

The cover features a large white graphic resembling a stylized leaf or a speech bubble, set against a blue background. This graphic is divided into four circular sections, each containing a different industrial illustration: a water treatment plant with two tall towers, a construction site with a crane, a factory with a conveyor belt, and a simple industrial building. The text 'Annual Report 2021-22' is centered within the white graphic.

Annual Report 2021-22

Restoring Productivity of NPAs



isarc

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Principal Sponsors

Small Industries Development Bank of India (SIDBI)
SIDBI Venture Capital Limited (SVCL)

Sponsors

Punjab National Bank
Bank of Baroda

Chief Executive Officer

Shri Sunil Mirashi

Chief Financial Officer

Shri K. Prakash

Company Secretary

Smt Ketki Muzumdar

Statutory Auditors

M/s U. G. Devi & Co.,
Chartered Accountants

Bankers

State Bank of India
IDBI Bank Ltd.

Registered Office

Swavalamban Bhavan,
Plot No. C-11, G- Block,
Bandra- Kurla Complex,
Bandra (East), Mumbai 400051
Telephone: +91 22 6753 1100
E-mail : isarc@isarc.in
Website : www.isarc.in

Registrar & Share Transfer Agent

Satellite Corporate Services Private Limited
Unit No. 49, Bldg No.13-A-B, 2nd Floor,
Samhita Commercial Co-Op. Soc. Ltd.
Off Andheri Kurla Road, MTNL Lane,
Sakinaka, Mumbai - 400 072
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BOARD OF DIRECTORS



Shri Sivasubramanian Ramann
Chairman



Shri Venkatarao Satya Vasantha Rao
Nominee Director - SIDBI



Shri Binod Kumar
Nominee Director - PNB



Shri Virendra Kumar Khandelwal
Nominee Director - BOB



Shri Anup Sankar Bhattacharya
Independent Director



Shri Shyam Sundar Barik
Independent Director



Smt Rachna Dikshit
Independent Director

NOTICE OF 14TH ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of the Members of India SME Asset Reconstruction Company Limited will be held through Video Conference (VC) on Thursday, September 29, 2022 at 11.30 a.m. to transact the business stated herein:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended March 31, 2022 and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Venkatarao Satya Vasantha Rao (DIN No.00334394), who retires by rotation and being eligible, has offered himself for reappointment. (As per Article 138, 158 and proviso to 187(iii) of AOA of the Company)

Place: Mumbai

Date: September 07, 2022

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

**Sd/-
(Ketki Muzumdar)
Company Secretary & Compliance Officer
M.No.A30638**

Notes:-

1. As required under Secretarial Standard on General Meetings (the SS-2), brief profile of Shri Venkatarao Satya Vasantha Rao, Director retiring by rotation and seeking re-appointment at the Annual General Meeting (AGM) is detailed as **Annexure A**
2. 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 and 2/2022 dated May 5, 2022, 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 2021-22 are being sent only by email to those Members who have registered their email address with the Company and have also been uploaded on the website of the Company, viz., www.isarc.in
 - 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 2 days before the date of Meeting, so that the requisite information / explanations can be provided in time.
- e) Details 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) Pursuant to Section 139 of the Companies Act, 2013, the Auditors of a Government Company and deemed Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in pursuant to Section 142 of the Companies Act, 2013, their remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Members had authorized the Board in the 12th AGM held on September 30, 2020 to fix an appropriate remuneration of Statutory Auditors as may be deemed fit by the Board for FY 2020-21 and for the subsequent financial years as and when the appointment of Statutory Auditors is made by C&AG.
- h) The Statutory Auditors of the Company for the Financial Year 2022-23 shall be appointed by C&AG and accordingly, the Board shall fix appropriate remuneration of the Statutory Auditors for the Financial Year 2022-23.
- i) 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
- j) In case a demand for poll is made by any member for any item to be discussed in Annual General Meeting, members may cast their vote at the designated email address i.e., cs@isarc.in
- k) Since the AGM is being held through VC, the route map for the AGM venue, is not attached.
- l) Members may contact the Company for conveying 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

Annexure A
The brief profile of Director retiring by rotation and seeking re-appointment at AGM

(Information as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2))

Name	Shri Venkatarao Satya Vasantha Rao
DIN	00334394
Age	57
Qualification and Expertise in specific functional areas	M.L (International Law) B.L (Contract, Transfer of Property, Civil Law, Criminal Law) PG Diploma in Industrial Relations & Personnel Management B. Com (Accounts, Commerce, Economics)
Terms and conditions of appointment	Nominee Director liable to retire by rotation.
Details of remuneration sought to be paid	Nil
Details of the remuneration last drawn (FY 2021-22)	Nil
Date of first appointment on the Board	May 24, 2021
Shareholding in the Company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	None
The number of Meetings of the Board attended during the FY 2021-22	5/5
Other Directorships (excluding India SME Asset Reconstruction Company Limited)	Small Industries Development Bank of India (SIDBI) Micro Units Development & Refinance Agency Ltd. (MUDRA) SIDBI Venture Capital Ltd. (SVCL) SIDBI Trustee Company Ltd. (STCL)
Membership / Chairmanship of Committees of other Board	NIL

DIRECTORS' REPORT



The Members,

Your Directors have pleasure in presenting the 14th Annual Report of the Company 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, 2022.

FINANCIAL PERFORMANCE OF THE COMPANY

Brief particulars of the financial performance of the Company during the Financial Year (FY) 2021-22 and previous year is as under:-

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
I	Revenue from operation	1018	612
II	Other Income	515	497
III	Total revenue (I+II)	1533	1109
IV	Operating Expenses	343	374
V	Operating Profit (III-IV)	1190	735
VI	Provisions for SRs/ Diminution in value of SR as per RBI Guideline	668	570
VII	Provision for Advances to Trusts	147	20
VIII	Provision for GST Recoverable on Reversed Management Fees	73	---
IX	EBITDA (V-VI-VII-VIII)	302	145
X	Interest	---	---
XI	Depreciation	2	3
XII	PBT (IX-X-XI)	301	142
XIII	Tax	79	106
XIV	PAT (XII - XIII)	222	36
XV	Earnings Per Share (EPS) (Basic & Diluted)	0.22	0.04

FINANCIAL SUMMARY

Summary of performance of the Company in brief during FY 2021-22 is as under:

- a) Revenue from Operations has increased to ₹1018 Lakh in FY2021-22 as compared to ₹612 lakh in the previous year.
- b) Operating expense has come down to ₹343 lakh in FY2021-22 as compared to ₹374 lakh in previous year.
- c) As per RBI extant guidelines, the Company has made provision for SRs / diminution in the value of SRs to the tune of ₹668 lakh in FY 2021-22 (Previous Year provision ₹570 lakh).
- d) The Company has earned Operating Profit of ₹1190 lakh and Profit after Tax of ₹222 lakh in FY 2021-22.
- e) Net worth of the Company has marginally increased to ₹11491 lakh in FY2021-22 as compared to ₹11269 lakh in previous year.
- f) It may also be noted that the Cash and Deposits with Banks have increased to ₹8923 lakh in FY2021-22 as compared to ₹7959 lakh in previous year.

