VALUATION REPORT
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
As on March 31, 2025

Ms. Sayali Deshkar
Chartered Accountant
Membership Number 132663
Registered Valuer - (Securities or Financial Assets)
Reg. No. IBBI/RV/07/2019/12246

SAYALI DESHKAR

Chartered Accountant & Registered Valuer (IBBI)

Office: Gandharva, 6, Heramb Residency, Anandvalli, Beside Nakshatra Lawns, Pipeline Road, Nashik - 422013
Contact: +91 8459048909; Mail: sayali@casd.co.in

Date: 17th April 2025

To,
The Board of Directors
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
Arena House, 2nd Floor, Gate No.3, Plot No.103 Road No.12,
Marol, M.I.D.C., Andheri (East), Mumbai Chakala MIDC Mumbai 400093

Dear Sirs,

Reference: Recommendation of Fair Value of Equity Shares for issue of share capital.

This is with reference to discussions held wherein Ms. Sayali Deshkar (referred to as 'Valuer' or 'we' or 'us') have been given to understand that the Management of India SME Asset Reconstruction Company Limited (hereinafter referred to as the 'Client'/'Company') is contemplating a further issue of share capital on a private placement basis in terms of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014.

For this purpose, a business valuation exercise needs to be carried out pursuant to the requirements of Section 42, 55 and 62(1)(c) of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014.

In connection with the above, the management of the Company has requested us to render professional services by way of recommendation of fair value of the Equity shares as on date for compliance with these requirements in our capacity as a Registered Valuer.

The Valuation Date as informed to us by the Company for computation of fair value of the Equity shares is 31st March 2025.

As requested we have carried out a valuation of the business of the Company as at the Valuation Date with a view to recommend the fair value of the Equity shares.

Based on the information and explanation provided to us by the Management and based on the valuation methodology and approaches mentioned in the report, in our view the **fair value per Equity share of the Company is INR 14.86/- as on the valuation date.**

SAYALI DESHKAR

Chartered Accountant & Registered Valuer (IBBI)

Office: Gandharva, 6, Heramb Residency, Anandvalli, Beside Nakshatra Lawns, Pipeline Road, Nashik - 422013
Contact: +91 8459048909; Mail: sayali@casd.co.in

We are pleased to present herewith our report on the same.

Yours Truly,

Sayali Nikhil Deshkar

Digitally signed by Sayali Nikhil Deshkar
Date: 2025.04.17 10:46:16 +05'30'

Ms. Sayali Deshkar
Chartered Accountant
Membership Number 132663
Registered Valuer - (Securities or Financial Assets)
Reg. No. IBBI/RV/07/2019/12246

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VALUATION REPORT

1. BACKGROUND

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED (hereinafter referred as 'the client' or 'the Company') is a Public Limited Company incorporated under the Companies Act, 1956 having CIN U67190MH2008PLC181062 and its registered office is at Mumbai, Maharashtra, India. The Company was incorporated on 11th April 2008.

The Company is registered and operates as Securitisation or Asset Reconstruction Company under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002 and the Reserve Bank of India's regulatory framework for Asset Reconstruction Companies. The Company has been promoted by the SIDBI, SIDBI Ventures and few nationalised banks like Punjab National Bank, Bank of Baroda, Union Bank of India, Punjab and Sind Bank, Indian Bank, Canara Bank etc.

The authorised share capital of the Company as on the date of valuation is INR 1,00,00,00,000 (Rupees One Hundred Crore Only) divided into 10,00,00,000 equity shares of INR 10/- each. The paid up capital of the company as on the date of valuation is INR 1,00,00,00,000 (Rupees One Hundred Crore Only) divided into 10,00,00,000 equity shares of INR 10/- each.

