield on investment in Security Receipts represents excess realization over acquisition cost of investments at the rates agreed in the trust deed / offer documents. It is recognized when the same is distributed by the respective trusts.
- c) Upside income represents the realizations made from the investments in security receipts over and above acquisition cost of investments and yield at the prescribed rates. It is recognized when the same is distributed by the respective trusts.
- d) Interest Income:
 - Interest income is recognized on accrual basis.
 - In case of Non Performing Assets ('NPA'), as per the income recognition and asset classification norms of RBI, interest income which had been recognized on accrual basis gets derecognized on the date of an asset becoming NPA and till the time the asset is NPA, no further income is recognized on the same on accrual basis. The interest income which gets derecognized gets recognized again only on actual receipt basis.
- e) Interest on advances to the trusts is recognized on accrual basis in terms of the provisions of the relevant trust deed/offer document. However, Interest on advances to the trusts which remains outstanding for a period exceeding 180 days and/or NAV of SRs fall below 50% of FV of SRs is derecognized and the same gets recognized again only on actual receipts basis on recovery in accordance with the RBI guidelines.
- f) Incentive Income is recognized on accrual basis as per the terms of contract. However, Incentive Income which remains outstanding for a period exceeding 180 days is derecognized and the same gets recognized again only on actual receipts basis on recovery in accordance with the RBI guidelines.
- g) Other fee income - Any fee income other than (a) to (f) above (e.g. advisory fees, processing fees, commission income etc.) is recognized on accrual basis as per the terms of contract.

The above stated accounting policies are in accordance with the guidelines and /or directions issued by the RBI from time to time.

4. Property, Plant & Equipment:

Property, Plant & Equipment are carried at cost of acquisition less accumulated depreciation. The cost of Property, Plant & Equipment includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Property, Plant & Equipment are reviewed for impairment in terms of Accounting Standard 28 "Impairment of Assets" and necessary provision for impairment loss, if any, is made. The same is reviewed at each reporting date.

5. Depreciation:

- a) Depreciation is provided on the straight-line method using useful life prescribed in Part C of Schedule II of the Companies Act, 2013.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

- b) Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of acquisition.
- c) Depreciation is calculated on a pro-rata basis from the date on which the asset is put to use till the date the assets are sold or disposed or till the date of the financial statements, as the case may be.
- d) Intangible assets are amortized over their estimated useful life on a straight line basis, commencing from the date the asset is available to the company for its use.

6. Investments:

- a) Investments in Security Receipts (SR) held by the company are aggregated for the purpose of arriving at a net depreciation or appreciation of the investment value. Average of latest range of ratings obtained from credit rating agencies is considered for the NAV of the investment. Net depreciation, if any is provided for and net appreciation, if any, is ignored based on valuation Guidelines/ Directions issued by RBI from time to time.
- b) Investments in Financial Assets and in Security Receipts of Trusts have been classified as Non-Current Assets as the resolution period exceeds 12 months and as it is difficult to precisely ascertain the period of recovery.
- c) Financials Assets acquired on the books of the Company are classified under Standard Assets, Sub-Standard Assets, Doubtful Assets and Loss Assets as per applicable RBI Guidelines/Directions. Income recognition and provisioning norms on each of the above categories are applied as per the aforesaid RBI Guidelines/Directions.

7. Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term in accordance with AS 19.

8. Employees Benefits:

a) Short-Term Benefits:

Short term employee benefits are expensed out in the period in which employees render their services.

b) Post Employment Benefits:

• **Gratuity:**

The Company has an obligation towards gratuity, defined benefit retirement plan covering eligible employees. The plan provides a lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable to each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The company has obtained insurance policies with the Life Insurance

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

Corporation of India ("LIC") and makes an annual contribution to LIC for amounts notified by LIC. The company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognized in the statement of profit and loss in the period in which they arise.

- **Other Long-Term Benefits – Compensated Absences**

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year under projected unit credit method. Actuarial gains / losses are recognized in the Statement of profit and loss.

9. Expenses incurred by the Company on behalf of the Trusts:

The expenses incurred on behalf of the trusts are shown as recoverable from the trust in the balance sheet under the head 'Advances to Trusts'. These expenses are reimbursable to the Company as per terms of the respective trust deed/offer document.

10. Provision for Advances to Trusts

The Company has made provision for the value of advances given to trusts which have remained outstanding for a period exceeding three years as at the Balance Sheet date for all the live trust whereas 100% provision were made on advance to trust where trust has completed Max resolution period as per RBI.

11. Expenses incurred not resulting in acquisition of Financial Assets:

Acquisition related expenses with respect to valuation, due diligence and bidding fees relating to the financial assets, which do not materialize into acquisition, are expensed out in the year in which it is incurred.

12. Earnings Per Share:

Basic:

In arriving at the basic earnings per share, the Company's net profit after tax, computed in terms of the Indian GAAP is divided by the weighted average number of equity shares outstanding on the last day of the reporting period.

Diluted:

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

13. Taxes on Income:

a) Current Tax:

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company.

b) Deferred Tax:

Deferred Tax resulting from “timing differences” between taxable and accounting income that originate in one year and are capable of reversal in one or more subsequent years is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized, subject to consideration of prudence and is carried forward only to the extent that there is a reasonable/virtual certainty, as the case may be, that the asset will be realized in future.

14. Provisions, contingent liabilities and contingent assets:

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation if:

- a) The Company has a present obligation as a result of a past event,
- b) A probable outflow of resources is expected to settle the obligation, and
- c) The amount of the obligation can be reliably estimated.

A Contingent Liability is disclosed in case of:

- a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
- b) A present obligation when no reliable estimate is possible,
- c) A possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

15. Cash & Cash Equivalents:

Cash and cash equivalents comprise cash, balances in current accounts, fixed deposits with banks with maturities upto three months and fixed deposits with banks with sweep in facility which can be encashed by the Company at any point of time.

16. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows.

17. Prior Period Items:

Prior period items are the incomes or expenses which arise in the current financial year as a result of errors or omissions in the preparation of the financial statements of earlier financial years.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

18. Impairment of Assets:

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

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

19. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs, are capitalized as part of the cost of the asset upto the date when the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

20. Segment Reporting:

The Company is primarily in a single segment i.e. in the business of asset reconstruction and securitization services. The Company identifies primary segments based on the dominant source, nature and returns, the internal organization and management structure.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

NOTE 2: SHARE CAPITAL

Particulars	March 31, 2025		March 31, 2024	
	No. of shares	₹ in Lakh	No. of shares	₹ in Lakh
Authorised Equity Shares of Rs. 10/- each	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Issued, Subscribed & Paid up Equity Shares of Rs. 10/- each	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Total	10,00,00,000	10,000.00	10,00,00,000	10,000.00

Notes:
a) Reconciliation of the shares outstanding at the beginning and at the end of the period

Particulars	March 31, 2024		March 31, 2024	
	No. of shares	₹ in Lakh	No. of shares	₹ in Lakh
At the beginning of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00

b) Statement showing list of the shareholders holding shares more than 5%

Name of Shareholder	March 31, 2025		March 31, 2024	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Punjab National Bank	2,09,00,000	20.90	2,09,00,000	20.90
Small Industries Development				
Bank of India	1,50,00,000	15.00	1,50,00,000	15.00
SIDBI Venture Capital Limited	1,10,00,000	11.00	1,10,00,000	11.00
Bank of Baroda	1,40,00,000	14.00	1,40,00,000	14.00
Union Bank of India	80,00,000	8.00	80,00,000	8.00
Punjab & Sind Bank	50,00,000	5.00	50,00,000	5.00
Life Insurance Corporation of India	90,00,000	9.00	90,00,000	9.00
Total	8,29,00,000		8,29,00,000	

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

c) Details of shares held by the Promoters

As at 31 March 2025

Particulars	Particulars No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	Change during the year
Punjab National Bank	2,09,00,000	-	2,09,00,000	-
Small Industries Development				
Bank of India	1,50,00,000	-	1,50,00,000	-
SIDBI Venture Capital Limited	1,10,00,000	-	1,10,00,000	-
Bank of Baroda	1,40,00,000	-	1,40,00,000	-

As at 31 March 2024

Particulars	Particulars No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	Change during the year
Punjab National Bank	2,09,00,000	-	2,09,00,000	-
Small Industries Development				
Bank of India	1,50,00,000	-	1,50,00,000	-
SIDBI Venture Capital Limited	1,10,00,000	-	1,10,00,000	-
Bank of Baroda	1,40,00,000	-	1,40,00,000	-