STATE OF COMPANY'S AFFAIRS

Business Environment

Domestic macroeconomic conditions are striking a path that is diverging from global developments. In India, the recovery in economic activity is gaining strength and traction as it emerges from the third wave. Both manufacturing and services remain in expansion with optimism on demand parameters and uptick in consumer and business confidence. As businesses return to a new normal, the job landscape is expected to improve. Even as monetary policy remained accommodative, global spillovers have led to a tightening of financial conditions.

Our industry has been passing through interesting and turbulent times. The business and regulatory environment is undergoing substantial changes. Frequent Covid waves, coupled with rising commodity prices and increasing bond yields, are likely to adversely impact the Indian economy. In the recent Financial Stability Report, RBI estimates gross non-performing loans to increase from 6.9% to 8.1% by September 2022 (even in a base line scenario). The increase in stressed assets in the banking industry can be partly mitigated by the sale of some of the stressed assets to Asset Reconstruction Companies (ARCs). The Government of India and leading experts in the financial services industry saw the need for an institutionalized approach, involving an ARC Aggregator of Debt and an AMC – Resolution Manager, to deal with legacy NPAs and manage the anticipated large-scale increase in NPAs as a result of the pandemic.

The RBI in April 2021 set up a Core Committee to undertake a comprehensive review of the working of Asset Reconstruction Companies (ARCs) in the financial sector ecosystem and recommend suitable measures for enabling them to meet the growing requirements. The Committee in November 2021 has *inter-alia* made the following major recommendations to RBI:

- i. The scope of Section 5 of the SARFAESI Act is to be expanded by permitting ARCs to acquire financial assets from all regulated entities including AIFs, FPIs, AMCs making investment on behalf of MFs and all NBFCs including HFCs. ARCs should be allowed to sponsor a SEBI registered AIF, to be used as an additional vehicle for facilitating restructuring/ recovery of the debt acquired by the ARC and a meaningful turnaround of the borrower.
- ii. ARCs to act as resolution applicants in the insolvency resolution process under the Insolvency and Bankruptcy Code (IBC), 2016;
- iii. Facilitating debt aggregation;
- iv. Necessary regulatory or legislative steps to implement these changes.
- v. Minimum net-owned fund (NOF) requirement for ARCs should be increased to ₹200 Crore.
- vi. In the matter related to taxation of income generated from investment in SRs (security receipts) issued by ARCs, the possibility of a 'pass-through' regime for AIF investors may be looked into by the Central Board of Direct Taxes (CBDT). The committee has also recommended that the CBDT may consider clarifying on the tax rate applicable to FPIs.
- vii. If 66 per cent of lenders (by value) decide to accept an offer by an ARC, the same may be binding on all lenders and must be implemented within 60 days of approval by majority lenders (66 per cent). Also, 100 per cent provisioning on the loan outstanding should be mandated for a dissenting lender who fails to comply with this requirement.
- viii. To broaden the investor base of SRs, the list of eligible qualified buyers may be further expanded to include HNIs with a minimum investment of ₹1 crore, corporates (net worth - ₹10 crore and above), trusts, family offices, pension funds and others.
- ix. NARCL is incorporated by the Government of India for cleaning the books of PSBs. The RBI should ensure fair competition between the NARCL and private ARCs to promote the objectives of true price discovery through the market mechanism.

While an additional player in the industry is always welcome, it is pertinent to mention that the existing players are not at a disadvantage vis-à-vis the new player, however, National Asset Reconstruction Company Ltd (NARCL), which is slated to become the mother of all Asset Reconstruction Companies (ARCs), will prompt existing ARCs to change their business orientation and start focusing on buying the stressed retail and MSME assets thereby increasing focus on proportion of upside income and recovery of non-performing assets. While RBI has issued a revised Master Circular on Asset Reconstruction Companies on February 10, 2022, it is yet to come out with revised guidelines after taking into consideration the recommendations made by the Core Committee. With all these changes happening, it is imperative for the ARCs to gear up to effectively handle and respond to the dynamic environment.

Operations

(i) Asset Acquisition:

Your Directors in its meeting held on November 20, 2020 have decided to start new acquisitions in the Company for smooth functioning. However, since most of the lenders offered assets on 100% cash basis, no fresh acquisition could be made during the year under review.

(ii) Asset Resolution / Recovery:

During the year, the gross & net recovery stood at ₹6187 lakh & ₹ 5640 lakh respectively. Security Receipt (SRs) worth ₹2270 lakh were redeemed during FY 2021-22 (after adjusting management fee and all commissions & expenses) to SR holders including ISARC (₹167 lakh in the previous year). The cumulative gross recovery (since commencement of business) till March 31, 2022 aggregated ₹34710 lakh of which ₹16492 lakh have been redeemed to SR holders including ISARC.

(iii) Assets under Management:

The aggregate SR issuance (since commencement of business) amounts to ₹54391 lakh out of which SRs amounting to ₹37560 lakh were outstanding as on March 31, 2022, SRs amounting to ₹16492 lakh have been redeemed and SRs amounting to ₹338 lakh have been written off till March 31, 2022. The AUM including additional funding, (since commencement of business) is ₹55095 lakh whereas the Net AUM of the Company is ₹37605 lakh as on March 31, 2022.

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

As on March 31, 2022, aggregate SRs amounting to ₹6870 lakh have been rated by rating agencies under the recovery ratings scale as per the guidelines issued by RBI to SC/RC companies and the corresponding NAVs have been communicated to the SR holders.

THE CHANGE IN THE NATURE OF BUSINESS, IF ANY

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

TRANSFER TO RESERVES

There is no amount proposed to be transferred to reserves.

DIVIDEND

In order to conserve the capital and to deal with the prevailing uncertain economic environment, your Directors do not recommend any dividend payment at the ensuing Annual General Meeting of the Company.

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

As the economy is recovering from COVID impact, DRTs and other courts have started to function as normal, the Company could make good recoveries during FY 2021-22 and further

good recoveries are expected during FY 2022-23. There were no other material changes impacting the financial position of the Company during the year.

The Company received an Intimation Letter from Small Industries Development Bank of India (SIDBI), the Lead Institution, along with a copy of the duly executed Share Purchase Agreement stating that 86.70% shareholders of the Company have agreed to divest their shareholdings in favour of M/s. Dhansamridhi Finance Private Limited, a NBFC, registered with RBI.

As per Section 3(6) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and in terms of para 3(e) of RBI letter DNBS.PD.5269/26.01.012/2008-2009 dated March 5, 2009, the Company is required to obtain prior approval from Reserve Bank of India (RBI) for any substantial change in the management of the Company. Accordingly, an application has been submitted to RBI in this regard and the approval of RBI is awaited.