The list of shareholders as on the date of valuation is as follows:

Sr No	Name of Shareholder	Number of Equity shares of INR 10/- each	Paid up Capital (INR)
1	Punjab National Bank	2,09,00,000	20,90,00,000
2	Small Industries Development Bank of India	1,50,00,000	15,00,00,000
3	Bank of Baroda	1,40,00,000	14,00,00,000
4	SIDBI Venture Capital Limited	1,10,00,000	11,00,00,000
5	Life Insurance Corporation of India	90,00,000	9,00,00,000
6	Union Bank of India	80,00,000	8,00,00,000
7	Punjab and Sind Bank	50,00,000	5,00,00,000
8	Bank Of Maharashtra	40,00,000	4,00,00,000
9	UCO Bank	40,00,000	4,00,00,000
10	Canara Bank-Mumbai	40,00,000	4,00,00,000
11	Indian Bank	40,00,000	4,00,00,000
12	Rajradhe Finance Limited	5,30,000	53,00,000
13	Andhra Pradesh State Financial Corporati	350000	3500000
14	Rajasthan Financial Corporation	1,00,000	10,00,000
15	Apitco Limited	1,00,000	10,00,000
16	Nem Investments And Finance Private Limited	20,000	2,090,000
	Total	**10,00,00,000**	**1,00,00,00,000**

The details of the Board of Directors and Key Managerial Persons as on date of valuation is given below:

DIN/DPIN/PAN	Name	Designation	Date of Appointment
10370703	Amitabh Misra	Managing Director	06/12/2023
*****8996L	Amitabh Misra	CEO (KMP)	06/12/2023
*****0768N	Prakash	CFO (KMP)	13/07/2020
08759332	Rachna Dikshit	Director	03/07/2020
00072457	Sandeep Dinanath Welling	Director	05/07/2023
07123442	Hari Shanker Sharma	Director	22/06/2023
10791544	Mukesh Chand	Additional Director	11/12/2024
07738940	Dinesh Kumar Namdeo	Nominee Director	27/03/2023
06822012	Dilip Kumar Jain	Nominee Director	31/01/2023
06758416	Prakash Kumar	Nominee Director	28/03/2024
*****6415G	Ketki Muzumdar	Company Secretary	07/09/2021

I, Sayali Nikhil Deshkar, am a registered valuer, registered with the Insolvency Bankruptcy Board of India (IBBI) under the Asset Class – Securities or Financial Assets vide registration number IBBI/RV/07/2019/12246 and an Associate Chartered Accountant having membership number 132663 holding a Certificate of Practice from the Institute of Chartered Accountants of India.

2. PURPOSE OF VALUATION

Based on the discussions held with the management we understand that the Company is contemplating to issue share capital on a private placement basis in terms of Section 42, 55 and 62(1)(c) of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014.

For the purpose of the above issue, a valuation report is required from a Registered Valuer in order to comply with the provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014.

In connection with the above, the management of the Company has requested us to render professional services by way of recommendation of fair value of the Equity shares for the proposed transaction in our capacity as a Registered Valuer. We have been engaged to conduct an independent valuation of the business of the Company on "as is where is", "going concern basis" with a view to recommend the fair value of the Equity shares of the Company for this purpose.

3. ASSUMPTIONS

The valuation report provided by us is aimed to arrive at an indicative value analysis of the Client depending on various factors specific to the Company such as historically reported financial

performance, financial projections, future business outlook, value of assets, the valuation methodology used, the various assumptions etc. and it is a subjective exercise. The opinion of value given in this report is based on information provided by the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied on the representations contained in the public domain and other documents in our possession concerning the value and useful conditions of all investments in securities or partnership interests, and other assets or liabilities except as specifically stated to the contrary in this report.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company through any sale, re-organisation or reduction of any owner's participation in the existing activities of the Company.

We have been informed by the management that there are no environmental problems, any significant law suits, or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in the report. We have assumed that no costs or expenses will be incurred in connection with such liabilities except as explicitly stated in this report. This report is issued on the understanding that the Client has drawn our attention to all the matters, which they are aware of, concerning the financial position of the Company and any other matters, which may have an impact on the indicative valuation exercise. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation, is not required to give testimony nor is to be in attendance in court or any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

We have been provided with adequate information and sufficient time to carry out the valuation exercise.

A draft of this report was shared with the Management for confirmation of facts and other inputs provided by the Management. The draft report has been duly confirmed by them for the facts etc.

The fee for the preparation of this report is not contingent to or dependent on the reported value of the shares of the company. We acknowledge that we do not have any present or contemplated financial interest in the Company.

The information contained herein and our report is absolutely confidential. It is intended only for the sole use and the proposed requirement of the company as described in the terms of reference.

