ANNUAL REPORT
2025-2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

(SUBSIDIARY OF AUTHUM INVESTMENT & INFRASTRUCTURE LIMITED)

Principal Sponsor
Authum Investment & Infrastructure Limited

Chief Executive Officer
Mr. Jethanand Chopra

Chief Financial Officer
Ms. Jayshree Jain

Company Secretary
Ms. Minal Jain

Statutory Auditors
M/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 6838 8100
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.**

Board of Directors

Ms. Rachna Dikshit
Chairperson and
Independent Director

Mr. Divy Dangi
Whole Time Director

Mr. Sandeep Welling
Independent Director

Mr. Mukesh Chand
Independent Director

Mr. Hari Shanker Sharma
Independent Director

NOTICE OF 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the Members of India SME Asset Reconstruction Company Limited will be held through Video Conference (VC) on Thursday, September 24, 2026, at 11.30 a.m. to transact the business stated herein:

Ordinary Business:

Item No. 1:

Adoption of the Audited (Standalone & Consolidated) Financial Statements of the Company for the Financial Year ended March 31, 2026, and the Reports of the Board of Directors and Auditors thereon:

To receive, consider and adopt the Audited (Standalone & Consolidated) Financial Statements of the Company for the Financial Year ended March 31, 2026, 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 (Standalone & Consolidated) Financial Statements of the Company for the Financial Year ended March 31, 2026, 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. Divy Dangi (DIN: 08323807) who retires by rotation and being eligible, has offered himself for reappointment:

To appoint a Director in place of Mr. Divy Dangi (DIN: 08323807) 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 provisions of Section 152 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, including any amendments, statutory modifications and/or re-enactments thereof for the time being in force, Mr. Divy Dangi (DIN: 08323807), 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."

Special Business:

Item No. 3:

Re-appointment of Mr. Sandeep Welling (DIN: 00072457) as an Independent Director of the Company for a second term of office:

To re-appoint Mr. Sandeep Welling (DIN: 00072457) as an Independent Director of the Company for a second term of office and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder, the Articles of Association of the Company, the Reserve Bank of India (Asset

Reconstruction Companies) Directions, 2025, dated November 28, 2025, as amended from time to time, and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, and subject to approval of the RBI vide its letter dated June 07, 2026, the Members of the Company hereby approves the re-appointment of Mr. Sandeep Welling (DIN: 00072457) as an Independent Director of the Company, not liable to retire by rotation, for a second term of three (3) consecutive years effective from date of RBI approval i.e. from June 07, 2026 till June 06, 2029, on such terms and conditions as mutually agreed.

RESOLVED FURTHER THAT the Company Secretary of the Company be and is hereby severally authorized to file necessary forms with the Registrar of Companies, make necessary entries in the statutory registers, and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to this resolution."

Item No. 4:

Re-appointment of Mr. Hari Shanker Sharma (DIN: 07123442) as an Independent Director of the Company for a second term of office:

To re-appoint Mr. Hari Shanker Sharma (DIN: 07123442) as an Independent Director of the Company for a second term of office and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder, the Articles of Association of the Company, the Reserve Bank of India (Asset Reconstruction Companies) Directions, 2025 dated November 28, 2025, as amended from time to time, and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, and subject to approval of the RBI vide its letter dated June 07, 2026, the Members of the Company hereby approves the re-appointment of Mr. Hari Shanker Sharma (DIN: 07123442) as an Independent Director of the Company, not liable to retire by rotation, for a second term of three (3) consecutive years effective from date of RBI approval i.e. from June 07, 2026 till June 06, 2029, on such terms and conditions as mutually agreed.

RESOLVED FURTHER THAT the Company Secretary of the Company be and is hereby severally authorized to file necessary forms with the Registrar of Companies, make necessary entries in the statutory registers, and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to this resolution."

Item No. 5:

To approve material Related Party Transactions:

To obtain approval for material related party transactions, 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 Section 188 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (Act), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended till date, and other applicable Rules, if any, the approval of Members be and are hereby accorded to the Audit Committee and the Board of Directors to authorize the management of the

Company to enter into agreement(s) and/or transaction(s) as may be appropriate and under the existing related party arrangement, with the following Related Parties as defined under Section 2(76) of the Act on such terms and conditions as may be mutually agreed upon between the Company and any of the Related Party, for the amount in aggregate not exceeding as mentioned against the name of each of the following Related Party during the period against each Related Party:

Name of the related party and its relationship	Type, material terms and particulars of the proposed transaction (Contract or Arrangement)	Value of the proposed transaction (Max. amt. of trans. that can be entered into (In agg. and per trans.)	Tenure of the proposed transaction (particular tenure shall be specified)	The indicative base price or current contracted price and the formula for variation in the price, if any/ Manner of determining pricing and other terms.	Periodic Review
Authum Investment & Infrastructure Limited, Holding Company	Availing of loan facilities (including interest)	500 crores	From 01-04-2026 to 31-03-2027	On Arm's length basis	All related party transactions undertaken pursuant to the omnibus approval shall be placed before the Audit Committee / Board for quarterly review.
	Investment in security receipts in various trusts formed by ISARC	1000 crores			

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to the Audit Committee of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."

Item No. 6:

To borrow money in excess of limits specified under Section 180(1)(c) of the Companies Act, 2013:

To borrow money in excess of limits specified under section 180(1)(c) of the Companies Act, 2013, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow, from time to time, any sum or sums of money, whether by way of loans, debentures or otherwise, from banks, financial institutions or other persons as may be permitted, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital, free reserves and securities premium of the Company, provided that the total amount so borrowed shall not exceed ₹ 500 crores (Rupees Five Hundred Crores only).

RESOLVED FURTHER THAT any Directors of the Company or Company Secretary be and are hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution."

Item No. 7:

Approval under Section 186 of the Companies Act, 2013 for loans, investments, guarantees and securities:

To grant approval under section 186 of the Companies Act, 2013 for loans, investments, guarantees and securities, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder as applicable, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in terms of the provisions of the Company's Memorandum and Articles of Association, and subject to such other approvals, consents, sanctions and permissions, as may be necessary, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee thereof) to give any loan(s) and/or any guarantee(s) and/or provide any security(ies) in connection with any loan(s) to any other body corporate or person and/ or to make any further investments/acquisition by way of subscription, purchase or otherwise, the securities (including equity shares, preference shares, debentures, or any other kind of instruments, whether convertible or not) of other body corporate, up to an amount of Rs. 500 crores (Rupees Five Hundred Crore Only) over and above the limits available to the Company of 60% (Sixty Percent) of its paid-up share capital, free reserves and securities premium account or 100% (One Hundred Percent) of its free reserves and securities premium account, whichever is more, and remaining outstanding at any point of time.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient for implementation of the above resolution and matters connected therewith or incidental thereto including but not limited to delegation of all or any of the powers herein conferred to any Committee or any director(s) or any other officer(s) of the Company, or to settle any questions, difficulties or doubts that may arise with regard to the above resolution, without being required to seek any further clarification, consent or approval of the Members."

Item No. 8:

Increase in Authorised Share Capital of the Company and alteration of Clause V of the Memorandum of Association of the Company:

To obtain approval for increasing the authorised share capital of the Company, 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 section 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), read with the rules made thereunder, including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force, and in accordance with the applicable provisions of the Articles of Association of the Company, the consent of the Members be and is hereby accorded to increase the Authorized Share Capital of the Company from Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crore) comprising 25,00,00,000 (Twenty- Five Crore) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 700,00,00,000/- (Rupees Seven Hundred Crore) comprising 70,00,00,000 (Seventy Crore) Equity Shares of Rs. 10/- (Rupees Ten) each, ranking pari passu in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 13 and all other applicable provisions of the Companies Act, 2013 and the relevant rules framed thereunder, the existing Capital Clause (Clause V) of the Memorandum of Association of the Company is substituted with the following Clause V:

a) The Authorised Share Capital of the Company is Rs. 700,00,00,000/- (Rupees Seven Hundred Crore) comprising 70,00,00,000 (Seventy Crore) Equity Shares of Rs. 10/- (Rupees Ten) each.

b) The paid-up capital of the Company shall be minimum of Rs. 5,00,000/- (Rupees Five Lakh).

RESOLVED FURTHER THAT the Board of Directors of the Company and/or the Company Secretary be and are hereby severally authorised to take all such steps, actions and do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution, including filing the requisite forms and documents with the Registrar of Companies and making the necessary alterations in the Memorandum of Association of the Company."

Item No. 9:

Alteration in the Articles of Association of the Company:

To obtain approval for altering the Articles of Association of the Company, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of section 5 and 14 read with the Companies (Incorporation) Rules 2014 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification (s) or re-enactment thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded to alter the Articles of Association of the Company in respect of the provisions relating to calls on shares, as follows:

Before Amendment	Proposed Amendment
Clause 37: Calls :	**Clause 37: Calls on shares:**
The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 49 of the Act, make such calls as the Board thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each Member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board, provided that option or right to make call on shares shall not be given to any person except with the sanction of the Company in General Meeting. A call may be made payable by installments and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at a meeting of the Board.	i. The Board may, from time to time, make calls as they think fit upon the members in respect of all monies unpaid on the shares held by them (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. ii. Each Member shall, subject to receiving notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on the shares held by such Member, within such period as may be determined by the Board. iii. The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances. iv. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder. v. All calls shall be made on a uniform basis on all shares falling under the same class Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class vi. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided. vii. A call may be revoked or postponed at the discretion of the Board viii. The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.

	ix. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and notice for the same is sent to the members. The amount of call may be required to be paid as per the resolution of the Board or the Committee of the Board. x. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. xi. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten percent per annum or at such lower rate, if any, as the Board may determine. The Board shall be at liberty to waive payment of any such interest wholly or in part xii. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. xiii. The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance
Clause 38: Restriction on power to make calls and notice No call shall exceed one-fourth of the nominal amount of a share and be made payable at less than one month from the date fixed for the payment of the last preceding call. Not less than 14 days notice of any call shall be given in writing specifying the time and place of payment and the person or persons to whom such call, shall be paid. Provided that, before the time for payment of such call the Board may, by notice in writing to the Members, revoke the same or extend the time for payment thereof.	

<u>Clause 39: When amount payable:</u> (Iif by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the nominal amount of the share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of calls or otherwise shall relate to such amount or installment accordingly. (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. (iii) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.	
<u>Clause 40: When interest on call or installment payable:</u> If the sum payable in respect of any call or installment has not been paid on or before the day appointed for payment, the holder for the time being of the shares in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of not more than ten percent per annum from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Board may determine. The Board may in its absolute discretion waive the payment of interest, wholly or in part in the case of any person liable to pay such calls or installment.	
Clause 41: Evidence in action for call: Subject to the provisions of the law of Evidence and Procedure, on the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due, to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose on the Register of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.	

Clause 42: Payment of call in advance: The Board may, if it thinks fit, receive from any Member willing to advance the same and either the money or money's worth for all or any part of the money due upon the shares held by him beyond the sums actually called for and upon the money so paid or satisfied in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made and the Company may pay interest at such rate not exceeding 12% (twelve percent) or as determined by the Board from time to time unless the Company in General Meeting shall otherwise direct. The Board may, at any time repay the amount so advanced upon giving to such Member one month's notice in writing. The Member shall not, however, be entitled to any voting rights or dividend or to participate in the profits of the company in respect of the moneys so paid by him until the same would, but for such payment become presently payable.	
Clause 43: Voting rights when calls in arrears: No Member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.	
Clause 44: Revocation of calls: A call may be revoked or postponed at the discretion of the Board.	
Clause 45: Directors may extend time for payment of a call: The Board may, from time to time and at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members who on account of residence at a distance or some other cause, may be deemed fairly entitled to such extension, but no Member shall, as a matter of right, be entitled to such extension (save as a matter of grace and favour).	
Clause 46: Every Members to pay the proportion of the capital represented by the share: Every Member, his executors or administrators shall pay to the Company the proportion of the capital represented by his share or shares which may for the time being, remain unpaid thereon in such amount, at such time and in such manner as the Board shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.	

RESOLVED FURTHER THAT the existing Clauses 37 to 46 of the AOA relating to calls on shares be and are hereby proposed to be deleted and substituted with a single comprehensive Clause 37, as placed before the Board and initialled by any one of the Directors of the Company for the purpose of identification and all other provisions of the existing AOA shall remain unchanged and the Articles following the revised Clause 37 shall be consequentially renumbered.

RESOLVED FURTHER THAT any Directors of the Company and/or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary or expedient in connection with the aforesaid alteration of the AOA, including filing of the necessary forms and documents with the Registrar of Companies."

Place: Mumbai

Date: September 02, 2026

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 the directors 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 2025-26, 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 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 02, 2026:

Item No. 3:

Re-appointment of Mr. Sandeep Welling (DIN: 00072457) as an Independent Director of the Company for a second term of office:

The Members are informed that Mr. Sandeep Welling (DIN: 00072457) was first appointed as an Independent Director of the Company with effect from July 05, 2023, for a term of three (3) consecutive years, in accordance with the provisions of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 ("Act") and other applicable provisions of the Act and the rules made thereunder.

The said first term is due to expire on July 04, 2026. Based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of RBI and Shareholders, and considering his continued association with the Company, the Board has proposed his re-appointment as an Independent Director of the Company for a second term of three (3) consecutive years effective from the date of RBI approval.

The proposed re-appointment is subject to approval of the Reserve Bank of India under the applicable regulatory framework governing Asset Reconstruction Companies, including the Reserve Bank of India (Asset Reconstruction Companies) Directions, 2025, as amended from time to time. The Reserve Bank of India has granted its approval vide its letter dated June 07, 2026.

In terms of Section 149(10) of the Act, an Independent Director is eligible for re-appointment for a second term, subject to approval of the Members by way of a special resolution.

In the opinion of the Board, Mr. Sandeep Welling fulfils the conditions specified under Section 149(6) of the Act and the rules made thereunder for appointment as an Independent Director and is independent of the management. The Company has also received from him all requisite declarations confirming compliance with the criteria of independence and eligibility.

Mr. Sandeep Welling brings with him rich experience and expertise in areas relevant to the Company's business operations, and his continued association would be beneficial to the Company.

Except Mr. Sandeep Welling and his relatives, none of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution set out in Item No. 3 for approval of the Members as a Special Resolution.

Disclosures as required under revised Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are provided as **Annexure A** to this Notice.

Item No. 4:

Re-appointment of Mr. Hari Shanker Sharma (DIN: 07123442) as an Independent Director of the Company for a second term of office:

The Members are informed that Mr. Hari Shanker Sharma (DIN: 07123442) was first appointed as an Independent Director of the Company with effect from June 22, 2023, for a term of three (3) consecutive years, in accordance with the provisions of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 (“Act”) and other applicable provisions of the Act and the rules made thereunder.

The said first term is due to expire on June 21, 2026. Based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of RBI and Shareholders, and considering his continued association with the Company, the Board has proposed his re-appointment as an Independent Director of the Company for a second term of three (3) consecutive years effective from the date of RBI approval.

The proposed re-appointment is subject to approval of the Reserve Bank of India under the applicable regulatory framework governing Asset Reconstruction Companies, including the Reserve Bank of India (Asset Reconstruction Companies) Directions, 2025, as amended from time to time. The Reserve Bank of India has granted its approval vide its letter dated June 07, 2026.

In terms of Section 149(10) of the Act, an Independent Director is eligible for re-appointment for a second term, subject to approval of the Members by way of a special resolution.

In the opinion of the Board, Mr. Hari Shanker Sharma fulfils the conditions specified under Section 149(6) of the Act and the rules made thereunder for appointment as an Independent Director and is independent of the management. The Company has also received from him all requisite declarations confirming compliance with the criteria of independence and eligibility.

Mr. Hari Shanker Sharma brings with him rich experience and expertise in areas relevant to the Company's business operations, and his continued association would be beneficial to the Company.

Except Mr. Hari Shanker Sharma and his relatives, none of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution set out in Item No. 4 for approval of the Members as a Special Resolution.

Disclosures as required under revised Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are provided as **Annexure A** to this Notice.

Item No. 5:

To approve material Related Party Transactions:

Pursuant to the provisions of Section 188 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, the Company is required to obtain prior approval of its members by way of an ordinary resolution for entering into material related party transactions.

In terms of the aforesaid provisions, a transaction with a related party shall be considered material if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the turnover of the Company.

The turnover of the Company, as per the audited standalone financial statements for FY 2025- 26, is Rs. 4.55 crores.

The proposed transactions include availing of loans from Authum Investment & Infrastructure Limited, the Holding Company ('Authum'), and investment by Authum in security receipts to be issued by various trusts formed by the Company. The aforesaid transactions, along with their proposed limits, were unanimously approved by the Audit Committee and the Board of Directors at their meetings held on March 24, 2026, under omnibus approval, in accordance with applicable provisions of law.

The Board considers that the proposed transactions are in the ordinary course of business and on an arm's length basis and are in the best interest of the Company and its stakeholders.

None of the Directors, Key Managerial Personnel of the Company, or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution, except Mr. Divy Dangi, Whole-Time Director, to the extent of his entitlement to remuneration and shareholding in the Company, if any, and to the same extent as applicable to other shareholder

Accordingly, the Board recommends the passing of the ordinary resolution set out at Item No. 5 of the Notice, relating to approval of material related party transactions with Authum Investment & Infrastructure Limited, the Holding Company.

Item No. 6:

To borrow money in excess of limits specified under Section 180(1)(c) of the Companies Act, 2013:

Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 (“Act”), the Board of Directors of a company is required to obtain prior approval of the members by way of a special resolution to borrow money, where the monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceed the aggregate of the paid-up share capital, free reserves and securities premium of the Company.

Accordingly, consent of the members is sought to authorize the Board of Directors of the Company to borrow monies, from time to time, for the purpose of business of the Company, notwithstanding that the aggregate of such borrowings may exceed the limits prescribed under Section 180(1)(c) of the Act, subject to an overall ceiling as may be approved by the members.

The borrowings are required for Company's growing business requirements, expansion plans, and working capital needs. The borrowing limit will enable the Company to meet its funding requirements efficiently and ensure smooth conduct of business operations.

It is further clarified that the borrowings may be made through term loans, working capital facilities, debentures, inter-corporate borrowings, etc., as may be permitted under applicable law, from its Holding Company, other Banks, NBFCs, Financial Institutions, Body Corporates, or other eligible lenders, on such terms and conditions as the Board may deem fit, including creation of security or charge on the assets of the Company, wherever required.

The resolution proposed is in the interest of the Company and its stakeholders and will enable the Company to have adequate financial flexibility for its business operations and strategic initiatives.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution, except to the extent of their shareholding in the Company, if any.

The Board of Directors recommends the passing of the special resolution as set out at Item No. 6 of the Notice.

Item No. 7:

Approval under Section 186 of the Companies Act, 2013 for loans, investments, guarantees and securities:

Pursuant to the provisions of Section 186 of the Companies Act, 2013 (“Act”) read with the applicable Rules framed thereunder, a company is permitted to make loans, give guarantees, provide securities and make investments in bodies corporate, subject to the limits specified therein and subject to prior approval of the members by way of a special resolution where such limits are exceeded.

Accordingly, approval of the members is sought to authorise the Board of Directors of the Company to give any loan(s) and/or any guarantee(s) and/or provide any security(ies) in connection with any loan(s) to any other body corporate or person and/ or to make any further investments/acquisition by way of subscription, purchase or otherwise, the securities (including equity shares, preference shares, debentures, or any other kind of instruments, whether convertible or not) of other body corporate, up to an amount of Rs. 500 Crores (Rupees Five Hundred Crore Only) over and above the limits available to the Company of 60% (Sixty Percent) of its paid-up share capital, free reserves and securities premium account or 100% (One Hundred Percent) of its free reserves and securities premium account, whichever is more.

The proposed authority will enable the Company to efficiently deploy surplus funds, support strategic investments, extend financial assistance to group companies and other entities as may be considered necessary, and to undertake such transactions as part of its business and financial strategy, in the ordinary course of business and on an arm's length basis wherever applicable.

The Board of Directors shall ensure that all such transactions are undertaken in compliance with applicable provisions of the Act, including maintenance of the statutory limits, interest rate requirements, approvals, disclosures and other conditions prescribed under Section 186.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the passing of the special resolution as set out at Item No. 7 of the Notice.

Item No. 8:

Increase in Authorised Share Capital of the Company and alteration of Clause V of the Memorandum of Association of the Company:

The Board of Directors of the Company, at its meeting held on July 15, 2026, has approved the issue of Equity Shares by way of a Rights Issue to the existing equity shareholders of the Company, in accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

In connection with the aforesaid Rights Issue, the Management has reviewed the existing Authorised Share Capital of the Company and has determined that the existing Authorised Share Capital of Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crore) would not be adequate to accommodate the Equity Shares proposed to be issued and allotted pursuant to the Rights Issue.

Accordingly, in order to facilitate the issue and allotment of Equity Shares pursuant to the Rights Issue, it is considered necessary to increase the Authorised Share Capital of the Company from Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crore) comprising 25,00,00,000 (Twenty-Five Crore) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs.

700,00,00,000/- (Rupees Seven Hundred Crore) comprising 70,00,00,000 (Seventy Crore) Equity Shares of Rs. 10/- (Rupees Ten) each, by creation of an additional 45,00,00,000 (Forty-Five Crore) Equity Shares of Rs. 10/- (Rupees Ten) each.

The proposed increase in the Authorised Share Capital will enable the Company to issue and allot the Equity Shares pursuant to the Rights Issue and will accordingly require alteration of Clause V of the Memorandum of Association of the Company.

Pursuant to Section 61 of the Companies Act, 2013, a company may, if authorised by its Articles of Association, increase its Authorised Share Capital by such amount as it considers expedient. Further, pursuant to Section 64 of the Act, the Company is required to file the prescribed notice of alteration of share capital with the Registrar of Companies along with the altered Memorandum of Association.

The Board of Directors recommends the resolution set out at Item No. 8 of the accompanying Notice for approval of the Members by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the proposed resolution, except to the extent of their respective shareholding, if any, in the Company.

Item No. 9:

Alteration in the Articles of Association of the Company:

The existing Articles of Association ("AOA") of the Company contain provisions relating to calls on shares under Clauses 37 to 46, including a restriction that no call on shares shall exceed one-fourth of the nominal value of the shares.

In order to provide greater flexibility to the Company in relation to the payment of the amount remaining unpaid on the partly paid-up Equity Shares, it is proposed to amend the provisions of the AOA relating to calls on shares.

Accordingly, it is proposed to delete the existing Clauses 37 to 46 and substitute the same with a single comprehensive Clause 37 relating to calls on shares. The proposed amendment will, inter alia, enable the Board to determine the amount of each call, subject to the amount remaining unpaid on the shares, the terms of issue thereof and the applicable provisions of the Companies Act, 2013.

All other provisions of the existing AOA shall remain unchanged and the Articles following the revised Clause 37 shall be consequentially renumbered.

The Board of Directors, at its meeting held on September 02, 2026, considered and approved the proposed alteration to the AOA and recommended the same to the Members for their approval by way of a Special Resolution pursuant to Section 14 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the proposed resolution, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends the Special Resolution set out at Item No. 9 of the accompanying Notice for approval by the Members.

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

Name	Mr. Divy Dangi	Mr. Sandeep Welling	Mr. Hari Shanker Sharma
DIN	08323807	00072457	07123442
Age	28 years	60 years	70 years
Qualification and Experience	Mr. Divy Dangi holds a degree from London Business School in Master of Science in Management and Bachelor of Science in Industrial Engineering. He has about 5 years of experience in the NBFC sector. He has wide experience in performing fundamental analysis to determine favorable investment opportunities and minimize risk	Mr. Sandeep Welling is a Chartered Accountant with 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. Hari Shanker Sharma holds an Executive MBA in Human Resource Management, an M.A. in Economics, is a CAIIB qualified professional, and has earned a Diploma in Management from IGNOU and a Diploma in Risk Management from IIBF.
Terms and conditions of appointment	Re-appointment on account of retirement by rotation, the terms of appointment remain unchanged	Re-appointment as an Independent Director of the Company for a second term of three (3) consecutive years effective from date of RBI approval	Re-appointment as an Independent Director of the Company for a second term of three (3) consecutive years effective from date of RBI approval
Details of remuneration last drawn during the Financial Year 2025-26	Nil	9,80,000/- p.a. (sitting fee)	11,20,000/- p.a. (sitting fee)
Details of remuneration sought to be paid	Nil	Nil	Nil
Date of appointment on the Board	23-10-2025	05-07-2023	22-06-2023
Shareholding in the Company	Nil	Nil	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	None	None	None

The number of Meetings of the Board eligible to attended during (FY 2025-26)	4	10	10
Other Directorships/ Membership / Chairmanship of Committees of other Board	- Authum Investment & Infrastructure Limited - Authum Foundation - Rivaara Labs Private Limited - Billion Dream Sports Private Limited - Sawshy Realty Private Limited - Better Real Estate Private Limited - Authum Entertainment Private Limited - Berix Bearing Private Limited - Star Aerospace Limited - Authum Real Estate Private Limited - Authum Asset Management Company Private Limited - Kahani Studios Private Limited - Genei Laboratories Private Limited	- Hriday Energy Network Forum - Foreign Trade Development (India) Association - KGS Consulting Private Limited - KP Climate Consulting Private Limited - Kirtane & Pandit LLP	- Webextensions Private Limited

DIRECTORS' REPORT

The Members,

Your Directors are pleased to present the 18th 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, 2026.

FINANCIAL PERFORMANCE OF THE COMPANY

Brief particulars of the financial performance of the Company during the Financial Year (FY) 2025-26 and previous year are as under: -

(₹ in Lakh)

Sr. No.	Particulars	Year ended 31-Mar-26	Year ended 31-Mar-25
I	Revenue from operation	455	2,122
II	Other Income	1,288	1,518
III	Total revenue (I+II)	1,743	3,640
IV	Operating Expenses	435	551
V	Operating Profit (III-IV)	1,308	3,089
VI	Impairment of Financial Instruments	72	---
VI.A	Provision for Security Receipts /Advances to Trusts	---	379
VI.B	Write-Off Security Receipts/Advance to Trusts/GST recoverable on reversed management fee	---	1
VII	EBITDA (V-VI-VI.A-VI.B)	1,236	2,709
VIII	Interest		
IX	Depreciation	7	5
X	PBT (VII-VIII-IX)	1,229	2,704
XI	Tax	15	725
XII	PAT (X-XI)	1,214	1,979
XIII	Earnings Per Share (EPS) (Basic & Diluted)	0.05	1.98

FINANCIAL SUMMARY

Summary of performance of the Company in brief during FY2025-26 is as under:

a. Revenue from Operation - In the previous financial year (FY 2024-25), operational revenue was significantly boosted by a one-off realization of upside fee income amounting to ₹2,016.56 Lakh upon the resolution of legacy assets.

b. Company has made a recovery of ₹ 5162 Lakh during FY2026 as against ₹4191 Lakh for FY2025.

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 ₹1146 lakh in FY2026 from ₹999 lakh in FY2025 on account if disinvestment. Write back of provision made on SRs / Advance to Trusts has increased to ₹ 4967 lakh in FY2026 from ₹490 lakh in FY2025.

d. Operating expenses have decreased to ₹ 435 lakh in FY2026 from ₹551 lakh in FY2025 due to decrease in Salary expenses and expenditure related to Rent and Professional & Consultancy Charges.

e. During the year under review, the Company strategically strengthened its financial health by absorbing a Provision and Write-Off on Security Receipts (SRs) and Advances to Trusts/GST recoverable aggregating to ₹5,038 Lakh (comprising ₹2,014 Lakh in provisions and ₹3,024 Lakh in write-offs). This proactive operational cleanup eliminates legacy non-performing carrying costs and significantly de-risks the portfolio going forward.

f. Despite absorbing heavy statutory write-offs and legacy provisions, the Company maintained healthy profitability, delivering a Profit After Tax (PAT) of ₹1,214.83 Lakh for FY2025–26.

STATE OF COMPANY'S AFFAIRS

Change in control and Management of the Company

During the FY 2025-26, the Company completed the transaction contemplated under the Share Subscription and Purchase cum Shareholders' Agreement (SSPSHA) dated October 14, 2024, executed amongst Authum Investment & Infrastructure Limited ('Authum'), the Company and certain existing shareholders.

Pursuant to the approvals received from the Reserve Bank of India and the completion of the share subscription and share purchase transactions on June 17, 2025, Authum acquired 20,32,50,000 equity shares representing 88.37% of the paid-up share capital of the Company and became the Sponsor and Holding Company of the Company. Consequently, the erstwhile sponsors, namely Small Industries Development Bank of India (SIDBI), Bank of Baroda, Punjab National Bank and SIDBI Venture Capital Limited, ceased to be the sponsors of the Company.

Consequent to the change in sponsorship and control, the Company ceased to be classified as a public sector undertaking and now operates as a private sector Asset Reconstruction Company under the Authum Group.