CORPORATE GOVERNANCE

Committees

The Board of Directors of the Company has constituted a Risk Management Committee (RMC), Nomination and Remuneration Committee (NRC), Audit Committee (AC) and Corporate Social Responsibility (CSR) Committee *inter-alia* to frame and implement policies and plans, monitor the risks, recommend the appointment and remuneration of the Directors and Key Managerial Personnel (KMPs), exercise of oversight in financial risk and control and take up CSR activities. 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. The size of the Board of the Company is commensurate with its assets under Management (AUM) and business operations. In addition to the governance practices, the Board lays strong emphasis on transparency, accountability and integrity. The Board is headed by Shri Sivasubramanian Ramann (DIN No.07685657), Chairman of the Board. The Board comprises of 7 (Seven) Directors of which 4 (Four) are Non-Executive Nominee Directors and 3 (Three) are Independent Directors. A detailed report on Corporate Governance is placed as **Annexure-I**.

MEETINGS OF THE BOARD

The Board met at regular intervals to consider among other businesses, quarterly performance of the Company and financial results. To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information is 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 is also kept informed of overall performance of the Company, major events/items and approvals taken, wherever necessary. The Board also takes decision by circular resolutions which are noted by the Board at the subsequent meeting.

During the financial year 2021-22, the Company held 5 (Five) meetings of the Board of Directors as per Section 173 of the Companies Act, 2013. These were held on July 02, 2021; July 30, 2021; September 07, 2021; December 29, 2021 and March 16, 2022.

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

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

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

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, guideline(s) issued by the Reserve Bank of India and other applicable laws *inter-alia* with respect to appointment of women director, non-executive director(s) and independent director(s).

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, Shri Venkatarao Satya Vasantha Rao (DIN No.00334394), is liable to retire by rotation at the forthcoming Annual General Meeting being longest in office, in compliance with Section 152(6) and other applicable provisions of the Companies Act, 2013 and being eligible to offer himself for re-appointment.

Brief particulars of Shri Venkatarao Satya Vasantha Rao (DIN No.00334394) as required under Secretarial Standard on General Meetings (the SS-2) is provided in the Notice convening the Annual General Meeting of the Company.

Appointment of Directors & KMP

The Company has received approval from Reserve Bank of India (RBI) for appointment of Shri Venkatarao Satya Vasantha Rao, Deputy Managing Director representing Small Industries Development Bank of India (SIDBI) having DIN No. 00334394, who has been nominated as Director on the Board of Company by SIDBI. The Board of ISARC by circular resolution dated May 21, 2021, approved the appointment of Shri Venkatarao Satya Vasantha Rao as a Nominee Director representing SIDBI.

The Company has also received approval from Reserve Bank of India (RBI) for appointment of Shri Sivasubramanian Ramann, IA&AS, Chairman & Managing Director representing Small Industries Development Bank of India (SIDBI) having DIN No. 07685657, who has been nominated as Director on the Board and Non-Executive Chairman of the Company by SIDBI. The Board of ISARC by circular resolution dated August 10, 2021, approved the appointment

of Shri Sivasubramanian Ramann as a Nominee Director representing SIDBI and designated him as Non-Executive Chairman of the Company.

Shri Sunil Mirashi, on deputation from Small Industries Development Bank of India (SIDBI), has been appointed as the Chief Executive Officer of the Company and designated as Key Managerial Personnel by the Board of Directors in its meeting held on September 07, 2021 with immediate effect.

Smt Ketki Muzumdar has been appointed as Company Secretary & Compliance Officer and designated as Key Managerial Personnel by the Board of Directors in its meeting held on September 07, 2021 with immediate effect.

The members of the Company at its Annual General Meeting held on September 30, 2021 have approved the re-appointment of two Independent Directors for a further term of three years on the same terms and conditions, subject to Reserve Bank of India (RBI) approval. Accordingly, the Company has received approval from Reserve Bank of India (RBI) on January 5, 2022, for re-appointment of Shri Anup Sankar Bhattacharya and Shri Shyam Sundar Barik, Independent Directors for a further term of three (3) years, with effect from September 30, 2021 to September 29, 2024.

The Company has received approval from Reserve Bank of India (RBI) for appointment of Shri Binod Kumar, having DIN No.07361689, who has been nominated as Director on the Board of Company by Punjab National Bank (PNB). The Board of ISARC by circular resolution dated March 31, 2022, approved the appointment of Shri Binod Kumar as a Nominee Director representing PNB with effect from approval date of Reserve Bank of India (RBI) i.e. July 01, 2022.

Cessation of Directors & KMP

Kum. Prity Adwani, Company Secretary & Compliance Officer designated as Key Managerial Personnel of the Company has resigned with effect from July 02, 2021.

Shri Rishi Dwivedi, deputed by Small Industries Development Bank of India (SIDBI) as Chief Executive Officer (on interim basis) and designated as Key Managerial Personnel of the Company has been repatriated to SIDBI with effect from August 17, 2021, pursuant to SIDBI's letter dated August 17, 2021.

Shri Rajneesh Karnatak, Nominee Director representing Punjab National Bank (PNB), having DIN No.08912491, ceased to be a Director on the Board of the Company with effect from October 21, 2021.

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 Financial year 2021-22.

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.

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 Chairman, as well as the evaluation of the working of its Audit, Nomination & Remuneration, CSR and other Committees of the Board of Directors.

A structured questionnaire designed for the performance evaluation of the Board, its Committees, Chairman 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 Chairman 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 at its 67th meeting held on June 08, 2022, assessed the performance of all the Directors including Independent Directors. The Directors were satisfied with the results of the performance evaluation of the Board & its Committees, Chairman 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.

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 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, 2022, once prepared, shall be disclosed on the Company's website (<http://isarc.in/about.htm#d>).

Annual return as on March 31, 2021 in Form MGT-7 is available on the website of the Company viz., (<http://isarc.in/about.htm#d>).

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.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 (the Act) read with rules made thereunder, including its modifications or amendments thereof, Company has filed Form CSR-2 for the Financial Year 2020-2021. From the present financial year onwards, the said form would be submitted as an addendum to Form AOC-4 XBRL.

The Policy adopted by the Company on Corporate Social Responsibility (CSR) is placed on the website of the Company (<http://isarc.in/about.htm#d>). Annual Report on Corporate Social Responsibility is given as **Annexure III** to this Report.

SECRETARIAL STANDARD

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

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, 2022, 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, 2022 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, 2022 on a 'going concern' basis.
- (e) the Directors had prepared quarterly financials duly audited by the internal auditors and reviewed by the Statutory Auditors during the year.
- (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

In accordance with the provisions of Section 139(5) of the Companies Act, 2013 (the Act) and the Rules framed thereunder, the Statutory Auditors of your Company are appointed by the Comptroller and Auditor General of India (C&AG). C&AG vide No./CA.V/COY/Central Government, ISARCL (1)/72 dated 18/08/2021 have appointed M/s U G Devi & Co., Chartered Accountants, Mumbai as Statutory Auditor for the financial year 2021-22.