4. LIMITATIONS

Our work does not constitute an audit in accordance with the generally accepted auditing standards or an examination of internal controls or other attestation or review services. Accordingly we are unable to and do not express an opinion or any form of assurance on the financial projections or any financial or other information or any operational data and internal controls of the company. No responsibility is assumed for matters of a legal nature. We were not required to carry out a legal due diligence review.

The reader of this report should be aware that business valuation which is be based on future earning potential that may or may not materialize. Any financial projection e.g. projected Balance Sheet, projected Profit and loss account, projected cash flow statement as presented in this report is included solely to assist in the development of the value conclusion. The actual results may vary from the projections given and the variations may be material which may change the overall value.

Valuation analysis and result are specific to the purpose of valuation and the valuation date that is agreed with us. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

The valuation arrived at in this report is based on the methodology outlined and assumptions listed. It is not representative of market value which may be realized, as market value is dependent on capital market conditions, industry forecasts, enterprise value and several other factors.

This report is only to be used in its entirety and for the purpose stated in the report. No third party should rely on the information or data contained in this report without the advice of a Business Expert, Registered Valuer, Accountant or Legal Advisor.

5. SOURCES OF INFORMATION

- Unaudited Provisional Financial Statements of the Company for the financial year ended 31st March 2025.
- Audited Financial Statements of the Company for the financial year ended 31st March 2024 and 31st March 2023.
- Discussions with the Management on various issues relevant for the valuation including the prospects and outlook for the business, expected growth and other relevant information relating to future expected profitability.
- Memorandum and Articles of Association of the Company.

- Other relevant documents and information as furnished by the Company in accordance with the Management Representation Letter dated 17th April 2025
- Discussions with the executives and management of the Company and the information available in the public domain.
- We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executives and the management of the company.

6. VALUATION DATE

The analysis of the fair value of the Equity shares has been carried out as on 31st March 2025.

7. VALUATION STANDARDS

The report has been prepared in compliance with International Valuation Standards issued by the International Valuation Standards Board and more specifically in terms of International Valuation Standard 500, Financial Instruments ('IVS 500') and other Relevant standards i.e. Indian Accounting Standard (IND AS) 102, Share Based Payment, IND AS 103, Financial Instruments, IND AS 113, Fair Value Measurement and other applicable valuation norms.

8. VALUATION METHODOLOGY

The standard of value used in the analysis is 'Fair Value' which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation of business is not an exact science and ultimately depends upon what is worth to a serious investor or buyer who may be prepared to pay substantial goodwill.

There are various approaches which may be used for valuation of a public company:

- The Income Approach
- The Market Approach
- The Cost or Asset Approach

In performing a valuation exercise, the valuer should consider all three approaches and select the most appropriate approach. The selection would involve consideration of various factors such as the history, nature, stage of the development of the company, the nature of its assets and liabilities, its capital structure and also the availability of reliable, comparable and verifiable data that will be required to perform the analysis.

Income Approach – Discounted Cash Flow (DCF) Method

Under the 'Income' Approach, the shares of a company can be valued using Earning Capitalisation Method (ECM) or Discounted Cash Flow ('DCF') method.

The ECM Method values the business by capitalising the future maintainable earnings of the Company with appropriate Capitalisation Rate or Price Earning (PE) Multiple.

The Discounted Free Cash Flows (DCF) Method focuses on the free cash flows that the company can generate over a period of time. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are discounted by Weighted Average Cost of Capital ('WACC'). The WACC represents the returns expected by the investors of both debt and equity, weighted for their relative funding in the entity. The present value of the free cash flows during the explicit period and the perpetuity value indicates the value of the company. The underlying assumption is that the value of a business can be measured by the present worth of the net cash benefit (being cash inflows less cash outflows) to be received over the period of forecast. The DCF has its foundation in the present value (PV) rule where the value of any asset is the PV of the expected future cash flows.

Market Approach

Comparable Companies' Multiples Method ('CCM')

Valuation under the Market Approach entails the application of appropriate market-based multiples selected from comparable companies. This method is based on idea of determination of the price at which the company will be exchanged in the public market and is particularly useful for valuing companies that are currently profitable and expected to continue making profits in the foreseeable future.