The aforesaid transaction represents a significant change in the ownership, control and governance structure of the Company during the financial year under review.

Business Environment

The Indian economy maintained strong momentum during FY 2025-26, supported by robust domestic consumption, sustained public and private investment, and a resilient services sector. Real GDP growth is estimated at approximately 7.4%, reaffirming India's position as one of the fastest-growing major economies despite persistent global geopolitical and trade-related uncertainties. The Reserve Bank of India continued its accommodative monetary stance, reducing the repo rate to 5.25% during the year as inflation remained well within the target range, thereby supporting credit growth and economic activity.

The banking sector witnessed further strengthening, with credit growth remaining healthy across retail, MSME, and infrastructure segments. Asset quality improved further, with the Gross Non-Performing Asset (GNPA) ratio declining to a multi-decade low of around 2.2%, reflecting stronger underwriting standards, effective resolution mechanisms, and sustained recovery efforts. Looking ahead, the Indian economy is expected to maintain healthy growth momentum in FY 2026-27, supported by resilient domestic demand, continued infrastructure spending, easing financing conditions, and favourable macroeconomic fundamentals, notwithstanding external risks arising from global trade and geopolitical developments. For Asset Reconstruction Companies (ARCs), while the improving health of the banking sector may moderate fresh stressed asset inflows, opportunities are expected to remain robust through legacy stressed assets, corporate resolutions, insolvency proceedings, and sector-specific distress, enabling ARCs to play a pivotal role in India's evolving credit and resolution ecosystem.

Operations

(i) Asset Acquisition:

During the year under review, following the necessary regulatory approvals and compliance with the Net Owned Fund (NOF) requirement prescribed by the Reserve Bank of India (RBI), the Company successfully resumed its core business operations and asset acquisition momentum. On June 17, 2025, the Company completed a private placement of equity shares to Authum Investment & Infrastructure Limited (AIIL) on account of disinvestment, which satisfied the NOF criteria and resulted in AIIL becoming the sole sponsor of the Company holding an 88.37% equity stake, in accordance with the RBI approval letter dated March 25, 2025.

(ii) Asset Resolution / Recovery:

During the year, the gross stood at ₹ 5432 lakh. Security Receipt (SRs) worth ₹ 4086 lakh were redeemed during FY2025-26 (after adjusting management fee and all commissions & expenses) to SR holders including ISARC. The cumulative gross recovery (since commencement of business) till March 31, 2026 aggregated ₹ 55058.14 lakh of which ₹ 30827.12 lakh have been redeemed to SR holders including ISARC. (Whereas ₹ 24781 lakh have been Witten off)

(iii) Assets under Management:

The aggregate SR issuance (since commencement of business) amounts to ₹124,863.52 lakh out of which SRs amounting to ₹ 69255.39 lakh were outstanding as on March 31, 2026, SRs amounting to ₹ 30827.12 lakh have been redeemed and SRs amounting to ₹24781 lakh have been written off till March 31, 2026. The AUM including additional funding (since commencement of business) is ₹124909.26 lakh whereas the Net AUM of the Company is ₹ 69255.39 lakh (Previous Year ₹26640 lakh) as on March 31, 2026.

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

As on March 31, 2026, aggregate SRs amounting to ₹ 29099.39 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

During the FY 2025-26, the authorised share capital of the Company was increased from Rs. 100,00,00,000/- (Rupees One Hundred Crore) divided into 10,00,00,000 equity shares of face value of Rs. 10/- each to Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crore) divided into 25,00,00,000 equity shares of face value of Rs. 10/- each pursuant to the approval of the members at the Extraordinary General Meeting held on May 14, 2025.

Further, on June 17, 2025, the Company allotted 13,00,00,000 equity shares of face value of Rs. 10/- each at an issue price of Rs. 14.86/- per equity share on a preferential basis to Authum Investment & Infrastructure Limited in accordance with the Share Subscription and Purchase cum Shareholders' Agreement and the applicable regulatory approvals.

Consequent to the aforesaid allotment, the issued, subscribed and paid-up equity share capital of the Company increased from Rs. 100,00,00,000/- (Rupees One Hundred Crore) comprising 10,00,00,000 equity shares of Rs. 10/- each to Rs. 230,00,00,000/- (Rupees Two Hundred and Thirty Crore) comprising 23,00,00,000 equity shares of Rs. 10/- each.

As on March 31, 2026, the authorised share capital of the Company stood at Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crore) divided into 25,00,00,000 equity shares of Rs. 10/- each, while the issued, subscribed and paid-up equity share capital stood at Rs. 230,00,00,000/- (Rupees Two Hundred and Thirty Crore) divided into 23,00,00,000 equity shares of Rs. 10/- 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

During the financial year under review, no amount was proposed to be transferred to the Statutory Reserve, Reserve Fund, or Capital Redemption Reserve.

However, as reflected in the Statement of Changes in Equity (Note 21), the Company's Reserve base was significantly strengthened by an addition of ₹6,165.99 Lakhs to the Securities Premium account, arising from the private placement of equity shares to Authum Investment & Infrastructure Limited (AIIL).

Including the Net Profit After Tax of ₹1,214.83 Lakhs generated for FY 2025–26, the total Other Equity (Reserves & Surplus) of the Company rose to ₹12,328.58 Lakhs as on March 31, 2026 (as against ₹4,947.75 Lakhs as on March 31, 2025).

DIVIDEND

During the year under review, the Board of Directors have not recommended any dividend for the financial year ended on March 31, 2026.

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, 2026, and upto the date of this report:

1. Change in sponsor- Pursuant to the approval granted by RBI vide its letter dated March 25, 2025, and consequent to the allotment and transfer of equity shares in favour of Authum Investment & Infrastructure Limited on June 17, 2026, Authum has become the sole Sponsor of the Company and, with effect from the same date, its Holding Company. Consequently, the existing sponsors, namely Small Industries Development Bank of India (SIDBI), Bank of Baroda, Punjab National Bank, and SIDBI Venture Capital Limited, ceased to be the sponsors of the Company.

   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 5 (five) Directors, of which 1 (one) is the Executive Director and 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 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 2025-26, the Company held 10 (ten) meetings of the Board of Directors as per Section 173 of the Companies Act, 2013. These were held on April 17, 2025, May 20, 2025, June 17, 2025, June 26, 2025, July 11, 2025, September 04, 2025, October 29, 2025, November 24, 2025, January 22, 2026 & March 24, 2026.

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 Company remains committed to providing a safe, secure, and inclusive work environment and continues to uphold the highest standards of dignity and respect for all employees and other individuals associated with the Company.

Effective June 17, 2025, upon Authum Investment & Infrastructure Limited becoming the holding company, the Policy on Prevention of Sexual Harassment at Workplace adopted by Authum has been extended to all its subsidiaries, including the Company. Accordingly, the Company continues to operate under the same policy framework and complaint redressal mechanism established by Authum, ensuring uniform governance, compliance, and employee protection across the group.

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

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. Divy Dangi (DIN:08323807) shall be retire by rotation at the forthcoming Annual General Meeting, being longest in office, in compliance with the 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. Divy Dangi 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. Divy Dangi- Whole-Time Director

The Board at its meeting held on September 04, 2025, had approved the appointment of Mr. Divy Dangi (DIN: 08323807) as an Additional (Whole-Time) Director for a period of 5 years with effect from RBI approval date. The RBI vide its letter dated October 23, 2025, had approved his appointment. Further, the Members at its extraordinary general meeting had approved Mr. Dangi's appointment as the Whole-Time Director of the Company w.e.f. October 23, 2025.

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

During the year under review, the following directors of the Company have ceased to be directors on the Board of ISARC:

1. Mr. Amitabh Misra (DIIN: 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;
2. 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.
3. Mr. Haridas Bhat (09691308) & Mr. Vijay Tyagi (10103631) nominated by Authum have ceased to hold office as Nominee Directors of the Company, effective March 26, 2026.

Chairperson of the Board

Ms. Rachna Dikshit, Independent Director, continues to serve as the Chairperson of the Board of the Directors of the Company.

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 Ms. Minal Jain as the Company Secretary of the Company w.e.f. June 17, 2025;
5. Appointment of Mr. Jethanand Chopra as the Chief Executive Officer of the Company w.e.f. August 21, 2025;
6. Appointment of Mr. Divy Dangi as the Whole-Time Director of the Company w.e.f. October 23, 2025;
7. Appointment of Ms. Jayshree Jain as the Chief Financial Officer of the Company w.e.f. November 24, 2025.

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 2025-26.

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 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, 2026, 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, 2026, 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, 2026, 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, 2026, 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

The Members of the Company, at the 17th Annual General Meeting (AGM) held on September 29, 2025, approved the appointment of M/s. Desai Associates, Chartered Accountants (FRN: 102286W), as the Statutory Auditors of the Company, based on the recommendation of the Board and the Audit Committee, at their respective meetings held on September 04, 2025. The Statutory Auditors have been appointed for a term of five consecutive years, to hold office from the conclusion of the 17th Annual General Meeting until the conclusion of the 22nd Annual General Meeting to be held in 2030, in accordance with the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013, read with the relevant rules framed thereunder.

The Statutory Auditors have confirmed that no instance of fraud has been reported by them during the year under review. Further, their Audit Report does not contain any qualification, reservation, or adverse remark.

Internal Auditor

The Board of Directors, at its meeting held on June 26, 2025, based on the recommendation of the Audit Committee, approved the appointment of 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 and FY 2026-27.

The Internal Audit function is carried out on a periodic basis, and the Internal Audit Reports submitted by the Internal Auditors are reviewed by the Audit Committee at its meetings. The Internal Audit process assists the Company in evaluating and improving the effectiveness of its internal controls, risk management, and governance framework.

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. Mayank Arora & Co., Company Secretaries, Mumbai for the FY 2025-26, 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, 2026, is given as **Annexure IV** to this Report.

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

<table>
<tr><th>Sr. No.</th><th>Audit Observations</th><th>Comments/Compliance</th></tr>
<tr><td>1</td><td>There is one e-form which was filed by the Company with the Registrar of Companies after the due date of filing during the audit period which are mentioned herein.</td><td>The below ROC form was filed after the prescribed due date by the erstwhile management, prior to the takeover by the new management. However, the new management is committed to ensuring compliance with the applicable statutory timelines and will make every effort to adhere to such timelines going forward:
<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Due date for filing eform(s)</th><th>Date of Filing eform(s)</th></tr>
<tr><td>1</td><td>MGT 14 for issue of securities on Private Placement</td><td>17.05.2025</td><td>14.06.2025</td></tr>
</table></td></tr>
</table>

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
(DIN: 08759332)

Place: Mumbai
Date: September 02, 2026

Annexure-I

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 March 31, 2026, is as follows:

Sr. No.	DIN No.	Name of Directors	Designation
1.	08759332	Ms. Rachna Dikshit	Chairperson and Independent Director
2.	08323807	Mr. Divy Dangi	Whole Time Director
3.	07123442	Mr. Hari Shanker Sharma	Independent Director
4.	00072457	Mr. Sandeep Welling	Independent Director
5.	10791544	Mr. Mukesh Chand	Independent Director

Profile of the Directors

The Brief profile of each Director as on March 31, 2026, is given below:

Ms. Rachna Dikshit

Chairperson 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. Divy Dangi

Whole- Time Director (DIN: 08323807)

Mr. Divy Dangi holds a Master of Science in Management from London Business School and a Bachelor of Science in Industrial Engineering from Northwestern University. He has approximately three years of experience in the NBFC sector, where he plays a key role in conducting fundamental analysis to identify attractive investment opportunities while mitigating risk.

Mr. Dangi is the member of the Corporate Social Responsibility Committee, Risk Management Committee and Executive Committee of the Company.

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 Risk Management Committee and Executive 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 Managing Partner of Kirtane & Pandit LLP, Chartered Accountants.

Mr. Welling is the chairperson of Audit Committee of the Company. He is also a member of Nomination and Remuneration Committee and 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 Nomination and Remuneration Committee of the Company. He is also a member of the Audit and Corporate Social Responsibility 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 24, 2026, 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 17th Annual General Meeting of the Company was held on September 29, 2025, 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.

Further, the Company held Extraordinary General Meetings on May 14, 2025, and November 24, 2025, 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 also duly adhered.

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.

The Composition of Audit Committee as on March 31, 2026, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Mr. Sandeep Welling	Chairperson (Independent Director)
2	Mr. Hari Shanker Sharma	Member (Independent Director)
3	Mr. Mukesh Chand	Member (Independent Director)

During the year under review, the Audit Committee met eight (8) times on May 20, 2025, June 26, 2025, July 11, 2025, September 04, 2025, October 29, 2025, November 24, 2025, January 22, 2026, and March 24, 2026.

Nomination and Remuneration Committee

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

The Composition of Nomination and Remuneration Committee as on March 31, 2026, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Mr. Mukesh Chand	Chairperson (Independent Director)
2	Ms. Rachna Dikshit	Member (Independent Director)
3	Mr. Sandeep Welling	Member (Independent Director)

During the year under review, the Nomination & Remuneration Committee met seven (7) times on June 11, 2025, June 26, 2025, July 11, 2025, September 04, 2025, October 29, 2025, November 24, 2025 and March 24, 2026.

Corporate Social Responsibility Committee

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

The Composition of Corporate Social Responsibility Committee as on March 31, 2026, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Ms. Rachna Dikshit	Chairperson (Independent Director)
2	Mr. Divy Dangi	Member (Whole-Time Director)
3	Mr. Mukesh Chand	Member (Independent Director)

During the year under review, CSR Committee met twice (2) on July 11, 2025, and September 04, 2025.

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.

The Composition of Risk Management Committee as on March 31, 2026, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Mr. Hari Shanker Sharma	Chairperson (Independent Director)
2	Mr. Divy Dangi	Member (Whole-Time Director)
3	Mr. Jethanand Chopra	Member (CEO)

During the year under review, RMC Committee met five (5) times on June 26, 2025, July 11, 2025, September 04, 2025, October 29, 2025, and January 22, 2026.

Executive Committee

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

The Composition of Executive Committee as on March 31, 2026, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Mr. Hari Shanker Sharma	Chairperson (Independent Director)
2	Mr. Sandeep welling	Member (Independent Director)
3	Mr. Divy Dangi	Member (Whole-Time Director)

During the year under review, the Executive Committee met nineteen (19) times on June 26, 2025, August 11, 2025, August 18, 2025, September 04, 2025, September 18, 2025, November 14, 2025, November 24, 2025, December 16, 2025, January 02, 2026, January 14, 2026, January 29, 2026, February 09, 2026, February 16, 2026, February 20, 2026, March 16, 2026, March 17, 2026, March 20, 2026, March 25, 2026 & March 30, 2026.

Internal Complaints Committee

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 March 31, 2026, is as under:

Sr. No.	Name of the Committee Members	Designation
1	Ms. Jyoti Dhuppar	Assistant Vice President - Strategy
2	Ms. Priya Shetty	Chief Manager - Treasury
3	Ms. Sweta Narvekar	Senior Manager -Legal
4	Mr. Savneet Chopra	Head - Operations & Customer Service
5	Mr. Nimesh Chonkar	Head - Talent & Compensation
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 FY 2025-26:

Sr. No.	Type of Meet-ing	No. of Meet -ings held	Ms. Rachna Dikshit (ID)	Mr. Sandeep Welling (ID)	Mr. Hari Shanker Sharma (ID)	Mr. Mukesh Chand (ID)	Mr. Prakash Kumar (SIDBI)	Mr. Dinesh Kumar Namdeo (BoB)	Mr. Dilip Kumar (PNB)	Mr. Amitabh Misra (MD &CEO)	Mr. Haridas Bhat (Authum)	Mr. Vijay Tyagi (Authum)	Mr. Divy Dangi (WTD)	Mr. Jethanand Chopra (CEO)
1	Board	10	10/10	10/10	10/10	9/10	3/3	3/3	3/3	3/3	7/7	5/7	4/4	NA
2	AC	8	NA	8/8	6/6	7/8	NA	NA	1/1	NA	7/7	5/7	NA	NA
3	NR	C	77/7	NA	7/7	0/1	1/1	NA	NA	NA	5/6	4/6	NA	NA
4	RMC	5	NA	NA	5/5	3/4	NA	NA	NA	NA	5/5	4/5	1/1	NA
5	CSR	2	2/2	NA	NA	NA	NA	NA	NA	NA	2/2	1/2	NA	NA
6	EC	19	NA	19/19	13/13	5/6	NA	NA	NA	NA	17/18	4/7	7/13	7/7
7	ID	1	1/1	1/1	1/1	1/1	NA	NA	NA	NA	1/1	1/1	NA	NA
8	AGM	1	1/1	1/1	1/1	0/1	NA	NA	NA	NA	NA	NA	NA	NA
9	EGM	2	2/2	2/2	1/2	0/2	0/1	1/1	1/1	1/1	1/1	0/1	0/1	NA

General Information

Registered Office Address

The registered office address of the Company is 'The Ruby, 11th Floor, North-West Wing, Plot No. 29, Senapati Bapat Marg, Dadar (West), Mumbai – 400028'.

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 8100
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
(DIN: 08759332)

Place: Mumbai
Date: September 02, 2026

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

Sr 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	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)	Date(s) of approval by the Board	NIL
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
(DIN: 08759332)

Place: Mumbai
Date: September 02, 2026

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 twice on July 11, 2025, and September 04, 2025. The Composition of CSR Committee as on March 31, 2026, is as under:

Sr. No	Name of Director	Designation/ Nature of Directorship	Number of meetings held eligible to attend	Number of meetings attended during the year
1	Ms. Rachna Dikshit	Chairperson (Independent Director)	2	2
2	Mr. Divy Dangi	Member (Whole-Time Director)	-	-
3	Mr. Mukesh Chand	Member (Independent Director)	-	-
4	Mr. Haridas Bhat*	Member (Nominee Director)	2	2
5	Mr. Vijay Tyagi**	Member (Nominee Director)	2	1

* *Mr. Haridas Bhat, representing Authum, has ceased to be Nominee Director w.e.f. March 26, 2026.*

** *Mr. Vijay Tyagi, representing Authum, has ceased to be Nominee Director w.e.f. March 26, 2026.*

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. 15,06,93,094.33/-**

7. **CSR Obligation**

(a) Two percent of average net profit of the company as per section 135(5):	Rs. 30,13,861.89
(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. 30,13,861.89

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (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
	NIL				

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 Impleme-ntation Direct (Yes/No)	Mode of Impleme-ntation – Through Impleme-nting Agency	
				State	District						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 Impleme ntation Direct (Yes/No)	Mode of Impleme ntation – Through Impleme nting Agency	
				State	District			Name	CSR Reg no.
1	Dangi Girl's Hostel	Setting up homes and hostels for women and orphans	Yes	Mahara -shtra	Mumbai	30,14,000/-	No	-	-

(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)	30,13,861.89
(ii)	Total amount spent for the Financial Year	30,14,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	138.11
(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
(DIN: 08759332)

Place: Mumbai
Date: September 02, 2026

Annexure IV

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]

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

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 governance practice 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, 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 and subject to letter annexed herewith, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2026, complied with the applicable 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 India SME Asset Reconstruction Company Limited ("the Company") for the financial year ended on March 31, 2026, according to the provisions of:

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

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

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

(iv) Reserve Bank of India Act, 1934;

(v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; (not applicable to the Company during the Audit period);

(vi) The company being unlisted Company following Regulations, Guidelines and Laws are not applicable;

Regulation and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021;

f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993

h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

i. 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 Companies (Reserve Bank) Guidelines and Directions, 2002;

c. The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003.

In case of Direct and Indirect Tax Laws like Income Tax Act, Service Tax Act, Excise & Custom Acts we have relied on the Reports given by the Statutory Auditors of the Company.

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

i). Secretarial Standard on Meetings of Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and notified by Central Government under Section 118(10) of the Act which are mandatorily applicable to the Company.

ii) The Company being an unlisted entity the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 is not applicable.

During the period under review, the Company has generally complied with the provisions of the Act, Old Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above ***subject to delay***

in filling of one e-form, which was required to be filed with Registrar of Companies, Ministry of Corporate Affairs, as mentioned hereinunder as Annexure 'II'.

We further report that:

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

Adequate notice is given to all the directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent atleast seven days in advance or convened on a shorter notice with requisite consent, and a system exist for seeking and obtaining further information and clarification on the agenda item before the meeting and for meaningful participation at the meeting.

All decision at Board Meeting 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 system and process in the company commensurate with the size and operation of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were following events/action have taken place which is major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc:

1. The Company have increased its Authorised 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 and Fifty crores only).
2. The Company altered its Articles of Association by passing the requisite Board and Shareholders' resolutions under the relevant sections of the Companies Act, 2013 to incorporate the provisions of the Share Subscription and Purchase cum Shareholders' Agreement (SSPSHA), and the necessary statutory filings were made with the Registrar of Companies.

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

a. The allotment of 13,00,00,000 (thirteen crores) 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 (AIIL);
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 AIIL is holding 88.37% of paid-up share capital of India SME Asset Reconstruction Limited (ISARC). (ISARC) became the subsidiary of AIIL w.e.f June 17, 2025.

This report is to be read with my letter of annexed as **Annexure 'I'** and **Annexure 'II'** which forms an integral part of this report.

For Mayank Arora & Co.,
Company Secretaries

Sd/-
Nishita Gandhi
Partner
M. No.: A60123
COP No.: 28247
PR No: 7635/2026
UDIN: A060123H000966160

Place: Mumbai
Date: 29-07-2026

Annexure I

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
7. We have reported, in our audit report, only those non-compliance or discrepancies, especially in respect of filing of applicable forms/documents, which, in our opinion, are material and having major bearing on financials of the Company.

For Mayank Arora & Co.,
Company Secretaries

Sd/-
Nishita Gandhi
Partner
M. No.: A60123
COP No.: 28247
PR No: 7635/2026
UDIN: A060123H000966160

Place: Mumbai
Date: 29-07-2026

Annexure II

Following e-forms were filed by India SME Asset Reconstruction Company Limited for the Financial Year 2025-26 after due date of filling.

Sr. No.	Particulars	Due date for filing eform(s)	Date of Filing eform(s)
1	MGT-14 for issue of securities on Private Placement	17th May 2025	14th June, 2025

For Mayank Arora & Co.,
Company Secretaries

Sd/-
Nishita Gandhi
Partner
M. No.: A60123
COP No.: 28247
PR No: 7635/2026
UDIN: A060123H000966160

Place: Mumbai
Date: 29-07-2026

Independent Auditor's Report

TO THE MEMBERS OF INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Report on Standalone Ind AS Financial Statements

1. Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of India SME Asset Reconstruction Company Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2026, the Standalone Statement of Changes in Equity, the Standalone Statement of Profit and Loss (including Other Comprehensive Income) and the Standalone Statement of Cash Flows for the year ended on that date, notes to the Standalone Ind AS Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as " Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give true and fair view in conformity with accounting principles generally accepted in India including the Indian Accounting Standards (the "Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, of the state of affairs (financial position) of the Company as at March 31, 2026, the changes in equity, its profit (financial performance including other comprehensive income) and cash flows for the year ended on that date.

2. Basis For Opinion

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (SA) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further prescribed in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Audit Matter
I <u>Valuation of Investment in Security Receipts (SR) (as described in Note No. 2.03 & 2.25 of the standalone financial statements)</u>	
The Company has investment in SR having fair value amounting to Rs. 347.75 Cr which are classified as Fair Value through Profit & Loss Accounts and fair valued as Level 3 financial instruments. As disclosed in the standalone financial Statements. The fair value of SR is determined through discounted cash flow method which involves management judgment using level 3 inputs such as projections of future cash flows and its timings and expenses. Based on RBI's Master Direction, the management has engaged external credit rating agencies for assigning the rating to SRs basis which the management estimate Net Asset Value (NAV) of Security Receipts (SRs) that are less than eight years old. While an external valuer (registered/unregistered) has been appointed for valuation of SRs basis the management estimate for SRs exceeding eight year old. Considering the fair valuation of investments is significant to overall standalone financial Statement as well as the company's performance and the fair valuations involves significant degree of complexities and including management's judgment. This could lead to material misstatement in the standalone financial statement. Therefore, it is considered as a key audit matter.	Our audit approach was a combination of test of internal controls and substantive procedure which include the following: 1. We tested the relevant internal controls over measurement of fair value and evaluating the methodologies assessment underlying pool of assets, inputs, judgements made and assumptions used by the management in determining fair value. 2. Performed testing on a sample basis of key inputs like estimated cash flows and its timing. The trend of recoveries were tested on sample basis with previous year's trend. Verified actual cashflows with estimated cashflows and obtained explanations for variances, if any- 3. We reviewed the adequacy of the inputs used in the fair valuation vis-à-vis the observable market data. 4. Verification of the disclosure related to investments in SRs being financial instrument as guided by relevant Indian Accounting Standards and RBI guidelines.
II. <u>Revenue Recognition- Trusteeship fees/Management fees (as described in Note 1.02 (i) & 2.21 of the standalone financial statements)</u>	
Trusteeship fees constitute the primary	Our audit approach was a combination of

source of income in the statement of profit and loss. The calculation of Trusteeship fees as percentage of NAV is based on the Asset Under Management ('AUM') of the fund managed by the Company in accordance with guidelines prescribed under RBI guidelines, as amended from time to time. Trusteeship fees are recognized as per the provisions of the relevant trust deeds/offer documents on accrual basis. Trusteeship Fee is accrued based on a five step model as set out in Ind AS 115 "Revenue from Contract with Customers". Further, to comply with the RBI guidelines the income is reversed if it is outstanding for more than 180 days. Therefore, it is considered as a key audit matter.	test of internal controls and substantive procedure which include the following: 1. Understanding and valuation of design and implementation of key controls place around recognition of fees charged by the company. 2. Evaluated the appropriateness of recognition of revenue in respect of Trusteeship Fee income based on the requirements of Ind AS 115. 3. Reviewed fee rates from Trust deeds and offer documents as agreed upon by the parties on sample basis. 4. Verified invoices raised towards revenue and reconciled them with accounting records. 5. Further, verified trusteeship fees computation with reference to SR outstanding as well as NAV (recovery estimate at lower end) of the SR.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, the Director's Report including Annexures to Directors' Report, (collectively called as "Other Information") but does not include the Ind AS Financial Statements and our auditor's report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

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 Ind AS financial statements or our knowledge obtained during in the audit or otherwise appears to be materially misstated.

When we read the Other Information, if, we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance. We have nothing to report in this regard.

5. Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015; as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Board of Directors are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

7. Report on Other Legal and Regulatory Requirements

I. As required by the Companies (Auditors' Report) Order, 2020 (“the order”) issued by the Central Government of India in terms of sub-section (11) of the Section 143 of the Act, we give in “Annexure A”, a statement on the matters specified in the paragraph 3 and 4 of the order.

ii. As required by sub-section (3) of the section 143 of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss(including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards referred under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Amendment Rules, 2024.

e) On the basis of the written representations from the directors as on March 31, 2026 taken on record by the Board of Directors, in its meeting held on 12th May 2026 none of the directors is disqualified as on March 31, 2026 from being appointed as a director u/s 164(2) of the Companies Act, 2013.

f) With respect to the adequacy of the internal financial controls with reference to Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Further our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over with reference to Ind AS Financial Statements.

g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 31, 2026 has been provided by the company to its director in accordance with the provisions of Section 197 read with Schedule V of the Act.

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

a) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements

b) The Company has made provision as required under applicable law or accounting standards for material foreseeable losses

c) The Company did not have any long term contracts including derivative contracts.

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

e) (i) On the basis of written representations received from the mmanagement and reference to Note no. 51 (h) (A), there were no funds, that have been advanced or loaned or invested 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.

(ii) On the basis of written representations received from the management and reference to Note no. 51 (h) (B) , there were no funds, received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, 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

(iii) Basis the audit procedures performed, nothing has come to our notice that has caused us to believe that the representations under sun-clause (i) and (ii) contain any material mis-statement.

(f) No dividend was declared or paid during the year by the Company.

(g) Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account for the year ended March

31, 2026 which has a 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 our audit, basis the data received and verified on test check, we did not come across any instance of the audit trail feature being tampered with and also found that the audit trail feature has been configured in the core accounting software including the record preservation as per the statutory requirements.

For Desai Associates
Chartered Accountants
FRN: - 102286W

Sd/-
Iqbal Mukadam
Partner
Membership No. 016865

Place: Mumbai
Date: May 12th 2026
UDIN No: 26016865OCRFHR9276

(Referred to in paragraph (i) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of the Company.

We report that

i) (a) The Company has maintaining proper records to show full particulars, including quantitative details and situation of Property, Plant and Equipment and intangible assets.

(b) According to the information and explanations given to us Property, Plant and Equipment were physically verified by management, which is in our opinion, is reasonable considering the size of the Company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification as compared to the book records.

(c) There is no immoveable property (other than properties where company is the lessee and lease agreement are duly executed in favor of lessee) held by the Company and accordingly, requirement to report on clause 3(1)(c) of the Order is not applicable to the Company..