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

Internal Auditor

In terms of provisions of Section 138 of the Companies Act, 2013 (the Act) and other applicable laws, M/s. GMJ & Co., Chartered Accountants, were appointed as the Internal Auditors of the Company for the FY 2021-22. The Internal Audit reports are reviewed by the Audit Committee on periodical basis.

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. Ragini Chokshi & Co., Practicing Company Secretary, Mumbai for the financial year 2021-22 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, 2022 is given as **Annexure IV** to this Report.

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

Sr. No.	Audit Observations	Comments of Board
1	Few forms have been filed beyond the prescribed time with additional fees.	<p>The resolution for re-appointment of Independent Directors passed on September 30, 2021, was subject to Reserve Bank of India (RBI) Approval and the approval was received on January 05, 2022. Thus, Form MGT-14 was filed with additional fees.</p> <p>Form DIR-12 for Appointment of Shri Sivasubramanian Ramann and Cessation of Shri Rishi Dwivedi was filed with Additional Fees. The same was due to inadvertence.</p>

Sr. No.	Audit Observations	Comments of Board
2	As per Section 134(1) of Companies Act, 2013, the financial statements for Financial Year ended 31 st March, 2021 have not been signed by Shri Rishi Dwivedi, Chief Executive Officer of Company.	The Financial Statements was approved on July 02, 2021. The then Chief Executive Officer, Shri Rishi Dwivedi was on long Sick Leave and reported office on 17th August 2021. Hence, as authorised by the Board, the Financial Statements were signed by Chief Operating Officer, Chief Financial Officer and Company Secretary.
3	As per Section 134(3) of Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014, following points may be included in Board's Report instead of being a part of Corporate Governance Report, in future: i. number of meetings of Board ii. 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.	Noted. The observations made by the Secretarial Auditors have been incorporated in the Board's Report for FY 2021-22.

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

The C&AG conducted supplementary audit of the financial statements of the Company for the year ended March 31, 2022 and have furnished the report vide letter No.GA/CA-1/AUDIT/INDIA SME/2021-22/133 dated August 26, 2022 stating that nothing significant has been noticed in the audit which would give rise to any comment upon or supplement to Statutory Auditor's Report under Section 143(6)(b) of the Companies Act, 2013.

The report by the Office of the C&AG, for the year ended March 31, 2022 is being placed next to the report of Statutory Auditors of your Company in the said Annual Report.

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 for ensuring 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 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 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 up-gradation in a cost-effective manner for delivering quality customer service.

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 (<http://isarc.in/about.htm#d>).

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.

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. All the employees have been covered under the Group Medical Insurance Policy taken by the Company during the year.

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/-
Shri Sivasubramanian Ramann
Chairman (DIN No: 07685657)**

**Place: Mumbai
Date: September 07, 2022**

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, Executive Committee, Nomination & Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee, etc. 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 are 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, Management, Law and Banking.

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

Composition of Board of Directors

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

Sr. No.	DIN No.	Name of Directors	Designation
1.	07685657	Shri Sivasubramanian Ramann	Non-Executive Chairman Nominee Director - SIDBI
2.	00334394	Shri Venkatarao Satya Vasantha Rao	Nominee Director – SIDBI
3.	07361689	Shri Binod Kumar	Nominee Director – Punjab National Bank
4.	08450201	Shri Virendra Kumar Khandelwal	Nominee Director - Bank of Baroda
5.	02719232	Shri Anup Sankar Bhattacharya	Independent Director
6.	08184820	Shri Shyam Sundar Barik	Independent Director
7.	08759332	Smt Rachna Dikshit	Independent Director

Profile of the Directors

The Brief profile of each Director is given below:

Shri Sivasubramanian Ramann, IA&AS (Non-Executive Chairman and Nominee Director by SIDBI)

Shri Sivasubramanian Ramann, IA&AS, took over as Chairman & Managing Director of Small Industries Development Bank of India (SIDBI) on April 19, 2021, in terms of the Government of India notification dated April 07, 2021. He has been appointed as the Non-Executive Chairman of ISARC with effect from August 10, 2021. He belongs to 1991 batch of Indian Audit & Accounts Service (IA&AS). Prior to the present assignment, he was MD & CEO of National e-Governance Services Limited from December 2016. Prior to joining NeSL, he was the Principal Accountant General (Audit), Jharkhand, Ranchi during 2015-2016. He worked with SEBI as CGM and later Executive Director between 2007 & 2013.

He held various positions in the offices under the C&AG of India in various States and also worked as Executive Secretary to the C&AG of India. He worked as First Secretary, at Indian High Commission, London for auditing the accounts of various Indian Embassies in Europe. He is BA (Hons) Economics from St. Stephen's College and MBA from FMS, Delhi University. He has done M.Sc. in Regulations from London School of Economics and Certified Internal Auditor from IIA Florida. He completed LLB from Mumbai University and Post Graduate Diploma in Securities Law.

Shri Venkatarao Satya Vasantha Rao (Nominee Director - SIDBI)

Shri Venkatarao Satya Vasantha Rao, DMD of Small Industries Development Bank of India (SIDBI) is a Postgraduate in Law with distinction of securing a Gold Medal from Andhra University in Master of Law, has more than three decades of experience in the financial sector encompassing several areas of Project Finance, Institutional Finance, Corporate Finance, Treasury & Resource Management, Risk Management, NPA Management, Venture Capital, Information Technology, Legal, Human Resources, Corporate Communications, etc. and also possesses board level experience on virtue of being on the boards of leading companies in India.

He is the member of the Audit Committee, Nomination & Remuneration Committee, Executive Committee and CSR Committee of the Board of Directors of the Company.

Shri Binod Kumar
(Nominee Director- Punjab National Bank)

Shri Binod Kumar, Chief General Manager of Punjab National Bank (PNB) has been appointed as Nominee Director on the Board of the ISARC with effect from July 01, 2022. He is Bachelor of Science and CAIIB. He has 28 years of experience at various verticals in PNB and has completed Certification and Diploma in Banking & Finance, Treasury Investment & Risk Management, Financial Risk Management conducted by GARP (USA) and Financial Market.

Shri Virendra Kumar Khandelwal
(Nominee Director- Bank of Baroda)

Shri Virendra Kumar Khandelwal, General Manager of Bank of Baroda (BOB) has been appointed as Nominee Director on the Board of the ISARC with effect from July 03, 2020. He is Bachelor of Commerce with LLB, MBA and CAIIB. He has 28 years of experience at various verticals of BOB like Corporate Credit, Risk Management, Credit Monitoring, Debt recovery etc.

He is the member of Risk Management Committee of the Board of Directors of Company.