As per records of the company, including the register of shareholders/members and other declarations received from shareholders regarding beneficiary interest, the above shareholding represents both legal and beneficial ownership of shares.

d) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and to receive dividend thereon. The dividend, proposed by the Board of Directors, is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(₹ in Lakh)

NOTE 3: RESERVES AND SURPLUS

Surplus (Statement of Profit and Loss):	As at 31.03.2025	As at 31.03.2024
Balance as per last Financial Statements	2,968.28	2,031.61
Add: Net profit for the current year	1,979.47	936.67
	4,947.75	2,968.28

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

As at 31.03.2025 As at 31.03.2024

NOTE 4: LONG TERM PROVISIONS

Provision for Employee Benefits:

Compensated Absences

Others:

Provision for Tax

-	-
-	-
-	-
-	-

NOTE 5: SHORT TERM BORROWINGS

Unsecured:

Loans and advances from related parties:

Advance from Trusts

-	-
-	-

NOTE 6: TRADE PAYABLES

Trade Payables(Undisputed):

Micro, Small and Medium Enterprises

Others

-	-
55.86	40.25
55.86	40.25

Trade Payable Ageing Schedule

As on 31-03-25

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	43.33	12.52	-	-	-	55.86
(iii) Disputed dues-MSME	-	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-	-
	43.25	12.52	-	-	-	55.86

Trade Payable Ageing Schedule

As on 31-03-24

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	40.25	-	-	-	-	40.25
(iii) Disputed dues-MSME	-	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-	-
	40.25	-	-	-	-	40.25

NOTE 7: OTHER CURRENT LIABILITIES

Other Payables:

Statutory Liabilities

Refundable EMD Deposits

5.06	3.04
-	-
5.06	3.04

NOTE 8: SHORT TERM PROVISIONS

Provision for Employee Benefits:

Compensated Absences

Others:

Provision for Expenses

Provision for Tax

-	-
-	-
-	-
-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 9: Property Plant and Equipment and Intangible Assets									
	Gross Block			Depreciation/Amortisation			Net Block		
	As on 01.04.2024	Additions	Deductions	As on 31.03.2025	As on 01.04.2024	For the Period	Deductions	As on 31.03.2025	As at 31.03.2024
Property Plant and Equipment:									
Plant & Machinery:									
Vehicles	- (10.54)	-	- (10.54)	-	- (10.01)	-	- (10.01)	-	- (0.53)
Office Equipments	8.77 (8.62)	0.42 (1.58)	- (1.43)	9.19 (8.77)	5.95 (6.89)	0.54 (0.46)	- (1.40)	6.50 (5.95)	2.69 (2.82)
Computers	17.19 (17.74)	4.01	2.37 (0.55)	18.84 (17.19)	11.42 (8.70)	4.05 (3.24)	2.25 (0.52)	13.22 (11.42)	5.61 (5.77)
Furniture & Fixtures	9.77 (10.39)	(0.26)	(0.88)	9.77 (9.77)	8.27 (8.16)	0.64 (0.79)	(0.68)	8.91 (8.27)	0.86 (1.50)
Sub Total (A)	35.73 (47.29)	4.43 (1.84)	2.37 (13.40)	37.79 (35.73)	25.64 (33.76)	5.24 (4.48)	2.25 (12.61)	28.63 (25.64)	9.16 (10.09)
Intangible Assets:									
Software	5.98 (5.98)	-	-	5.98 (5.98)	5.69 (5.69)	-	-	5.69 (5.69)	0.30 (0.30)
Trademark	0.33 (0.33)	-	-	0.33 (0.33)	0.31 (0.31)	-	-	0.31 (0.31)	0.02 (0.02)
Sub Total (B)	6.31 (6.31)	-	-	6.31 (6.31)	6.00 (6.00)	-	-	6.00 (6.00)	0.32 (0.32)
Total (A + B)	42.05 (53.60)	4.43 (1.84)	2.37 (13.40)	44.11 (42.05)	31.64 (39.76)	5.24 (4.48)	2.25 (12.61)	34.63 (31.64)	9.48 (10.41)
Note :9.1 :There were no acquisition through business combination; reclassification of assets; revaluation of assets nor any adjustment during the year.									
Note :9.2 :Previous year figures are shown in bracket									

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 10: NON CURRENT INVESTMENTS

Particulars	No. of SRs as at March 31		Extent of Holding (%) as at March 31		SR Paid up Value as at March 31		Amount as at March 31	
	2025	2024	2025	2024	2025	2024	2025	2024
Trade Investments								
Other Investments								
Investments (Quoted)								
Investments in SR of Trusts (Unquoted):								
ISARC 12/2010-11 Trust	69780	69780	100	100	100	100	69.78	69.78
ISARC 13/2010-11 Trust	11211	11211	100	100	1	1	0.11	0.11
ISARC 14/2010-11 Trust	53109	53109	100	100	1	1	0.53	0.53
ISARC ACBL I/2017-18 Trust	3450	3450	15	15	606	606	20.91	20.91
ISARC Allahabad Bank II/2012-13 Trust	10617	10617	20	20	-	-	-	-
ISARC Axis 1/2009-10 Trust	2500	2500	100	100	-	0	-	0.00
ISARC Axis 2/2010-11 Trust	28900	28900	100	100	572	572	165.31	165.31
ISARC Axis 3/2012-13 Trust								
Series II	25500	25500	100	100	150	150	38.25	38.25
Series III	59000	59000	100	100	527	527	310.93	310.93
							349.18	349.18
ISARC Axis 4/2015-16 Trust	164	164	100	100	1	1	0.00	0.00
ISARC Axis 5/2015-16 Trust	54973	54973	100	100	0	378	0.00	207.80
ISARC BOB 1/2009-10 Trust	54557	54557	100	100	1	1	0.55	0.55
ISARC BOI 1/2010-11 Trust	23038	23038	100	100	0	-	0.00	-
ISARC BOI 2/2015-16 Trust	40000	40000	100	100	-	-	-	-
ISARC Canara Bank-I/2013-14 Trust	104682	104682	5	5	636	671	665.78	702.42
ISARC CBI 1/2010-11 Trust	3102	3102	50	50	1,000	1,000	31.02	31.02
ISARC CBI II / 2012-13 Trust	10213	10213	100	100	537	537	54.84	54.84
ISARC Dena Bank III/2017-18 Trust	12435	12435	15	15	84	84	10.45	10.45
ISARC FA 16 I/2011-12 Trust	25385	25385	100	100	574	574	145.71	145.71
ISARC FA 27 I/2012-13 Trust	18000	18000	50	50	-	1,000	-	180.00
ISARC FA 41 I/2011-12 Trust	27921	27921	10	10	317	317	88.51	88.51
ISARC FA 54/002/2011-12 Trust	44000	44000	100	100	0	0	0.00	0.00
ISARC FA 63 I/2012-13 Trust	81	81	100	100	1	1	0.00	0.00
ISARC GPIL/2014-15 Trust	875	875	5	5	1,000	1,000	8.75	8.75
ISARC IDBI Bank II/2013-14 Trust	22379	22379	5	5	66	69	14.71	15.38
ISARC IU/2011-12 Trust	42100	42100	100	100	1,000	1,000	421.00	421.00
ISARC OBC I/2014-15 Trust	5001	5001	5	5	967	970	48.36	48.51
ISARC RCPPL/2014-15 Trust	70732	70732	100	100	-	0	-	0.06
ISARC SBI 1/2015-16 Trust	107800	107800	100	100	0	0	0.00	0.00
ISARC SCB 1/2015-16 Trust	43108	43108	100	100	-	0	-	0.00
ISARC SIDBI 1/2009-10 Trust	357	357	5	5	395	395	1.41	1.41
ISARC SIDBI 2/2009-10 Trust								
Class B								
Scheme A	4183	4183	5	5	0	1	0.00	0.04
Scheme B	1055	1055	15	15	0	0	0.00	0.00
							0.00	0.04
ISARC SIDBI III/2017-18 Trust	96105	96105	15	15	770	808	740.01	776.53

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 10: NON CURRENT INVESTMENTS (CONTD....)