(d) The Company has not revalued its property, plant and Equipment or intangible assets. Accordingly, paragraphs 3 (i) (d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us, no proceedings have been initiated or pending against company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii) (a) The Company does not hold any inventories as defined in Ind AS-2. Thus, paragraph 3 (ii) (a) of the Order is not applicable to the Company.

(b) The Company holds investments in the form of security receipts in various Trust. Such Investment are classified as available for Sale in accordance with RBI guidelines. The Company has not availed any working capital facilities from Banks . Accordingly requirement to report on clause 3 (ii) (b) of the Oder is not applicable to the Company.

iii) The Company's principal business is to carry on business of an assets reconstruction and securitization as permitted by Reserve Bank of India. 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 except advances to the trust formed by the Company as part of its core business structured. Accordingly, clause (iii) (a), (b) (c),(d),(e) and (f) of the order is not applicable to the company.

iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act with respect to investments made and loans and financial commitments given during the year. There is no guarantee or security provided to the Companies covered under Section 186 of the Act.

v) According to the information and explanation given to us, the Company has not accepted deposits or amounts which is deemed to be deposit from public in terms of derivatives issued by Reserve bank of India and of provisions of Section 73 to 76 of the Companies Act, 2013. Accordingly, paragraphs 3(v) of the Order is not applicable to the company.

vi) According to the information and explanation given to us, pursuant to the rules prescribed by the Central Government for maintenance of cost records under section subsection (1) of Section 148 of the Companies Act, 2013, the company is not required to maintain cost record in respect of services rendered by the company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Goods & Service tax, provident fund, employee state insurance, income tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

According to the information and explanations given to us, there were no undisputed amounts payable in respect Goods and Service tax, provident fund, employee state insurance, income tax, sales tax, service tax, duty of customs, value added tax, cess other material statutory dues outstanding as at March 31, 2026 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and on basis of our examination of records of the company, there are no dues of income tax sales tax, service tax, duty of customs, value added tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at March 31, 2026 except the details mentioned below:

Name of Statue	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 Taxa Act 1961	Income Tax	2018-19	Assessing Officer	7,32,509	NIL

viii) According to the information and explanations given to us no transaction which was not recorded in the books of account have been surrendered or disclosed as income by the Company during the year in the tax assessments under the Income Tax Act, 1961.

ix) (a) According to the records of the Company, examined by us and the information and explanations given to us, the Company has not taken any loans or other borrowing or interest thereon, hence reporting of any default of amount and period and declaration of wilful defaulter as required as per clause 3 (ix) (a) & (b) does not arise.

(b) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and accordingly, Paragraph 3(ix)(c) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and on an overall examination of the balance sheet and statement of cash flows of the Company, we report that no funds raised on short term basis have been, prima facie, used for long term purposes.

(d) According to the information and explanations given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations as such of the subsidiaries in the nature of Trusts. Accordingly, reporting on paragraph 3(ix)(c) of the Order is not applicable to the company

(e) According to the information and explanations given to us, the company has not raised funds during the year on the pledge of securities held in its subsidiaries, Associates (in the forms of Trusts).

x) According to the information and explanations given to us and the records examined by us,

(a) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting on paragraphs 3 (x) (a) of the Order is not applicable to the Company.

(b) According to the information and explanation provided to us, during the year, the Company has made preferential allotment or private placement of shares fully paid up as per section 42 and section 62 of the Act. The Company complied requirement of section 42 and section 62 of the Act and funds raised have been used for the purpose for which is raised.

xi) (a) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(b) In the course of the performance of our duties as auditor, there is no reason to believe that an offence of fraud has been committed in the company by its officers or employees hence no report has been filed under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Amendment Rules, 2021, with the Central Government.

(c) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, there are no whistle-bowler complaints received during the year by the company.

xii) Since the Company is not a nidhi company, Accordingly, paragraphs 3(xii) of the Order is not applicable to the company.

xiii) According to the information and explanations given to us, all transactions with the related parties are in compliances with Section 177 and 188 of the Companies Act, 2013 as applicable and the details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standards.

xiv) In our opinion the Company has an internal audit system commensurate with its size and nature of its business. Report of Internal Auditors for the period under audit has been considered while conducting the Audit.

xv) According to the information and explanations given to us, company has not entered into any non-cash transactions with directors or persons connected with its director and hence provision of section 192 of the Companies Act 2013 are not applicable to Company. .

xvi) According to the information and explanations given to us, the Company is not required to be registered under Sction 45-IA of the Reserve Bank of India Act, 1934 Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

xvii) In our opinion and according to the information and explanation given to us, the Company has not incurred cash losses in the current financial year and immediately preceding financial year.

xviii)There has been no resignation of the statutory auditors during the year. Accordingly reporting under 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 realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx) According to the records of the Company examined by us and the information and explanations given to us, there is no unspent amount which needs to be transferred to a Fund as specified in Schedule VII to the Companies Act for any ongoing projects or other than ongoing projects in compliance with second proviso to sub-section (5) and sub-section (6) of Section 135 of the said Act. Accordingly, paragraph 3(xx) of the Order is not applicable to the Company.

xxi) The reporting under paragraph 3(xxi) of the order is not applicable in respect of audit of standalone financial statement.

For Desai Associates
Chartered Accountant
FRN: - 102286W

Sd/-
Iqbal Mukadam
Partner
Membership No. 016865

Place : Mumbai
Date: May 12th 2026
UDIN No: 26016865OCRFHR9276

Report on the Internal Financial Controls over Financial Reporting 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 ASSET RECONSTRUCTION COMPANY LIMITED ("the Company") as of March 31, 2026 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 Board of Directors of the Company 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. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section143(10) of the Companies Act,2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls system over financial reporting of the Company.

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2026 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by 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 12th 2026
UDIN No: 26016865OCRFHR9276

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2026

(₹ in Lakh)

Particulars	Note No.	As At March 31, 2026	As at March 31, 2025
A. ASSETS			
1. Financial Assets			
(a) Cash and Cash Equivalents	2	66.75	4,324.24
(b) Bank Balance other than (a) above	3	-	10,008.52
(c) Receivables			
(i) Trade Receivables	4	16.46	5.12
(ii) Other Receivables		-	-
(d) Loans	5	-	-
(e) Investments	6	34,775.06	286.65
(f) Other Financial Assets	7	51.24	14.65
2. Non-Financial Assets			
(a) Current tax assets (Net)	8	260.65	172.41
(b) Investment Property	9	-	-
(c) Property, Plant and Equipment	10A	25.06	9.48
(d) Intangible assets under development	10B	-	-
(e) Other Intangible Assets		-	-
(f) Other Non-Financial Assets	11	15.07	57.23
(g) Deferred Tax Assets (Net)	18	130.38	130.38
Total Assets		**35,340.66**	**15,008.67**
B. LIABILITIES AND EQUITY			
a. LIABILITIES			
1. Financial Liabilities			
(a) Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12	6.00	55.86
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b) Borrowings (Other than Debt Securities)	13	-	-
(c) Subordinated Liabilities	14	-	-
(d) Other Financial Liabilities	15	-	-
(e) Contractual debt obligations	16	-	-
2. Non-Financial Liabilities			
(a) Provisions	17	-	-
(b) Deferred Tax Liabilities (Net)	18	-	-
(c) Other Non-Financial Liabilities	19	6.08	5.06
b. EQUITY			
(a) Equity Share Capital	20	23,000.00	10,000.00
(b) Other Equity	21	12,328.58	4,947.75
Total Liabilities and Equity		**35,340.66**	**15,008.67**

The accompanying notes 1 to 51 are integral part of the standalone financial statements.

For **Desai Associates**
Chartered Accountants
Firm Reg. No.: 102286W

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
Director
DIN: 00072457

Sd/-
Jethanand Chopra
Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
Standalone Statement Of Profit And Loss For The Year Ended March 31, 2026

(₹ in Lakh)

Particulars	Note No.	Year ended March 31, 2026 Audited	Year ended March 31, 2025 Audited
Revenue from Operations			
(i) Interest Income	22	-	-
(ii) Dividend Income	23	-	-
(iii) Rental Income	24	-	-
(iv) Fees and commission Income	25	455.37	2,121.70
(v) Net Gain / (Loss) on Fair Value Changes	26	-	-
(vi) Net Gain / (Loss) on Sale of Investments			
(vii) Other Operating Income	27	-	-
Total Revenue from operations (I)		455.37	2,121.70
Other Income (II)	28	1,287.59	1,028.42
Total Income (I+II)		**1,742.96**	**3,150.12**
Expenses			
(i) Finance Costs	29	-	-
(ii) Fees and commission Expenses	30	-	-
(iii) Impairment of financial instruments	31	71.66	(110.25)
(iv) Employee Benefits Expenses	32	254.61	306.51
(v) Depreciation, Amortization and Impairment	33	7.11	5.24
(vi) Others Expenses	34	180.19	244.27
Total Expenses		**513.57**	**445.77**
Profit / (Loss) Before Exceptional Items and Tax		**1,229.38**	**2,704.35**
Exceptional items (Net)		-	-
Profit / (Loss) Before Tax		**1,229.38**	**2,704.35**
Tax Expense:			
Current Tax		-	657.99
Deferred Tax		-	21.28
Income tax for earlier years		14.55	45.61
Profit / (Loss) for the period		**1,214.83**	**1,979.47**
Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of post-employment benefit obligation (net)			
(b) Fair Valuation of Equity Instruments through Other Comprehensive Income			
(ii) Income tax relating to items that will not be reclassified to profit or loss			
Subtotal (A)		**-**	**-**
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)		**-**	**-**
Other Comprehensive Income (A+B)		-	-
Total Comprehensive Income for the period		**1,214.83**	**1,979.47**

The accompanying notes 1 to 51 are integral part of the standalone financial statements.

For **Desai Associates**
Chartered Accountants
Firm Reg. No.: 102286W

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
Director
DIN: 00072457

Sd/-
Jethanand Chopra
Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
Statement Of Standalone Cash Flows For The Year Ended March 31, 2026

(₹ in Lakh)

Particulars	For the year ended 31.03.2026 (Audited)	For the year ended 31.03.2025 (Audited)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**1229.38**	**2704.35**
Adjustment for:		
Interest Expenses	-	-
Depreciation, Amortization and Impairment	7.11	5.24
Rent Income	-	-
Add: Provision for Security Receipts	-	(425.31)
Add: Provision for Diminution in Value of Security Receipts	-	378.50
Add: Provision for Advances to Trusts	-	(57.67)
Add: Written off SRs & Advance to Trust	(65.70)	-
Less: Profit on sale of Fixed Assets	0.85	0.01
Less: Interest on Fixed Deposits having maturity of more than three months		752.01
Provision no longer required	-	-
Net (Gain)/loss on financial instruments at fair value	-	-
Allotment of equity instruments by conversion of assigned debt	-	-
Net (Gain)/ Loss on Sale of Investments	-	-
Net (Gain)/ Loss on Investments Property Sold / Discarded	-	-
Operating Profit	**1,171.64**	**1,853.10**
Adjustment for working capital changes		
Decrease/(Increase) in Receivables	(11.34)	17.43
Decrease/(Increase) in Loans	-	-
Decrease/(Increase) in Other Financial Assets	(36.60)	0.25
Decrease/(Increase) in Other Non-Financial Assets	42.16	(183.39)
Increase / (decrease) in Trade Payables	(49.86)	15.61
Increase / (decrease) in Other Financial Liabilities	-	-
Increase / (decrease) in Provisions	-	-
Increase / (decrease) in Other Non-Financial Liabilities	1.03	2.02
Cash generated /(used) from operations	**1,117.04**	**1,705.01**
Income Tax Paid (net of refunds)	102.81	(704.92)
Net cash generated /(used) from operating activities (A)	**1,014.22**	**1,000.09**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Security Receipts of Trusts	(34,422.72)	461.82
Sale of Fixed Assets	0.25	0.13
Advances given to Trusts	0.00	54.32

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
Statement Of Standalone Cash Flows For The Year Ended March 31, 2026

(₹ in Lakh)

Particulars	For the year ended 31.03.2026 (Audited)	For the year ended 31.03.2025 (Audited)
Fixed Deposits having maturity of more than three months but less than 12 months	10603.22	(2,508.97)
Fixed Deposits having maturity of more than 12 months	0.00	564.92
(Purchase)/Sale of Property, Plant and Equipment	(23.76)	(4.43)
(Purchase)/Sale of Intangible assets under development	-	-
(Purchase)/Sale of Investments Property	-	-
Interest Received	-	752.01
Movement in Other Bank Balances	-	0.00
Net cash generated /(used) from investing activities (B)	**(23,843.01)**	**(680.19)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed/(Repayment) of Equity Shares	19,165.99	
Proceed/(Repayment) of Redeemable Preference Shares	-	-
Proceeds/(Repayment) of Borrowings	-	-
Interest Expenses	-	-
Net cash generated /(used) from financing activities (C)	**19,165.99**	**-**
Net Increase/(decreased) in cash and cash equivalents during the year (A+B+C)	**(3,662.79)**	**319.90**
Cash and cash equivalents at the beginning of the year	**3,729.54**	**3,409.64**
Cash and cash equivalents at the end of the period	**66.75**	**3,729.54**

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

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 016865
Mumbai, May 12, 2026

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

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
Independent Director
DIN: 00072457

Sd/-
Jethanand Chopra
Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
Standalone Statement Of Changes In Equity For The Year Ended March 31, 2026

A EQUITY SHARE CAPITAL

Particulars	Number of Shares	Rs. in Lakhs
As at April 01, 2024	**10,00,00,000**	**1,00,00,00,000**
Shares Issued duruing the year	-	-
As at March 31, 2025	**10,00,00,000**	**1,00,00,00,000**
Shares Issued duruing the year	1,30,00,00,000	1,30,00,00,000
As at March 31, 2026	**1,40,00,00,000**	**2,30,00,00,000**

B Other Equity

Particulars	Note No.	Securities Premium	Retained Earnings	Total
As at April 01, 2024	**21**			
Profit for the year			2,968.28	2,968.28
Received During the year		-	1,979.47	1,979.47
As at March 31, 2025			**4,947.75**	**4,947.75**
Profit for the year			1,214.83	1,214.83
Received During the year		6,318		6,318.00
Elimination		(152.01)		(152.01)
As at March 31, 2026		**6,165.99**	**6,162.58**	**12,328.58**

The accompanying notes 1 to 51 are integral part of the standalone financial statements.

For **Desai Associates**
Chartered Accountants
Firm Reg. No.: 102286W

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
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DIN: 00072457

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Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. **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.

   The Company is in a business of assets reconstruction and securitization in all forms and to acquire, hold, manage, assign NPA loan assets (of Bank or Financial Institutions) with or without underlying securities and recover from borrower / underlying securities or dispose off loan assets to other body corporate, firms, or individual or Co operative societies.

   To meet the requirement of minimum net own Funds (NOF), the Company has issued further equity shares to Authum Investment and Infrastructure Limited on Private Placement Basis. Accordingly, Equity Shares to the extent of 88.37% is held by Authum Investment and Infrastructure Limited.

2. **Significant Accounting Policies:**

   a) **Basis of preparation of financial statements:**

   Financial Statement upto 31st March 2025 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) notified under Companies (Accounting Standard) Rules 2006 as amended and other relevant provision of the Act. Due to change in shareholding of the company the current standalone financial statement have been prepared in accordance with Indian Accounting Standard(Ind AS) notified under section 133 of the Companies Act 2013 (the Act) (Companies (India Accounting Standard) Rules as amended) and other relevant provision of The Act to the extent applicable and the guideline prescribed by RBI to the extent applicable.

   The financial statements are prepared under the historic cost convention except for the following:

   - Certain financial assets and liabilities are measured at fair value.
   - Define benefit plan – plan assets are measured at fair value.

   b) **Statement of Compliance**

   The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under Section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Reserve bank of India (Assets Reconstruction Companies) Direction 2025 dated November, 28,2025 updated as on March, 10,2026 The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

   c) **Functional and Presentation currency**

   These financial statements are presented in Indian Rupee (INR) , which is also the functional currency of the company, in denomination of Lakhs with rounding off to two

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

decimals as permitted by Schedule III to the Act except otherwise stated.

d) Basis of Measurements

The Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

e) Measurement of fair values

The Company's accounting policies and disclosures require the measurement of financial assets and liabilities at fair values. The Company has established policies and procedures with respect to measurement of fair values.

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

Level 1 - The fair value of financial instruments traded in active markets is based on quoted (unadjusted) market prices at the end of the reporting period.

Level 2 - The fair valuation of instruments not traded in active markets is determined based on observable market data and by using valuation techniques.

Level 3 - Where one or more of the significant inputs are not from observable market data.

f) Order of Liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 - 'Presentation of Financial Statements' and amendment to Division III of Schedule III to the Companies Act, 2013 dated October 11, 2018, the Company presents its balance sheet in the order of liquidity. This is since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note No. 43.

g) Compliance with RBI Master Direction

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the master directions issued by the Reserve Bank of India ('RBI') in terms of Reserve bank of India (Assets Reconstruction Companies) Direction 2025 dated November, 28,2025 updated as on March, 10,2026 (the “RBI Directions”) as applicable to the Company. Indian Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India (referred to in these Directions as “ICAI”) shall be followed insofar as they are not inconsistent with any of these Directions.

h) Material accounting estimates, judgements and assumptions

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

The areas involving critical estimates or judgements are:

Impairment of financial assets using the expected credit loss method

The measurement of impairment losses on loan assets and commitments requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model
- It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

3. **Use of Estimates:**

The preparation of Financial Statements in conformity with Indian Accounting Standard (Ind AS) 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.

4. **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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

accordance with the RBI guidelines.

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 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.

5. 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 Ind AS 36 “Impairment of Assets” and necessary provision for impairment loss, if any, is made. The same is reviewed at each reporting date.

6. 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. The estimated useful lives of different types of assets are:

Assets	Useful Life
Furniture and Fixture	10 Years

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Office Equipment	5 Years
Computers	3 years

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.

7. Financial Instruments:

Investments in Security Receipts (SRs)

a) All Security Receipts (SRs) 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) 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.

Advance To/From Trusts

a) 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.

b) 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.

8. Employees Benefits:

a) Short-Term Benefits:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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 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.

- **Provident Fund:**

  The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

9. Earnings Per Share:

Basic:

In arriving at the basic earnings per share, the Company's net profit after tax, computed in terms of the Ind AS 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.

10. Taxes on Income:

a) Current Tax:

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.

11. 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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

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.

12. 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.

13. 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.

14. Fair value measurement:

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For detailed information on the fair value hierarchy.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

15. Segment Reporting:

The group operates in a segment of distressed credit business and all other activities are incidental to its main business activities as per requirement of Ind AS- 108 on Operating Segment. The reportable business segment is in line with the segment wise information which is being presented to the Chief Operating Decision Maker.

The Group has one geographical segment identified based on its location of customers which is within India.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 2: CASH AND CASH EQUIVALENTS (Rs. in lakhs)

Particulars	As at 31 March, 2026	As at 31 March,2025
Cash on hand	0.01	0.02
Balance with banks		
- in current account	66.75	4.61
- in term deposit account (Maturity within 3 months) (including interest accrued on fixed deposits)	-	4,319.62
Total	**66.75**	**4,324.24**

Note 3: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2026	As at 31 March,2025
Earmarked balances with banks (Unpaid dividend balance)	-	-
Fixed deposits with banks (Maturity with more than 3 months)*	-	10,008.52
Less : Expected credit loss on fixed deposits	-	-
Total	**-**	**10,008.52**

Note 4: RECEIVABLES

Particulars	As at 31 March, 2026	As at 31 March,2025
Trade Receivables		
(a) Receivables considered good - Secured	16.46	5.12
(b) Receivables considered good - Unsecured	-	-
(c) Receivables which have significant increase in credit risk	-	-
(d) Receivables - Credit Impairement	-	-
Less : Allowances for impairement losses	-	-
Total	**16.46**	**5.12**
Other Receivables		
(a) Receivables considered good - Secured	-	-
(b) Receivables considered good - Unsecured	-	-
(c) Receivables which have significant increase in credit risk	-	-
(d) Receivables - Credit Impairement	-	-
Less : Allowances for impairement losses	-	-
Total	**-**	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Trade Receivable Ageing Schedule

As on 31-03-26

Particulars	Unbilled	Less than 6 months	6 month - 1 year	1-2 year	More than 3 years	Total
(Iundisputed Trade Receivables - considered good	-	16.46	-			16.46
(ii) Undisputed Trade Receivables - considered doubtful	-		-			
(iii) Disputed Trade Receivables - considered good	-		-			
(iv) Disputed Trade Receivables - considered doubtful	-		-			
	-	**16.46**	-	-	-	**16.46**

As on 31-03-25

Particulars	Unbilled	Less than 6 months	6 month - 1 year	1-2 year	More than 3 years	Total
(Iundisputed 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

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

The above trade receivables comprises of Management fees and Interest on Advances to trust, which has prioroty in cashflow in the trusts further these fees and Interest on Advances to trusts are payables by the trusts to the company only on the realisation of asset in the trusts.

Disclosure pursuant to RBI Guidelines Issued vide Circular no RBI/2022-2023/182 and vide notification no DOR.ACC REC.No 104/21.07.001/2022-23 dated Feb 22, 2023

Particulars	As at 31 March, 2026	As at 31 March, 2025
Oustanding amount of Unrealised management fees	14.27	5.12
1. Out of the above,amount of outstanding for:		
(a) amounts where the net asset value of the security receipts has fallen below 50 per cent the	-	-
(b) Other Amounts unrealised for :	-	-
(I) more than 180 days but upto 1 year	0.53	-
(ii) More than 1 year but upto 3 year	-	-
(iii) More than 3 years		
Allowances held for unrealised management fee outstanding for less than 6 month		
Total Allowances held for unrealised management fee	0.53	
Net unrealised management fee receivable	**13.74**	**5.12**

* since circular effective from 22nd Feb 2023, company has provided for unrealised management fees as per the previous guidelines of RBI.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 5: LOANS (Rs. in lakhs)

Particulars	As at 31 March, 2026	As at 31 March,2025
Loans - At Amortised Cost		
(A)		
(i) Bills Purchased and Bills Discounted:		
(a) Related Parties	-	-
(b) Others	-	-
(ii) Loans repayable on Demand	-	-
(iii) Term Loan	-	-
(iv) Others Loan:		
(a) Housing loans, Corporate loans, Retail loans etc.	-	-
(b) Related Parties		
Total (A) Gross	-	-
Less: Impairment loss allowance	-	
Total (A)-Net	**-**	**-**
(B) Secured/Unsecured		
(i) Secured by tangible assets	-	-
(ii) Unsecured	-	-
Total (B) Gross	-	-
Less: Impairment loss allowance	-	--
Total (B)-Net	**-**	**-**
(C) Loans in India		
(i) Public sector	-	-
(ii) Others	-	-
Total (C) Gross	-	-
Less: Impairment loss	-	-
Total (C)-Net	**-**	**-**

Note: There are no loans or advances, in the natures of loans, are granted to promoters, directors and KMPs, either severally or jointly with any other person.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 6:INVESTMENTS (₹ in Lakh)

Investments	As at 31 March, 2026							As at 31 March, 2025						
	Amortised Cost	At Fair value			Subtotal	Others*	Total	Amortised Cost	At Fair value			Subtotal	Others*	Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at fair value through P&L					Through Other Comprehensive Income	Through Profit or Loss	Designated at fair value through P&L			
(A)														
Mutual Funds/Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Instruments - Listed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Instruments - Unlisted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in Preference Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in Debentures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in Security Receipts(Refer Note)	-	-	34,775.06	-	34,775.06	-	34,775.06	-	-	3,096.57	-	3,096.57	-	3,096.57
Investment in Gold Bar	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A) Gross	**-**	**-**	**34,775.06**	**-**	**34,775.06**	**-**	**34,775.06**	**-**	**-**	**3,096.57**	**-**	**3,096.57**	**-**	**3,096.57**
***Others Valued at cost**														
(B)														
(i)investment outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii)Investment in India	-	-	34,775.06	-	34,775.06	-	34,775.06	-	-	3,096.57	-	3,096.57	-	3,096.57
Total (B) Gross	**-**	**-**	**34,775.06**	**-**	**34,775.06**	**-**	**34,775.06**	**-**	**-**	**3,096.57**	**-**	**3,096.57**	**-**	**3,096.57**
(C)														
Less:														
Allowance for impairment loss (C)	-	-	-	-	-	-	2,809.92	-	2,809.92	2,809.92	-	-	-	-
Total Net D=(A-C)	**-**	**-**	**34,775.06**	**-**	**34,775.06**	**-**	**34,775.06**	**-**	**-**	**286.65**	**-**	**286.65**	**-**	**286.65**

During the year , the company has written Off Investments in Security Receipts amounting to Rs.2857.26 lakhs (previous year- 0.06 lakhs) as no recovery is expected in future.