Shri Anup Sankar Bhattacharya
(Independent Director)

Shri Anup Sankar Bhattacharya has been appointed as an Independent Director in the 10th Annual General Meeting held on September 28, 2018 and re-appointed for a second term of three years in the 13th Annual General Meeting held on September 30, 2021. He was the Director of Institute of Banking Personnel Selection and Member of the Governing Council of Indian Institute of Banking & Finance. He is an Honorary Fellow of Indian Institute of Banking & Finance. He is the then Chairman and Managing Director of Bank of Maharashtra. He is having rich experience and in-depth knowledge of the Banking Industry from across various markets in India.

He is the Chairman of Nomination & Remuneration Committee and Corporate Social Responsibility Committee of the Board of Company. He is also member of Audit Committee of the Board of Directors of the Company.

Shri Shyam Sundar Barik
(Independent Director)

Shri Shyam Sundar Barik, retired Chief General Manager-in-charge, Dept. of Banking Regulation, Reserve Bank of India, has been appointed as Independent Director in the 10th Annual General Meeting held on September 28, 2018 and re-appointed for a second term of three years in the 13th Annual General Meeting held on September 30, 2021. He holds Post Graduation in Economics and a CAIIB. He has worked for more than 31 years with RBI in the areas such as currency management, regulation and supervision of commercial banks and urban cooperative banks, redressal of customer grievances under Banking Ombudsman Scheme, financial inclusion and financial literacy etc. He has vast experience in the field of banking and finance.

He is the Chairman of the Audit Committee, Executive Committee & Risk Management Committee of the Board of Directors of the Company. He is also member of Nomination &

Remuneration Committee and Corporate Social Responsibility Committee of the Board of Directors of Company.

Smt Rachna Dikshit (Independent Woman Director)

Smt Rachna Dikshit who retired as Regional Director, Reserve Bank of India (RBI) has been appointed as an Independent Director and as Woman Director of ISARC w.e.f. July 03, 2020. She has completed MA in Political Science with CAIIB. During her long experience with RBI, in addition to supervisory functions, she has closely coordinated with other Financial Institutions and Government functionaries. She performed the role of spearheading financial literacy and inclusion for the unbanked and underbanked population which are marginalized and interacted with small, medium and micro enterprises to push banking assistance. During her posting as GM, Department of Banking Regulation, RBI Central Office, she was responsible for Financial Institutions Division and Credit Information Division. She was also part of the Kapoor Committee constituted by the Governor of RBI to study Credit Flow to SSIs in 1998.

She is the member of Executive Committee of the Board of Directors of Company.

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 30, 2022 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 13th Annual General Meeting of the Company was held through Video Conferencing 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, Chairman of the Nomination and Remuneration Committee of the Board as required under Companies Act, 2013.

COMMITTEES OF THE BOARD OF DIRECTORS

In accordance with the applicable provisions of the Companies Act, 2013 (the Act), the circular(s), notification(s) and directions issued by the Reserve Bank of India (RBI) and the Company's internal corporate governance requirements, the Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution on diverse matters. These include the Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Executive Committee and Risk Management Committee. The matters pertaining to financial results and auditors report are taken care of by the Audit Committee and those pertaining to nomination / remuneration of Key Executives and Directors are within the realms of Nomination & Remuneration Committee. The terms of reference of Committee of Directors are as per the Charter duly approved by the Board. The Corporate Social Responsibility (CSR) Committee focuses on compliance of

CSR policy and framework by the Company and monitors the expenditure to be incurred by the Company. The Risk Management Committee manages the integrated risk and further oversee the Risk Management function of the Company. The Internal Complaints Committee ensures a harassment free workplace and redressal of complaints. 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.

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 Committee was reconstituted by including the name of Shri. Venkatarao Satya Vasantha Rao at 63rd Meeting of the Board of Directors held on September 07, 2021.

The Committee was reconstituted by removal of name of Shri Rajneesh Karnatak, member of the Committee, who ceased to be the Director with effect from October 21, 2021, vide Circular Resolution passed by the Board of Directors dated March 03, 2022.

During the year under review, the Composition of Audit Committee is as under:

Sr. No.	Name of the Committee Members	Designation
1	Shri Shyam Sundar Barik	Chairman (Independent Director)
2	Shri Anup Sankar Bhattacharya	Member (Independent Director)
3	Shri Venkatarao Satya Vasantha Rao	Member (Nominee Director)

During the year under review, the Audit Committee met four (4) times on July 2, 2021; July 30, 2021; September 06, 2021 and March 16, 2022.

Nomination and Remuneration Committee

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

During the year under review, the Composition of Nomination and Remuneration Committee is as under:

Sr. No.	Name of the Committee Members	Designation
1	Shri Anup Sankar Bhattacharya	Chairman (Independent Director)
2	Shri Shyam Sundar Barik	Member (Independent Director)
3	Shri Venkatarao Satya Vasantha Rao	Member (Nominee Director)

During the year under review, the Nomination & Remuneration Committee met two (2) times on July 02, 2021 and September 06, 2021.

Corporate Social Responsibility Committee

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

The Committee was reconstituted by removal of name of Shri Rajneesh Karnatak, member of the Committee who ceased to be the Director with effect from October 21, 2021, vide Circular Resolution passed by the Board of Directors dated March 03, 2022.

During the year under review, the Composition of Corporate Social Responsibility Committee is as under:

Sr. No.	Name of the Committee Members	Designation
1	Shri Anup Sankar Bhattacharya	Chairman (Independent Director)
2	Shri Shyam Sundar Barik	Member (Independent Director)
3	Shri Venkatarao Satya Vasantha Rao	Member (Nominee Director)

During the year under review, the CSRC did not meet but approved a resolution for authorization to sign and execute Form CSR-2 vide Circular Resolution dated March 24, 2022.

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 Committee was reconstituted by removal of name of Shri Rajneesh Karnatak, member of the Committee who ceased to be the Director with effect from October 21, 2021, and in his place including the name of Smt Rachna Dikshit, Independent Director, vide Circular Resolution passed by the Board of Directors dated March 03, 2022.

During the year under review, the Composition of Risk Management Committee is as under:

Sr. No.	Name of the Committee Members	Designation
1	Shri Shyam Sundar Barik	Chairman (Independent Director)
2	Smt Rachna Dikshit	Member (Independent Director)
3	Shri Virendra Kumar Khandelwal	Member (Nominee Director)

During the year under review, no meeting of the Risk Management Committee was held.

Executive Committee

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

During the year under review, the Composition of Executive Committee is as under:

Sr. No.	Name of the Committee Members	Designation
1	Shri Shyam Sundar Barik	Chairman (Independent Director)
2	Smt Rachna Dikshit	Member (Independent Director)
3	Shri Venkatarao Satya Vasantha Rao	Member (Nominee Director)

During the year under review, the Executive Committee did not meet but approved a resolution for appointment of Company Secretary, vide Circular Resolution dated August 04, 2021.