Particulars	No. of SRs as at March 31		Extent of Holding (%) as at March 31		SR Paid up Value as at March 31		Amount as at March 31	
	2025	2024	2025	2024	2025	2024	2025	2024
ISARC UBI 1/2009-10 Trust								
Class B	4154	4154	5	5	1,000	1,000	41.54	41.54
ISARC UBI 3/2009-10 Trust	4038	4038	5	5	867	867	35.01	35.01
ISARC UCO 1/2010-11 Trust	29275	29275	100	100	625	625	182.97	182.97
ISARC Yes Bank I-2012 13 Trust	28500	28500	100	100	0	0	0.14	0.14
							3,096.57	3,558.44
Provision for:								
Diminution in Value of Security Receipts							484.72	106.21
Security Receipts							2,325.20	2,750.57
Total Other Investments							286.65	701.66

As at 31.03.2025 As at 31.03.2024

(i) Diminution in Value of Security Receipts

Opening Balance	106.21	163.43
Add: During the year	394.81	-
Less: Reversal of provision made in earlier years which is no longer required	(16.31)	(57.22)
Less: Reversal of provision on a/c of write off during the year	-	-
Closing Balance as on year end	484.72	106.21

(ii) Security Receipts

Opening Balance	2,750.57	3,336.56
Add: During the year	-	-
Less: Reversal of provision made in earlier years which is no longer required	(425.31)	(313.75)
Less: Reversal of provision on a/c of write off during the year	(0.06)	(272.23)
Closing Balance	2,325.20	2,750.57

Notes:

- a) 'SR' stands for Security Receipts.
- b) SR are recorded net of redemption amount.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

As at 31.03.2025 As at 31.03.2024

NOTE 11: DEFERRED TAX ASSETS (NET)

Deferred Tax Assets (on account of timing difference):

Provision for Employee Benefits	6.50	4.99
Depreciation	1.43	1.77
Provision for Write off of SR's/Advance/other Receivable from Trusts	122.45	144.90
	130.38	151.66

NOTE 12: LONG TERM LOANS AND ADVANCES

Unsecured, considered good, unless specified otherwise:

Loans and advances to related parties:

Advance to Trusts	153.38	208.60
Less: Provision for Advance to Trusts	(142.64)	(201.21)
	10.74	7.39

Advance Income Tax (Net of Provision for Taxes):

Unsecured, considered good	159.96	144.02
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Income Tax/TDS carried forward

12.45	27.07
183.15	178.48

Movement of Provision for

(i) Advance to Trusts

Opening Balance	201.21	266.86
Add: During the year	14.13	107.25
Less: Reversal of provision made in earlier years which is no longer required	(71.80)	(162.28)
Less: Reversal of provision on a/c of write off during the year	-	(10.62)
Closing Balance as on year end	143.54	201.21

NOTE 13: OTHER NON CURRENT ASSETS

Other Bank Balances:

Fixed Deposits with Banks having maturity of period more than 12 months	-	564.92
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Security Deposits:

Unsecured, considered good	11.11	11.36
	11.11	576.28

NOTE 14: TRADE RECEIVABLES

Unsecured, undisputed, considered good :

Outstanding for a period exceeding six months from the date they are due for payment

Others	5.12	22.55
	5.12	22.55

Trade Receivable Ageing Schedule

As on 31-03-25

Particulars	Unbilled	Less than 6 months	6 month - 1-2 years	1-2 years	More than 3 years	Total
(i) Undisputed Trade Receivables considered good	-	5.12	-	-	-	5.12
(ii) Undisputed Trade Receivables considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
	-	5.12	-	-	-	5.12

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

As on 31-03-24

Particulars	Unbilled	Less than 6 months	6 month - 1-2 years	1-2 years	More than 3 years	Total
(i) Undisputed Trade Receivables considered good	-	22.55	-	-	-	22.55
(ii) Undisputed Trade Receivables considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
	-	22.55	-	-	-	22.55

As at 31.03.2025 As at 31.03.2024

NOTE 15: CASH AND BANK BALANCES

Cash and Cash Equivalents*:

Balances with banks in:

Current Account

4.61

0.88

Fixed Deposits

3,724.92

3,408.75

3,729.53

3,409.63

Cash on hand

0.02

0.02

Other Bank Balances:

Fixed Deposits with Banks having maturity of more than 3 months but less than 12 months

10,008.52

7,499.55

13,738.06

10,909.20

Note:

* Cash and Cash Equivalents includes Fixed Deposits with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

Fixed deposit maturing for more than 12 months disclosed separately under Note No 13 " Other Non-Current Assets".

NOTE 16: SHORT TERM LOANS AND ADVANCES

Other Loans and Advances:

Prepaid Expenses:

Contribution to Gratuity Fund

-
Others	3.36	6.08
Taxes Receivable:	-	-
GST Credit	42.76	12.70
Management Fees Reversed	-	-
	46.12	18.78
NOTE 17: OTHER CURRENT ASSETS

Unsecured, considered good, unless specified otherwise:

Accrued Interest on Fixed Deposits

594.70

442.56

Other receivable

3.91

-
| Redemption Amount Receivable | - | - |
| | 598.61 | 442.56 |

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

	As at 31.03.2025	As at 31.03.2024
NOTE 18: REVENUE FROM OPERATIONS		
Management Fees	86.41	157.59
Upside Income	2,016.56	7.96
Others:		
Incentives	2.50	-
Commission Income	16.23	81.90
	<u>2,121.70</u>	<u>247.44</u>
NOTE 19: OTHER INCOME		
Interest on:		
Fixed Deposits	999.45	769.37
Advances to Trusts	28.64	63.52
Interest on Refund of Income Tax	-	3.67
Other Non-Operating Income:		
Write Back of Provision for Security Receipts	425.37	585.99
Write Back of Provision for Diminution In Value of Security Receipts	-	57.22
Write Back of Provision for Advance to trusts	58.57	65.65
Write Back of Provision GST Recoverable on Reversed Management Fees	5.78	14.99
Profit on Sale of Fixed Assets	0.01	0.37
Misc. Income	0.33	-
Sundry Balances Written Back	0.00	0.09
	<u>1,518.14</u>	<u>1,560.87</u>
NOTE 20: EMPLOYEE BENEFIT EXPENSES		
Salary & Stipend	38.22	97.79
Employer's Contribution to MLWF	0.00	0.00
Officer's Training Expenses	0.30	-
Deputation Charges - KMPs	165.45	88.65
Contractual Staff Expenses	99.97	65.34
Contribution to Gratuity Fund	-	2.33
Staff Welfare Expenses	2.57	4.00
	<u>306.51</u>	<u>258.11</u>
NOTE 21: OTHER EXPENSES		
Provision for:		
Security Receipts	-	-
Diminution In Value of Security Receipts	378.50	-
Advances to Trusts	-	-
GST Recoverable on Reversed Management Fees	-	-
Writeoff - Security Receipts	0.06	272.23
Writeoff - Advances to Trusts	0.90	10.91
Writeoff - GST Recoverable on Reversed Management Fees	-	-
	-	-
Writeoff - TDS receivable	-	-
Advertisement Expenses	0.12	0.46

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 21: OTHER EXPENSES (CONTD.....)	As at 31.03.2025	As at 31.03.2024
Bad Debts	-	-
Communication Expenses	1.54	1.26
Conveyance Expenses	0.82	1.51
CSR Expenditure	14.12	7.97
Directors' Sitting Fees	22.15	25.35
Electricity Charges	3.11	1.33
Goods and Service Tax Expenses	33.09	34.18
Housekeeping Expenses	4.89	2.45
Insurance	0.47	1.61
Loss on sale of Fixed Assets	-	-
Membership & Subscription	2.64	2.48
Postage & Courier	0.41	0.44
Printing & Stationery	1.74	2.68
Fund Raising Expenses	54.77	3.50
Professional Fees	36.58	34.80
Professional Fees - Others	-	-
Rates and Taxes	0.03	0.03
Rent	54.92	61.69
Repairs & Maintenance:		
Premises	0.18	0.23
Others	2.07	4.34
Software Expenses	6.95	5.10
Travelling Expenses	0.53	0.18
Vehicle Expenses	-	1.21
Sundry balance written off	-	1.15
Miscellaneous Expenses	3.16	3.84
	623.74	480.91
NOTE 22.1: AUDITOR'S REMUNERATION		
Auditor's Remuneration excluding Goods and Service Tax (GST): (Included in Professional Fees in Note 21)		
Audit Fees	0.50	0.50
Tax Audit Fees	0.20	0.20
Others (Certification Fees/Review)	0.35	0.35
	1.05	1.05
NOTE 22.2: OPERATING LEASE EXPENSES		
The minimum lease rental payments to be made in respect of these leases are as follows:		
Lease payments recognized in the Statement of Profit and Loss:	54.92	61.69
Within one year	22.20	53.70
After one year but not more than five years	-	50.88
More than five years	-	-
	77.12	166.27

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

As at 31.03.2025 As at 31.03.2024

Note:

Lease Rental payable within one year includes office space allotted from SIDBI for Kolkata at an agreed monthly rent with a clause of annual increment at agreed rate as per the letter given by SIDBI. In accordance with the same the Company has given the disclosure of lease rentals payable within next one year on the assumption that the company will continue to occupy the said premises for part of financial year 2025-26

NOTE 23: EARNINGS PER EQUITY SHARE

Numerator: Profit After Tax	1,979.47	936.67
Denominator: Weighted Average Number of Equity Shares	10,00,00,000	10,00,00,000
Basic and Diluted Earnings per Equity Share (Rs.)	1.98	0.94

NOTE 24: EMPLOYEE BENEFITS

"Valuation in respect of Gratuity has not been carried out by an independent actuary, as at the Balance Sheet date, as there were no employees on company payroll.