Particulars	No. of SRs as at		Amount as at	Amount as at
	March 31,2026	March 31,2025	March 31,2026	March 31,2025
Investments in SR of Trusts (Unquoted):				
Structured Entities Controlled by the Company				
ISARC 2025-26 -1 Trust - Series 1	80,000	-	800.00	-
ISARC 2025-26 -1 Trust - Series 2	21,000	-	210.00	-
ISARC 2025-26 -1 Trust - Series 3	54,600	-	546.00	-
ISARC 2025-26 -1 Trust - Series 4	2,27,237	-	2,272.37	-
ISARC 2025-26 -1 Trust - Series 5	38,420	-	384.20	-
ISARC 2025-26 -2 Trust	260000	-	2,230.80	-
ISARC 2025-26 -3 Trust	162874	-	1,548.93	-
ISARC 2025-26 -4 Trust- Series 1	75654	-	756.54	-
ISARC 2025-26 -4 Trust- Series 2	57000	-	570.00	-
ISARC 2025-26 -4 Trust- Series 3	30000	-	300.00	-
ISARC 2025-26 -4 Trust- Series 4	13800	-	138.00	-
ISARC 2025-26 -5 Trust	191510	-	1,867.22	-
ISARC 2025-26 -6 Trust	2,80,000	-	2,800.00	-
ISARC 2025-26 -7 Trust	10,50,000	-	10,500.00	-
ISARC 2025-26 -8 Trust	790000	-	7,900.00	-
ISARC 2025-26 -9 Trust	25000	-	250.00	-
ISARC 2025-26 -10 Trust	77800	-	778.00	-
Other Structured Entities				
ISARC 12/2010-11 Trust	69780	69780	-	69.78
ISARC 13/2010-11 Trust	11211	11211	-	0.11
ISARC 14/2010-11 Trust	53109	53109	-	0.53
ISARC ACBL I/2017-18 Trust	3450	3450	-	20.91
ISARC Allahabad Bank II/2012-13 Trust	10617	10617	-	-
ISARC Axis 2/2010-11 Trust	28900	28900	-	165.31
ISARC Axis 3/2012-13 Trust			-	
Series II	25500	25500	-	38.25
Series III	59000	59000	-	310.93
			-	349.18
ISARC Axis 4/2015-16 Trust	164	164	-	0.00
ISARC Axis 5/2015-16 Trust	54973	54973	-	0.00
ISARC BOB 1/2009-10 Trust	54557	54557	-	0.55
ISARC BOI 1/2010-11 Trust	23038	23038	-	0.00
ISARC BOI 2/2015-16 Trust	40000	40000	-	-
ISARC Canara Bank-I/2013-14 Trust	104682	104682	-	665.78
ISARC CBI 1/2010-11 Trust	3102	3102	-	31.02
ISARC CBI II / 2012-13 Trust	10213	10213	-	54.84
ISARC Dena Bank III/2017-18 Trust	12435	12435	-	10.45
ISARC FA 16 I/2011-12 Trust	25385	25385	-	145.71
ISARC FA 27 I/2012-13 Trust	18000	18000	-	-
ISARC FA 41 I/2011-12 Trust	27921	27921	-	88.51
ISARC FA 54/002/2011-12 Trust	44000	44000	-	0.00
ISARC FA 63 I/2012-13 Trust	81	81	-	0.00
ISARC GPIL/2014-15 Trust	875	875	-	8.75
ISARC IDBI Bank II/2013-14 Trust	22379	22379	-	14.71
ISARC IU/2011-12 Trust	42100	42100	-	421.00
ISARC OBC I/2014-15 Trust	5001	5001	-	48.36
ISARC RCPPL/2014-15 Trust	70732	70732	-	-

Particulars	No. of SRs as at		Amount as at	Amount as at
	March 31,2026	March 31,2025	March 31,2026	March 31,2025
ISARC SBI 1/2015-16 Trust	107800	107800	-	0.00
ISARC SCB 1/2015-16 Trust	43108	43108	-	-
ISARC SIDBI 1/2009-10 Trust	357	357	-	1.41
ISARC SIDBI 2/2009-10 Trust				
Class B				
Scheme A	4183	4183	-	0.00
Scheme B	1055	1055	-	0.00
			-	0.00
ISARC SIDBI III/2017-18 Trust	96105	96105	-	740.01
ISARC UBI 1/2009-10 Trust				
Class B	4154	4154	-	41.54
ISARC UBI 3/2009-10 Trust	4038	4038	-	35.01
ISARC UCO 1/2010-11 Trust	29275	29275	-	182.97
ISARC Yes Bank I-2012 13 Trust	28500	28500	-	0.14
Phoenix Trust F.Y 26 -5	92300	-	923.00	-
Investment in Trust Fund (Corpus)				
			34,775.06	3,096.57
Provision for:				
Diminution in Value of Security Receipts			-	484.72
Security Receipts			-	2,325.20
Total Other Investments			**34,775.06**	**286.65**

Movement of Provision for

(i)	**Diminution in Value of Security Receipts**		
	Opening Balance	484.72	106.21
	Add: During the year	91.08	394.81
	Less: Reversal of provision made in earlier years which is no longer required	(137.69)	(16.31)
	Less: Reversal of provision on a/c of write off during the year	(438.11)	-
	Closing Balance as on year end	(0.00)	484.72
(ii)	**Security Receipts**		
	Opening Balance	2,325.20	2,750.57
	Add: During the year	-	-
	Less: Reversal of provision made in earlier years which is no longer required	-	(425.31)
	Less: Reversal of provision on a/c of write off during the year	(2,325.20)	(0.06)
	Closing Balance	**0.00**	**2,325.20**

Notes:

a) 'SR' stands for Security Receipts.

b) SR are recorded net of redemption amount.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 7: OTHER FINANCIAL ASSETS **(Rs. in lakhs)**

Particulars	As at 31 March, 2026	As at 31 March,2025
Excess Interest Spread Receivables	-	-
Interest accrued on investments	-	-
Security Deposits - Unsecured, considered good	-	-
Less: Expected credit loss on Deposits	-	-
Receivable against Securitisation/Assignment (net)	-	-
Less: ECL on Securitisation receivable	-	-
Stock of Acquired Properties (Secured)	-	-
Less: Expected credit loss on Acquired Properties	-	-
Trust Fund (Corpus)	0.10	-
Other Receivables/Advances	51.14	157.29
Less : Expected credit loss on investment control	-	142.64
Advance for investment in SRs	-	-
Total	**51.24**	**14.65**

Note 8: CURRENT TAX ASSETS

Particulars	As at 31 March, 2026	As at 31 March, 2025
Taxes paid (Net of Income Tax Provisions)	260.63	172.41
Total	**260.63**	**172.41**

Note 9: INVESTMENT PROPERTY

Particulars	As at 31 March, 2026	As at 31 March, 2025
Investment in Immovable Property		
Opening Balance	-	-
Less: Reclassification to Property Plant & Equipment*	-	-
Add: Additions During the year	-	-
Less: Disposals	-	-
Total	**-**	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 10A: PROPERTY, PLANT AND EQUIPMENTS

Particulars	Right to Use Asset	Computer	Furniture & Fixtures	Motor Vehicle	Office Equip.	Total
Gross Block						
Balance as at April 01, 2025	**-**	**18.84**	**9.77**	**-**	**9.19**	**37.79**
Additions	-	23.12	-	-	0.64	23.76
Reclassification from Investment Property	-	-	-	-	-	-
Disposals	-	-	(5.87)		(2.83)	(8.70)
Balance as at March 31, 2026	**-**	**41.96**	**3.90**	**-**	**6.99**	**52.85**
Balance as at April 01, 2024	**-**	**17.19**	**9.77**	**-**	**8.77**	**35.73**
Additions on account of business combination	-	-	-	-	-	-
Additions	-	4.01	-	-	0.42	4.43
Disposals	-	(2.37)	-	-		(2.37)
Balance as at March 31, 2025	**-**	**18.84**	**9.77**	**-**	**9.19**	**37.79**
Accumulated Depreciation and Impairment						
Balance as at April 01, 2025	**-**	**13.22**	**8.91**	**-**	**6.50**	**28.63**
Charge for the year		6.44	0.12		0.55	7.11
Disposals		(0.43)	(5.57)		(1.93)	(7.94)
Balance as at March 31, 2026	**-**	**19.23**	**3.46**	**-**	**5.12**	**27.81**
Balance as at April 01, 2024	**-**	**11.42**	**8.27**	**-**	**5.95**	**25.64**
Additions on account of business combination						-
Charge for the year		4.05	0.64		0.54	5.24
Disposals		-	2.25			(2.25)
Balance as at March 31, 2025	**-**	**13.22**	**8.91**	**-**	**6.50**	**28.63**
Net carrying amount as at March 31, 2026	**-**	**22.73**	**0.44**	**-**	**1.87**	**25.05**
Net carrying amount as at March 31, 2025	**-**	**5.61**	**0.86**	**-**	**2.69**	**9.16**

Note 10B: INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakh)

Gross Block	Computer Software	Trademark	Total
Balance as at April 01, 2025	**5.98**	**0.33**	**6.31**
Additions	-	-	-
Disposals	5.98	-	5.98
Balance as at March 31, 2026	**0.00**	**0.33**	**0.33**
Balance as at April 01, 2024	**5.98**	**0.33**	**6.31**
Additions	-	-	-
Disposals	-	-	-
Balance as at March 31, 2025	**5.98**	**0.33**	**6.31**
Accumulated Depreciation and Impairment			
Balance as at April 01, 2025	**5.69**	**0.31**	**6.00**
Charge for the year	-	-	-
Disposals	5.69	-	5.69
Balance as at March 31, 2026	**-**	**0.31**	**0.31**
Balance as at April 01, 2024	**5.69**	**0.31**	**6.00**
Charge for the year	-	-	-
Disposals	-	-	-
Balance as at March 31, 2025	**5.69**	**0.31**	**6.00**
Net carrying amount as at March 31, 2025	**0.30**	**0.02**	**0.32**
Net carrying amount as at March 31, 2026	**0.00**	**0.02**	**0.02**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 11: OTHER FINANCIAL ASSETS (Rs. in lakhs)

Particulars	As at 31 March, 2026	As at 31 March, 2025
Capital Advances	-	-
Other advances for supply of services	0.30	-
Security Deposits	-	11.11
Balance With Government Authorities	9.09	42.76
Prepaid Expenses	5.68	3.36
Total	**15.07**	**57.23**

Note 12: PAYABLES

Particulars	As at 31 March, 2026	As at 31 March, 2025
Trade Payables		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	6.00	55.86
	6.00	55.86
Other Payable		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	-	-
Total	**6.00**	**55.86**

Trade Payable Ageing Schedule as on 31-03-2026

	Particulars	Unbilled	Less than 6 months	6 month - 1 year	1-2 year	More than 3 years	Total
(I)	MSME	-	-				-
(ii)	Others	5.37	0.63				6.00
(iii)	Disputed Dues - MSME	-					-
(iv)	Disputed Dues - Others	-					-
		5.37	**0.63**	**-**	**-**	**-**	**6.00**

as on 31-03-2025

	Particulars	Unbilled	Less than 6 months	6 month - 1 year	1-2 year	More than 3 years	Total
(i)	MSME	-	-				-
(ii)	Others	43.33	-	12.52			55.86
(iii)	Disputed Dues - MSME	-					-
(iv)	Disputed Dues - Others	-					-
		43.33	**-**	**12.52**	**-**	**-**	**55.86**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 13: BORROWINGS **(Rs. in lakhs)**

Particulars	As at 31 March, 2026	As at 31 March, 2025
At Amortised Cost		
a) Term Loan		
(i) from Banks (secured)	-	-
b) Loans repayble on Demand		
(i) from Financial Institutions (secured)*	-	-
(ii) from Related Parties (unsecured)	-	-
c) Lease Liability	-	-
Borrowings in India	-	-
Borrowings outside India	-	-
Total	**-**	**-**

Note 14: SUBORDINATED LIABILITIES

Particulars	As at 31 March, 2026	As at 31 March, 2025
At Amortised Cost		
(A) In India		
7% Redeemable Preference Shares other than those that qualify as Equity	-	-
Subordinate liabilities in India	-	-
Subordinate liabilities outside India	-	-
Total	**-**	**-**

Note 15: OTHER FINANCIAL LIABILITIES **(Rs. in lakhs)**

Particulars	As at 31 March, 2026	As at 31 March, 2025
Unpaid Dividend*	-	-
Customer Deposit	-	-
Security Deposits	-	-
Others- Employees dues, contractually reimbursment expenses etc.	-	-
Total	**-**	**-**

Note 16: CONTRACTUAL DEBT OBLIGATIONS

Particulars	As at 31 March, 2026	As at 31 March, 2025
Pass through Certificates Borrowings	-	-
Total	**-**	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 17: PROVISIONS (Rs. in lakhs)

Particulars	As at 31 March, 2026	As at 31 March, 2025
Provision for employee benefits		
- Gratuity	-	-
Total	**-**	**-**

Note 18: DEFERRED TAX ASSETS/(LIABILITIES)

Particulars	As at 31 March, 2026	As at 31 March,2025
Deferred tax Assets (Net)	130.38	130.38
Total	**130.38**	**130.38**

Particulars	As at 31 March, 2026	As at 31 March, 2025
Deferred Tax Liability		
Gratuity		
Related to Property, Plant, and Equipment and Intangible.	-	-
Fair Valuation of Investments	-	-
Sub Total	**-**	**-**
Deferred Tax Asset		
Gratuity	-	6.50
Property, Plant and Equipment	-	1.43
Fair Valuation of Investments	-	122.45
Sub Total	**-**	**130.38**
Total	**-**	**130.38**

Movement in Deferred Tax

Particulars	Property, Plant and Equiptment	Fair Valuation of Investments	Gratuity	Provision	Total
As at 1st April 2024	**1.77**	**144.90**	**4.99**	**-**	**151.66**
Change/ Credited to					
Statement of Profit and Loss	-0.34	-22.46	1.51	-	-21.28
Other Comprehensive Income	-	-	-	-	-
As at 1st April 2025	**1.43**	**122.45**	**6.50**	**-**	**130.38**
Change/ Credited to					
Statement of Profit and Loss	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-
As at 31st March 2026	**1.43**	**122.45**	**6.50**	**-**	**130.38**

Note 19: OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31 March, 2026	As at 31 March, 2025
Advance from Customers	-	-
Statutory Dues Payable	6.08	5.06
Advance against properties	-	-
Other payables	-	-
Total	**6.08**	**5.06**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Particulars	As at 31 March, 2026		As at 31 March, 2025	
AUTHORISED:	**No. of Shares**	**Value**	**No. of Shares**	**Value**
Equity Shares of Rs. 10/- each	25,00,00,000.00	25,000.00	10,00,00,000.00	10,000.00
	25,00,00,000.00	**25,000.00**	**10,00,00,000.00**	**10,000.00**
ISSUED:	**No. of Shares**	**Value**	**No. of Shares**	**Value**
Equity Shares of Rs. 10/- each	23,00,00,000.00	23,000.00	10,00,00,000.00	10,000.00
	23,00,00,000.00	**23,000.00**	**10,00,00,000.00**	**10,000.00**
SUBSCRIBED AND FULLY PAID UP:	**No. of Shares**	**Value**	**No. of Shares**	**Value**
Equity Shares of Rs. 10/- each	23,00,00,000.00	23,000.00	10,00,00,000.00	10,000.00
	23,00,00,000.00	**23,000.00**	**10,00,00,000.00**	**10,000.00**

(a) Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March, 2026		As at 31 March, 2025	
AUTHORISED:	**No. of Shares**	**Value**	**No. of Shares**	**Value**
Equity Shares Shares outstanding at the beginning of the year	10,00,00,000.00	10,000.00	10,00,00,000.00	10,000.00
Add: Issued during the year	13,00,00,000.00	13,000.00	-	-
Shares outstanding at the end of the year	**23,00,00,000.00**	**23,000.00**	**10,00,00,000.00**	**10,000.00**

During the year, the Company allotted 13,00,00,000 equity shares of face value of Rs. 10/- each at an issue price of Rs. 14.86/- per share, aggregating to Rs. 1,93,18,00,000/-, to Authum Investment & Infrastructure Limited (AIIL) through a private placement of equity shares on June 17, 2025. The object of the issue was to raise the equity capital base, net owned funds and compliance of the capital adequacy ratio as per the RBI guidelines. The equity capital infusion has been duly accounted for under equity share capital and securities premium and all statutory and regulatory compliances with regard to allotment and reporting have been completed.

Further, certain existing shareholders of the Company transferred 7,32,50,000 equity shares of Rs. 16.29/- each amounting to Rs. 1,19,32,42,500/- to AIIL, representing 31.85% of paid-up share capital of the Company. In aggregate, AIIL now holds 20,32,50,000 equity shares, representing 88.37% of the paid-up share capital of the Company. AIIL 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 effective June 17, 2025. The RBI vide its letter dated March 25, 2025, has conveyed its approval for the aforesaid change in sponsor. This change impact the management or control structure of the Company, and the Company continues to operate as an independent legal entity with no change in its governance or business operations. The Company has duly reported the changes in accordance with the requirements of applicable laws.

(b) Terms and 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.

(c) Shares held by sponsors/promoter companies:

Name of Shareholder	No. of shares at the beginning of the period	Change during the period	No. of Shares at the closing	% of Change during the period
Authum Investment and infrastructure Ltd.	-	20,32,50,000	20,32,50,000	88.37
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	6.09

(d) Details of shareholding more than 5% of the aggregate shares in the company

	March 31, 2026		March 31, 2025	
Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Authum Investments and infrastrural Ltd.	20,32,50,000	88.37	-	-
Punjab National Bank	2,09,00,000	-	2,09,00,000	20.90
Small Industries Development Bank of India	1,50,00,000	-	1,50,00,000	15.00
SIDBI Venture Capital Limited	1,10,00,000	-	1,10,00,000	11.00
Bank of Baroda	1,40,00,000	6.09	1,40,00,000	14.00
Union Bank of India	80,00,000	-	80,00,000	8.00
Punjab & Sind Bank	50,00,000	-	50,00,000	5.00
Life Insurance Corporation of India	90,00,000	-	90,00,000	9.00

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 21: OTHER EQUITY

(1) Current Reporting Period Reserves & Surplus	Capital Reserve	Securities Premium	Amalgamation Reserve	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as at 01/04/2025	-	-	-	-	4,947.75	-	4,947.75
Profit for the year	-	6,318.00	-	-	1,214.83	-	7,532.83
Items of Other Comprehensive Income for the year (net of tax)	-	-	-	-		-	-
Remeasurement benefit of defined benefit plans		-			-	-	-
Net fair value gain on investments in equity instruments through other comprehensive income		-			-	-	-
Additions	-	-	-	-	-	-	-
Elimination	-	152.01	-	-	-	-	(152.01)
Repayment of Premium on Redemption of Redeemable Prefernce shares	-	-	-	-	-	-	-
Transfers to Reserve Fund	-	-			-	-	-
Transfers to Capital Redemption Reserve	-	-	-		-	-	-
Total for the quarter	-	6,165.99	-	-	1,214.83	-	7,380.83
Dividends	-	-	-	-	-	-	-
Balance as on 31/03/2026	**-**	**6,165.99**	**-**	**-**	**6,162.59**	**-**	**12,328.58**
(2) Previous Reporting Period							
Balance as on 01/04/2024	-	-	-	-	2,968.28	-	2,968.28
Profit for the year	-	-	-	-	1,979.47	-	1,979.47
Items of Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	-
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-
Net fair value gain on investments in equity instruments through other comprehensive income	-	-	-	-		-	-
Additions	-	-	-	-	-	-	-
Additions on account of business combinations	-	-	-	-	-	-	-
Repayment of Premium on Redemption of Redeemable Prefernce shares	-	-	-	-	-	-	-
Transfers to Reserve Fund	-	-	-	-	-	-	-
Transfers to Capital Redemption Reserve	-	-	-	-	-	-	-
Total for the quarter	-	-	-	-	1,979.47	-	1,979.47
Dividends	-	-	-	-	-	-	
Balance as on 31/03/2025	**-**	**-**	**-**	**-**	**4,947.75**	**-**	**4,947.75**

Nature and Purpose of Reserve

a) Retained Earnings

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

b) Other Comprehensive income

Other Comprehensive income consists of gain / losses of equity financial instruments carried through fair value through other comprehensive income and employee liabilities.

c) Securities Premium

Securities Premium account is used to record the premium received on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

d) Elimination from Securities Premium Account

Elimination on account of Share Issue Expenses.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 22: INTEREST INCOME

Particulars	As at 31 March, 2026	As at 31 March, 2025
On Financial Assets measured at Fair Value through OCI		
Interest income from investments	-	-
On Financial Assets measured at amortised cost		
Interest on Loans	-	-
Interest on Deposits with Banks		
On financial assets measured at FVTPL:		
Interest income from investments	-	-
Total	**-**	**-**

Note 23: DIVIDEND INCOME

Particulars	As at 31 March, 2026	As at 31 March, 2025
Dividend Income from Investments	-	-
Total	**-**	**-**

Note 24: RENTAL INCOME

Particulars	As at 31 March, 2026	As at 31 March, 2025
Rental Income from Investment Property	-	-
Total	**-**	**-**

Note 25: FEES AND COMMISSION INCOME

Particulars	As at 31 March, 2026	As at 31 March, 2025
Advisory Fees	-	-
Management Fees	215.21	86.41
Upside Fees	156.13	2,016.56
Commission and Incentives Fees	84.03	18.74
Processing Fees	-	-
Total	**455.37**	**2,121.70**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 26: NET GAIN/(LOSS) ON FAIR VALUE CHANGES

Particulars	As at 31 March, 2026	As at 31 March, 2025
(A) Net gain/(loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	-	-
- Derivatives	-	-
- Speculation Gain/Loss	-	-
- Security Receipts	-	-
- Mutual Funds/Other Funds	-	-
(ii) Others*	-	-
Total	**-**	**-**
(B) Fair Value Changes :		
- Realised	-	-
- Unrealised	-	-
Total	**-**	**-**

Note 27: OTHER OPERATING INCOME

Particulars	As at 31 March, 2026	As at 31 March, 2025
Foreclosure & Other Operating Charges	-	-
Bad Debts Recovery	-	-
Recovery of portfolio acquired	-	-
Total	**-**	**-**

Note 28: OTHER INCOME

Particulars	As at 31 March, 2026	As at 31 March, 2025
Interest on Income Tax Refund	-	-
Interest on Advance to Trust	4.30	28.64
Interest on Fixed Deposit	1,145.93	999.45
Profit / Loss on sale of property	-	-
Writeback of Security Receipts	137.36	-
Miscellaneous income	-0.00	0.33
Total	**1,287.59**	**1,028.42**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 29: FINANCE COST

Particulars	As at 31 March, 2026	As at 31 March, 2025
On Financial liabilities measured at Amortised Cost		
Interest on Borrowings	-	-
Interest on subordinated liabilities	-	-
Preference Dividend	-	-
Other Borrowing Cost	-	-
Total	**-**	**-**

Note 30: FEES & COMMISSION EXPENSES

Particulars	As at 31 March, 2026	As at 31 March, 2025
Credit Cost	-	-
Collection Cost	-	-
Total	**-**	**-**

Note 31: IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	As at 31 March, 2026	As at 31 March, 2025
On Financial Assets		
Other Receivables/Advances		
(i) Bad Debts Written Off	-	-
(ii) Provision/(Reversal) for Expected Credit Loss	(142.64)	(64.35)
(iii) Reversal of Contingent provision against standard assets	-	-
(iv) Shortfall in Credit Enhancement on Securitisation	-	-
(v) ECL on Securitisation Receivable	-	-
(vi) Write off Against Expected Credit Loss already provided	166.96	0.90
Others		
(i) Provision for Expected Credit Loss	-	-
(ii) (Profit)/ Loss on Sale of Repossessed Assets	-	-
Investments		
(i) ECL on Investment - Security Receipt	2,857.26	0.06
(ii) Provision/(Reversal) for Expected Credit Loss- SRs	(2,809.92)	(46.86)
Total	**71.66**	**-110.25**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 32: EMPLOYEE BENEFITS

Particulars	As at 31 March, 2026	As at 31 March, 2025
Salaries and Wages	249.43	302.92
Contribution to Provident and Other Funds	3.40	0.00
Staff welfare expenses	1.78	3.59
Total	**254.61**	**306.51**

Note 33: DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Particulars	As at 31 March, 2026	As at 31 March, 2025
Depreciation on Property, Plant and Equipment	7.11	5.24
Depreciation on Intangible Assets	-	-
Total	**7.11**	**5.24**

Note 34: OTHER EXPENSES

Particulars	As at 31 March, 2026	As at 31 March, 2025
Auditors Remuneration (Refer note 34.1)	1.26	1.05
Rent, Taxes and Energy Costs	52.86	91.14
Repair & Maintenance Expenses	3.73	7.14
Communication Costs	3.57	1.95
Printing & Stationery	2.75	1.74
Advertisement Expenses	0.39	0.12
Director Sitting Fees	36.05	22.15
Professional & Consultancy Charges	28.68	90.30
Insurance	0.67	0.47
Donation		
Corporate Social Responsibility Expenses	30.14	14.12
Securities Transaction Tax		
Impairment Expenses		
Other Expenditure	20.09	14.09
Total	**180.19**	**244.27**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

34.1 Auditor's Remuneration:

Particulars	As at 31 March, 2026	As at 31 March, 2025
Auditor's Remuneration excluding Goods and Service Tax (GST):		
Audit Fees	0.70	0.50
Tax Audit Fees	0.21	0.20
Others (Certification Fees/Review)	0.35	0.35

34.2 Details of expenses towards corporate social responsibility as per section 135 of the Act, 2013 read with schedule VII there to:

a) Gross amount required to be spent by the Company during the year	30.14	14.12
b) Amount spent	30.14	14.12
Amount provided for on-going projects		
Total	**30.14**	**14.12**
c) Short fall at the end of the year	-	-
d) Total Previous years shortfall	-	-
e) Reason for shortfall	-	-
f) Amount contributed to a trust controlled by the Group	-	-
g) Nature of CSR Activities	-	-
(i) Construction / acquisition of any asset		
(ii) On purposes other than (i) above	30.14	14.12
Total	**30.14**	**14.12**
Other Services	-	-
Total	**30.14**	**14.12**

Note 35: CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at 31 March, 2026	As at 31 March, 2025
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	-
Depuation Charges (in Arrears) (refer note (v) below)	-	Amount not ascertainable
Total	**67.66**	**60.33**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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.

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 36: Company has adopted the Indian Accounting Standards Framework from1st April 2025 and same Results has prepared by considering the provisions of First Time Adoption of Ind-AS (Ind-AS 101). Accordingly previous years figures have been regrouped

Note 37: Deferred Tax Asset (DTA) has not created due to Virtual Uncertainty of Future Profits and/or Deferred Tax Liability(DTL) to set-off against the DTA.

Note 38: Accounting for Leases has not been considered during the period due to contract is less than for 12 months and also not considered for Re-statement of Financials for FY 2024-25 and Initial Financial as on 01/04/2024 as management has followed modified approach as per Ind-AS 101.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 39: RELATED PARTY DISCLOSURE

A Name of Related Parties:

I Directors

Mr. Divy Dangi	Whole-Time Director
Ms. Rachana Dikshit	Director- Independent
Mr. Sandeep Welling	Director- Independent
Mr. Hari Shanker Sharma	Director- Independent
Mr. Mukesh Chand	Director- Independent
Mr. Vijay Tyagi (cease w.e.f 26/03/26)	Nominee Director of Authum
Mr. Haridas Bhat (cease w.e.f 26/03/26)	Nominee Director of Authum

II Key Management Personnel:

Mr. Amitabh Misra (MD & CEO)- (cease w.e.f 17/06/25)
Mr. K. Prakash (Chief Financial Officer) (cease w.e.f 27/05/25)
Ms. Ketki Muzumdar (CS and Compliance Officer) (cease w.e.f 17/06/25)
Mr. Jethanand Chopra (CEO) - w.e.f 21/08/25
Ms. Minal Jain (CS)- w.e.f 17/06/25
Ms. Jayshree Jain (CFO) - w.e.f 24/11/25

III Other Strusctured Entities

Small Industries Development Bank of India (SIDBI)
SIDBI Venture Capital Limited
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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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

IV Structured Entities controlled by the company

ISARC 2025-26 -1 Trust
ISARC 2025-26 -2 Trust
ISARC 2025-26 -3 Trust
ISARC 2025-26 -4 Trust
ISARC 2025-26 -5 Trust
ISARC 2025-26 -6 Trust
ISARC 2025-26 -7 Trust
ISARC 2025-26 -8 Trust
ISARC 2025-26 -9 Trust
ISARC 2025-26 -10 Trust

V Sponsor & Holding Company

Authum Investment & Infrastructure Limited

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

VI Private company in which a director or his relative is a member or director

Authum Asset Management Company Private Limited
Authum Real Estate Private Limited
Authum Entertainment Private Limited
Authum Foundation
Berix Bearing Private Limited
Better Real Estate Private Limited
Sawshy Realty Private Limited
Star Aerospace Private Limited
Billion Dream Sports Private Limited
Rivaara Labs Private Limited
Kahani Studios Private Limited
Genei Laboratories Private Limited
ANT Systemz Private Limited
Propshare Investment Manager Private Limited
Arthimpact Digital Loans Private Limited
KGS Consulting Private Limited
KP Climate Consulting Private Limited
Webextensions Private Limited

VII Any body corporate whose Board of Directors, managing director or manager is accustomed to act

Altura Capital Advisors LLP
Authum Realty & Developers LLP
Authum Realty & Construction LLP
Victory Park1 LLP
Victory Park2 LLP
Victory Park3 LLP
Victory Park4 LLP
Victory Park5 LLP
Victory Park6 LLP
Victory Park8 LLP
SKYI Blessed Ventures LLP
Kirtane & Pandit LLP

	Year Ended 31.03.2026	Year Ended 31.03.2025
NOTE 39: RELATED PARTY DISCLOSURE (CONTD….)		
B Related Party Transactions:		
I Sitting Fees to Directors		
Ms. Rachana Dikshit	6.70	5.00
Mr. Sandeep Welling	9.80	5.50
Mr. Hari Shanker Sharma	11.20	5.55
Mr. Mukesh Chand	6.85	1.40
Mr. Anup Sankar Bhattacharya	-	2.00
Mr. Shyam Sundar Barik	-	2.70

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

		Year Ended 31.03.2026	Year Ended 31.03.2025
II	**Payments to Key Managerial Personnel:**		
1)	**Remuneration:**		
a)	Mr. Divy Dangi	-	-
b)	Mr. Jethanand Chopra	50.49	-
c)	Ms. Ketki Muzumdar	3.08	11.33
d)	Ms. Minal Jain	8.78	-
e)	Ms. Jayshree Jain	4.15	
		66.51	**11.33**
III	**Transactions with Parties under Other Structured Entities and Structured Entities Controlled by the Company:**		
1)	**Income:**		
a)	Management Fees (Gross) *		
	ISARC 12/2010-11 Trust		
	ISARC 13/2010-11 Trust		
	ISARC 14/2010-11 Trust		
	ISARC 2025-26 -1 Trust - Series 1	0.38	-
	ISARC 2025-26 -1 Trust - Series 2	0.16	-
	ISARC 2025-26 -1 Trust - Series 3	0.35	-
	ISARC 2025-26 -1 Trust - Series 4	0.30	-
	ISARC 2025-26 -1 Trust - Series 5	0.19	-
	ISARC 2025-26 -2 Trust	13.79	-
	ISARC 2025-26 -3 Trust	15.98	-
	ISARC 2025-26 -4 Trust- Series 1	3.92	-
	ISARC 2025-26 -4 Trust- Series 2	2.86	-
	ISARC 2025-26 -4 Trust- Series 3	3.16	-
	ISARC 2025-26 -4 Trust- Series 4	1.37	-
	ISARC 2025-26 -5 Trust	167.90	-
	ISARC 2025-26 -6 Trust	0.00	-
	ISARC 2025-26 -7 Trust	0.08	-
	ISARC 2025-26 -8 Trust	0.01	-
	ISARC 2025-26 -9 Trust	0.01	-
	ISARC 2025-26 -10 Trust	0.43	-
	ISARC ACBL I/2017-18 TRUST	-	0.70
	ISARC Allahabad Bank II/2012-13 Trust		
	ISARC Axis 1/2009-10 Trust		
	ISARC Axis 2/2010-11 TRUST		
	ISARC Dena Bank III/2017-18 TRUST	0.17	0.96
	ISARC FA 03 I/2011-12 Trust		
	ISARC FA 16 I/2011-12 Trust		
	ISARC FA 27 I/2012-13 Trust		
	ISARC FA 41 I/2011-12 Trust		