Internal Complaints Committee

The Board has constituted the Internal Complaints Committee to take all necessary measures to ensure a harassment free workplace and for redressal of complaints.

During the year under review, the Composition of Internal Complaints Committee is as under:

Sr. No.	Name of the Committee Members	Designation
1	Smt Ketki Muzumdar	CS (Presiding Officer)
2	Shri Harshad Garude	CM (Member)
3	Shri Rajeshwar Raghavan	CM (Member)
4	Smt Vanita Sawant	Outside Member

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

ATTENDANCE OF THE MEMBERS IN BOARD AND COMMITTEE MEETINGS DURING THE FY21-22

Attendance of the Members in Board and Committee Meetings during the FY21-22

Type of the Meeting	No. of Meetings held	Shri Sivasubramian Ramann	Shri Venkatarao Satya Vasantha Rao	Shri Rajneesh Karnatak (PNB)	Shri Virendra Kumar Khandelwal (BOB)	Smt Rachna Dikshit (ID)	Shri Anup Sankar Bhattacharya (ID)	Shri Shyam Sundar Barik (ID)
Board	5	2	5	0	5	5	4	4
AC	4	NA	1	1	NA	NA	4	4
NRC	2	NA	2	NA	NA	NA	2	2
CSR	0	NA	0	0	NA	NA	0	0
EC	0	NA	0	NA	NA	0	NA	0
RMC	0	NA	NA	0	0	0	NA	0
ID	1	NA	NA	NA	NA	1	1	1
AGM	1	0	1	1	1	1	1	1

GENERAL INFORMATION

Share Capital

During the year under review, there have been no changes in the share capital of the Company. As on March 31, 2022, the Authorized, Issued, Subscribed and Paid-up Share Capital of the Company is ₹100/- Crore only.

Investor Correspondence

The Company Secretary
 India SME Asset Reconstruction Company Limited
 Swavalamban Bhavan, Plot No. C-11,
 G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051
 Telephone: +91 22 67531100/1126
 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/-
Shri Sivasubramanian Ramann
 Chairman (DIN No: 07685657)

Place: Mumbai
 Date: September 07, 2022

Annexure-II
FORM AOC-2

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

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

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

SI No	Particulars	Details
1.	Name (s) of the related party and nature of relationship	NIL
2.	Nature of contracts / arrangements / transactions	NIL
3.	Duration of the contracts / arrangements / transactions	NIL
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
5.	Justification for entering into such contracts or arrangements or transactions	NIL
6.	Date(s) of approval by the Board	NIL
7.	Amount paid as advances, if any	NIL
8.	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

SI No	Particulars	Details
1.	Name(s) of the related party and nature of relationship	Small Industries Development Bank of India (SIDBI) – Sponsor of the Company
2.	Nature of contracts/arrangements/transactions	Deputation Charges and Office Rent paid to SIDBI in ordinary course of business
3.	Duration of the contracts / arrangements / transactions	Continuous
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	As specified in Related Party Disclosures forming part of Financial Statements
5.	Date(s) of approval by the Board	July 02, 2021
6.	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. Disclosures for 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/-
Shri Sivasubramanian Ramann
Chairman (DIN No: 07685657)**

**Place: Mumbai
Date: September 07, 2022**

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

Sl. No	Name of Director	Designation/Nature of Directorship	Number of meetings held during the year	Number of meetings attended during the year
1	Shri Anup Sankar Bhattacharya	Chairman (Independent Director)	Nil	Nil
2	Shri Shyam Sundar Barik	Independent Director	Nil	Nil
3	Shri Venkatarao Satya Vasantha Rao	Nominee Director	Nil	Nil

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

<https://isarc.in/about.htm#d>

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:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	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) ₹(-139,816,716/-)
7. CSR Obligation

(a)	Two percent of average net profit of the company as per section 135(5):	NIL
(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):	NIL

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 second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	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)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project (in ₹)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	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)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Reg no.
NIL									

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

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	NIL
(ii)	Total amount spent for the Financial Year	NIL
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(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

Sl. 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)
Sl. 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

Sd/-
Shri Anup Sankar Bhattacharya
 Chairman of CSR Committee
 DIN No.: 02719232

Sd/-
Shri Venkatarao Satya Vasantha Rao
 Member of CSR Committee
 DIN No.: 00334394

Annexure IV

FORM NO MR-3
SECRETARIAL AUDIT REPORT
FOR THE PERIOD 01-04-2021 TO 31-03-2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
Swavalamban Bhavan, C-11, G Block,
Bandra Kurla Complex, Bandra East,
Mumbai - 400051.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED (CIN: U67190MH2008PLC181062) (hereinafter called “the company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering 1st April, 2021 to 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period 1st April, 2021 to 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable during the period of Audit)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’): -(Not Applicable during the period of Audit)
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under applicable Acts, Laws and Regulations to the Company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
2. Regulatory Guidelines and Regulations issued by Reserve Bank of India issued under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
3. Securitization Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003.

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

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India, (SS-1 & SS-2).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except mentioned below-

1. Few forms have been filed beyond the prescribed time with additional fees.
2. As per Section 134(1) of Companies Act, 2013, the financial statements for Financial

Year ended 31st March, 2021 have not been signed by Shri Rishi Dwivedi, Chief Executive Officer of Company.

3. As per Section 134(3) of Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014, following points may be included in Board's Report instead of being a part of Corporate Governance Report, in future:
 - i. number of meetings of Board
 - ii. 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.

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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in due compliance with law, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the year 2021-22 following actions/events reported having major bearing on the Operation of the company: -

- Mr. Venkatarao Satya Vasantha Rao was appointed as Nominee Director by SIDBI with effect from 24th May, 2021.
- Ms. Prity Adwani ceased to be Company Secretary of Company with effect from 2nd July, 2021.
- Mr. Sivasubramanian Ramann was appointed as Nominee Director by SIDBI with effect from 10th August, 2021.
- Mr. Rishi Dwivedi ceased to be Chief Executive Officer of Company with effect from 17th August, 2021.
- Mr. Sunil Mirashi was appointed as Chief Executive Officer with effect from 7th September, 2021.
- Ms. Ketki Muzumdar was appointed as Company Secretary of Company with effect from 7th September, 2021.

- Re-appointment of Shri Anup Sankar Bhattacharya as an Independent Director of Company for a second term of three years with effect from 30th September, 2021.
- Re-appointment of Shri Shyam Sundar Barik as an Independent Director of Company for a second term of three years with effect from 30th September, 2021.
- Mr. Rajneesh Karnatak ceased to be Nominee Director of Punjab National Bank with effect from 21st October, 2021.

For Ragini Chokshi & Co.