Comparable Transactions Multiples Method ('CTM')

This method uses multiples derived from valuations of comparable companies based on M&A deals involving comparable companies. This method is based on the principle that comparable transactions/market valuations taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Cost or Asset Approach – Book Value Method

The cost approach arrives at valuation in terms of stated net worth of the Company. It is useful when the other methods do not adequately reflect the fair value.

In the present case, equity shares of the Company are not listed on any stock exchanges and hence, the Market Price Method cannot be considered.

Further, sufficient and reliable details of comparable transactions are not available in public domain. Therefore, Comparable Transaction Multiple Method or Comparable Companies' Multiple Method has not been adopted for the present valuation exercise.

Considering the above, Market Approach is not adopted for the present valuation exercise.

Since, change of control of the company is envisaged through issue of new equity shares, management does not have a complete clarity regarding the future business plans and is not in a position to make realistic estimates of projected cashflows. Hence Discounted Cashflow (DCF) method has not been used.

Considering the above, we have thought fit to use NAV under 'Asset' Approach and ECM Method under 'Income' Approach for arriving at the fair value of equity shares of the Company for the present valuation exercise as on the Valuation Date.

The steps followed in applying these two approaches are as follows:

1. **Net Assets Value Method (NAV)**
   Equity Value of the Company using Net Assets Method has been determined as follows:
   - Assets: Total assets of the Company have been determined based on the Unaudited Provisional Financial Statements of the Company as on March 31, 2025, provided by the Management. This includes Non-Current Assets like Property Plant & Equipment, Investments in Security Receipts, Long Term Loans and Advances, other Non-Current Assets and Net Current Assets like Trade Receivables, Cash & Bank Balances, Short Term Loans and Advances and other Current assets reduced by Current liabilities like Trade payables and other current liabilities.
   - Liabilities: Company does not have outside Borrowings/liabilities as per the Unaudited Provisional Financial Statements of the Company as on March 31, 2025.
   - Going Concern Assumptions: This Valuation exercise assumes that the Company will continue its operation as a going concern hence no adjustments have been made to above values for liquidation or going concern risks.
   - Equity Value Per Share: Net Asset Value has been divided by the number of outstanding equity shares as on the Valuation Date to arrive at the Net Asset Value per Equity Share.

On the basis of forgoing the Value per equity share of the Company as per Net Assets Method works out to Rs. **14.99**. The working for the same are given in **Annexure II** of this Report.

2. **Earning Capitalisation Method (ECM)**
   Equity Value of the Company using Earning Capitalisation Method has been determined as follows:
   - Future Maintainable Profit before tax: Future Maintainable Profit before Tax has been arrived by averaging the Profit before Tax for FY 2022 -23 (Audited), 2023 – 24 (Audited), 2024-25 (Unaudited Provisional). We thought that it is appropriate to use financials of FY 2022 -23, 2023-24 and 2024-25 for the purpose of calculation.
   - Future Maintainable Profit after Tax: Future Maintainable Profit before Tax has been reduced by the full tax rate applicable to corporate entity to arrive at the Future Maintainable Profit after Tax.
   - Capitalised Value / Enterprise Value: Appropriate Capitalisation rate used to arrive at the Capitalised Value/ Enterprise Value of the Company
   - Adjustment: Earning Capitalised Value has been adjusted as follows.
   - Equity Value per Share: Adjusted Earning Capitalised Value has been divided by the number of outstanding equity shares as on the Valuation Date to arrive at the Earning Capitalised Value per Equity Share.

On the basis of forgoing the Value per equity share of the Company as per Earning Capitalisation Method works out to Rs. **15.02**. The working for the same are given in **Annexure III** of this Report.

9. OPINION

The value of the Company is arrived at by applying appropriate weights to the values arrived at as per the NAV Method under Asset Approach and ECM Method under Income Approach.

Since the Company is not listed on the Stock exchanges, applied the illiquidity discount of 10% to the Value per Share to arrive at the fair Value per Share.

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, based on the information and explanation provided to us by the Management, in our opinion, to the best of our knowledge and belief, the Fair Value of ISARC as on the Valuation Date works out to **Rs. 13.51 per share**. The workings for the same are given in **Annexure I** of this Report**.**

We have been informed by the Management that there is a possibility of a Change of Control of Management by issue of fresh equity shares to a potential investor making them majority Shareholder or through the composition of the Board of Directors of the Company so that potential Investor will have majority Board seats or both. **In case the change of control is envisaged** then a Control Premium of 10% which we feel is appropriate looking at the size and nature of operations of the Company can be applied to the Fair Value after the illiquidity discount taking the Fair Value of

ISARC as on Valuation Date to **Rs. 14.86 per share**. The working for the same is given in Annexure I of this Report.