NOTE 25: RELATED PARTY DISCLOSURE

A Name of Related Parties:

- I Key Management Personnel:** Mr. Amitabh Misra (MD & CEO)- (w.e.f 6-12-2023)
Mr. K. Prakash (Chief Financial Officer)
Ms. Ketki Muzumdar (CS and Compliance Officer)
Mr. Sunil Mirashi (MD & CEO)- ceased w.e.f 1-12-2023
- II Significant Influence:** Small Industries Development Bank of India (SIDBI)
Punjab National Bank
Bank of Baroda
ISARC SIDBI III/2017-18 Trust
ISARC Dena Bank III/2017-18 Trust
ISARC ACBL I/2017-18 Trust
ISARC Syndicate Bank III/2016-17 Trust
ISARC Axis 5/2015-16 Trust
ISARC BOI 2/2015-16 Trust
ISARC SCB 1/2015-16 Trust
ISARC Dena Bank II/2015-16 Trust
ISARC SBI 1/2015-16 Trust
ISARC Axis 4/2015-16 Trust
ISARC RCPPL/2014-15 Trust
ISARC GPIL/2014-15 Trust
ISARC OBC I/2014-15 Trust
ISARC Canara Bank I/2013-14 Trust
ISARC IDBI Bank II/2013-14 Trust
ISARC Allahabad Bank II/2012-13 Trust
ISARC FA 8 II/2012-13 Trust
ISARC CBI II/2012-13 Trust
ISARC Axis 3/2012-13 Trust
ISARC Yes Bank I/2012-13 Trust

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025**

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)
As at 31.03.2025
As at 31.03.2024

ISARC Transrail Structures & Towers/2012-13 Trust

ISARC FA 27 I/2012-13 Trust

ISARC FA 63 I/2012-13 Trust

ISARC FA 30 I/2012-13 Trust

ISARC FA 6 III/2011-12 Trust

ISARC FA 03 I/2011-12 Trust

ISARC FA 16 I/2011-12 Trust

ISARC IU/2011-12 Trust

ISARC MFPMPL/2011-12 Trust

ISARC FA 54/002/2011-12 Trust

ISARC FA 41 I/2011-12 Trust

ISARC 12/2010-11 Trust

ISARC 13/2010-11 Trust

ISARC 14/2010-11 Trust

ISARC Print 7C/2010-11 Trust

ISARC CBI 1/2010-11 Trust

ISARC Axis 2/2010-11 Trust

ISARC BOI 1/2010-11 Trust

ISARC UCO 1/2010-11 Trust

ISARC SIDBI 2/2009-10 Trust

ISARC BOB 1/2009-10 Trust

ISARC Axis 1/2009-10 Trust

ISARC UBI 2/2009-10 Trust

ISARC UBI 3/2009-10 Trust

ISARC UBI 1/2009-10 Trust

ISARC SIDBI 1/2009-10 Trust

B Related Party Transactions:
I Payments to Key Managerial Personnel:
1) Remuneration:

a) Mr. Sunil Mirashi	-	34.19
b) Ms. Ketki Muzumdar	11.33	9.97
	11.33	44.15

II Transactions with Parties under Significant Influence:
1) Income:
a) Management Fees (Gross) *

ISARC ACBL I/2017-18 TRUST	0.70	1.39
ISARC Axis 3/2012-13 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC Dena Bank II/2015-16 Trust	-	-
ISARC Dena Bank III/2017-18 TRUST	0.96	9.32
ISARC IDBI Bank II/2013-14 Trust	-	-
ISARC OBC I/2014-15 Trust	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)	As at 31.03.2025	As at 31.03.2024
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC SIDBI III/2017-18 Trust	38.19	63.60
ISARC Syndicate Bank III/2016-17 Trust	-	-
	39.85	74.32
* excluding GST amount		
b) Management Fees reversed during the year		
ISARC 12/2010-11 Trust	-	-
ISARC ACBL I/2017-18 TRUST	0.64	1.28
ISARC Axis 3/2012-13 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC CBI 1/2010-11 Trust	-	-
ISARC CBI II/2012-13 Trust	-	-
ISARC Dena Bank III/2017-18 TRUST	-	-
ISARC IDBI Bank II/2013-14 Trust	-	-
ISARC IU/2011-12 Trust	-	-
ISARC OBC I/2014-15 Trust	-	-
ISARC SIDBI III/2017-18 Trust	-	-
	0.64	1.28
c) Management Fees (Reversals received)		
ISARC ACBL I/2017-18 TRUST	-	-
ISARC Allahabad Bank II/2012-13 Trust	-	-
ISARC CBI II/2012-13 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	-	74.43
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC Axis 1/2009-10 Trust	-	-
ISARC Axis 2/2010-11 Trust	-	-
ISARC Axis 3/2012-13 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC SIDBI III/2017-18 Trust	-	-
ISARC FA 54/002/2011-12 Trust	-	-
ISARC IDBI Bank II/2013-14 Trust	-	-
ISARC IU/2011-12 Trust	-	-
ISARC Yes Bank I/2012-13 Trust	-	-
ISARC OBC I/2014-15 Trust	-	10.12
ISARC Print 7C/2010-11 Trust	-	-
ISARC FA 27 I/2012-13 Trust	47.20	-
ISARC SCB 1/2015-16 Trust	-	-
	47.20	84.55
d) Bad Debts Recovered		
ISARC BOI 2/2015-16 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)	As at 31.03.2025	As at 31.03.2024
	-	-
e) Yield on Security Receipts		
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC 14/2010-11 Trust	-	-
	-	-
f) Upside Income		
ISARC Axis 1/2009-10 Trust	-	1.57
ISARC Syndicate Bank III/2016-17 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC Dena Bank II/2015-16 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC FA 54/002/2011-12 Trust	-	6.39
ISARC FA 6 III/2011-12 Trust	-	-
ISARC Allahabad Bank II/2012-13 Trust	16.03	-
ISARC Axis 5/2015-16 Trust	1,787.38	-
ISARC FA 27 I/2012-13 Trust	213.15	-
	2,016.56	7.96
g) Incentives		
ISARC FA 63 I/2012-13 Trust	2.50	-
ISARC Canara Bank I/2013-14 Trust	11.49	81.90
	13.99	81.90
h) Commission Income		
ISARC FA 63 I/2012-13 Trust	4.74	-
	4.74	-
i) Interest on Advances (Gross)		
ISARC ACBL I/2017-18 TRUST	1.23	0.67
ISARC Allahabad Bank II/2012-13 Trust	0.00	0.00
ISARC Axis 3/2012-13 Trust	2.05	1.81
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC CBI II/2012-13 Trust	0.20	0.15
ISARC Dena Bank II/2015-16 Trust	-	0.00
ISARC Dena Bank III/2017-18 TRUST	0.01	2.19
ISARC FA 03 I/2011-12 Trust	0.04	0.19
ISARC FA 16 I/2011-12 Trust	0.00	0.00
ISARC FA 27 I/2012-13 Trust	0.85	5.72
ISARC FA 54/002/2011-12 Trust	-	0.00
ISARC FA 6 III/2011-12 Trust	-	0.01
ISARC FA 63 I/2012-13 Trust	0.78	0.71
ISARC FA 8 II/2012-13 Trust	-	-
ISARC GPIL/2014-15 Trust	1.58	1.51
ISARC IDBI Bank II/2013-14 Trust	0.00	0.00
ISARC IU/2011-12 Trust	2.65	2.60