Sd/-

Kuldeep Bothra

(Partner)

ACS No.:37452

C.P. No.: 15159

UDIN No.: 037452D000473965

PR Certificate No.: 659/2020

Place: Mumbai

Date: 08-06-2022

Shareholding Pattern

Sr. No.	Name of the Shareholder	Shareholding (%)
SPONSORS (PSBs and FIs)		
1	Punjab National Bank	20.90
2	Small Industries Development Bank of India (SIDBI)	15.00
3	Bank of Baroda	14.00
4	SIDBI Venture Capital Limited	11.00
PUBLIC SECTOR BANKS (PSBs)		
5	Union Bank of India	8.00
6	Punjab and Sind Bank	5.00
7	UCO Bank	4.00
8	Indian Bank	4.00
9	Bank of Maharashtra	4.00
10	Canara Bank	4.00
FINANCIAL INSTITUTIONS / CORPORATIONS (FIs AND SFCs)		
11	Life Insurance Corporation of India	9.00
12	Andhra Pradesh State Financial Corporation	0.35
13	Kerala Financial Corporation	0.35
14	Rajasthan Financial Corporation	0.10
OTHER COMPANIES		
15	APITCO Limited	0.30
TOTAL		100.00

INDEPENDENT AUDITOR'S REPORT

To the Members of India SME Asset Reconstruction Company Limited REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

1. Opinion

We have audited the accompanying Standalone Financial Statements of **India SME Asset Reconstruction Company Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit And Loss, the Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profits, and its cash flows for the year ended on that date.

2. Basis For Opinion

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

3. Other Information

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

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

4. Management's Responsibility for the Standalone Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

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

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

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

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

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

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

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

- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

6. Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of Section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
- II. As required by Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure B" a statement on the directions and sub directions issued by the Comptroller and Auditor General of India.
- III. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Amendment Rules, 2016 and the guidelines issued by The Reserve Bank of India from time to time under SARFAESI Act, to the extent applicable;
 - e) On the basis of written representations received from the directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting;
- IV. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 31 to the Standalone Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses.
 - iii. There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audits procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- v. The Company has neither declared nor paid dividend during the year, hence we have nothing to report in this regard.
- V. The company has neither paid nor provided for managerial remuneration to its Directors for the year ended March 31, 2022, hence we have nothing to report regards the provisions of section 197(16) of the Act.

For **U. G. Devi & Company**
Chartered Accountants
FRN. No. 102427-W

Sd/-
(Vinay U. Devi)
Partner
Membership No. 38973
UDIN: 22038973AKNYPO8501

Mumbai,
Dated: 08th June, 2022.

Annexure “A” to the Independent Auditors’ Report of India SME Asset Reconstruction Company Limited for the year ended 31st March 2022 (referred to in our report of even date).

We report that

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
- (B) The Company has maintained proper records showing full particulars of Intangible assets
- (b) As per information and explanations given to us, the Property, plant and equipment have been physically verified by the management at regular intervals in accordance with the programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its Property, plant and equipment. According to the information & explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own any immovable property included under the head fixed assets. Accordingly, provisions of clause 3(i)(c) of the order is not applicable to the company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is into the services sector, primarily rendering asset reconstruction and securitization services and as such does not hold inventories and accordingly provisions of clause 3(ii) of the Order are not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits from banks or any financial institution on the basis of current assets. Accordingly, provisions of clause 3(ii)(b) of the order is not applicable to the company
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given/made loans, investments, guarantees, and security. The issue of compliance with the provisions of section 185 and 186 of the Companies Act, 2013, therefore does not arise.

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed there under apply. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income-Tax, Goods & Services Tax and any other material statutory dues applicable to it. No undisputed amounts payable in respect of Income-Tax, Goods & Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues were outstanding as at March 31, 2022, for period of more than six months from the date they became payable.
- (b) According to the records of the Company, the dues of Income Tax which have not been deposited on March 31, 2022 on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount Involved (₹)	Amount Unpaid (₹)
Income Tax Act, 1961	Income Tax	2011-12	CIT(A)	1,973,166	5,900
Income Tax Act, 1961	Income Tax	2011-12	CIT(A)	4,040,300	NIL
Income Tax Act, 1961	Income Tax	2016-17	CIT(A)	20,000	20,000

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us, the Company has not borrowed any amounts from financial institutions, banks, government or by issue of debentures. Accordingly, the provisions of clause 3(ix)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short-term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable.

- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore the provisions of clause 3 (xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations provided by the Management, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the standalone Financial Statements, as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company

- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **U. G. Devi & Company**
Chartered Accountants
FRN. No. 102427-W

Sd/-
(Vinay U. Devi)
Partner
Membership No. 38973
UDIN: 22038973AKNYPO8501

Mumbai,
Dated: 08th June, 2022.

Annexure “B” to the Independent Auditors’ Report of India SME Asset Reconstruction Company Limited for the year ended 31st March 2022 (referred to in our report of even date).

Report in terms of Section 143(5) of the Act on the directions and sub directions issued by the Comptroller and Auditor General of India. We further report as under.

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

For U. G. Devi & Company
Chartered Accountants
FRN. No. 102427-W

Sd/-
(Vinay U. Devi)
Partner
Membership No. 38973
UDIN: 22038973AKNYPO8501

Mumbai,
Dated: 08th June, 2022.

ANNEXURE “C” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF India SME Asset Reconstruction Company Limited

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

We have audited the internal financial controls over financial reporting of **India SME Asset Reconstruction Company Limited** (“the Company”) as of **March 31, 2022** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **U. G. Devi & Company**
Chartered Accountants
FRN. No. 102427-W

Sd/-
(Vinay U. Devi)
Partner
Membership No. 38973
UDIN: 22038973AKNYPO8501

Mumbai,
Dated: 08th June, 2022.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2022

The preparation of financial statements of INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 8 June 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED for the year ended 31 March 2022 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

sd/-
(P V Hari Krishna)
Principal Director of Audit (Shipping), Mumbai

Place: Mumbai
Date : 26.08.2022

- I. **Details to be provided in the Annual Report in terms of recommendations made by the Committee on Papers laid on the Table (Rajya Sabha) in its 150th Report are as under:**

Details of the vigilance cases for the FY 2021-22

Opening balance as on 01.04.2021	Vigilance cases received during 01.04.2021 to 31.03.2022	Disposed Off	Balance
NIL	NIL	NIL	NIL

- II. **Status of Pending CAG Para and Management Reply**

(Inspection Report of CAG on the transactions of ISARC from 2013-14 to 2017-18)

Sl. No.	Name of the Audit Para	Brief of the Para	Reporting Status
1	Para 3 of CAG Report 1 of 2018-19	Certain financial assets (Trusts) have not been realized within the time period of five or eight years, as per the RBI directives. Reasons for non-realisation of asset / redemption of asset even after lapse of five or eight years along with action plan for realization of such assets was sought in Audit.	<p>ISARC has been reporting the progress in recovery to CAG from to time. The progress in recovery as on March 31, 2022, as reported to CAG, in below table.</p> <p>Reason for non-realisation of assets within the period of 8 years: Recovery proceedings are in progress in respect of all the below Trusts and proceedings are under various stages with DRT / Courts. Since most of the properties mortgaged are under litigation / dispute, realization of assets through auction sale under SARFAESI Act also takes time. The Company is actively following up with Advocates / DRT, etc. and also pursuing with borrowers for One Time Settlement.</p> <p>Further, as many of the below Trusts have only single account and recovery could not be made due to various legal litigations, those trusts could not be closed. However, recovery efforts are on going process till all avenues of recovery are exhausted</p>