Sayali Nikhil Deshkar

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Date: 2025.04.17 10:45:58 +05'30'

CA Sayali Deshkar
Registered Valuer - (Securities or Financial Assets)
Reg. No. IBBI/RV/07/2019/12246
ICAI Membership Number 132663
Date: 17th April 2025
UDIN: 25132663BMJQWV1342

ANNEXURE I

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

CALCULATION OF FAIR VALUE PER SHARE

Methodology	Value Per Share	Weight	Amount
Net Asset Value	14.99	1	14.99
Earning Capitalisation Method	15.02	1	15.02
Total		**2**	**30.02**
Value Per Share			15.01
Discount for Illiquidity		10%	1.50
Fair Value per Share			**13.51**
Control Premium, if applicable		10%	1.35
Fair Value per Share, if there is Change of Control of Management			**14.86**

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ANNEXURE II
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CALCULATION OF FAIR VALUE PER SHARE
BY NET ASSET METHOD BASED ON UNAUDITED PROVISIONAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2025

(Rs. In Crores)

Particulars	Amount	Amount
Non-Current Assets		
(a) Property, Plant & Equipment		
Tangible	0.09	
Intangible	0.00	
(b) Non-Current Investments	2.87	
(c) Deferred Tax Assets (Net)	1.31	
(d) Long Term Loans and Advances	2.29	
(e) Other Non-Current Assets	0.11	
		6.67
Current Assets		
(a) Trade Receivables	0.05	
(b) Cash and Bank Balances	137.38	
(c) Short Term Loans and Advances	0.46	
(d) Other Current Assets	5.99	
	143.88	
Current Liabilities		
(a) Trade Payables	0.55	
(b) Other Current Liabilities	0.05	
	0.60	
Net Current Assets		**143.28**
Gross Assets Value		**149.95**
Non-Current Liabilities		
(a) Other Long-Term Liabilities	-	
(b) Long Term Provisions	-	
		-
Net Assets Value for Equity Shareholders		**149.95**
No. of Equity Shares (Actual)		10,00,00,000
Value per Share		**14.99**

ANNEXURE III
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CALCULATION OF FAIR VALUE PER SHARE
BY EARNING CAPITALISATION METHOD

(Rs. In Crores)

Year	PBT	Weight	Amount
2022 -23	7.52	1	7.52
2023 - 24	10.65	1	10.65
2024 - 25	7.05	1	7.05
		3	**25.22**
Future Maintainable profits before tax			**8.41**
Less: Taxation		25.17%	2.12
Future Maintainable profits after tax			**6.29**
Capitalisation Rate (PE)			23.89
Capitalised Value of Business			150.23
No. of Equity Shares (Actual)			10,00,00,000
Value per Share			**15.02**

Notes:

1. *Profit before tax includes, Write Back of Provision for Security Receipts, Diminution in Value of Security Receipts, Advance to trusts, GST Recoverable on Reversed Management Fees etc. These items are recurring in nature as they are accounted in compliance with the RBI policy applicable for Asset management companies. Hence no adjustment has been made for these items for calculation of future maintainable profits.*

2. *An upside Income of Rs.20 crore earned from a high value account has been deducted from the Profit of FY 2024-25, as it may not be maintainable every year.*

3. *Income tax rate is based on the prevailing corporate tax rate in India.*

4. *Calculation of Capitalisation rate*

NAME	*%*	***PE***
HDFC AMC		*36.30*
Nippon Life India		*27.50*
Aditya Birla AMC		*20.10*
UTI AMC		*16.70*
Average		***25.15***
Less: Discount for Size of AUM	*5%*	*1.26*
Average PE (Capitalisation rate)		***23.89***

   i. *Data source for PE of similar companies is https://www.screener.in/ as of 28th March 2025.*
   ii. *Considering the size of company, a discount of 5% is applied for the calculation of Capitalisation rate.*