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)	As at 31.03.2025	As at 31.03.2024
ISARC MFPMPL/2011-12 Trust	-	-
ISARC OBC I/2014-15 Trust	0.00	2.17
ISARC RCPPL/2014-15 Trust	-	0.00
ISARC SBI 1/2015-16 Trust	-	0.61
ISARC SIDBI 1/2009-10 Trust	0.94	0.91
ISARC SIDBI 2/2009-10 Trust	3.34	15.18
ISARC SIDBI III/2017-18 Trust	0.04	0.93
ISARC Syndicate Bank III/2016-17 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	0.00
ISARC Yes Bank I/2012-13 Trust	-	-
	13.72	35.39
j) Interest on Advances reversed during the year		
ISARC ACBL I/2017-18 TRUST	1.10	0.61
ISARC Axis 3/2012-13 Trust	1.84	1.63
ISARC CBI II/2012-13 Trust	0.18	0.14
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC Dena Bank II/2015-16 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	-	-
ISARC FA 03 I/2011-12 Trust	0.03	0.17
ISARC FA 16 I/2011-12 Trust	-	-
ISARC FA 27 I/2012-13 Trust	-	5.15
ISARC FA 54/002/2011-12 Trust	-	-
ISARC FA 63 I/2012-13 Trust	0.71	0.64
ISARC GPIL/2014-15 Trust	1.42	1.36
ISARC FA 6 III/2011-12 Trust	-	0.01
ISARC IDBI Bank II/2013-14 Trust	-	-
ISARC IU/2011-12 Trust	2.39	2.34
ISARC OBC I/2014-15 Trust	-	-
ISARC RCPPL/2014-15 Trust	-	-
ISARC SBI 1/2015-16 Trust	-	0.55
ISARC SIDBI 1/2009-10 Trust	0.85	0.82
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC SIDBI III/2017-18 Trust	-	-
ISARC Yes Bank I/2012-13 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	0.00
	8.52	13.42
k) Interest on Advances Reversal Received		
ISARC Axis 3/2012-13 Trust	-	-
ISARC FA 6 III/2011-12 Trust	-	-
ISARC OBC I/2014-15 Trust	-	8.60
ISARC SIDBI 2/2009-10 Trust	-	28.73
ISARC Dena Bank III/2017-18 Trust	-	4.22

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)
As at 31.03.2025
As at 31.03.2024

ISARC SIDBI III/2017-18 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC FA 16 I/2011-12 Trust	-	-
ISARC FA 27 I/2012-13 Trust	23.45	-
ISARC FA 54/002/2011-12 Trust	-	-
	23.45	41.55

1) Interest on Fixed Deposit

Punjab National Bank	-	4.94
Small Industries Development Bank of India (SIDBI)	26.88	124.36
Bank of Baroda	140.89	136.66
	167.77	265.96

2) Expenses:
a) Small Industries Development Bank of India (SIDBI):

Deputation Charges (including Arrears)	165.45	88.65
Rent	7.82	28.16
	173.26	116.81

Note:

Deputation Charges above includes remuneration paid to CEO and CFO.

3) Balances as at the year end
a) Outstanding Payables

Small Industries Development Bank of India (SIDBI)	28.81	30.54
	28.81	30.54

b) Outstanding Receivables
i) Management Fees

ISARC Dena Bank II/2015-16 Trust	-	-
ISARC Dena Bank III/2017-18 TRUST	0.19	3.34
ISARC SIDBI III/2017-18 Trust	4.93	15.64
	5.11	18.98

ii) Interest on Advances

ISARC FA 54/002/2011-12 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC Syndicate Bank III/2016-17 Trust	-	-
ISARC IDBI Bank II/2013-14 Trust	-	0.00
ISARC Axis 3/2012-13 Trust	-	-
ISARC RCPPL/2014-15 Trust	-	-
ISARC Dena Bank II/2015-16 Trust	-	-
ISARC Allahabad Bank II/2012-13 Trust	0.00	0.00
ISARC FA 16 I/2011-12 Trust	0.00	0.00
ISARC MFPMPL/2011-12 Trust	-	-
ISARC FA 6 III/2011-12 Trust	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)	As at 31.03.2025	As at 31.03.2024
ISARC Yes Bank I/2012-13 Trust	-	-
ISARC SBI 1/2015-16 Trust	-	-
ISARC SIDBI 1/2009-10 Trust	-	-
ISARC OBC I/2014-15 Trust	0.00	0.00
ISARC ACBL I/2017-18 TRUST	-	-
ISARC FA 27 I/2012-13 Trust	0.00	-
ISARC SIDBI 2/2009-10 Trust	0.00	3.10
ISARC Dena Bank III/2017-18 TRUST	0.00	0.44
ISARC SIDBI III/2017-18 Trust	0.00	0.03
	0.00	3.57
iii) Incentives/Commission		
ISARC FA 63 I/2012-13 Trust	-	-
ISARC Dena Bank II/2015-16 Trust	-	-
	-	-
iv) Accrued Interest Receivable		
Punjab National Bank	-	-
Small Industries Development Bank of India (SIDBI)	-	107.47
Bank of Baroda	78.63	91.61
	78.63	199.08
4) Advances to Trusts		
ISARC 12/2010-11 Trust	9.17	8.68
ISARC 13/2010-11 Trust	0.42	0.21
ISARC 14/2010-11 Trust	1.58	1.21
ISARC ACBL I/2017-18 TRUST	11.87	7.93
ISARC Allahabad Bank II/2012-13 Trust	-	-
ISARC Axis 1/2009-10 Trust	-	-
ISARC Axis 2/2010-11 TRUST	2.00	1.23
ISARC Axis 3/2012-13 Trust	17.82	16.56
ISARC AXIS 4/2015-16 Trust	1.28	0.91
ISARC Axis 5/2015-16 Trust	-	-
ISARC BOB 1/2009-10 Trust	15.01	14.03
ISARC BOI 1/2010-11 Trust	0.36	0.27
ISARC BOI 2/2015-16 Trust	0.70	0.61
ISARC Canara Bank I/2013-14 Trust	-	2.70
ISARC CBI 1/2010-11 Trust	9.99	9.72
ISARC CBI II/2012-13 Trust	1.90	1.46
ISARC Dena Bank II/2015-16 Trust	-	-
ISARC Dena Bank III/2017-18 TRUST	-	-
ISARC FA 03 I/2011-12 Trust	-	-
ISARC FA 16 I/2011-12 Trust	-	-
ISARC FA 27 I/2012-13 Trust	-0.00	29.41

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)

As at 31.03.2025

As at 31.03.2024

ISARC FA 30 I/2012-13 Trust	-	-
ISARC FA 41 I/2011-12 Trust	-	-
ISARC FA 54/002/2011-12 Trust	-	-
ISARC FA 6 III/2011-12 Trust	-	-
ISARC FA 63 I/2012-13 Trust	6.88	6.13
ISARC FA 8 II/2012-13 Trust	-	-
ISARC GPIL/2014-15 Trust	13.43	12.86
ISARC IDBI Bank II/2013-14 Trust	-	-
ISARC IU/2011-12 Trust	22.31	21.84
ISARC OBC I/2014-15 Trust	-	-
ISARC Print 7C/2010-11 Trust	-	-
ISARC RCPPL/2014-15 Trust	-	-
ISARC SBI 1/2015-16 Trust	10.35	10.23
ISARC SCB 1/2015-16 Trust	-	-
ISARC SIDBI 1/2009-10 Trust	7.97	7.67
ISARC SIDBI 2/2009-10 Trust	-	35.32
ISARC SIDBI III/2017-18 Trust	-	-
ISARC Syndicate Bank III/2016-17 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	-
ISARC UBI 1/2009-10 Trust	16.22	15.84
ISARC UBI 2/2009-10 Trust	-	-
ISARC UBI 3/2009-10 Trust	-	-
ISARC UCO 1/2010-11 Trust	4.12	3.76
ISARC Yes Bank I/2012-13 Trust	-	-

153.38

208.60

5) Provision for Advances to Trusts:

ISARC 12/2010-11 Trust	9.17	8.68
ISARC 13/2010-11 Trust	0.42	0.21
ISARC 14/2010-11 Trust	1.58	1.21
ISARC ACBL I/2017-18 TRUST	1.13	0.54
ISARC Axis 2/2010-11 Trust	2.00	1.23
ISARC Axis 3/2012-13 Trust	17.82	16.56
ISARC AXIS 4/2015-16 Trust	1.28	0.91
ISARC Axis 5/2015-16 Trust	-	-
ISARC Axis 1/2009-10 Trust	-	-
ISARC BOB 1/2009-10 Trust	15.01	14.03
ISARC BOI 1/2010-11 Trust	0.36	0.27
ISARC BOI 2/2015-16 Trust	0.70	0.61
ISARC Canara Bank I/2013-14 Trust	-	2.70
ISARC CBI 1/2010-11 Trust	9.99	9.72
ISARC CBI II/2012-13 Trust	1.90	1.46
ISARC Dena Bank III/2017-18 Trust	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)

As at 31.03.2025

As at 31.03.2024

ISARC FA 03 I/2011-12 Trust	-	-
ISARC FA 54/002/2011-12 Trust	-	-
ISARC FA 27 I/2012-13 Trust	-0.00	29.41
ISARC FA 63 I/2012-13 Trust	6.88	6.13
ISARC FA 6 III/2011-12 Trust	-	-
ISARC GPIL/2014-15 Trust	13.43	12.86
ISARC IU/2011-12 Trust	22.31	21.84
ISARC OBC I/2014-15 Trust	-	-
ISARC Print 7C/2010-11 Trust	-	-
ISARC SCB 1/2015-16 Trust	-	-
ISARC SIDBI III/2017-18 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	-
ISARC SIDBI 1/2009-10 Trust	7.97	7.67
ISARC UBI 1/2009-10 Trust	16.22	15.84
ISARC SBI 1/2015-16 Trust	10.35	10.23
ISARC SIDBI 2/2009-10 Trust	-	35.32
ISARC UCO 1/2010-11 Trust	4.12	3.76
ISARC UBI 2/2009-10 Trust	-	-
	142.64	201.21

6) Fixed Deposit Placed with Bank

Punjab National Bank	-	-
Small Industries Development Bank of India (SIDBI)	-	1,835.00
Bank of Baroda	1,955.00	2,000.00
	1,955.00	3,835.00

7) Security Receipts Written off :

ISARC BOI 1/2010-11 Trust	-	-
ISARC BOI 2/2015-16 Trust	-	-
ISARC Print 7C/2010-11 Trust	-	-
ISARC RCPPL/2014-15 Trust	0.06	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	-
ISARC UBI 2/2009-10 Trust	-	55.24
ISARC FA 03 I/2011-12 Trust	-	66.99
ISARC IDBI Bank II/2013-14 Trust	-	150.00
ISARC Yes Bank I/2012-13 Trust	-	-
	0.06	272.23

8) Advance to Trust written off :

ISARC BOI 1/2010-11 Trust	-	-
ISARC BOI 2/2015-16 Trust	-	-
ISARC FA 6 III/2011-12 Trust	-	-
ISARC Print 7C/2010-11 Trust	-	-
ISARC UBI 2/2009-10 Trust	0.36	8.85
ISARC FA 03 I/2011-12 Trust	0.54	1.77

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)

As at 31.03.2025

As at 31.03.2024

ISARC SCB 1/2015-16 Trust

-

-

ISARC Transrail Structures & Towers/2012-13 Trust

-

-

ISARC Yes Bank I/2012-13 Trust

-

-

0.90

10.62

9) GST on reversed Management Fees Written Off :

ISARC BOI 1/2010-11 Trust

-

-

ISARC FA 27 I/2012-13 Trust

5.78

-

5.78

-

NOTE 26: SEGMENT REPORTING

Based on the guiding principles given in Accounting Standard on Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India the Company's primary business segment is rendering asset reconstruction and securitization services. As the Company's business activity falls within a single primary business segment the disclosures required of AS-17 in this regard are not applicable.

NOTE 27: ASSET CLASSIFICATION

The disclosures pursuant to the RBI Notification No. RBI/2015-16/94/DNBR (PD) CC. No.03 / SCRC/ 26.03.001/2015-16 dtd. July 1, 2015 for Asset Classification is as under:

Loans for Reconstruction of Financial Assets:

Loss Asset

-

-

Less: Financial Asset Written Off

-

-

-

-

NOTE 28: In the opinion of the Board, current assets, loans & advances are stated approximately at value, which could be realized in the ordinary course of business. Provision for all known liabilities is adequate and it is neither in excess of nor short of amounts reasonably necessary.

NOTE 29: DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

Information in respect of micro enterprises and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). The disclosures

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOUSER (CONTD.....)

As at 31.03.2025

As at 31.03.2024

pursuant to the said MSMED Act are as follows:

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end

-

-

Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end

-

-

Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year

-

-

Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year

-

-

Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year

-

-

Interest due and payable towards suppliers registered under MSMED Act, for payments already made

-

-

Further interest remaining due and payable for earlier years

-

-

-

-

NOTE 30: CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013 requires the Board of Directors to ensure that the Company spends in every financial year at least 2% of the average net profits of the Company made during the three immediately preceding financial years on Corporate Social Responsibility. Accordingly, the Company has disbursed Rs. 14.11 Lakhs (Previous Year Rs. 7.96 Lakhs) towards Corporate Social Responsibility Activities. In accordance with the 'FAQ on Provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 and Rules thereon', issued by the Institute of the Chartered Accountants of India, this amount has been recorded and disclosed as an appropriation of profit in the financial statements for the year ended 31st March, 2025.

(a) Gross amount required to be spent by the Company during the year Rs. 14.11 Lakhs (including Previous Years unspent amount Rs. Nil) (Previous Year Rs. 7.96 Lakhs).

(b) Statement on CSR Activities:

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakh)

	As at 31.03.2025			As at 31.03.2024
Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Opening Balance	0.00	-	-	-
Eligible Amount	-	-	7.97	14.12
Amount disbursed	0.00	-	7.97	14.12
Shortfall carried forward	-	-	-	-
Sanctioned Amount	0.00	-	7.97	14.12
Reason for shortful	NIL	NIL	NIL	NIL
Nature of CSR Activities	PMNRF	-	SIDBI Swavalamban Foundation	SIDBI Swavalamban Foundation
Details of Related Parties transaction	NIL	NIL	NIL	NIL
Provision Created	NIL	NIL	NIL	NIL

NOTE 31: CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Appeal pending before Commissioner of Income Tax (Appeals) for F.Y. 2011-12 (A.Y. 2012-13) (refer Note (I) below)	19.73	19.73
Appeal pending before Commissioner of Income Tax (Appeals) for F.Y. 2014-15 (A.Y. 2015-16) (refer note (ii) below)	40.40	40.40
Appeal pending before Commissioner of Income Tax (Appeals) for F.Y. 2015-16 (A.Y. 2017-18) (refer note (iii) below)	0.20	0.20
Income tax Demand for FY 18-19 (AY.19-20) (refer note (iv) below)	7.33	-
Deputation Charges (in Arrears) (refer note (v) below)		
	Amount not ascertainable	Amount not ascertainable
	67.66	60.33

Note (i)

The Company has received an income tax demand of Rs 19,73,166/- for FY 2011-12 (P.Y. 19,73,166) which is contested by the Company before the Commissioner of Income Tax (Appeals). Against the same the department has adjusted TDS amount of Rs. 19,67,266 (Rs. 19,67,266) as per the Income Tax Return filed by the Company i.e net demand outstanding Rs. 5,900/-. No provision is considered necessary for this demand as in the Company's view, duly supported by the counsel's opinion and reasoning of the Learned ITAT Mumbai 'C' Bench, in the case of Trust's wherein the company is a Trustee, the demand made is not sustainable.

In addition to the demand of Rs. 5900/-, the assessment order having DIN 20121177096 and dated 28th Dec 2019 also mentions that penalty proceedings u/s 271(1)(c) of the Income Tax Act, 1961 are initiated separately for furnishing inaccurate particulars of income."

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

Note (ii)

The Company has received an Income Tax Refund of Rs. 99,43,121/- during FY 2020-21 for AY 2017-18 after adjusting Income Tax Demand for AY 2011-12 (Rs. 10), AY 2014-15 (Rs. 81,300/-), AY 15-16 (Rs. 5,34,542), AY 16-17 (Rs. 1,31,467/-).

The company has received an Income Tax Refund of Rs.12,88,580/- during FY 2019-20 for AY 2010-11 after adjusting Income Tax Demand for AY 2015-16. No provision is considered necessary for this demand as in the Company's view, duly supported by the counsel's opinion and reasoning of the Learned ITAT Mumbai 'C' Bench, in the case of Trust's wherein the company is a Trustee, the demand made is not sustainable.