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

		Year Ended 31.03.2026	Year Ended 31.03.2025
	ISARC FA 54/002/2011-12 Trust		
	ISARC FA 6 III/2011-12 Trust		
	ISARC FA 8 II/2012-13 Trust		
	ISARC GPIL/2014-15 Trust		
	ISARC SIDBI III/2017-18 Trust	4.61	38.19
	ISARC Transrail Structures & Towers/2012-13 Trust		
	ISARC UBI 1/2009-10 Trust		
	ISARC UBI 2/2009-10 Trust		
	ISARC UBI 3/2009-10 Trust		
	ISARC UCO 1/2010-11 Trust		
	ISARC Yes Bank I/2012-13 Trust		
		215.66	**39.85**
	* excluding GST amount		
b)	**Management Fees reversed during the year**		
	ISARC 2025-26 -1 Trust - Series 1	0.12	-
	ISARC 2025-26 -1 Trust - Series 2	0.05	-
	ISARC 2025-26 -1 Trust - Series 3	0.09	-
	ISARC 2025-26 -1 Trust - Series 4	0.05	-
	ISARC 2025-26 -1 Trust - Series 5	0.00	-
	ISARC 2025-26 -4 Trust- Series 1	0.13	-
	ISARC 2025-26 -4 Trust- Series 2	0.01	-
	ISARC ACBL I/2017-18 TRUST	-	0.64
		0.45	**0.64**
c)	**Management Fees (Reversals received)**		
	ISARC FA 27 I/2012-13 Trust	-	47.20
		-	**47.20**
d)	**Bad Debts Recovered**		
		-	-
		-	-
e)	**Yield on Security Receipts**		
		-	-
		-	-
f)	**Upside Income**		
	ISARC SIDBI 2/2009-10 Trust	30.00	-
	ISARC Allahabad Bank II/2012-13 Trust	5.11	16.03
	ISARC Axis 5/2015-16 Trust	121.02	1,787.38
	ISARC FA 27 I/2012-13 Trust	-	213.15
		156.13	**2,016.56**
g)	**Incentives**		
	ISARC FA 63 I/2012-13 Trust	-	2.50
	ISARC Canara Bank I/2013-14 Trust	-	11.49
		-	**13.99**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

	Year Ended 31.03.2026	Year Ended 31.03.2025
NOTE 39: RELATED PARTY DISCLOSURE (CONTD….)		
h) Commission Income		
ISARC 2025-26 -3 Trust	2.83	-
ISARC 2025-26 -5 Trust	61.28	-
ISARC Canara Bank I/2013-14 Trust	8.12	-
ISARC IDBI Bank II/2013-14 Trust	0.20	-
ISARC SIDBI III/2017-18 Trust	11.60	-
ISARC FA 63 I/2012-13 Trust	-	4.74
	84.03	**4.74**
i) Interest on Advances (Gross)		
ISARC 2025-26 -1 Trust - Series 1	0.83	-
ISARC 2025-26 -1 Trust - Series 2	0.00	-
ISARC 2025-26 -1 Trust - Series 3	0.00	-
ISARC 2025-26 -1 Trust - Series 4	0.19	-
ISARC 2025-26 -1 Trust - Series 5	0.18	-
ISARC 2025-26 -2 Trust	0.14	-
ISARC 2025-26 -3 Trust	0.03	-
ISARC 2025-26 -4 Trust- Series 1	1.40	-
ISARC 2025-26 -4 Trust- Series 2	0.01	-
ISARC 2025-26 -4 Trust- Series 3	0.01	-
ISARC 2025-26 -4 Trust- Series 4	0.06	-
ISARC 2025-26 -5 Trust	0.28	-
ISARC 2025-26 -6 Trust	0.01	-
ISARC 2025-26 -7 Trust	0.16	-
ISARC 2025-26 -8 Trust	0.01	-
ISARC 2025-26 -9 Trust	0.01	-
ISARC 2025-26 -10 Trust	0.01	-
ISARC ACBL I/2017-18 TRUST	1.55	1.23
ISARC Allahabad Bank II/2012-13 Trust	0.01	0.00
ISARC Axis 3/2012-13 Trust	2.36	2.05
ISARC CBI II/2012-13 Trust	0.28	0.20
ISARC Dena Bank III/2017-18 TRUST	0.00	0.01
ISARC FA 03 I/2011-12 Trust	0.30	0.04
ISARC FA 16 I/2011-12 Trust	0.03	0.00
ISARC FA 27 I/2012-13 Trust	-	0.85
ISARC FA 63 I/2012-13 Trust	0.91	0.78
ISARC GPIL/2014-15 Trust	1.64	1.58
ISARC IDBI Bank II/2013-14 Trust	-	0.00
ISARC IU/2011-12 Trust	2.71	2.65
ISARC OBC I/2014-15 Trust	0.00	0.00
ISARC SIDBI 1/2009-10 Trust	0.98	0.94
ISARC SIDBI 2/2009-10 Trust	0.00	3.34
ISARC SIDBI III/2017-18 Trust	0.01	0.04
	14.11	**13.72**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

		Year Ended 31.03.2026	Year Ended 31.03.2025
j)	**Interest on Advances reversed during the year**		
	ISARC 2025-26 -1 Trust - Series 1	0.12	-
	ISARC 2025-26 -1 Trust - Series 2	0.00	-
	ISARC 2025-26 -1 Trust - Series 3	0.00	-
	ISARC 2025-26 -1 Trust - Series 4	0.00	-
	ISARC Allahabad Bank II/2012-13 Trust	0.01	-
	ISARC ACBL I/2017-18 TRUST	1.39	1.10
	ISARC Axis 3/2012-13 Trust	2.12	1.84
	ISARC CBI II/2012-13 Trust	0.25	0.18
	ISARC Dena Bank III/2017-18 Trust	0.00	-
	ISARC FA 03 I/2011-12 Trust	0.27	0.03
	ISARC FA 16 I/2011-12 Trust	0.03	-
	ISARC FA 63 I/2012-13 Trust	0.82	0.71
	ISARC GPIL/2014-15 Trust	1.47	1.42
	ISARC IU/2011-12 Trust	2.44	2.39
	ISARC SIDBI 1/2009-10 Trust	0.88	0.85
	ISARC SIDBI III/2017-18 Trust	0.01	-
		9.82	**8.52**
k)	**Interest on Advances Reversal Received**		
	ISARC FA 27 I/2012-13 Trust	-	23.45
		-	**23.45**
l)	**Interest on Fixed Deposit**		
	Punjab National Bank	-	-
	Small Industries Development Bank of India (SIDBI)	-	26.88
	Bank of Baroda	478.44	140.89
		478.44	**167.77**
NOTE 39:	**RELATED PARTY DISCLOSURE (CONTD….)**		
2)	**Expenses:**		
a)	**Small Industries Development Bank of India (SIDBI):**		
	Deputation Charges (including Arrears)	43.77	165.45
	Rent	-	7.82
		43.77	**173.26**
	Note: Deputation Charges above includes remuneration paid to CEO and CFO for the period upto June 25, afterwards there is no employees on Deputation.		
b)	**Authum Investment & Infrastructure Limited:**		
	Rent	4.50	-
		4.50	**-**
c)	**Bad Debts/Written off:**		
I	**Incentives:**		
		-	-
ii)	**Interest on Advances:**		
		-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

iii)	**Management Fees:**		
		-	-
iv)	**Advances to Trusts:**		
		-	-
3)	**Balances as at the year end**		
a)	Outstanding Payables		
	Small Industries Development Bank of India (SIDBI)	-	28.81
		-	**28.81**
b)	**Outstanding Receivables**		
i)	**Management Fees**		
	ISARC 2025-26 -1 Trust - Series 1	0.27	-
	ISARC 2025-26 -1 Trust - Series 2	0.11	-
	ISARC 2025-26 -1 Trust - Series 3	0.27	-
	ISARC 2025-26 -1 Trust - Series 4	0.27	-
	ISARC 2025-26 -1 Trust - Series 5	0.21	-
	ISARC 2025-26 -4 Trust- Series 1	4.07	-
	ISARC 2025-26 -4 Trust- Series 2	3.07	-
	ISARC 2025-26 -4 Trust- Series 3	3.41	-
	ISARC 2025-26 -4 Trust- Series 4	1.48	-
	ISARC 2025-26 -6 Trust	0.00	-
	ISARC 2025-26 -7 Trust	0.09	-
	ISARC 2025-26 -8 Trust	0.01	-
	ISARC 2025-26 -9 Trust	0.01	-
	ISARC 2025-26 -10 Trust	0.46	-
	ISARC Dena Bank III/2017-18 TRUST	-	0.19
	ISARC SIDBI III/2017-18 Trust	-	4.93
		13.74	**5.11**
ii)	**Interest on Advances**		
	ISARC 2025-26 -1 Trust - Series 1	0.63	-
	ISARC 2025-26 -1 Trust - Series 2	0.00	-
	ISARC 2025-26 -1 Trust - Series 3	0.00	-
	ISARC 2025-26 -1 Trust - Series 4	0.17	-
	ISARC 2025-26 -1 Trust - Series 5	0.16	-
	ISARC 2025-26 -2 Trust	0.00	-
	ISARC 2025-26 -3 Trust	0.01	-
	ISARC 2025-26 -4 Trust- Series 1	1.26	-
	ISARC 2025-26 -4 Trust- Series 2	0.01	-
	ISARC 2025-26 -4 Trust- Series 3	0.01	-
	ISARC 2025-26 -4 Trust- Series 4	0.06	-
	ISARC 2025-26 -5 Trust	0.24	-
	ISARC 2025-26 -6 Trust	0.01	-
	ISARC 2025-26 -7 Trust	0.15	-
	ISARC 2025-26 -8 Trust	0.01	-
	ISARC 2025-26 -9 Trust	0.01	-
	ISARC 2025-26 -10 Trust	0.01	-
		2.72	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

NOTE 39: RELATED PARTY DISCLOSURE (CONTD….)

		Year Ended 31.03.2026	Year Ended 31.03.2025
iii)	**Incentives/Commission**		
		-	-
		-	-
iv)	**Accrued Interest Receivable**		
	Punjab National Bank	-	-
	Small Industries Development Bank of India (SIDBI)	-	-
	Bank of Baroda	-	78.63
		-	**78.63**
4)	**Advances to Trusts**		
	ISARC 2025-26 -1 Trust - Series 1	8.98	-
	ISARC 2025-26 -1 Trust - Series 2	0.03	-
	ISARC 2025-26 -1 Trust - Series 3	0.04	-
	ISARC 2025-26 -1 Trust - Series 4	2.22	-
	ISARC 2025-26 -1 Trust - Series 5	2.09	-
	ISARC 2025-26 -2 Trust	(0.01)	-
	ISARC 2025-26 -3 Trust	0.46	-
	ISARC 2025-26 -4 Trust- Series 1	10.35	-
	ISARC 2025-26 -4 Trust- Series 2	0.14	-
	ISARC 2025-26 -4 Trust- Series 3	0.24	-
	ISARC 2025-26 -4 Trust- Series 4	1.37	-
	ISARC 2025-26 -5 Trust	4.20	-
	ISARC 2025-26 -6 Trust	0.21	-
	ISARC 2025-26 -7 Trust	19.42	-
	ISARC 2025-26 -8 Trust	0.11	-
	ISARC 2025-26 -9 Trust	0.40	-
	ISARC 2025-26 -10 Trust	0.89	-
	ISARC 12/2010-11 Trust	-	9.17
	ISARC 13/2010-11 Trust	-	0.42
	ISARC 14/2010-11 Trust	-	1.58
	ISARC ACBL I/2017-18 TRUST	-	11.87
	ISARC Axis 2/2010-11 TRUST	-	2.00
	ISARC Axis 3/2012-13 Trust	-	17.82
	ISARC AXIS 4/2015-16 Trust	-	1.28
	ISARC BOB 1/2009-10 Trust	-	15.01
	ISARC BOI 1/2010-11 Trust	-	0.36
	ISARC BOI 2/2015-16 Trust	-	0.70
	ISARC CBI 1/2010-11 Trust	-	9.99
	ISARC CBI II/2012-13 Trust	-	1.90
	ISARC FA 27 I/2012-13 Trust	-	-0.00
	ISARC FA 63 I/2012-13 Trust	-	6.88
	ISARC GPIL/2014-15 Trust	-	13.43

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

	ISARC IU/2011-12 Trust	-	22.31
	ISARC SBI 1/2015-16 Trust	-	10.35
	ISARC SIDBI 1/2009-10 Trust	-	7.97
	ISARC UBI 1/2009-10 Trust	-	16.22
	ISARC UCO 1/2010-11 Trust	-	4.12
		51.14	**153.38**
5)	**Provision for Advances to Trusts:**		
	ISARC 12/2010-11 Trust	-	9.17
	ISARC 13/2010-11 Trust	-	0.42
	ISARC 14/2010-11 Trust	-	1.58
	ISARC ACBL I/2017-18 TRUST	-	1.13
	ISARC Axis 2/2010-11 Trust	-	2.00
	ISARC Axis 3/2012-13 Trust	-	17.82
	ISARC AXIS 4/2015-16 Trust	-	1.28
	ISARC BOB 1/2009-10 Trust	-	15.01
	ISARC BOI 1/2010-11 Trust	-	0.36
	ISARC BOI 2/2015-16 Trust	-	0.70
	ISARC CBI 1/2010-11 Trust	-	9.99
	ISARC CBI II/2012-13 Trust	-	1.90
	ISARC FA 27 I/2012-13 Trust	-	-0.00
	ISARC FA 63 I/2012-13 Trust	-	6.88
	ISARC GPIL/2014-15 Trust	-	13.43
	ISARC IU/2011-12 Trust	-	22.31
	ISARC SIDBI 1/2009-10 Trust	-	7.97
	ISARC UBI 1/2009-10 Trust	-	16.22
	ISARC SBI 1/2015-16 Trust	-	10.35
	ISARC UCO 1/2010-11 Trust	-	4.12
		-	**142.64**
6)	**Fixed Deposit Placed with Bank**		
	Punjab National Bank	-	-
	Small Industries Development Bank of India (SIDBI)	-	-
	Bank of Baroda	-	1,955.00
		-	**1,955.00**
7)	**Security Receipts Written off :**		
	ISARC ACBL I/2017-18 Trust	20.91	-
	ISARC Axis 5/2015-16 Trust	0.00	-
	ISARC SBI 1/2015-16 Trust	0.00	-
	ISARC Axis 4/2015-16 Trust	0.00	-
	ISARC GPIL/2014-15 Trust	8.75	-
	ISARC OBC I/2014-15 Trust	48.36	-
	ISARC Canara Bank I/2013-14 Trust	665.78	-
	ISARC IDBI Bank II/2013-14 Trust	14.71	-
	ISARC Allahabad Bank II/2012-13 Trust	0.00	-
	ISARC CBI II/2012-13 Trust	54.84	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

ISARC Axis 3/2012-13 Trust	349.18	-
ISARC Yes Bank I/2012-13 Trust	0.14	-
ISARC FA 27 I/2012-13 Trust	0.00	-
ISARC FA 63 I/2012-13 Trust	0.00	-
ISARC FA 16 I/2011-12 Trust	145.71	-
ISARC IU/2011-12 Trust	421.00	-
ISARC FA 54/002/2011-12 Trust	0.00	-
ISARC FA 41 I/2011-12 Trust	88.51	-
ISARC 12/2010-11 Trust	69.78	-
ISARC 13/2010-11 Trust	0.11	-
ISARC 14/2010-11 Trust	0.53	-
ISARC CBI 1/2010-11 Trust	31.02	-
ISARC Axis 2/2010-11 Trust	165.31	-
ISARC BOI 1/2010-11 Trust	0.00	-
ISARC UCO 1/2010-11 Trust	182.97	-
ISARC SIDBI 2/2009-10 Trust	0.00	-
ISARC BOB 1/2009-10 Trust	0.55	-
ISARC UBI 3/2009-10 Trust	35.01	-
ISARC UBI 1/2009-10 Trust	41.54	-
ISARC SIDBI 1/2009-10 Trust	1.41	-
ISARC RCPPL/2014-15 Trust	-	0.06
ISARC Dena Bank III/2017-18 TRUST	10.45	-
ISARC SIDBI III/2017-18 Trust	500.71	-
	2,857.26	**0.06**
8) Advance to Trust written off :		
ISARC 12/2010-11 Trust	9.30	-
ISARC 13/2010-11 Trust	0.85	-
ISARC 14/2010-11 Trust	2.25	-
ISARC-ACBL-I/2017-18 Trust	13.35	-
ISARC Allahabad Bank II/2012-13 Trust	-	-
ISARC Axis 2/2010-11 TRUST	2.28	-
ISARC Axis 3/2012-13 Trust - Series II	1.96	-
ISARC Axis 3/2012-13 Trust - Series III	19.23	-
ISARC AXIS 4/2015-16 Trust	1.52	-
ISARC Axis 5/2015-16 Trust	-	-
ISARC BOB 1/2009-10 Trust	16.63	-
ISARC BOI 1/2010-11 Trust	0.36	-
ISARC BOI 2/2015-16 Trust	0.75	-
ISARC Canara Bank I/2013-14 Trust	0.00	-
ISARC CBI 1/2010-11 Trust	10.29	-
ISARC CBI II/2012-13 Trust	2.77	-
ISARC Dena Bank II/2015-16 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	0.00	-
ISARC FA 03 I/2011-12 Trust	0.22	0.54

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

	ISARC FA 16 I/2011-12 Trust	0.34	-
	ISARC FA 27 I/2012-13 Trust	-	-
	ISARC FA 41 I/2011-12 Trust	-	-
	ISARC FA 54/002/2011-12 Trust	-	-
	ISARC FA 63 I/2012-13 Trust	7.85	-
	ISARC GPIL/2014-15 Trust	13.76	-
	ISARC IDBI Bank II/2013-14 Trust	-	-
	ISARC IU/2011-12 Trust	22.77	-
	ISARC OBC I/2014-15 Trust	-	-
	ISARC SBI 1/2015-16 Trust	10.48	-
	ISARC SIDBI 1/2009-10 Trust	8.28	-
	ISARC SIDBI 2/2009-10 Trust - Scheme A	0.00	-
	ISARC SIDBI III/2017-18 Trust	0.00	-
	ISARC UBI 1/2009-10 Trust	16.66	-
	ISARC UBI 2/2009-10 Trust	0.19	0.36
	ISARC UBI 3/2009-10 Trust	0.32	-
	ISARC UCO 1/2010-11 Trust	4.37	-
	ISARC Yes Bank I/2012-13 Trust	0.16	-
		166.96	**0.90**
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**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 40: (A) Capital Management

The primary objective of the group for its capital management is to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The group manages its capital structure and makes adjustments to its according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the group may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and process from previous years. However, they are under review by the board.

Regulatory Capital **Rs. In Lakhs**

Captial to risk asset ratio (CRAR)	**As at March 31, 2026**	**As at March 31, 2025**
a) Common Equity Tier 1 capital	35,328.56	14,947.44
b) Other Tier 2 capital instruments	-	-
c) Total capital	35,328.56	14,947.44
d) Risk weighted assets	35,165.28	579.35
e) CRAR (%)	100.46%	2580.01%

Regulatory capital: Tier I capital, which comprises share capital, special reserves, retained earnings including current year profit. Certain adjustments are made to Ind AS based results and reserves, as prescribed by the Reserve Bank of India.

Rs. In Lakhs

Particulars	**As at March 31, 2026**	**As at March 31, 2025**
Paid Up Equity Capital	23,000.00	10,000.00
Free Reserves (excluding GST)	12,328.58	4,947.75
Sub- Total	35,328.58	14,947.75
Less : Adjustments		
Debit balance on the profit and loss account	0	0
Miscellaneous expenditure (to the extenet not written off or adjusted)	0	0
Deferred Tax Asset	130.38	130.38
Deffered Fair Value Gain	0	0
Book value of intangible assets and prepaid expenses	0.02	0.31
Under/short provision against NPA/diminiution in value of Investments		
a) SRs less than 8 years in age	0	0
b) SRs more than 8 years in age	0	0
Net Owned fund (Tier I)	**35,198.18**	**14,817.06**
Other Tier II capital instruments		
Total Capital	35,328.56	14,947.44
Risk weighted assets	35,165.28	579.35
CRAR %	100.46%	2580.01%

(B) Dividends

Particulars	**As at March 31, 2026**	**As at March 31, 2025**
Equity shares	Nil	Nil

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 41: Employee Benefits

Particulars	**As at March 31, 2026 (Rs in Lakh)**	**As at March 31, 2025 (Rs in Lakh)**
(a) Defined Contribution Plan		
Amount recognized as an expense in the Statement of Profit and Loss:		
(I) Employer's contribution to provident fund	4.49	-
(ii) Employer's contribution to pension fund	1.10	-
	5.60	-

(b) Gratuity

Disclosures required as per the Ind AS 19, Employee Benefits

	Particulars	**As at March 31, 2026 (Rs in Lakh)**	**As at March 31, 2025 (Rs in Lakh)**
I.	Reconciliation of opening and closing balances of Defined Benefit Obligation		
	Obligation at the beginning of the year	2.70	-
	Interest cost	-	-
	Service cost	-	-
	Liability transferred in / acquisition	-	-
	Benefit paid	-	-
	Actuarial (gains) / losses recognised in OCI:		
	- Due to change in demographic assumptions	-	-
	- Due to change in financial assumptions	-	-
	- Due to experience adjustments	-0.30	-
	Obligation at the end of the year	2.39	-
II.	**Change in Plan Assets**		
	Fair value of plan assets at the beginning of the year	2.70	-
	Expected return on plan assets / Interest income	0.09	-
	Contribution	1.46	-
	Benefit paid from the fund	-	-
	Liability transferred in / acquisition	-	-
	Actuarial gains / (losses) on plan assets due to experience	-	-
	Interest Income (as per standalone)	0.18	-
	Fair value of plan assets at the end of the year	4.43	-
III.	**Reconciliation of Obligation and Fair Value of Plan Assets**		
	Fair value of plan assets at the end of the year	4.43	-
	Present value of the defined benefit obligation at the end of year	-2.39	-
	Liability recognized in the Balance Sheet	2.03	-
IV.	**Expenses recognised in statement of profit or loss**		
	Service cost	-	-
	Interest cost	-0.18	-
	Expenses recognised in statement of profit or loss	-0.18	-
V.	**Amount recognised in the other comprehensive income**		
	Acturial (gain)/loss recognised in other comprehsive income	-0.30	-
	Expected return on plan assets	-0.09	-
	Amount recognised in the other comprehensive income	-0.39	-
VI.	**Investment details on plan assets**		
	100% of the plan assets are invested in insurance fund	4.43	-
VII.	**Actual return on plan assets (as per stanalone)**		
	(current year Rs. 9133 , Previous year NIL)	0.09	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

VIII. Assumptions		
Interest rate	7.14%	0.00%
Salary growth rate	6.00%	0.00%
Estimated return on plan assets	NA	NA
Employee turnover rate	For service 4 years and below 20% p.a. For service 5 years amd above 5% p.a.	NA
IX. Particulars of the amounts for the year and Previous year	**2026**	**2025**
Present value of benefit obligation	-2.39	-
Fair value of plan assets	4.43	-
Excess of obligation over plan assets	2.03	-

X. Sensitivity analysis

Resonably possible changes at the reporting date to one of the relevant acturial assumptions, holdings other assumptions coonstant, would have affected the defined obligations by the amounts shown below.

Particulars	As at March 31, 2026 (Rs. in Lakh)	As at March 31, 2025 (Rs. in Lakh)
Discount rate (+1% movement)	-0.16	-
Discount rate (-1% movement)	0.18	-
Future salary growth (+1% movement)	0.18	-
Future salary growth (-1% movement)	-0.16	-
Employee turnover (+1% movement) as per stanalone	-0.07	-
Employee turnover (-1% movement) as per stanalone	0.07	-

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheet.

XI. Maturity anaylsis of the defined benefit plan (fund)

Particulars	As at March 31, 2026 (Rs. in Lakh)	As at March 31, 2025 (Rs. in Lakh)
Projected benefits payable in future form the date of reporting		
1st following year	0.04	-
2nd following year	0.10	-
3rd following year	0.09	-
4th following year	0.11	-
5th following year	0.18	-
Sum of 6 to 10 years	2.68	-
sum of 11 years and above	1.16	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 42: Disclosure purusant to para 44A to 44E of Ind AS 7 - Statement of cash flows

Particulars	As at March 31, 2026	As at March 31, 2025
Debt Securities		
Opening balance	-	-
Availed during the year	-	-
Impact of Non- cash items	-	-
Repaid during the year	-	-
Closing balance	-	-
Borrowings (other than debt securities)		
Opening balance	-	-
Availed during the year	-	-
Impact of Non- cash items	-	-
Repaid during the year	-	-
Closing balance	-	-
Interest		
Opening balance	-	-
Availed during the year	-	-
Impact of Non- cash items	-	-
Repaid during the year	-	-
Closing balance	-	-

Note 43: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed accoring to when they are expected to be recovered or settled.

Particulars	As at March 31, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and Cash equivalents	66.75	-	66.75	14,332.76	-	14,332.76
Trade receivables	16.46	-	16.46	5.12	-	5.12
Loans*	-	-	-	-	-	-
Investments*	-	34,775.06	34,775.06	-	286.65	286.65
Other Financial asset	-	51.24	51.24	-	14.65	14.65
Non - Financial Assets						
Current tax assets (Net)	260.65	-	260.65	172.41	-	172.41
Property, Plant and Equipment	-	25.06	25.06	-	9.48	9.48
Right of use assets	-	-	-	-	-	-
Other Intangible Assets	-	-	-	-	-	-
Intangible asset under development	-	-	-	-	-	-
Other Non-Financial Assets	145.45	-	145.45	187.61	-	187.61
Total Assets (a)	**489.31**	**34,851.35**	**35,340.66**	**14,697.90**	**310.77**	**15,008.67**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Particulars	As at March 31, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial Liabilities						
Payables						
(1) Trade Payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	6.00	-	6.00	55.86	-	55.86
Borrowings (other than debt securities)	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-
Debt Securities	-	-	-	-	-	-
Non- Financial Liabilities						
Current tax liability (Net)	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Defered tax (net)	-	-	-	-	-	-
other non-financial liabilities	6.08	-	6.08	5.06	-	5.06
Total Liabilities (b)	**12.08**	**-**	**12.08**	**60.91**	**-**	**60.91**
Net (a-b)	**477.23**	**34,851.35**	**35,328.58**	**14,636.98**	**310.77**	**14,947.76**

* As expected by management of the group

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 44: Fair value mearsurements

a) Financial instruments by category **Rs. In Lakhs**

Particulars		**March 31,2026**		**March 31,2025**
Fair value through profit or loss	**Amortised cost**	**Fair value through profit or loss**	**Amortised cost**	
Financial assets				
Cash & cash equivalents	-	66.75	-	14,332.76
Trade receivables	-	16.46	-	5.12
Loans	-	-	-	-
Investments - Unquoted	34,775.06	-	286.65	-
Other Financial asset	-	51.24	-	14.65
Total Financial assets	**34,775.06**	**134.45**	**286.65**	**14,352.52**
Financial Liabilities				
Payables	-	6.00	-	55.86
Debt Securities	-	-	-	-
Borrowings (other than debt securities)	-	-	-	-
Other Financial Liabilities	-	6.08	-	5.06
Total Financial Liabilities	**-**	**12.08**	**-**	**60.91**
Fair value hierarchy				

This section explains the judgements and estimates made in determining the values of financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. The group has not disclosed the fair values of financial instruments such as trade receivables, trade payable, cash and cash equivalents, fixed deposits, security deposits, etc. as carrying value is reasonable approximation of the the fair values. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the India accounting Standards. An explanation of each level follows underneath the table.

b) Fair value hierarchy for assets **Rs. In Lakhs**

Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2026				
Financial Asset				
Investments - Unquoted	-	-	34,775.06	34,775.06
Total	**-**	**-**	**34,775.06**	**34,775.06**

Rs. In Lakhs

Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities which are measured at a mortised cost for which fair values are disclosed as at March 31, 2026				
Financial Liabilities				
Borrowings (other than debt securities)	-	-	-	-
Debt Securities	-	-	-	-
Total	**-**	**-**	**-**	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Rs. In Lakhs

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2025	Level 1	Level 2	Level 3	Total
Financial Asset				
Investments - Unquoted	-	-	286.65	286.65
Total	**-**	**-**	**286.65**	**286.65**

Rs. In Lakhs

Financial liabilities which are measured at a mortised cost for which fair values are disclosed as at March 31, 2025	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings (other than debt securities)	-	-	-	-
Debt Securities	-	-	-	-
Total	**-**	**-**	**-**	**-**

Notes:

Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active market for identical assets that the entity can access at the measurement date.

Level 2 hierarchy includes the fair value of financial instruments measured using quoted prices for identical or similar assets in markets that are not active.

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted compound instruments.