Note (iii)

The Company has received a notice under Section 272A(1)(d) of the Income Tax Act, 1961 for AY 2017-18 levying a penalty of Rs 20,000/- against which the company has filed an appeal. No provision is considered necessary as on in the view of the company, duly supported by the counsel's opinion, the demand made is not sustainable.

Note (iv)

The Company has received a rectification order under Section 154 of the Income Tax Act, 1961 for AY 2019-20 where department has disallowed the loss allowed earlier. No provision is considered necessary as on in the view of the company, on account of on-going rectification application, the demand made is not sustainable.

Note (v)

Deputation Charges (Arrears): Revision in pay & allowances of SIDBI Officers is due from Nov. 2022. SIDBI, as and when pay & allowances are revised, will raise invoice on ISARC towards salary arrears of SIDBI Officers who were on deputation during the period of arrears. However, no provision has been made, as the arrear amount is not ascertainable as of now.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

NOTE 32: Additional Regulatory Disclosure under Division I-Schedule III of Companies Act, 2013						
(i) Anyalltical Ratios						
S.No.	Ratios	Numerator	Denominator	FY 2024-25	FY 2023-24	% Variance
(i)	Current Ratio	Current Asset	Current Liabilities	236.21	263.21	-10%
(ii)	Debt to Equity Ratio	Total Debt	Shareholder's Equity	N.A	N.A	-
(iii)	Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	N.A	N.A	-
(iv)	Return on Equity Ratio	Net Profit for the year	Average Shareholder's Funds	13%	7%	86%
(v)	Inventory Turnover Ratio	Cost of Goods sold or Sales	Average Inventory	N.A	N.A	-
(vi)	Trade Receivable Turnover Ratio	Revenue from operations(net)	Average Trade Receivable	153.41	3.20	4689%
(vii)	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payables	N.A	N.A	-
(viii)	Net Capital Turnover Ratio	Revenue from operations	Average Working Capital (CA-CL)	N.A	N.A	-
(ix)	Net Profit Ratio	Net Profit for the year	Revenue from operations	94.95%	378.54%	-75%
(x)	Return on Capital Employed	Earning Before Interest and Taxes	Capital Employed (Shareholder's Funds)	18.05%	8.21%	120%
(xi)	Return on Investment	Revenue from operations	Average Gross Non-Current Investments	59.62%	6.95%	757%

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

NOTE 32: Additional Regulatory Disclosure under Division I-Schedule III of Companies Act, 2013 (CONTD..)

- (ii) The Company does not have any Immovable Property whose title deeds are not held in the name of the Company.
- (iii) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (iv) The Company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.
- (v) The Company has neither raised funds from issue of securities nor has it taken borrowings from banks and financial institutions, hence no reporting is required as regards utilisation of the same for the specific purposes for which they were issued/taken.
- (vi) The Company has not obtained any borrowings from banks or financial institutions on the basis of security of current assets.
- (vii) The Company has not been declared as a willful defaulter by any lender who has powers to declare a company as a willful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.
- (viii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) 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
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ix) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) 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
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (x) The Company does not have any transactions with struck-off companies.
- (xi) The Company has not entered into any Scheme of Arrangements during the year or previous year, hence additional disclosure is not applicable.
- (xii) The Company does not have any transaction which is not recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

NOTE 32: Additional Regulatory Disclosure under Division I-Schedule III of Companies Act, 2013 (CONTD..)

assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

- (xiii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (xiv) The Company does not have any subsidiary company and hence compliance related with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017 not applicable to the company.
- (xv) The Company does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.

NOTE 33:

As per the RBI Circular dated October 11, 2022 on revised frame-work for ARCs, the Company is required to achieve the Net Owned Fund (NOF) of Rs.200 crore by March 31, 2024 and Rs.300 crore by March 31, 2026 pending which incremental business will not be undertaken. The Company has since received the RBI approval for change in Sponsors facilitating fresh investment for compliance of NoF requirement and is undertaking other procedural formalities for early completion of the proposed Private Placement. RBI has also given extension of time upto June 30, 2025 for complying with the minimum NOF requirement.

NOTE 34:

The figures of the previous year have been reclassified and regrouped wherever necessary. The accompanying notes are integral part of the financial statements.

For and on behalf of Board of Directors

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-

Amitabh Misra

Managing Director & CEO

DIN: 10370703

Sd/-

Sandeep Welling

Independent Director

DIN: 00072457

Sd/-

K. Prakash

CFO

Sd/-

Ketki Muzumdar

CS & CO

M. No.: A30638

Mumbai, May 20, 2025

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
ADDITIONAL DISCLOSURE

The following additional disclosures have been made taking into account RBI Guidelines in this regard:

a) Name and addresses of the banks from whom Financial Assets were acquired and the value at which such assets was acquired from each bank

(₹ in Lakh)

Sr. No.	Name of the Bank	Address	Acquisition Value		
			As at 31.03.2024	During the year	As at 31.03.2025
Sponsors					
1	Bank of Baroda	Plot – C-26, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	565.57	-	565.57
2	Bank of Baroda (Erstwhile Dena Bank before Merger)	Plot – C-26, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	1,685.00	-	1,685.00
3	Punjab National Bank (Erstwhile United Bank of India before Merger)	Bhikhaji Cama Place, New Delhi	2,007.70	-	2,007.70
4	Punjab National Bank	Bhikhaji Cama Place, New Delhi	2,792.04	-	2,792.04
5	Punjab National Bank (Erstwhile Oriental Bank of Commerce before Merger)	Bhikhaji Cama Place, New Delhi	1,000.11	-	1,000.11
6	SIDBI	MSME Development Centre, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	9,297.35	-	9,297.35
Total (A)			17,348.66	-	17,347.77
Non-Sponsors					
7	UCO Bank	10, B T M Sarani, Kolkata - 700 001	1,633.75	-	1,633.75
8	Axis Bank	Maker Tower–F, 13th Cuffe Parade, Mumbai - 400 005	2,674.95	-	2,674.95
9	Bank of India	Star house, BKC, Plot no. C-5, G - Block, Mumbai - 400 051	761.38	-	761.38
10	Central Bank of India	Chander Mukhi, Nariman Point, Mumbai - 400 021	164.17	-	164.17
11	Standard Chartered Bank	23-25, Mahatma Gandhi Road, Fort, Mumbai - 400 001	560.00	-	560.00
12	HDFC Bank	HDFC Bank House, Lower Parel, Mumbai - 400 013	575.00	-	575.00
13	Canara Bank (Erstwhile Syndicate Bank Before Merger)	Recovery Wing, Head Office, 112 J C Road, Bangalore - 560 002	1,468.00	-	1,468.00
14	Canara Bank	Recovery Wing, Head Office, 112 J C Road, Bangalore - 560 002	20,936.27	-	20,936.27
15	Indian Bank (Erstwhile Allahabad Bank Before Merger)	254-260, Avvai Shanmugam Salai, Royapettah, Chennai 600014, Tamil-Nadu, India	1,021.84	-	1,021.84
16	City Union Bank	149, TSR Big Street, Kumbakonam - 612 001	253.85	-	253.85
17	ICICI Bank	ICICI Bank Towers, Bandra Kurla Complex, Bandra East, Mumbai - 400 054	202.00	-	202.00
18	Indian Overseas Bank	Central Office, 763, Anna Salai, Chennai - 600 002	670.00	-	670.00
19	IDBI Bank Ltd.	IDBI Tower, World Trade Center Complex, Cuffe Parade, Colaba, Mumbai - 400 005.	4,835.88	-	4,835.88
20	Yes Bank Ltd.	Discovery of India, Nehru Center, 9th Floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018	285.00	-	285.00
21	Karnataka Bank Ltd	Corporate Office, Mahaveera Circle, Kankandy, Mangalore - 575 002	194.25	-	194.25
22	State Bank of India	The Arcade, World Trade Centre Complex, Cuffe Parade, Mumbai – 400 005	1,078.00	-	1,078.00
23	Abhyudaya Co-operative Bank Limited	K K Tower, Abhyudaya Bank Lane, Off. G D Ambekar Marg, Parel Village, Mumbai - 400 012	230.00	-	230.00
Total (B)			37,544.34	-	37,544.34
Grand Total (A + B)			54,892.11	-	54,892.11