There are no transfers between any of these levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

c) Valuation techniques used to determine fair value

Specific valuation techniques used to value investment in security receipt include:

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

d) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended March 31, 2026 and March 31, 2025 (in Lakh):

Particulars	Investment	Debt Securities
As on April 01, 2024	701.66	-
Additions	-	-
Disposals / Repayment / Write off	415.01	-
Gains /(losses) recognised in statement of profit and loss	-	-
Equity adjustemnts from investments	-	-
As at March 31, 2025	**286.65**	**-**
Additions	**35,271.95**	**-**
Disposals / Repayment / Write off	783.54	-
Gains /(losses) recognised in statement of profit and loss	-	-
Equity adjustemnts from investments	-	-
As at March 31, 2026	**34,775.06**	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

e) Fair value of financial assets and liabilities measured at amortised cost

The carring amount of remaining financials assets and liabilities is considered as fair value.

f) Unobservable inputs used in measuring fair value categorised within Level 3

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

g) Quantitative analysis of significant unobservable inputs

Discount margin/spreads

Discount margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spreads are added to the benchmark rate when discounting the future expected cash flows. Hence, these spreads reduce the net present value of an asset or increase the value of a liability. They generally reflect the premium an investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the uncertainty of the cash flows caused by the credit quality of the asset. They can be implied from market prices and are usually unobservable for illiquid or complex instruments.

Recovery rates

Recovery rates reflect the estimated loss that the company will suffer given expected defaults. The recovery rate is given as a percentage and reflects the opposite of loss severity (i.e., 100% recovery reflects 0% loss severity). In line with general market convention, loss severity is applied to asset-backed securities while recovery rate is more often used as pricing input for corporate or government instruments. Higher loss severity levels / lower recovery rates indicate lower expected cash flows upon the default of the instruments. Recovery rates for complex, less liquid instruments are usually unobservable and are estimated based on historical data.

Note 45: a) Liquidity risk and funding management

Liquidity risk emanates from the mismatches existing on the balance sheet due to differences in maturity and repayment profile of assets and liabilities.

These mismatches could either be forced in nature due to market conditions or created with an interest rate view. Such risk can lead to a possibility of unavailability of funds to meet upcoming obligations arising from liability maturities.

To avoid such a scenario, the Company has ensured maintenance of a liquidity cushion in the form of fixed deposits, cash, credit lines etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern.

b) Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the company's financial assets and liabilities as at March 31. However, the Company expects that the counterparties will not request repayment on the earliest date it could be required to pay.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

As at March 31, 2026

Rs. In Lakhs

Contractual maturities of assets and liabilities	**Less than 3 month**	**3 to 12 months**	**1 to 5 years**	**over 5 years**	**Total**
Financial Assets					
Cash & cash equivalents	66.75	-	-	-	66.75
Trade receivables	-	16.46	-	-	16.46
Loans	-	-	-	-	-
Investments	-	-	34,775.06	-	34,775.06
Other Financial asset	-	51.24	-	-	51.24
Total Financial assets (a)	**66.75**	**67.70**	**34,775.06**	**-**	**34,909.52**
Financial Liabilities					
Trade Payables					
(i) total outstanding dues of micro enterprises nd small enterprises	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	6.00	-	-	6.00
Borrowings (other than debt securities)	-	-	-	-	-
Debt Securities	-	-	-	-	-
Other Financial Liabilities	6.08	-	-	-	6.08
Total Financial Liabilities (b)	**6.08**	**6.00**	**-**	**-**	**12.08**
Net (a-b)	**60.67**	**61.70**	**34,775.06**	**-**	**34,897.43**

As at March 31, 2025

Contractual maturities of assets and liabilities	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**over 5 years**	**Total**
Financial Assets					
Cash & cash equivalents	14,332.76	-	-	-	14,332.76
Trade receivables	-	5.12	-	-	5.12
Loans	-	-	-	-	-
Investments	-	-	286.65	-	286.65
Other Financial asset	-	14.65	-	-	14.65
Total Financial assets (a)	**14,332.76**	**19.76**	**286.65**	**-**	**14,639.17**
Financial Liabilities					
Trade Payables					
(i) total oustanding dues of micro enterprises nd small enterprises	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	55.86	-	-	55.86
Borrowings (other than debt securities)	-	-	-	-	-
Debt Securities	-	-	-	-	-
Other Financial Liabilities	5.06	-	-	-	5.06
Total Financial Liabilities (b)	**5.06**	**55.86**	**-**	**-**	**60.91**
Net (a-b)	**14,327.70**	**-36.10**	**286.65**	**-**	**14,578.26**

* As expected by Management of the Company.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 46: Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the group's statement of profit and loss. The sensitivity of the statement of profit and loss is the effect of the assumed changes in the interest rates on the profit or loss for a year.

Currency of borrowing/advances	2025-26			
	Increase In basis points	effect on profit before tax (Rs. In Lakhs)	Decrease In basis points	effect on profit before tax (Rs. In Lakhs)
INR	Nil	Nil	Nil	Nil

Currency of borrowing/advances	2024-25			
	Increase In basis points	effect on profit before tax (Rs. In Lakhs)	Decrease In basis points	effect on profit before tax (Rs. In Lakhs)
INR	Nil	Nil	Nil	Nil

Note 47: Earnings Per Equity Share

Particulars	Year Ended March 31, 2026	Year Ended March 31, 2025
Basic and Diluted earning per equity share		
Net Profit after tax attributable to equity shareholders (Rs. In Lakhs) (A)	1,214.83	1,979.47
Weighted average number of Equity Shares (Nos) (B)	2,300.00	1,000.00
Nominal Value of equity shares (Rs.)	10.00	10.00
Basic and Diluted Earnings Per Share (Rs.) (A/B)	**0.53**	**1.98**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 48: Comparison between provisions required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms and impairment allowances made under Ind AS 109 pursuant to RBI circular no. DOR (NBFC).CC.PD.No.116/22.10.106/2019-20 dated

As at year ended March 31, 2026

Asset Calsification as per RBI Norms	Asset classifica -tion as per Ind AS 109	Gross Carrying amount as per Ind AS	Loss allo -wances (Provisions) as required under Ind AS 109	Net Carring Amount	Provisions required as per IRACP norms	Difference between IND AS109 provisions and IRACP norms
		(1)	(2)	(3)=(1)-(2)	(4)	(5)=(2)-(4)
Performaing Assets						
Standard	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
Subtotal Performaing Assets (A)		**-**	**-**	**-**	**-**	**-**
Non Performaing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful	-	-		-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal Non performing Assets (NPA) (B)		-	-	-	-	-
Other Items						
Advances to trust and other financials assets (C)	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Trade Receivable (D)	N.A	-	-	-	-	-
Purchased or Originated credit impaired (E)	Purchased or Originated credit impaired	-	-	-	-	-
Subtotal (F) =(C)+ (D)+ (E)		-	-	-	-	-
Total Assets (a)	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Others	-	-	-	-	-
	Total	-	-	-	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

As at year ended March 31, 2025

Asset Calsification as per RBI Norms	Asset classifica -tion as per Ind AS 109	Gross Carrying amount as per Ind AS	Loss allo -wances (Provisions) as required under Ind AS 109	Net Carring Amount	Provisions required as per IRACP norms	Difference between IND AS109 provisions and IRACP norms
		(1)	(2)	(3)=(1)-(2)	(4)	(5)=(2)-(4)
Performaing Assets						
Standard	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
Subtotal Performaing Assets (A)		**-**	**-**	**-**	**-**	**-**
Non Performaing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful	-	-		-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal Non performing Assets						
(NPA) (B)		-	-	-	-	-
Other Items						
Advances to trust and other						
financials assets (C)	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Trade Receivable (D)	N.A	-	-	-	-	-
Purchased or Originated credit impaired (E)	Purchased or Originated credit impaired	-	-	-	-	-
Subtotal (F) =(C)+ (D)+ (E)		-	-	-	-	-
Total Assets (a)	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Others	-	-	-	-	-
	Total	-	-	-	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 49: Ratios

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Debt- Equity Ratio (No. of times)	NA	NA
Debt Sevice Coverage Ratio (No. of times)	NA	NA
Capital to risk asset ratio (CRAR) (%)	100.46%	2580.01%
Liquidity Coverage Ratio	NA	NA

Formula for Debt Equity Ratio = Total Debt / Total Equity
Formula for Debt Service Coverage Ratio = (Earnings after Tax and before Interest, Depreciation, Fair Value and Exceptional Items) / (Interest Expense + Principal Repayments of long term debts made during the year)
Formula for Capital to risk asset ratio = (Tier 1 Capital + Tier II Capital) / Risk Weighted Assets

Note 50: Information about assets acquired under IBC including the type, value of assets acquired and sector wise distribution:

Name of Asset	Type and Sector of Asset	Value of Asset (Rs. In Lakhs)
Wind World (India) Limited & Wind World (India) Infrastructure Private Limited	Power Sector (Windmill)	10500

Note 51: Other Additional Regulatory Information

a) Title deeds of Immovable Properties

The Company do not have any immovable properties where title deeds are not held in the name of the Company.

b) Loans and Advances

There are no loans and advances in the nature of loans which are granted to promoters, directors, key managerial persons and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

(i) repayable on demand or

(ii) without specifying any terms or period of repayment

c) Details of Benami Property Held

The Company does not have benami property, where any proceedings has been initiated or pending against the Company for holding any Benami Property.

d) Security of current assets against borrowings

The Company has no borrowings from bank or financials institutions on the basis of security of current assets.

e) Wilful Defaulter

The Company is not declared as wilful defaulter by any bank or financials institution or other lender.

f) Relationship with Struckoff Companies

The Company does not have any transactions with Struckoff Companies.

g) Registration of charges or satisfaction of charges with Registrar of Companies (ROC)

The Company does not have any charges or satifaction which is yet to be registered with ROC beyond the statutory period.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

h) Utilisation of Borrowed funds and share premium

(A) During the year, the company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaires) with the understanding that the intermediary shall:

(i) 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).

(B) During the year, 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:

(i) directly or indirectly lend or invest in other person(s) or entity(ies) identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries).

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

i) Undisclosed Income

The Company has no such transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.

j) Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in crypto cuurency or virtual currency during the current financial year or any previous financial year.

h) Segment Reporting

The Company operates in a segment of distressed credit business and all other activities are incidental to its main business activities as per requirement of Ind AS- 108 on Operating Segment. The reportable business segment is in line with the segment wise information which is being presented to the Chief Operating Decision Maker.

The Company has one geographical segment identified based on its location of customers which is within India.

i) The figures of the previous year have been reclassified and regrouped wherever necessary.

The accompanying notes are integral part of the financials statements.

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

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
Mumbai, May 12th, 2026

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

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
Director
DIN: 00072457

Sd/-
Jethanand Chopra
Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 52: 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

Sr. No.	Name of the Bank	Address	Acquisition Value		
			As at 31.03.2025	During the year	As at 31.03.2026
	Sponsors				
	N.A	N.A	-	-	-
	Total (A)				
	Non-Sponsors		-	-	-
1	OXYZO Financial Services Limited	1st Floor, Tower-A, Global Business Park, Mehrauli-Gurgaon Road, Sector 26, Gurugram, Haryana 122002	-	800.00	800.00
2	Werstern Capital Asvisors Pvt Ltd.	Business Square, C-402, A.K. Road, Chakala, Andheri East, Mumbai, Maharashtra 400093	-	210.00	210.00
3	Usha Financial Services Ltd	Plot No. 73, First Floor, Patparganj Industrial Area, East Delhi, Delhi - 110092	-	546.00	546.00
4	Poonawala Fincorp Ltd.	201 and 202, 2nd Floor, AP81, Koregaon Park Annexe, Mundhwa, Pune, Maharashtra - 411036	-	2,272.37	2,272.37
5	Cholamandalam Investment and Finance Co. Ltd	"Chola Crest", C54-55 & Super B-4, Thiru-Vi-Ka Industrial Estate, Guindy, Chennai – 600032	-	384.20	384.20
6	CFM Assets Reconstruction Pvt Ltd.	Block No. A/1003, West Gate, Near YMCA Club, Survey No. 835/13, S.G. Highway, Makarba, Ahmedabad, Gujarat 380051	-	5,200.00	5,200.00
7	Fedral Bank Financial Services Ltd.	Unit no. 1101, 11th Floor, Cignus Plot No. 71A, Powai, Paspoli Mumbai – 400087	-	3,257.47	3,257.47
8	Mahindra and Mahindra Financial Services Limited	Gateway Building, Apollo Bunder, Mumbai, Maharashtra – 400001	-	1,513.07	1,513.07
9	Manapuran Finance Ltd.	IV/470A (Old), W638A (New) Manappuram House Valapad, Thrissur Kerala - 680567	-	1,140.00	1,140.00
10	Utkarsh Small Finance Bank	S-24/1-2, First Floor, Mahavir Nagar Orderly Bazar, Varanasi, Uttar Pradesh – 221002	-	1,280.00	1,280.00
11	Maanaveeya Development and Finance Pvt Ltd.	Prashanthi Towers, 4th Floor, H. No. 8-2-293/82/564 A 43, Road No. 92, Jubilee Hills, Banjara Hills, Khairatabad, Hyderabad, Telangana 500034	-	946.14	946.14
12	Samman Capital Limited	1st Floor, Tower 3A, DLF Corporate Greens, Sector - 74A, Gurgaon, Narsinghpur, Haryana, India, 122004	-	12,767.34	12,767.34
13	HDFC Bank Limited	HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai, Maharashtra, 400013	-	2,800.00	2,800.00
14	Edelweise Assets Reconstruction Ltd.	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai, Maharashtra, India – 400 098	-	10,500.00	10,500.00
15	J C Flowers Assets Reconstruction Pvt Ltd.	203-206, 2nd Floor, Wing A, Inspire BKC, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051	-	16,000.00	16,000.00
16	Invent Assets Securitization and Reconstruction Pvt Ltd.	Bakhtawar, Suite B, Ground Floor Backbay Reclamation, Scheme Block III 229, Nariman Point Mumbai - 400 021	-	9,300.00	9,300.00
17	JM Financial Assets Reconstruction Company Ltd.	7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra, India - 400025	-	1,556.00	1,556.00
	Total (B)		-	**70,472.59**	**70,472.59**
	Grand Total (A + B)		-	**70,472.59**	**70,472.59**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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 4	Punjab National Bank (Erstwhile "United Bank of India" before Merger)	Bhikhaji Cama Place, New Delhi	2,007.70	-	2,007.70
	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**	-	**17,348**
	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
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

b) Dispersion of various Financial Assets Industry-wise and Sponsor-wise as on 31.03.2026

Sr. No	Sector	Sponsor / Non-Sponsor	No. of Cases		Acquisition Value (Amount in Rs.)		% 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	NBFC	Non-Sponsor	9	-	9,091.78	-	12.90	-
18	Power	Non-Sponsor	2	-	15,700.00	-	22.28	-
19	Housing / LAP	Non-Sponsor	1,214	-	16,024.81	-	22.74	-
20	Automobile	Non-Sponsor	4	-	2,800.00	-	3.97	-
21	Real Estate	Non-Sponsor	3	-	26,856.00	-	38.11	-
22	Others	Non-Sponsor	-	54	-	6,601.34	-	13.36
Sub Total (B)			**1,232.00**	**310**	**70,472.59**	**49,428.49**	**100.00**	**100.00**
Grand Total (A+B)			**1,232.00**	**512**	**70,472.59**	**54,892.11**		

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note:

1. 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.
2. The above table has been prepared by management based on the information and relevant documents available with the Company which has been relied upon by the auditors.
3. The acquisition price in the table above includes financial assets acquired till March 31, 2026 including financial assets resolved till date.
4. The Company has put in place internal audit system scope of which provides for periodical checks and review of the assets acquisition procedures and asset reconstruction measures and the matters related thereto.

Note 51: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 2025-26 either on its own or in the books of the Trusts:

(Amount in Lakhs)

Sr. No.	Acquisition in the books of	F.Y.2025-26	F.Y.2024-25
1	ISARC	-	-
2	Trusts	70,472.59	-
	Total	**70,472.59**	**-**

f) Value of Financial Assets realized during the financial year 2025-26:

(Amount in Lakhs)

Sr. No.	Acquisition in the books of	F.Y.2025-26	F.Y.2024-25
1	ISARC	-	-
2	Trusts*	5,161.91	4,191.25
	Total	**5,161.91**	**4,191.25**

* 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 2025-26:

(Amount in Lakhs)

	Particulars	F.Y. 2025-26	F.Y.2024-25
	Total value (cumulative) of Financial Assets acquired **	1,25,364.70	54,892.11
	Less: Value (cumulative) of Financial Assets realised ***	49,539.06	44,377.15
	Total value of Financial Assets outstanding for realisation	**75,825.64**	**10,514.96**

** 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. 2,773.03 (previous year Rs. 2,726.59) 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 2025-26 :

(Amount in Lakhs)

Sr. No.	Particulars	F.Y.2025-26	F.Y.2024-25
1	Value of Security Receipts redeemed partially	4,086.18	992.66
2	Value of Security Receipts redeemed fully	-	568.69
	Total	**4,086.18**	**1,561.35**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

Note 51: i) Value of Security Receipts pending for redemption as at the end of financial year 2025-26: Rs. 69255.39 - (previous year: Rs. 26,640.42) Lakhs

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. NIL (Previous Year :Rs. 21,498.01) 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**

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	N.A	-	-	-
	Total	**-**	**-**	**-**

o) As per Reserve Bank of India Guidelines, the Capital Adequacy Ratio of the Company as at March 31, 2026 works out to 100%, (Previous Year: 2580%) Refer note 40A

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

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
Director
DIN: 00072457

Sd/-
Jethanand Chopra
Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

Independent Auditor's Report

TO THE MEMBERS OF INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Report on the Consolidated Ind AS Financial Statements

1. Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of India SME Asset Reconstruction Company Limited (hereinafter referred to as the “Holding Company”), and its Trusts(Holding Company and its Trusts together referred to as “the Group”) which comprise the Consolidated Balance Sheet as at March 31, 2026, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) and the Consolidated Statement of Cash Flows for the year ended on that date, notes to the Consolidated Ind AS Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “ Consolidated Ind AS Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give true and fair view in conformity with accounting principles generally accepted in India including the Indian Accounting Standards (the “Ind AS”) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, of the state of affairs (financial position) of the Group as at March 31, 2026, the consolidated changes in equity, its consolidated profit (financial performance including other comprehensive income) and consolidated cash flows for the year ended on that date.

2. Basis For Opinion

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SA) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further prescribed in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report.

We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

3. Emphasis of Matter

TWe draw your attention to note no.49, the financial of 36 Trusts have not been consolidated since the share of investment of the company in Security Receipts have been written off as er RBI Guidelines. The under-lining investment in this trust have been valued at NIL in accordance with RBI Guideless. The Current assets in the form of Bank balances amounting to Rs 2108.00 lakhs are payable to various creditors and Investment holders to the Extent of Rs 2108.00 lakhs subject to outcome of settlement of pending disputes with concern parties, considered non material

Our opinion is not modified in respect of this matter.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Audit Matter
I. <u>Valuation of Investment in Security Receipts (SR) (as described in Note No. 2.03 & 2.25 of the Consolidated financial statements)</u>	
The Company has investment in SR having fair value amounting to Rs. 347.75 Cr which are classified as Fair Value through Profit & Loss Accounts and fair valued as Level 3 financial instruments. As disclosed in the standalone financial Statements. The fair value of SR is determined through discounted cash flow method which involves management judgment using level 3 inputs such as projections of future cash flows and its timings and expenses. Based on RBI's Master Direction, the management has engaged external credit rating agencies for assigning the rating to SRs basis which the management estimate Net Asset Value (NAV) of Security Receipts (SRs) that are less than eight years old. While an external valuer (registered/unregistered) has been appointed for valuation of SRs basis the management estimate for SRs exceeding eight year old. Considering the fair valuation of invest -ments is significant to overall standalone financial Statement as well as the comp -any's group performance and the fair valuations involves significant degree of complexities and including management's judgment. This could lead to material misstatement in the standalone financial	Our audit approach was a combination of test of internal controls and substantive procedure which include the following: 1. We tested the relevant internal controls over measurement of fair value and evaluating the methodolo-gies assessment underlying pool of assets, inputs, judgements made and assumptions used by the management in determining fair value. 2. Performed testing on a sample basis of key inputs like estimated cash flows compared with previous year estima -ted cash flows and its timing. The trend of recoveries were tested on sample basis with previous year's trend. Verified actual cashflows with estima -ted cashflows and obtained explana -tions for variances, if any- 3. We reviewed the adequacy of the inputs used in the fair valuation vis-à-vis the observable market data. 4. Verification of the disclosure related to investments in SRs being financial instrument as guided by relevant Indian Accounting Standards and RBI guidelines.

statement. Therefore, it is considered as a key audit matter.	
II. <u>Revenue Recognition- Trusteeship fees/Management fees (as described in Note 1.02 (i) & 2.21 of the consolidated financial statements)</u>	
Trusteeship fees constitute the primary source of income in the statement of profit and loss. The calculation of Trusteeship fees as percentage of NAV is based on the Asset Under Management ('AUM') of the fund managed by the Holding Company in accordance with guidelines prescribed under RBI guidelines, as amended from time to time. Trusteeship fees are recognized as per the provisions of the relevant trust deeds/offer documents on accrual basis. Trusteeship Fee is accrued based on a five step model as set out in Ind AS 115 "Revenue from Contract with Customers". Further, to comply with the RBI guidelines the income is reversed if it is outstanding for more than 180 days. Therefore, it is considered as a key audit matter.	Our audit approach was a combination of test of internal controls and substantive procedure which include the following: 1. Understanding and valuation of design and implementation of key controls place around recognition of fees charged by the Holding company. 2. Evaluated the appropriateness of recognition of revenue in respect of Trusteeship Fee income based on the requirements of Ind AS 115. 3. Reviewed fee rates from Trust deeds and offer documents as agreed upon by the parties on sample basis. 4. Verified invoices raised towards revenue and reconciled them with accounting records. 5. Further, verified trusteeship fees computation with reference to SR outstanding as well as NAV (recovery estimate at lower end) of the SR.
III. <u>Consolidation of Trusts</u>	
The Group sponsors and manages multiple Trusts for the purpose of acquiring and resolving stressed assets, where Security Receipts (SRs) are issued to investors. As per Ind AS 110 Consolidated Financial Statements An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Special consideration is required for structured entities where conventional shareholding may not indicate control. In such cases, contractual arrangements,	We have understood the structure of the Trust managed by the Holding Company and review the beneficial interest and other relevant clauses of the trust deeds. We have read and understood the technical assessment documents made by the Holding Company and control/power assessment made for the purpose of consolidation in accordance with Ind AS 110. We have verified the consolidation of these trust done by the Group including disclosures made in financial statements in accordance with Ind AS 110.

decision-making rights, and exposure to variable returns are key in assessing control. Control exists when the investor has: • Power over the investee; • Exposure, or rights, to variable returns from its involvement with the investee; and • The ability to use its power over the investee to affect its returns. Considering the significant management judgement and estimate involved in assessing control. Therefore, it is considered as a key audit matter.	

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

   The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management discussion and analysis, the Director's Report including Annexures to Directors' Report, (collectively called as "Other Information") but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

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

   In connection with our audit of the consolidated financial statements, our responsibility is to read the Other information and, in doing so, consider whether the Other Information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained during in the audit or otherwise appears to be materially misstated.

   When we read the Other Information, if, we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance. We have nothing to report in this regard.

6. **Responsibility of management for the Financial Statements**

   The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, (including consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015; as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Board of Directors are responsible for overseeing the Company's financial reporting process.

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

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

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

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

b. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

8. Report on Other Legal and Regulatory Requirements

I. As required by sub-section (3) of the section 143 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 Consolidated Balance Sheet, the Statement of Profit and Loss and, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS Consolidated financial statements comply with the Indian Accounting Standards referred under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Amendment Rules, 2024.

e) On the basis of the written representations from the directors as on March 31, 2026 and taken on record by the Board of Directors, in its meeting held on 12TH May 2026 none of the directors is disqualified as on March 31, 2026 from being appointed as a director u/s 164(2) of the Companies Act, 2013.

f) With respect to the adequacy of the internal financial controls with reference to Consolidated Ind AS Financial Statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Further our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over with reference to Consolidated Ind AS Financial Statements.

g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 31, 2026 has been provided by the Holding Company to its director in accordance with the provisions of Section 197 read with Schedule V of the Act.

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

i. The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS Financial Statements-

ii. The Group has made provision as required under applicable law or accounting standards for material foreseeable losses.

iii. The Group did not have any long term contracts including derivative contracts.

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

v. (a) On the basis of written representations received from the management and Refer to Note No.49h(A), there were no funds, that have been advanced or loaned or invested by the Group to or in any other person(s) or entity (ies), including (foreign entities ("Intermediaries"), with the understanding, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) On the basis of written representations received from the management and Refer to Note No 49h(B), there were no funds, received by the Group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, that the Group shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party("Ultimate Beneficiaries")or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries: and

(c) Basis the audit procedures performed, nothing has come to our notice that has caused us to believe that the representations under sun-clause (i) and (ii) contain any material mis-statement.

vi. No dividend was declared or paid during the year by the Company.

vii. Based on our examination which included test checks, the Holding Company has used accounting software for maintaining its books of account for the year ended March 31, 2026 which has a 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 our audit, basis the data received and verified on test check, we did not come across any instance of the audit trail feature being tampered with and also found that the audit trail feature has been configured in the core accounting software including the record preservation as per the statutory requirements.

Trusts incorporated in India are registered under The Indian Trust Act, 1882 and included in the consolidated financial statements are not companies under the Act and provision of Rule 11(g) is not applicable to Trust.

For Desai Associates
Chartered Accountants
FRN: - 102286W

Sd/-
Iqbal Mukadam
Partner
Membership No. 016865

Place: Mumbai
Date: May 12th 2026
UDIN No: 26016865AYKHKR6741

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

We have audited the internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statement of **INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED** (hereinafter referred to as "the Holding Company") as of March 31, 2026 in conjunction with our audit of the Consolidated Ind AS Financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The management of Holding Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Holding 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section143(10) of the Companies Act,2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

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

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Consolidated Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorizations of management and directors of the Holding Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group assets that could have a material effect on the Consolidated Ind AS financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statements 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, to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statements were operating effectively as at March 31,2026 based on the internal control over financial reporting with reference to Consolidated Ind AS Financial Statements criteria established by the Holding 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 12th 2026
UDIN No: 26016865AYKHKR6741

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2026

(₹ in Lakh)

S. No.	Particulars	Note No	As at March 31, 2026
	ASSETS		
1	**Financial Assets**		
	(a) Cash and Cash Equivalents	2	306.67
	(b) Bank Balance other than (a) above	3	-
	(c) Receivables		
	(I) Trade Receivables	4	0.00
	(II) Other Receivables		-
	(d) Loans	5	-
	(e) Investments	6	69,564.17
	(f) Other Financial Assets	7	-
2	**Non-Financial Assets**		
	(a) Inventories		-
	(b) Current Tax Assets (Net)	8	260.65
	(c) Investment Property	9	-
	(d) Property, Plant and Equipment	10	25.06
	(e) Capital Work-in-Progress		-
	(f) Other Non-Financial Assets	11	15.07
	Total Assets		**70,171.60**
	LIABILITIES AND EQUITY		
	LIABILITIES		
1	**Financial Liabilities**		
	(a) Payables		
	(I) Trade Payables		
	(i) total outstanding dues of micro enterprises and small enterprises		
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12	14.43
	(II) Other Payables		
	(i) total outstanding dues of micro enterprises and small enterprises		
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12	-
	(b) Debt Securities	13	-
	(c) Borrowings (Other than Debt Securities)	14	-
	(d) Subordinated Liabilities	15	-
	(e) Other Financial Liabilities	16	35,403.33
	(f) Contractual debt obligations	17	-
2	**Non-Financial Liabilities**		
	(a) Provisions	18	-
	(b) Deferred tax liabilities (Net)	19	(130.38)
	(c) Other Non-Financial Liabilities	20	9.94
3	**EQUITY**		
	(a) Equity Share Capital	21	23,000.00
	(b) Other Equity	22	12,161.98
	Equity attributable to owners of the parent		**35,161.98**
	(c) Non controlling Interest		(287.70)
	Total Liabilities and Equity		**70,171.60**

The accompanying notes 1 - 49 form an integral part of the Consolidated Financial Statements.