Note: 81 accounts with an aggregate loan outstanding of Rs. 198 crores (approx.) acquired from Industrial Investment Bank of India ('IIBI') for Rs. 81/- have not been included, as the same have been assigned to ISARC on a nominal value, on the direction of Ministry of Finance, Government of India for recovery on commission basis.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
b) Dispersion of various Financial Assets Industry-wise and Sponsor-wise as on 31.03.2025

(₹ in Lakh)

Sr. No.	Sector	Sponsor / Non - Sponsor	No. of Cases		Acquisition Value (Amount in Lakhs)		% of Total Acquisition Value	
			CY	PY	CY	PY	CY	PY
1	Chemical & Chemical Products	Sponsor	-	18	-	248.89	-	4.55
2	Electrical/ Electronic Equipment	Sponsor	-	10	-	129.93	-	2.38
3	Food & Food Products	Sponsor	-	22	-	418.87	-	7.67
4	Hotels	Sponsor	-	1	-	115.50	-	2.11
5	Hospital	Sponsor	-	2	-	32.23	-	0.59
6	Textiles/Leather/footwear	Sponsor	-	27	-	650.84	-	11.91
7	Wood & Wood Products	Sponsor	-	1	-	-	-	-
8	Other Services	Sponsor	-	20	-	151.77	-	2.78
9	Pharmaceutical products	Sponsor	-	16	-	223.83	-	4.10
10	Industrial products	Sponsor	-	44	-	1,465.68	-	26.83
11	Machinery	Sponsor	-	1	-	-	-	-
12	Agro based products	Sponsor	-	3	-	521.97	-	9.55
13	Entertainment	Sponsor	-	7	-	787.24	-	14.41
14	Trading	Sponsor	-	7	-	246.72	-	4.52
15	Construction/Real estate	Sponsor	-	4	-	235.41	-	4.31
16	Consumer Products	Sponsor	-	7	-	109.81	-	2.01
17	Others	Sponsor	-	12	-	124.93	-	2.29
Sub Total (A)			-	202	-	5,463.62	-	100.00
1	Chemical & Chemical Products	Non-Sponsor	-	10	-	1,713.07	-	3.47
2	Electrical/ Electronic Equipment	Non-Sponsor	-	6	-	19.81	-	0.04
3	Food & Food Products	Non-Sponsor	-	22	-	7,994.88	-	16.17
4	Hotels	Non-Sponsor	-	3	-	2,779.41	-	5.62
5	Hospital	Non-Sponsor	-	4	-	784.00	-	1.59
6	Textiles/Leather/Footwear	Non-Sponsor	-	45	-	8,628.67	-	17.46
7	Wood & Wood Products	Non-Sponsor	-	4	-	144.62	-	0.29
8	Other Services	Non-Sponsor	-	22	-	3,771.46	-	7.63
9	Pharmaceutical products	Non-Sponsor	-	9	-	7,529.41	-	15.23
10	Industrial products	Non-Sponsor	-	46	-	2,555.36	-	5.17
11	Machinery	Non-Sponsor	-	2	-	37.59	-	0.08
12	Agro based products	Non-Sponsor	-	15	-	915.02	-	1.85
13	Entertainment	Non-Sponsor	-	2	-	167.10	-	0.34
14	Trading	Non-Sponsor	-	39	-	1,235.38	-	2.50
15	Construction/Real estate	Non-Sponsor	-	16	-	4,168.88	-	8.43
16	Consumer Products	Non-Sponsor	-	11	-	382.49	-	0.77
17	Others	Non-Sponsor	-	54	-	6,601.34	-	13.36
Sub Total (B)			-	310	-	49,428.49	-	100.00
Grand Total (A+B)			-	512	-	54,892.11		

Note: 81 accounts with an aggregate loan outstanding of Rs. 198 crores (approx.) acquired from Industrial Investment Bank of India ('IIBI') for Rs. 81/- have not been included, as the same have been assigned to ISARC on a nominal value, on the direction of Ministry of Finance, Government of India for recovery on commission basis.

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- c) Details of the related parties as per Accounting Standard and Guidance Note issued by The Institute of Chartered Accountants of India (ICAI) and the amounts due to and from them are same as Note 25.
- d) Migration of Financial Assets from Standard to Non Performing: Nil
- e) Value of Financial Assets acquired during the financial year 2024-25 either on its own or in the books of the Trusts:

(₹ in Lakhs)

Sr. No.	Acquisition in the books of		F.Y. 2024-25	F.Y. 2023-24
1	ISARC		-	-
2	Trusts		-	-
	Total		-	-

- f) Value of Financial Assets realized during the financial year 2024-25

Sr. No.	Acquisition in the books of		F.Y. 2024-25	F.Y. 2023-24
1	ISARC			-
2	Trusts*		4,191.25	7,668.81
	Total		4,191.25	7,668.81

* Amount aggregating to Rs. 94.88 Lakhs (previous year Rs. Nil/-) realized from Financial Assets acquired from Industrial Investment Bank of India ('IIBI') is not considered above as the same has been assigned to ISARC on the direction of Ministry of Finance, Government of India for recovery on commission basis.

- g) Value of Financial Assets outstanding for realization as at the end of financial year 2024-25

Particulars		F.Y. 2024-25	F.Y. 2023-24
Total value (cumulative) of Financial Assets acquired **		54,892.11	54,892.11
Less: Value (cumulative) of Financial Assets realised ***		44,377.15	40,185.90
Total value of Financial Assets outstanding for realisation		10,514.96	14,706.21

** 81 accounts with an aggregate loan outstanding of Rs. 198 crores (approx.) acquired from Industrial Investment Bank of India ('IIBI') for Rs. 81/- have not been included, as the same have been assigned to ISARC on a nominal value, on the direction of Ministry of Finance, Government of India for recovery on commission basis.

*** Total amount aggregating to Rs. 2,726.59 (previous year Rs. 2,631.71) Lakhs realized from Financial Assets acquired from Industrial Investment Bank of India ('IIBI') is not considered above as the same have been assigned to ISARC on the direction of Ministry of Finance, Government of India for recovery on commission basis.

- h) Value of Security Receipts redeemed partially and fully during the financial year 2024-25

Sr. No.	Particulars		F.Y. 2024-25	F.Y. 2023-24
1	Value of Security Receipts redeemed partially		992.66	7,042.11
2	Value of Security Receipts redeemed fully		568.69	63.70
	Total		1,561.35	7,105.81

- i) Value of Security Receipts pending for redemption as at the end of financial year 2024-25: Rs. 26,640.42- (previous year: Rs. 28,201.78) Lakhs

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- j) Value of Security Receipts which could not be redeemed as a result of non-realization of the financial assets as per the policy formulated by the securitization company or reconstruction company under paragraph 7(6)(ii) or 7(6)(iii) of Notification No. DNBS.2/CGM(CSM) – 2003 dtd. April 23, 2003 issued by Reserve Bank of India. : Rs 21,498.01 (Previous Year : Rs. 22,815.90) Lakhs
- k) Value of land and /or building acquired on ordinary course of business of reconstruction of assets: **NIL**
- l) Basis of valuation of assets if the acquisition value of the assets is more than the Book Value (the value of the assets as declared by the seller bank in the auction): **NIL**
- m) The details of the assets disposed off (either by write off or by realisation) during the year at discount of more than 20% of valuation as on the previous year end and the reasons thereof: **NIL**
- n) The details of the assets where the value of the SRs has declined more than 20% below the acquisition value.: Refer **Annexure A**
- o) As per Reserve Bank of India Guidelines, the Capital Adequacy Ratio of the Company as at March 31, 2025 works out to 2580%(Previous Year: 1333%)

For and on behalf of Board of Directors

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED**Sd/-**

Amitabh Misra
Managing Director & CEO
DIN: 10370703

Sd/-

Sandeep Welling
Independent Director
DIN: 00072457

Sd/-

K. Prakash
CFO

Sd/-

Ketki Muzumdar
CS & CO
M.No.: A30638

Mumbai, May 20, 2025

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Annexure A: Details of the assets where the value of the SRs has declined substantially (i.e. more than 20%) below the acquisition value.

(Amount in Lakhs)				
Sr. No.	Name of the Trust	Acquisition Value	Outstanding Value	Current Value
1	ISARC ACBLI/2017-18 Trust	230.00	139.38	17.42
	Total	230.00	139.38	17.42



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

(CIN: U67190MH2008PLC181062)

The Ruby, 11th Floor, North-West Wing, Plot No. 29,
Senapati Bapat Marg, Dadar (West), Mumbai - 400028.

Phone: +91 22 6963 1100

Email: isarc@isarc.in • Website: www.isarc.in