For **Desai Associates**
Chartered Accountants
Firm Reg. No.: 102286W

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
Director
DIN: 00072457

Sd/-
Jethanand Chopra
Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Sr. No.	Particulars	Note No	Year ended March 31, 2026
I.	**Revenue from Operations**		
	Interest Income	23	-
	Dividend Income	24	-
	Rental Income	25	-
	Fees & Commission	26	169.30
	Net Gain / (Loss) on Fair Value Changes	27	-
	Other operating Income	28	-
	Total Revenue from operations		**169.30**
II.	**Other Income**	**29**	**1,284.38**
III.	**Total Income (I+II)**		**1,453.68**
IV.	**Expenses**		
	Finance Costs	30	-
	Fees & Commission Expenses	31	0.00
	Impairment on financial instruments	32	71.66
	Employee Benefits Expenses	33	254.61
	Depreciation, Amortization and Impairment	34	7.11
	Others Expenses	35	345.21
	Total Expenses		**678.59**
V.	**Profit / (Loss) Before Exceptional Items and Tax**		**775.09**
	Exceptional items (Net)		
VI.	**Profit / (Loss) Before Tax**		**775.09**
	Tax Expense:	36	
	Current Tax		-
	Deferred Tax/ (Credit)		-
	Income Tax for Earlier Years		14.55
VII.	**Profit / (Loss) for the period**		**760.54**
	Non controlling interest		(287.70)
	Share of Loss of Associates		-
VIII.	**Profit / (Loss) for the period**		**1,048.24**
	Other Comprehensive Income		
	Items that will not be reclassified to profit or loss		
	(i) Fair Valuation of Equity Instruments through Other Comprehensive Income		-
	(ii) Remeasurements of post-employment benefit obligation (net)		-
	(iii) Income tax relating to items that will not be reclassified to profit or loss		-
	Other Comprehensive Income		-
	Total Comprehensive Income for the period		**1,048.24**
	Earnings per equity share	**44**	
	Basic (Rs.)		0.46
	Diluted (Rs.)		0.46

The accompanying notes 1 - 49 form an integral part of the Consolidated Financial Statements.

For **Desai Associates**
Chartered Accountants
Firm Reg. No.: 102286W

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
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Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

	Particulars	Year Ended March 31, 2026
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Profit before tax	**775.09**
	Adjustment for:	
	Interest Expenses	-
	Depreciation, Amortization and Impairment	7.11
	Rent Income	-
	Add: Provision for Security Receipts	-
	Add: Provision for Taxation	-
	Add: Profit transferred to Outside Financial Institution	287.70
	Add: Provision for Diminution in Value of Security Receipts	-
	Add: Provision for Advances to Trusts	-
	Add: Written off SRs & Advance to Trust	(65.70)
	Less: Profit on sale of Fixed Assets	0.85
	Less: Interest on Fixed Deposits having maturity of more than three months	
	Provision no longer required	-
	Net (Gain)/loss on financial instruments at fair value	-
	Allotment of equity instruments by conversion of assigned debt	-
	Net (Gain)/ Loss on Sale of Investments	-
	Net (Gain)/ Loss on Investments Property Sold / Discarded	-
	Operating Profit	**1,005.05**
	Adjustment for working capital changes	
	Decrease/(Increase) in Receivables	0.00
	Decrease/(Increase) in Loans	-
	Decrease/(Increase) in Other Financial Assets	-
	Decrease/(Increase) in Other Non-Financial Assets	(15.07)
	Increase / (decrease) in Trade Payables	14.43
	Increase / (decrease) in Other Financial Liabilities	35,115.63
	Increase / (decrease) in Provisions	-
	Increase / (decrease) in Other Non-Financial Liabilities	9.94
	Cash generated /(used) from operations	**36,129.98**
	Income Tax Paid (net of refunds)	(265.60)
	Net cash generated /(used) from operating activities (A)	**36,395.58**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**	
	Security Receipts of Trusts	(69,564.17)
	Sale of Fixed Assets	0.25
	Advances given to Trusts	0.00
	Fixed Deposits having maturity of more than three months but less than 12 months	10,603.22
	Fixed Deposits having maturity of more than 12 months	0.00
	(Purchase)/Sale of Property, Plant and Equipment	(23.76)
	(Purchase)/Sale of Intangible assets under development	-
	(Purchase)/Sale of Investments Property	-
	Interest Received	-
	Movement in Other Bank Balances	-
	Net cash generated /(used) from investing activities (B)	**(58,984.46)**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

	Particulars	Year Ended March 31, 2026
C.	**CASH FLOW FROM FINANCING ACTIVITIES**	
	Proceed/(Repayment) of Equity Shares	19,165.99
	Proceed/(Repayment) of Redeemable Preference Shares	-
	Proceeds/(Repayment) of Borrowings	-
	Interest Expenses	-
	Net cash generated /(used) from financing activities (C)	**19,165.99**
	Net Increase/(decreased) in cash and cash equivalents during the year (A+B+C)	**(3,422.88)**
	Cash and cash equivalents at the beginning of the year	**3,729.54**
	Cash and cash equivalents at the end of the period	**306.67**

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

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
Mumbai, May 12th, 2026

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

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
Director
DIN: 00072457

Sd/-
Jethanand Chopra
Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

A EQUITY SHARE CAPITAL

Particulars	Number of Share	Rs. in Lakhs
As at April 01, 2024	**10,00,00,000**	**1,00,00,00,000**
Shares Issued duruing the year	-	-
As at March 31, 2025	**10,00,00,000**	**1,00,00,00,000**
Shares Issued duruing the year	1,30,00,00,000	1,30,00,00,000
As at March 31, 2026	**1,40,00,00,000**	**2,30,00,00,000**

B Other Equity

Particulars	Note No.	Securities Premium	Retained Earnings	Total
As at April 01, 2024	**23**			
Profit for the year			2,968.28	2,968.28
Received During the year		-	1,979.47	1,979.47
As at March 31, 2025			**4,947.75**	**4,947.75**
Profit for the year			1,048.24	1,048.24
Received During the year		6,318		6,318.00
Elimination		(152.01)		(152.01)
As at March 31, 2026		**6,165.99**	**5,995.99**	**12,161.98**

The accompanying notes 1 - 49 form an integral part of the Consolidated 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
Mumbai, May 12th, 2026

For and on behalf of Board of Directors
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Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. 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.

The Company is in a business of assets reconstruction and securitization in all forms and to acquire, hold, manage, assign NPA loan assets (of Bank or Financial Institutions) with or without underlying securities and recover from borrower / underlying securities or dispose off loan assets to other body corporate, firms, or individual or Co operative societies. Trust are set up under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Act 2002 for acquisition of NPA and are considered for the purpose of preparation of consolidated financial statements.

1.01 Basis for Consolidation:

The Group sets up trusts to acquire stressed assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction. These trusts issue SRs which represent the beneficial undivided right, title and interest in the assets of the respective trust to the beneficiaries. The Group acts as assets manager in respect of these trusts and consolidates the trusts which it controls. When making this judgement, the Group also considers voting and similar rights available to itself and other parties, who may limit the Group's ability to control, remuneration to which it is entitled and its exposure to variability of returns from other interests held in such trusts. There are trusts that do not meet consolidation criteria either due to magnitude of, and variability associated with, investment trust written off in books of accounts, net assets of trust is negative, Group's remuneration relating to the returns expected from the activities of the investee or Substantive rights held by other parties. SRs held by the outsiders has been classified as liability as per requirement of Ind AS 32: Financial Instruments – Presentation

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

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

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

Consolidation procedure:

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

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

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

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

2. Significant Accounting Policies:

2.01 Basis of preparation of financial statements:

Financial Statement upto 31st March 2026 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) notified under Companies (Accounting Standard) Rules 2006 as amended and other relevant provision of the Act. Due to change in shareholding of the company the current consolidated financial statement have been prepared in accordance with Indian Accounting Standard(Ind AS) notified under section 133 of the Companies Act 2013 (the Act) (Companies (India Accounting Standard) Rules as amended) and other relevant provision of The Act to the extent applicable and the guideline prescribed by RBI to the extent applicable.

These financial statements are the first statement under Ind AS. Refer Note for an explanation of how the transition from previous GAAP to Ind AS 101 has affected financial position, financial performance and cash flow.

The financial statements are prepared under the historic cost convention except for the following:

- Certain financial assets and liabilities are measured at fair value.
- Define benefit plan – plan assets are measured at fair value.

2.02 Statement of Compliance

The Consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules,

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

2015 as amended from time to time and notified under Section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Reserve bank of India (Assets Reconstruction Companies) Direction 2025 dated November, 28,2025 updated as on March, 10,2026 The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

2.03 Functional and Presentation currency

These financial statements are presented in Indian Rupee (INR) , which is also the functional currency of the company, in denomination of Lakhs with rounding off to two decimals as permitted by Schedule III to the Act except otherwise stated.

2.04 Basis of Measurements

The Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

2.05 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of financial assets and liabilities at fair values. The Company has established policies and procedures with respect to measurement of fair values.

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

Level 1 - The fair value of financial instruments traded in active markets is based on quoted (unadjusted) market prices at the end of the reporting period.

Level 2 - The fair valuation of instruments not traded in active markets is determined based on observable market data and by using valuation techniques.

Level 3 - Where one or more of the significant inputs are not from observable market data.

2.06 Order of Liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 - 'Presentation of Financial Statements' and amendment to Division III of Schedule III to the Companies Act, 2013 dated October 11, 2018, the Company presents its balance sheet in the order of liquidity. This is since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note No. 48(i)

2.07 Compliance with RBI Master Direction

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the master directions issued by the Reserve Bank of India ('RBI') in terms of Reserve bank of India (Assets Reconstruction Companies) Direction 2025 dated November, 28,2025 updated as on March, 10,2026 (the "RBI Directions") as applicable to the Company. Indian Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India (referred to in these Directions as "ICAI")

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

shall be followed insofar as they are not inconsistent with any of these Directions.

2.08 Material accounting estimates, judgements and assumptions

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

The areas involving critical estimates or judgements are:

Impairment of financial assets using the expected credit loss method

The measurement of impairment losses on loan assets and commitments requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model
- It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

3. Use of Estimates:

The preparation of Financial Statements in conformity with Indian Accounting Standard (Ind AS) 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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

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.

4. **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.

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 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.

5. **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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

respective assets.

Property, Plant & Equipment are reviewed for impairment in terms of Ind AS 36 “Impairment of Assets” and necessary provision for impairment loss, if any, is made. The same is reviewed at each reporting date.

6. **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. The estimated useful lives of different types of assets are:

Assets	Useful Life
Furniture and Fixture	10 Years
Office Equipment	5 Years
Computers	3 years

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.

7. **Financial Instruments:**

Investments in Security Receipts (SRs)

a) All Security Receipts (SRs) 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) 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.

Advance To/From Trusts

a) 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.

b) 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.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

8. Employees Benefits:

a) Short-Term Benefits:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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 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.

- **Provident Fund:**

  The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

9. Earnings Per Share:

Basic:

In arriving at the basic earnings per share, the Company's net profit after tax, computed in terms of the Ind AS 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.

10. Taxes on Income:

a) Current Tax:

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

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.

11. 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.

12. 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.

13. 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.

14. Fair value measurement:

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

For a detailed information on the fair value hierarchy.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

15. Segment Reporting:

The group operates in a segment of distressed credit business and all other activities are incidental to its main business activities as per requirement of Ind AS- 108 on Operating Segment. The reportable business segment is in line with the segment wise information which is being presented to the Chief Operating Decision Maker.

The Group has one geographical segment identified based on its location of customers which is within India.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 2: CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2026
Cash on hand	0.01
Balances with banks	
- In current accounts	306.66
- In term deposit accounts (including interest accrued)	-
Total	**306.67**

NOTE: 3 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2026
(i) Balances with banks in term deposit account (including interest accrued)*	-
Less : Expected credit loss on fixed deposits	-
(ii) Earmarked balances with banks (unpaid dividend balance)	-
(iii) Balances with banks held as margin money or security against the borrowings, guarantee or other commitments etc. (including interest accrued)	
a) Credit enhancement towards securitisation	
'Less :- Impairment loss allowance towards pass through certificate book	-
b) for others	-
Total	**-**

NOTE: 4 RECEIVABLES

Particulars	As at 31 March, 2026	
Trade Receivables		
(a) Receivables considered good - Secured	-	0.00
(b) Receivables considered good - Unsecured		
(c) Receivables which have significant increase in credit risk		-
(d) Receivables - Credit Impairement		-
Less : Allowances for impairement losses		-
Total	**-**	**0.00**
Other Receivables		
(a) Receivables considered good - Secured		-
(b) Receivables considered good - Unsecured		-
(c) Receivables which have significant increase in credit risk		-
(d) Receivables - Credit Impairement		
Less : Allowances for impairement losses		-
Total		**-**

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 5	LOANS	
	Particulars	**As at 31 March, 2026**
	Loans - Amortised Cost	
	(A) Secured/Unsecured	
	(i) Bills Purchased and Bills Discounted:	
	(a) Related Parties	-
	(b) Others	-
	(ii) Loans repayable on Demand	-
	(iii) Term Loan	-
	(iv) Others Loan:	
	(a) Housing loans, Corporate loans, Retail loans etc.	-
	(b) Related Parties	-
	Total (A) Gross	-
	Less: Impairment loss allowance	-
	Total (A)-Net	-
	(B) Secured/Unsecured	
	Secured by tangible assets	-
	Unsecured	-
	Total (B) Gross	-
	Less: Impairment loss allowance	-
	Total (B)-Net	-
	(C) Loans in India	
	(i) Public sector	-
	(ii) Others	-
	Total (C) Gross	-
	Less: Impairment loss	-
	Total (C)-Net	-

Note: There are no loans or advances, in the natures of loans, are granted to promoters, directors and KMPs, either severally or jointly with any other person.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 6 INVESTMENTS

Particulars	As at 31 March, 2026						
	At Fair value						
	Amortised Cost	Through Other Compre -hensive Income	Through profit or loss	Designated at fair value through P&L	Subtotal	Others*	Total
(A)							
Mutual Funds/Other Funds		-	-	-	-		**-**
Equity Instruments - Listed		-	-	-			**-**
Equity Instruments - Unlisted		-	-			-	**-**
Investment-Share Application Money			-	-		-	**-**
Investment in Subsidiaries		-	-				**-**
Investments in Preference Shares		-	-	-			**-**
Investments in Debentures		-	-	-			**-**
Investment in Security Receipts		-	34,775.16	-	34,775.16		**34,775.16**
Investment in Gold & Diamonds		-	-		-		**-**
Total (A) Gross	**-**	**-**	**34,775.16**	**-**	**34,775.16**	**-**	**34,775.16**
***Others Valued at cost**							
(B)							
(i) investment outside India	-	-	-	-	-	-	**-**
(ii) Investment in India	-	-	34,775.16	-	34,775.16	-	**34,775.16**
Total (B) Gross	**-**	**-**	**34,775.16**	**-**	**34,775.16**	**-**	**34,775.16**
Less:							
Allowance for impairment loss					-		-
Total Net D=(A-C)	**-**	**-**	**34,775.16**	**-**	**34,775.16**	**-**	**34,775.16**

ISARC		**34,775.16**
Trust 1		**4,212.57**
Trust 2		**4,440.30**
Trust 3		**3,008.35**
Trust 4		**4,879.21**
Trust 5		**11,944.73**
Trust 6		**2,800.00**
Trust 7		**10,500.00**
Trust 8		**16,000.00**
Trust 9		**9,300.00**
Trust 10		**1,556.00**
Total		**1,03,416.33**
Less: Knock Off (ISARC Investment in Trusts)		**(33,852.16)**
Investments		**69,564.17**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 7 OTHER FINANCIAL ASSETS

Particulars	As a 31 March, 2026
Advance against Property	
Excess Interest Spread Receivables	-
Interest accrued on fixed deposits	-
Interest accrued on investments	-
Inventories	-
Security deposits, Unsecured, considered good	
Less : Impairment loss allowance	-
Receivable against securitisation / assignment (net)	
Less : Impairment loss allowance	-
Stock of Acquired Properties (Secured)	
Less : Impairment loss allowance	-
Other Receivables/Advances	
Less : Impairment loss allowance	-
Export incentive receivable	
- Unsecured, considered good	
- Unsecured, considered doubtful	
Less : Provision for doubtful incentive receivable	
Advance for investment in Srs	-
Share Application Money*	-
Total	**-**

NOTE: 8 CURRENT TAX ASSETS

Particulars	As at 31 March, 2026
Taxes Paid (TDS & advance Income Tax)	260.63
Total	**260.63**

NOTE: 9 INVESTMENT PROPERTY

Particulars	As at 31 March, 2026
Investment in Immovable Property	
Opening Balance	-
Add:Additions During the year	-
Add/Less: Reclassification of Property, Plant and Equipment	-
Less: Disposals	-
Gross Carrying Amount (A)	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 10A: PROPERTY, PLANT AND EQUIPMENTS

Particulars	Right to Use - Asset	Computer	Furniture & Fixtures	Motor Vehicle	Office Equipments	Total
Gross Block						
Balance as at April 01, 2025	-	18.84	9.77	-	9.19	37.79
Additions	-	23.12	-	-	0.64	23.76
Reclassification from Investment Property	-	-	-	-	-	-
Disposals	-	-	(5.87)		(2.83)	(8.70)
Balance as at March 31, 2026	**-**	**41.96**	**3.90**	**-**	**6.99**	**52.85**
Balance as at April 01, 2024	-	17.19	9.77	-	8.77	35.73
Additions on account of business combination	-	-	-	-	-	-
Additions	-	4.01	-	-	0.42	4.43
Disposals	-	(2.37)	-	-		(2.37)
Balance as at March 31, 2025	**-**	**18.84**	**9.77**	**-**	**9.19**	**37.79**
Accumulated Depreciation and Impairment						
Balance as at April 01, 2025	-	13.22	8.91	-	6.50	28.63
Charge for the year		6.44	0.12		0.55	7.11
Disposals		(0.43)	(5.57)		(1.93)	(7.94)
Balance as at March 31, 2026	**-**	**19.23**	**3.46**	**-**	**5.12**	**27.81**
Balance as at April 01, 2024	-	11.42	8.27	-	5.95	25.64
Additions on account of business combination						-
Charge for the year		4.05	0.64		0.54	5.24
Disposals	-	2.25				(2.25)
Balance as at March 31, 2025	-	13.22	8.91	-	6.50	28.63
Net carrying amount as at March 31, 2026	**-**	**22.73**	**0.44**	**-**	**1.87**	**25.05**
Net carrying amount as at March 31, 2025	**-**	**5.61**	**0.86**	**-**	**2.69**	**9.16**

NOTE: 10B: INTANGIBLE ASSETS UNDER DEVELOPMENT

Gross Block	Computer Software	Trademark	Total
Balance as at April 01, 2025	5.98	0.33	6.31
Additions	-	-	-
Disposals	5.98	-	5.98
Balance as at March 31, 2026	**0.00**	**0.33**	**0.33**
Balance as at April 01, 2024	5.98	0.33	6.31
Additions	-	-	-
Disposals	-	-	-
Balance as at March 31, 2025	**5.98**	**0.33**	**6.31**
Accumulated Depreciation and Impairment			
Balance as at April 01, 2025	5.69	0.31	6.00
Charge for the year	-	-	-
Disposals	5.69	-	5.69
Balance as at March 31, 2026	**-**	**0.31**	**0.31**
Balance as at April 01, 2024	5.69	0.31	6.00
Charge for the year	-	-	-
Disposals	-	-	-
Balance as at March 31, 2025	**5.69**	**0.31**	**6.00**
Net carrying amount as at March 31, 2025	**0.30**	**0.02**	**0.32**
Net carrying amount as at March 31, 2026	**0.00**	**0.02**	**0.02**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 11 OTHER NON-FINANCIAL ASSETS

Particulars	As at 31 March, 2026
Capital Advance	-
Others for supply of services	0.30
Security Deposits	-
Balance With Government Authorities	9.09
Prepaid Expenses	5.68
Other Receivables	-
	-
Total	**15.07**

NOTE: 12 PAYABLES

Particulars	As at 31 March, 2026
Trade Payables	
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	14.43
Services	-
	14.43
Other Payable	
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	-
	-
Total	**14.43**

NOTE: 13 DEBT SECURITIES

Particulars	As at 31 March, 2026
a) Non Convertible Debentures	
(At amortised cost)	
- Secured	
- Unsecured	-
b) Market Link Debentures	
(At fair value through profit & loss)	
- Secured	-
Total	**-**
Debt securities in India	-
Debt securities outside India	-
Total	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 14 BORROWINGS

Particulars	As at 31 March, 2026
At Amortised Cost	
In India	
(a) Term Loans	
- from Banks/Financial Institutions (Secured)	-
(b) Loans repayable on demand	
- from Financial Institutions (Secured)*	-
- from Related Parties (Unsecured)	-
Lease Liability	-
	-
Borrowings in India	-
Borrowings outside India	-
Total	**-**

NOTE: 15 SUBORDINATED LIABILITIES

Particulars	As at 31 March, 2026
At Amortised Cost	
(A) In India	
Total	-

NOTE: 16 OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March, 2026
Interest Accrued but not due	-
Unpaid Dividend*	-
Security Deposits	-
Contribution from Other Financial Institution for SRs in Trust	15,347.24
Contribution from Holding Company for SRs in Trust	20,056.09
Provision for employee benefit expenses	-
Lease Liabilities	-
Others **	-
Total	**35,403.33**

NOTE: 17 CONTRACTUAL DEBT OBLIGATIONS

Particulars	As at 31 March, 2026
Pass through Certificates Borrowings*	-
Total	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

(₹ in Lakh)

NOTE: 18 PROVISIONS

Particulars	As at 31 March, 2026
Employee benefits	-
- Gratuity	-
- Others	-
Provision for expenses	-
Provision for anticipated sales return	-
Total	**-**

NOTE: 19 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March, 2026
Deferred tax liabilities (Net)	(130.38)
Total	**(130.38)**

Deferred Tax Assets / (Liabilities)	As a 31 March, 2026
Deferred Tax Liability	
Gratuity	-
Related to Property, Plant, and Equipment and Intangible.	-
Fair Valuation of Investments	-
Sub Total	**-**
Deferred Tax Asset	
Gratuity	-
Property, Plant and Equipment	-
Fair Valuation of Investments	-
Sub Total	**-**
Total	**-**

Movement in Deferred Tax

Particulars	Property, Plant and Equiptment	Fair Valuation of Investments	Gratuity	Provision	Total
As at 1st April 2025	(1.43)	(122.45)	(6.50)	-	(130.38)
Change/ Credited to					
Statement of Profit and Loss	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-
As at 31st March 2026	**(1.43)**	**(122.45)**	**(6.50)**	**-**	**(130.38)**

NOTE: 20 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31 March, 2026
Statutory Dues Payable	9.94
Advance from Customers	-
Advance against properties	-
Other payables	-
Total	**9.94**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE:21 EQUITY SHARE CAPITAL

Particulars	31.03.2026	
	No. of Shares	**Value**
AUTHORISED:		
Equity Shares of Rs. 10/- each	25,00,00,000	25,000.00
	25,00,00,000	**25,000.00**
ISSUED:		
Equity Shares of Rs. 10/- each	23,00,00,000	23,000.00
	23,00,00,000	**23,000.00**
SUBSCRIBED AND FULLY PAID UP:		
Equity Shares of Rs. 1/- each	23,00,00,000	23,000.00
Preference Shares of Rs. 10/- each	-	-
	23,00,00,000	**23,000.00**

(a) Reconciliation of shares outstanding at the beginning and at the end of the year:

Equity Shares	31.03.2026	
	No. of Shares	**Value**
Shares outstanding at the beginning of the year	10,00,00,000	10,000.00
Add: Issued during the year	13,00,00,000	13,000.00
Shares outstanding at the end of the year	**23,00,00,000**	**23,000.00**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 22 OTHER EQUITY

Reserves & Surplus	Capital Reserve	Securities Premium	Debenture Redemption Reserve	Capital Redemption Reserve	Statutory Reserve Fund	Amalgam-ation Reserve	Retained Earnings	Other Com-prehensive Income	Capital Reserve on Bargain purchase	Total
Balance as on 01/04/2025	**-**	**-**	**-**	**-**	**-**	**-**	**4,947.75**	**-**		**4,947.75**
Profit for the year		6,318	-		-	-	1,048.24	-		7,366.24
Remeasurement benefit of defined benefit plans							-			-
Other comprehensive Income	-	-	-	-	-	-	-			
Additions	-	-	-	-	-	-	-	-		-
Elimination		(152)								(152.01)
On account of Business acquistion		-	-		-	-	-	-	-	-
Repayment of Premium on Redemption of Redeemable Prefernce shares	-	-		-	-	-		-		-
Transfers to Reserve Fund				-						-
Total for the year	**-**	**6,165.99**	**-**	**-**	**-**	**-**	**1,048.24**	**-**	**-**	**7,214.23**
Dividends		-			-	-	-			-
Tax on Dividends		-			-	-	-	-		-
Balance as on 31/03/2026	**-**	**6,165.99**	**-**	**-**	**-**	**-**	**5,995.99**	**-**	**-**	**12,161.98**

* Statutory Reserve Fund: The Company created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty percent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared.

Other Comprehensive Income

This represents the cumulative gains and losses arising on the revaluation of equity financial instruments measured at fair value through other comprehensive income.

Capital Reserve

Capital reserve is the excess of net assets taken over the cost of consideration paid during the Business Transfer Agreement and consideration paid to subsidiary.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 23 INTEREST INCOME

Particulars	Year Ended 31 March, 2026
On Financial Assets measured at Fair Value through OCI	
Interest income from investments	-
On Financial Assets measured at amortised cost	
Interest on Loans	-
Interest on Deposits with Banks	-
Interest income from Others	
On financial assets measured at FVTPL:	
Interest income from investments	-
Total	**-**

NOTE 24 DIVIDEND INCOME

Particulars	Year Ended 31 March, 2026
Dividend Income from Investments	-
Total	**-**

NOTE 25 RENTAL INCOME

Particulars	Year Ended 31 March, 2026
Rental Income from Investment Properties	-
Total	**-**

NOTE 26 FEES & COMMISSION INCOME

Particulars	Year Ended 31 March, 2026
Advisory Fees	-
Servicing Fees	-
Management Fees	4.79
Processing Fees	-
Upside Fees	156.13
Commission and Incentives fees	8.38
Total	**169.30**

NOTE: 27 NET GAIN/(LOSS) ON FAIR VALUE CHANGES

Particulars	Year Ended 31 March, 2026
(A) Net gain/(loss) on financial instruments at fair value through profit or loss	
(i) On trading portfolio	-
Stock in trade	-
- Investments	-
- Derivatives	-
- Speculation Gain/Loss	-
- Security Receipts	-
- Mutual Funds/Other Funds	-
(ii) Others	-
Total Net gain/(loss) on fair value changes (A)	**-**
(B) Fair Value Changes :	-
Realised	-
- Unrealised	-
Total Net gain/(loss) on fair value changes (B) to tally with (A)	**-**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 28 OTHER OPERATING INCOME

Particulars	Year Ended 31 March, 2026
Foreclosure & Other Operating Charges	-
Bad Debts Recovered	-
Recovery of portfolio acquired	-
Misc Income	-
Total	**-**

NOTE: 29 OTHER INCOME

Particulars	Year Ended 31 March, 2026
Interest on income tax refund	-
Interest on Advance to Trust	1.09
Interest on Fixed Deposit	1,145.93
Writeback of Security Receipts	137.36
Profit / Loss on sale of property	-
Miscellaneous income	(0.00)
Total	**1,284.38**

NOTE: 30 FINANCE COST

Particulars	Year Ended 31 March, 2026
On Financial liabilities measured at Amortised Cost	
Interest on Borrowings	-
Interest on subordinated liabilties	-
Preference Dividend	-
Other Borrowing Cost	-
Interest Expense on Franchise Liability	-
Total	**-**

NOTE: 31 FEES & COMMISSION EXPENSES

Particulars	Year Ended 31 March, 2026
Commission Expenses	- 0.00
Collection Cost	-
Total	**- 0.00**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

NOTE: 32 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	Year Ended 31 March, 2026
Impairment on financial instruments	
Other Receivables/Advances	
(i) Bad Debts Written Off	-
(ii) Provision/(Reversal) for Expected Credit Loss	(142.64)
(iii) Reversal of Contingent provision against standard assets	-
(iv) Shortfall in Credit Enhancement on Securitisation	-
(v) ECL on other Receivables	-
(vi) ECL on Investment Control	-
(vii) ECL on Securitisation Receivable	-
(viii) Write off Against Expected Credit Loss already provided	166.96
- Others	
(i) Provision for Expected Credit Loss	-
(ii) (Profit)/ Loss on Sale of Repossessed Assets	-
- Investments	
(i) Provision for Dimunition In Value of Investments	-
(ii) ECL on Investment - Security Receipt	2,857.26
(iii) Provision/(Reversal) for Expected Credit Loss- Srs	(2,809.92)
Total	**71.66**

NOTE: 33 EMPLOYEE BENEFITS

Particulars	Year Ended 31 March, 2026
Salaries and Wages	249.43
Contrfbution to Provident fund and other Funds	3.40
Staff Welfare Expenses	1.78
Total	**254.61**

NOTE: 34 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Particulars	Year Ended 31 March, 2026
Depreciation on Property, Plant and Equipment (Refer Note 10 & 11)	7.11
Total	**7.11**

NOTE: 35 OTHER EXPENSES

Particulars	Year Ended 31 March, 2026
Rent, Taxes and Energy Costs	52.92
Interest on Advances	0.12
Management Fees	38.41
Repair & Maintenance	3.73
Communication Costs	5.44
Printing & Stationery	2.75
Advertisement Expenses	11.53
Director Sitting Fees	36.35
Auditors Remuneration (Refer note 37.1)	0.77
Professional & Consultancy Charges	89.52
Insurance	0.67
Corporate Social Responsibility Expenses	30.14
Other Expenditure	72.84
Total	**345.21**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 35.1 Payment to Auditors

Particulars	**Year Ended 31 March, 2026**
Statutory Audit Fees	-
Tax Audit Fees	-
Other Services	-
Total	**-**

Note :36 Tax Expense

(A) Tax Expense recognised in profit or loss

Particulars	**Year Ended 31 March, 2026**
Current Tax Expense	
- Current tax for the year	-
- Tax adjustments in respect of earlier years	14.55
Total - Current tax expense	**14.55**
Deferred tax	
- Change in deferred tax asset	-
Net deferred tax expense	**-**
Total	**14.55**

The Company has considered the Consolidation of Structured Trusts manage and controlled by the Company.

Company has adopted the Indian Accounting Standards Framework from1st April 2025 and same Results has prepared by considering the provisions of First Time Adoption of Ind-AS (Ind-AS 101).

Deferred Tax Asset (DTA) has not created due to Virtual Uncertainty of Future Profits and/or Deferred Tax Liability(DTL) to set-off against the DTA.

Accounting for Leases has not considered during period due to non-existence of lease contracts and also not considered for Re-statement of Financials for FY 2024-25 and Initial Financial as on 01/04/2024 as management has followed modified approach as per Ind-AS 101.

Being first year of Consolidation of Financials Statements with Structured Trusts Financials previous years figures have not been given.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 37: (A) Capital Management

The primary objective of the group for its capital management is to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The group manages its capital structure and makes adjustments to its according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the group may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and process from previous years. However, they are under review by the board.

Regulatory Capital

Captial to risk asset ratio (CRAR)	As at March 31, 2026
a) Common Equity Tier 1 capital	35,328.56
b) Other Tier 2 capital instruments	-
c) Total capital	35,328.56
d) Risk weighted assets	35,165.28
e) CRAR (%)	100.46%

Regulatory capital: Tier I capital, which comprises share capital, special reserves, retained earnings including current year profit. Certain adjustments are made to Ind AS based results and reserves, as prescribed by the Reserve Bank of India

Praticulars	As at March 31, 2026
Paid Up Equity Captital	23,000.00
Free Reserves (excluding GST)	12,328.58
Sub- Total	35,328.58
Less : Adjustments	
Debit balance on the profit and loss account	0
Miscellaneous expensditure (to the extenet not written off or adjusted)	0
Deferred Tax Asset	130.38
Deffered Fair Value Gain	0
Book value of intangible assets and prepaid expenses	0.02
Under/short provision against NPA/diminiution in value of Investments	
a) SRs less than 8 years in age	0
b) SRs more than 8 years in age	0
Net Owned fund(Tier I)	**35,198.18**
Other Tier II capital instruments	
Total Capital	35,328.56
Risk weighted assets	35,165.28
CRAR %	100.46%

(B) Dividends

Particulars	As at March 31, 2026
Equity shares	Nil

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 38: Employee Benefits

Particulars	As at March 31, 2026
(a) Defined Contribution Plan	
Amount recognized as an expense in the Statement of Profit and Loss:	
(i) Employer's contribution to provident fund	4.49
(ii) Employer's contribution to pension fund	1.10
	5.60
(b) Gratuity	
Disclosures required as per the Ind AS 19, Employee Benefits	

Particulars	As at March 31, 2026
I. Reconciliation of opening and closing balances of Defined Benefit Obligation	
Obligation at the beginning of the year	2.70
Interest cost	-
Service cost	-
Liability transferred in / acquisition	-
Benefit paid	-
Actuarial (gains) / losses recognised in OCI:	
- Due to change in demographic assumptions	-
- Due to change in financial assumptions	-
- Due to experience adjustments	-0.30
Obligation at the end of the year	2.39
II. Change in Plan Assets	
Fair value of plan assets at the beginning of the year	2.70
Expected return on plan assets / Interest income	0.09
Contribution	1.46
Benefit paid from the fund	-
Liability transferred in / acquisition	-
Actuarial gains / (losses) on plan assets due to experience	-
Interest Income (as per standalone)	0.18
Fair value of plan assets at the end of the year	4.43
III. Reconciliation of Obligation and Fair Value of Plan Assets	
Fair value of plan assets at the end of the year	4.43
Present value of the defined benefit obligation at the end of year	-2.39
Liability recognized in the Balance Sheet	2.03
IV. Expenses recognised in statement of profit or loss	
Service cost	-
Interest cost	-0.18
Expenses recognised in statement of profit or loss	-0.18
V. Amount recognised in the other comprehensive income	
Acturial (gain)/loss recognised in other comprehsive income	-0.30
Expected return on plan assets	-0.09
Amount recognised in the other comprehensive income	-0.39
VI. Investment details on plan assets	
100% of the plan assets are invested in insurance fund	4.43

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

VII. Actual return on plan assets (as per stanalone)

(current year Rs.9133 , Previous year NIL)	0.09

VIII. Assumptions

Interest rate	7.14%
Salary growth rate	6.00%
Estimated return on plan assets	NA
Employee turnover rate	For service 4 years and below 20% p.a. For service 5 years amd above 5% p.a.

IX.Particulars of the amounts for the year and Previous year

	2026
Present value of benefit obligation	-2.39
Fair value of plan assets	4.43
Excess of obligation over plan assets	2.03

X. Sensitivity analysis

Resonably possible changes at the reporting date to one of the relevant acturial assumptions, holdings other assumptions coonstant, would have affected the defined obligations by the amounts shown below.

Particulars	As at March 31, 2026
Discount rate (+1% movement)	-0.16
Discount rate (-1% movement)	0.18
Future salary growth (+1% movement)	0.18
Future salary growth (-1% movement)	-0.16
Employee tureover (+1% movement) as per stanalone	-0.07
Employee tureover (-1% movement) as per stanalone	0.07

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheet.

XI. Maturity anaylsis of the defined benefit plan (fund)

Particulars	As at March 31, 2026
Projected benefits payable in future form the date of reporting	
1st following year	0.04
2nd following year	0.10
3rd following year	0.09
4th following year	0.11
5th following year	0.18
Sum of 6 to 10 years	2.68
sum of 11 years and above	1.16

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

(₹ in Lakh)

Note 39: Disclosure purusant to para 44A to 44E of Ind AS 7 - Statement of cash flows

Particulars	As at March 31, 2026	As at March 31, 2025
Debt Securities		
Opening balance	-	-
Availed during the year	-	-
Impact of Non- cash items	-	-
Repaid during the year	-	-
Closing balance	**-**	**-**
Borrowings (other than debt securities)		
Opening balance	-	-
Availed during the year	-	-
Impact of Non- cash items	-	-
Repaid during the year	-	-
Closing balance	**-**	**-**
Interest		
Opening balance	-	-
Availed during the year	-	-
Impact of Non- cash items	-	-
Repaid during the year	-	-
Closing balance	**-**	**-**

Note 40: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed accoring to when they are expected to be recovered or settled.

Particulars	As at March 31, 2026		
	Within 12 months	After 12 Months	Total
Assets			
Financial Assets			
Cash and Cash equivalents	306.67	-	306.67
Trade receivables	-	-	-
Loans*	-	-	-
Investments*	-	69,564.17	69,564.17
Other Financial asset	-	-	-
Non - Financial Assets			
Current tax assets (Net)	260.64	-	260.64
Property, Plant and Equipment	-	25.07	25.07
Right of use assets	-	-	-
Other Intangible Assets	**-**	**-**	**-**
Intangible asset under development	**-**	**-**	**-**
Other Non-Financial Assets	**15.07**	**-**	**15.07**
Total Assets (a)	**582.38**	**69,589.22**	**70,171.60**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Particulars	As at March 31, 2026		
	Within 12 months	After 12 Months	Total
Liabilities			
Financial Liabilities			
Payables			
(1) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14.43	-	14.43
Borrowings (other than debt securities)	-	-	-
Other Financial Liabilities	-	35,403.33	35,403.33
Debt Securities	-	-	-
Non- Financial Liabilities			
Current tax liability (Net)	-	-130.38	-130.38
Provisions	-	-	-
Defered tax (net)	-	-	-
other non-financial liabilities	9.94	-	9.94
Total Liabilities (b)	**24.37**	**35,272.95**	**35,297.32**
Net (a-b)	**558.02**	**34,316.27**	**34,874.29**

* As expected by management of the group

Note 41: Fair value mearsurements

a) Financial instruments by category

Particulars	March 31,2026	
	Fair value through profit or loss	Amortised cost
Financial assets		
Cash & cash equivalents	-	306.67
Trade receivables	-	-
Loans	-	-
Investments - Unquoted	69,564.17	-
Other Financial asset	-	-
Total Financial assets	**69,564.17**	**306.67**
Financial Liabilities		
Payables	-	14.43
Debt Securities	-	-
Borrowings (other than debt securities)	-	-
Other Financial Liabilities	-	35,403.33
Total Financial Liabilities	**-**	**35,417.76**

Fair value hierarchy

This section explains the judgements and estimates made in determining the values of financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. The group has not disclosed the fair values of financial instruments such as trade receivables, trade payable, cash and cash equivalents, fixed deposits, security deposits, etc. as carrying value is reasonable approximation of the the fair values. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the India accounting Standards. An explanation of each level follows underneath the table.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

b) Fair value hierarchy for assets

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2026	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments - Unquoted	-	-		69,564.17
Total	**-**	**-**		**69,564.17**

Financial liabilities which are measured at amortised costfor which fair values are disclosed as at March 31, 2026	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings (other than debt securities)	-	-	-	-
Debt Securities	-	-	-	-
Total	**-**	**-**	**-**	**-**

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2025	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments - Unquoted	-	-	-	-
Total	**-**	**-**	**-**	**-**

Financial liabilities which are measured at amortised costfor which fair values are disclosed as at March 31, 2025	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings (other than debt securities)	-	-	-	-
Debt Securities	-	-	-	-
Total	**-**	**-**	**-**	**-**

Notes:

Level 1: hierarchy includes financial instruments measured using quoted prices (unadjusted) in active market for identical assets that the entity can access at the measurement date.

Level 2: hierarchy includes the fair value of financial instruments measured using quoted prices for identical or similar assets in markets that are not active.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted compound instruments.

There are no transfers between any of these levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

c) Valuation techniques used to determine fair value

Specific valuation techniques used to value investment in security receipt include:

The fair value of investment in security receipt is based on Net Asset Value (NAV) calculated using

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

(₹ in Lakh)

discounted cash flow method and valuation range provided by the rating agencies. This is included in Level 3.

d) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended March 31, 2026 and March 31, 2025

Particulars	Investment	Debt Securities
As on April 01, 2024	**-**	**-**
Additions	-	-
Disposals / Repayment / Write off	-	-
Gains /(losses) recognised in statement of profit and loss	-	-
Equity adjustemnts from investments	-	-
As at March 31, 2025	**-**	**-**
Additions	**71,395.59**	**-**
Disposals / Repayment / Write off	**1,831.42**	**-**
Gains /(losses) recognised in statement of profit and loss	-	-
Equity adjustemnts from investments	-	-
As at March 31, 2026	**69,564.17**	**-**

e) Fair value of financial assets and liabilities measured at amortised cost

The carring amount of remaining financials assets and liabilities is considered as fair value.

f) Unobservable inputs used in measuring fair value categorised within Level 3

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

g) Quantitative analysis of significant unobservable inputs

Discount margin/spreads

Discount margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spreads are added to the benchmark rate when discounting the future expected cash flows. Hence, these spreads reduce the net present value of an asset or increase the value of a liability. They generally reflect the premium an investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the uncertainty of the cash flows caused by the credit quality of the asset. They can be implied from market prices and are usually unobservable for illiquid or complex instruments.

Recovery rates

Recovery rates reflect the estimated loss that the company will suffer given expected defaults. The recovery rate is given as a percentage and reflects the opposite of loss severity (i.e., 100% recovery reflects 0% loss severity). In line with general market convention, loss severity is applied to asset-backed securities while recovery rate is more often used as pricing input for corporate or government instruments. Higher loss severity levels / lower recovery rates indicate lower expected cash flows upon the default of the instruments. Recovery rates for complex, less liquid instruments are usually unobservable and are estimated based on historical data.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 42: a) Liquidity risk and funding management

Liquidity risk emanates from the mismatches existing on the balance sheet due to differences in maturity and repayment profile of assets and liabilities.

These mismatches could either be forced in nature due to market conditions or created with an interest rate view. Such risk can lead to a possibility of unavailability of funds to meet upcoming obligations arising from liability maturities.

To avoid such a scenario, the Company has ensured maintenance of a liquidity cushion in the form of fixed deposits, cash, credit lines etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern.

b) Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the company's financial assets and liabilities as at March 31. However, the Company expects that the counterparties will not request repayment on the earliest date it could be required to pay.

	As at March 31, 2026				
Contractual maturities of assets and liabilities	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**over 5 years**	**Total**
Financial Assets					
Cash & cash equivalents	306.67	-	-	-	306.67
Trade receivables	-	-	-	-	-
Loans	-	-	-	-	-
Investments	-	-	69,564.17	-	69,564.17
Other Financial asset	-	-	-	-	
Total Financial assets (a)	**306.67**	**-**	**69,564.17**	**-**	**69,870.84**
Financial Liabilities					
Trade Payables					
(i) total oustanding dues of micro enterprises nd small enterprises	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	14.43	-	-	14.43
Borrowings (other than debt securities)	-	-	-	-	-
Debt Securities	-	-	-	-	-
Other Financial Liabilities	-	-	35,403.33	-	35,403.33
Total Financial Liabilities (b)	**-**	**14.43**	**35,403.33**	**-**	**35,417.76**
Net (a-b)	**306.67**	**-14.43**	**34,160.84**	**-**	**34,453.08**

* As expected by Management of the Company.

Note 43: Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the group's statement of profit and loss. The sensitivity of the statement of profit and loss is the effect of the assumed changes in the interest rates on the profit or loss for a year.

	2025-26			
Currency of borrowing /advances	**Increase In basis points**	**effect on profit before tax (Rs. In Lakhs)**	**Decrease In basis points**	**effect on profit before tax (Rs. In Lakhs)**
INR	Nil	Nil	Nil	Nil

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 44: Earnings Per Equity Share

Particulars	Year Ended March 31, 2026
Basic and Diluted earning per equity share	
Net Profit after tax attributable to equity shareholders (Rs. In Lakhs) (A)	1,048.24
Weighted average number of Equity Shares (Nos) (B)	2,300.00
Nominal Value of equity shares (Rs.)	10.00
Basic and Diluted Earnings Per Share (Rs.) (A/B)	**0.46**

Note 45: Principles and assumptions used for consolidated financial statements and proforma adjustments:

The Consolidated Financial Statements have been prepared by applying the principles laid in the Indian Accounting Standard (Ind AS) - 110 "Consolidated Financial Statements" and (Ind AS) - 28 “Investments in Associates and Joint Ventures” issued by the Institute of Chartered Accountants of India for the purposes of these Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Summary of significant accounting policies and other explanatory information to the consolidated financial statements, together referred to in as Consolidated Financial Statements.

The list of subsidiaries and associates in the consolidated financial statement are as under :-

India SME Asset Reconstruction Company (‘the Controlling Company’ or ‘the holding company’) controls following Structured Entities as on 31st March 2026:

Name of entities	Country of Incorporation	Proportion of ownership interest
1. Name of Structured Entities:		
ISARC 2025-26 -1 Trust	India	100%
ISARC 2025-26 -2 Trust	India	50%
ISARC 2025-26 -3 Trust	India	50%
ISARC 2025-26 -4 Trust	India	36.16%
ISARC 2025-26 -5 Trust	India	15.00%
ISARC 2025-26 -6 Trust	India	100%
ISARC 2025-26 -7 Trust	India	100%
ISARC 2025-26 -8 Trust	India	49.38%
ISARC 2025-26 -9 Trust	India	2.69%
ISARC 2025-26 -10 Trust	India	50%

A) Additional disclosure pertaining to Subsidiaries/Associate as per division III of Companies Act, 2013As at 31st March, 2026

Name of the entity	Net Assets (i.e. Total Assets - Total Liabilities)		Share in Profit & (Loss)		Share in other comprehensive income		Share in total comprehensive income	
Controlling Company								
INDIA SME Asset Reconstruction Company Limited	1,408.80	4.04%	925.55	121.70%	-	0.00%	925.55	121.70%
Structured Entities Controlled by the Company								
ISARC 2025-26 -1 Trust	4,212.23	12.08%	(13.82)	-1.82%	-	0.00%	(13.82)	-1.82%
ISARC 2025-26 -2 Trust	2,209.30	6.34%	(7.59)	-1.00%	-	0.00%	(7.59)	-1.00%
ISARC 2025-26 -3 Trust	1,476.61	4.23%	(53.91)	-7.09%	-	0.00%	(53.91)	-7.09%
ISARC 2025-26 -4 Trust	1,764.44	5.06%	(12.97)	-1.71%	-	0.00%	(12.97)	-1.71%
ISARC 2025-26 -5 Trust	1,576.75	4.52%	(54.44)	-7.16%	-	0.00%	(54.44)	-7.16%
ISARC 2025-26 -6 Trust	2,800.03	8.03%	(0.18)	-0.02%	-	0.00%	(0.18)	-0.02%
ISARC 2025-26 -7 Trust	10,498.5	30.10%	(20.84)	-2.74%	-	0.00%	(20.84)	-2.74%
ISARC 2025-26 -8 Trust	7,900.03	22.65%	(0.09)	-0.01%	-	0.00%	(0.09)	-0.01%
ISARC 2025-26 -9 Trust	250.01	0.72%	(0.40)	-0.05%	-	0.00%	(0.40)	-0.05%
ISARC 2025-26 -10 Trust	778.15	2.23%	(0.78)	-0.10%	-	0.00%	(0.78)	-0.10%

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 46: Comaprison between provisions required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms and impairment allowances made under Ind AS 109 pursuant to RBI circular no. DOR (NBFC).CC.PD.No.116/22.10.106/2019-20 dated

As at year ended March 31, 2026

Asset Calsification as per RBI Norms	Asset classifica-tion as per Ind AS 109	Gross Carrying amount as per Ind AS	Loss allo-wances (Provisions) as required under Ind AS 109	Net Carring Amount	Provisions required as per IRACP norms	Difference between IND AS109 provisions and IRACP norms
		(1)	(2)	(3)=(1)-(2)	(4)	(5)=(2)-(4)
Performaing Assets						
Standard	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
Subtotal Performaing Assets (A)		**-**	**-**	**-**	**-**	**-**
Non Performaing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**-**	**-**	**-**	**-**	**-**
Loss	Stage 3	-	-	-	-	-
Subtotal Non performing Assets (NPA) (B)		-	-	-	-	-
Other Items						
Advances to trust and other financials assets (C)	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Trade Receivable (D)	N.A	-	-	-	-	-
Purchased or Originated credit impaired (E)	Purchased or Originated credit impaired	-	-	-	-	-
Subtotal (F) =(C) + (D)+ (E)		-	-	-	-	-
Total Assets (a)	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Others	-	-	-	-	-
	Total	-	-	-	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 47: Ratios

Particulars	Year Ended March 31, 2026
Debt- Equity Ratio (No. of times)	NA
Debt Sevice Coverage Ratio (No. of times)	NA
Capital to risk asset ratio (CRAR) (%)	100.46%
Liquidity Coverage Ratio	NA

Formula for Debt Equity Ratio = Total Debt / Total Equity

Formula for Debt Service Coverage Ratio = (Earnings after Tax and before Interest, Depreciation, Fair Value and Exceptional Items) / (Interest Expense + Principal Repayments of long term debts made during the year)

Formula for Capital to risk asset ratio = (Tier 1 Capital + Tier II Capital) / Risk Weighted Assets

Note 48: Information about assets acquired under IBC including the type, value of assets acquired and sector wise distribution:

Name of Asset	Type and Sector of Asset	Value of Asset (Rs. In Lakhs)
Wind World (India) Limited & Wind World (India) Infrastructure Private Limited	Power Sector (Windmill)	10500

Note 49: Accounts of 36 Trust, incorporated and in existence beyond Statutory period and investment held by the Company in Security Receipts have been written off and net worth of the Trusts are negative ,have not been consolidated to the financial statements.

Note 50: Other Additional Regulatory Information

a) Title deeds of Immovable Properties

The Company do not have any immovable properties where title deeds are not held in the name of the Company.

b) Loans and Advances

There are no loans and advances in the nature of loans which are granted to promoters, directors, key managerial persons and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

(i) repayable on demand or

(ii) without specifying any terms or period of repayment

c) Details of Benami Property Held

The Company does not have benami property, where any proceedings has been initiated or pending against the Company for holding any Benami Property.

d) Security of current assets against borrowings

The Company has no borrowings from bank or financials institutions on the basis of security of current assets.

e) Wilful Defaulter

The Company is not declared as wilful defaulter by any bank or financials institution or other lender.

f) Relationship with Struckoff Companies

The Company does not have any transactions with Struckoff Companies.

g) Registration of charges or satisfaction of charges with Registrar of Companies (ROC)

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

The Company does not have any charges or satifaction which is yet to be registered with ROC beyond the statutory period.

h) Utilisation of Borrowed funds and share premium

(A) During the year, the company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaires) with the understanding that the intermediary shall:

(i) 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).

(B) During the year, 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:

(i) directly or indirectly lend or invest in other person(s) or entity(ies) identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries).

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

i) Undisclosed Income

The Company has no such transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.

j) Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in crypto cuurency or virtual currency during the current financial year or any previous financial year.

k) Segment Reporting

The Company operates in a segment of distressed credit business and all other activities are incidental to its main business activities as per requirement of Ind AS- 108 on Operating Segment. The reportable business segment is in line with the segment wise information which is being presented to the Chief Operating Decision Maker.

The Company has one geographical segment identified based on its location of customers which is within India.

l) The figures of the previous year have been reclassified and regrouped wherever necessary.

The accompanying notes are integral part of the financials statements.

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

Sd/-
(Iqbal Mukadam)
Partner
M. No.: 106865
Mumbai, May 12th, 2026

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

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
Director
DIN: 00072457

Sd/-
Jethanand Chopra
Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 51: 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

Sr. No.	Name of the Bank	Address	Acquisition Value		
			As at 31.03.2025	During the year	As at 31.03.2026
	Sponsors				
	N.A	N.A	-	-	-
	Total (A)				
	Non-Sponsors		-	-	-
1	OXYZO Financial Services Limited	1st Floor, Tower-A, Global Business Park, Mehrauli-Gurgaon Road, Sector 26, Gurugram, Haryana 122002	-	800.00	800.00
2	Werstern Capital Asvisors Pvt Ltd.	Business Square, C-402, A.K. Road, Chakala, Andheri East, Mumbai, Maharashtra 400093	-	210.00	210.00
3	Usha Financial Services Ltd	Plot No. 73, First Floor, Patparganj Industrial Area, East Delhi, Delhi - 110092	-	546.00	546.00
4	Poonawala Fincorp Ltd.	201 and 202, 2nd Floor, AP81, Koregaon Park Annexe, Mundhwa, Pune, Maharashtra - 411036	-	2,272.37	2,272.37
5	Cholamandalam Investment and Finance Co. Ltd	"Chola Crest", C54-55 & Super B-4, Thiru-Vi-Ka Industrial Estate, Guindy, Chennai – 600032	-	384.20	384.20
6	CFM Assets Reconstruction Pvt Ltd.	Block No. A/1003, West Gate, Near YMCA Club, Survey No. 835/13, S.G. Highway, Makarba, Ahmedabad, Gujarat 380051	-	5,200.00	5,200.00
7	Fedral Bank Financial Services Ltd.	Unit no. 1101, 11th Floor, Cignus Plot No. 71A, Powai, Paspoli Mumbai – 400087	-	3,257.47	3,257.47
8	Mahindra and Mahindra Financial Services Limited	Gateway Building, Apollo Bunder, Mumbai, Maharashtra – 400001	-	1,513.07	1,513.07
9	Manapuran Finance Ltd.	IV/470A (Old), W638A (New) Manappuram House Valapad, Thrissur Kerala - 680567	-	1,140.00	1,140.00
10	Utkarsh Small Finance Bank	S-24/1-2, First Floor, Mahavir Nagar Orderly Bazar, Varanasi, Uttar Pradesh – 221002	-	1,280.00	1,280.00
11	Maanaveeya Development and Finance Pvt Ltd.	Prashanthi Towers, 4th Floor, H. No. 8-2-293/82/564 A 43, Road No. 92, Jubilee Hills, Banjara Hills, Khairatabad, Hyderabad, Telangana 500034	-	946.14	946.14
12	Samman Capital Limited	1st Floor, Tower 3A, DLF Corporate Greens, Sector - 74A, Gurgaon, Narsinghpur, Haryana, India, 122004	-	12,767.34	12,767.34
13	HDFC Bank Limited	HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai, Maharashtra, 400013	-	2,800.00	2,800.00
14	Edelweise Assets Reconstruction Ltd.	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai, Maharashtra, India – 400 098	-	10,500.00	10,500.00
15	J C Flowers Assets Reconstruction Pvt Ltd.	203-206, 2nd Floor, Wing A, Inspire BKC, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051	-	16,000.00	16,000.00
16	Invent Assets Securitization and Reconstruction Pvt Ltd.	Bakhtawar, Suite B, Ground Floor Backbay Reclamation, Scheme Block III 229, Nariman Point Mumbai - 400 021	-	9,300.00	9,300.00
17	JM Financial Assets Reconstruction Company Ltd.	7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra, India - 400025	-	1,556.00	1,556.00
	Total (B)		-	**70,472.59**	**70,472.59**
	Grand Total (A + B)		-	**70,472.59**	**70,472.59**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 51: b) Dispersion of various Financial Assets Industry-wise and Sponsor-wise as on 31.03.2026

Sr. No	Sector	Sponsor / Non - Sponsor	No. of Cases		Acquisition Value (Amount in Rs.)		% of Total Acquisition Value	
			CY	PY	CY	PY	CY	PY
1	NBFC	Non-Sponsor	9	-	9,091.78	-	12.90	-
2	Power	Non-Sponsor	2	-	15,700.00	-	22.28	-
3	Housing / LAP	Non-Sponsor	1,214	-	16,024.81	-	22.74	-
4	Automobile	Non-Sponsor	4	-	2,800.00	-	3.97	-
5	Real Estate	Non-Sponsor	3	-	26,856.00	-	38.11	-
6	Others	Non-Sponsor	-	-	-	-	-	-
	Total		**1,232.00**	**-**	**70,472.59**	**-**	**100.00**	**-**

Note:

1 The above table has been prepared by management based on the information and relevant documents available with the Company which has been relied upon by the auditors.

2 The acquisition price in the table above includes financial assets acquired till March 31, 2026 including financial assets resolved till date.

3 The Company has put in place internal audit system scope of which provides for periodical checks and review of the assets acquisition procedures and asset reconstruction measures and the matters related thereto.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 51: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 2025-26 either on its own or in the books of the Trusts:

(Amount in Lakhs)

Sr. No.	Acquisition in the books of	F.Y. 2025-26
1	ISARC	-
2	Trusts	70,472.59
	Total	**70,472.59**

f) Value of Financial Assets realized during the financial year 2025-26:

(Amount in Lakhs)

Sr. No.	Acquisition in the books of	F.Y. 2025-26
1	ISARC	-
2	Trusts* 5,161.91	21,65,50,661
	Total	**5,161.91**

g) Value of Financial Assets outstanding for realization as at the end of financial year 2025-26:

(Amount in Lakhs)

Sr. No.	Particulars	F.Y. 2025-26
1	Total value (cumulative) of Financial Assets acquired **	1,25,364.70
2	Less: Value (cumulative) of Financial Assets realised ***	49,539.06
	Total value of Financial Assets outstanding for realisation	**75,825.64**

*** Total amount aggregating to Rs. 2,773.03 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 2025-26 :

(Amount in Rs.)

Sr. No.	Particulars	F.Y. 2025-26
1	Value of Security Receipts redeemed partially	4,086.18
2	Value of Security Receipts redeemed fully	-
	Total	**4,086.18**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakh)

Note 51: **i)** Value of Security Receipts pending for redemption as at the end of financial year 2025-26: Rs. 69255.39 Lakhs

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. NIL

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**

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	N.A	-	-	-
	Total	**-**	**-**	**-**

o) As per Reserve Bank of India Guidelines, the Capital Adequacy Ratio of the Company as at March 31, 2026 works out to 100%, Refer note 40A

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

Sd/-
Divy Dangi
Whole Time Director
DIN : 08323807

Sd/-
Sandeep Welling
Director
DIN: 00072457

Sd/-
Jethanand Chopra
Chief Executive Officer

Sd/-
Jayshree Jain
Chief Financial Officer

Sd/-
Minal Jain
Company Secretary
Mumbai, May 12th, 2026

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
(CIN: U67190MH2008PLC181062)
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