Trust Name	Original purchase value (₹ in Lakh)			Recovery as on March 31, 2022 (₹ in Lakh)	SR Balance as at March 31, 2022 (₹ in Lakh)		
	BANK	ISARC	TOTAL		BANK	ISARC	TOTAL
ISARC-SIDBI-I/2009-10 Trust	71.58	3.77	75.35	63.10	26.77	1.41	28.18
ISARC UBI/1/2009-10 TRUST	789.07	41.54	830.61	350.00	789.07	41.54	830.61
ISARC UBI/2/2009-10 TRUST	0.00	91.92	91.92	50.00	0.00	55.24	55.24
ISARC AXIS 1/2009-10 TRUST	0.00	25.00	25.00	0.00	0.00	25.00	25.00
ISARC BOI 1/2009-10 TRUST	0.00	230.38	230.38	38.00	0.00	200.21	200.21
ISARC AXIS 2/2010-11 TRUST	0.00	289.00	289.00	178.19	0.00	165.31	165.31
ISARC CBI 1/2010-11 TRUST	31.02	31.02	62.04	0.00	31.02	31.02	62.04
ISARC Print 7C/2010-11 TRUST	0.00	113.00	113.00	130.00	0.00	0.18	0.18
ISARC UCO 1/2010-11 TRUST	0.00	292.75	292.75	179.06	0.00	182.97	182.97
ISARC FA 54/002/2011-12 TRUST	0.00	440.00	440.00	630.00	0.00	0	0
ISARC FA 16 1/2011-12 TRUST	0.00	253.85	253.85	216.07	0.00	148.25	148.25
ISARC IU/2011-12 TRUST	0.00	421.00	421.00	0.00	0.00	421.00	421.00
ISARC FA/27 1/2012-13 TRUST	180.00	180.00	360.00	0.00	180.00	180.00	360.00
GRAND TOTAL	1071.7	2413.23	3484.90	1834.42			

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2022**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2022

(Amount in ₹)

Particulars	Note No	As at 31.3.2022		As at 31.3.2021	
I EQUITY AND LIABILITIES					
1 Shareholders' Funds					
(a) Share Capital	2	1,000,000,000		1,000,000,000	
(b) Reserves and surplus	3	149,070,936	1,149,070,936	126,857,929	1,126,857,929
2 Non-Current Liabilities					
(a) Other Long Term Liabilities				-	
(b) Long Term Provisions	4	229,428	229,428	307,149	307,149
3 Current Liabilities					
(a) Short Term Borrowings	5	-		-	
(b) <u>Trade Payables</u>	6				
Micro, Small and Medium Enterprises		-		-	
Others		4,289,898		3,216,919	
(c) Other Current Liabilities	7	2,148,869		1,981,090	
(d) Short Term Provisions	8	92,583	6,531,350	120,575	5,318,584
TOTAL			1,155,831,714		1,132,483,662
II ASSETS					
1 Non Current Assets					
(a) <u>Property, Plant and Equipment and Intangible Assets</u>	9				
Property, Plant and Equipment		705,693		723,324	
Intangible Assets		31,544		37,296	
(b) Non Current Investments	10	99,336,769		231,638,473	
(c) Deferred Tax Assets (Net)	11	31,600,646		9,244,279	
(d) Long Term Loans and Advances	12	30,356,348		53,619,949	
(e) Other Non Current Assets	13	28,000	162,059,000	48,000	295,311,321
2 Current Assets					
(a) Trade Receivables	14	16,284,320		5,413,135	
(b) Cash and Bank Balances	15	892,366,310		795,915,953	
(c) Short Term Loans and Advances	16	64,164,997		13,495,444	
(d) Other Current Assets	17	20,957,087	993,772,714	22,347,809	837,172,341
TOTAL			1,155,831,714		1,132,483,662

The accompanying notes 1 to 33 are integral part of the standalone financial statements.

As per our report of even date

 For **U.G Devi & Co.**

Chartered Accountants

Firm Reg. No.: 102427W

For and on behalf of Board of Directors

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Anup Sankar Bhattacharya
 Director
 DIN:02719232

Sd/-
Shyam Sundar Barik
 Director
 DIN:08184820

Sd/-
(Vinay Devi)
 Partner
 M. No.: 038973
 UDIN: 22038973AKNYPO8501
 Mumbai, June 8, 2022

Sd/-
Sunil S. Mirashi
 CEO
 Mumbai, June 8, 2022

Sd/-
K. Prakash
 CFO

Sd/-
Ketki Muzumdar
 Company Secretary
 M.No.: A30638

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

Particulars		Note No	For the Year Ended 31.3.2022	For the Year Ended 31.3.2021
I	Revenue from Operations	18	101,758,261	61,214,678
II	Other Income	19	51,548,488	49,672,275
III	Total Revenue (I + II)		153,306,749	110,886,953
IV	Expenses:			
	(a) Employee Benefit Expense	20	23,219,676	22,412,630
	(b) Depreciation and Amortization Expense	9	170,157	297,923
	(c) Other Expenses	21	99,792,780	73,972,572
	Total Expenses		123,182,613	96,683,125
V	Profit Before Tax (III - IV)		30,124,136	14,203,828
VI	Tax Expense:			
	(a) Current Tax		29,633,276	19,344,309
	(b) MAT Credit Availment/(Entitlement)		-	-
	(c) Deferred Tax	11	(22,356,367)	(8,701,543)
	(d) Income Tax - Earlier years		634,220	-
			7,911,129	10,642,766
VII	Profit for the Year (V - VI)		22,213,007	3,561,062

The accompanying notes 1 to 33 are integral part of the standalone financial statements.

As per our report of even date
 For **U.G Devi & Co.**
 Chartered Accountants
 Firm Reg. No.: 102427W

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

Sd/-
Anup Sankar Bhattacharya
 Director
 DIN:02719232

Sd/-
Shyam Sundar Barik
 Director
 DIN:08184820

Sd/-
(Vinay Devi)
 Partner
 M. No.: 038973
 UDIN: 22038973AKNYPO8501
 Mumbai, June 8, 2022

Sd/-
Sunil S. Mirashi
 CEO

Sd/-
K. Prakash
 CFO

Sd/-
Ketki Muzumdar
 Company Secretary
 M.No.: A30638

Mumbai, June 8, 2022

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

PARTICULARS	Year Ended 31.03.2022	Year Ended 31.03.2021
<u>A. CASH FLOW FROM OPERATING ACTIVITIES</u>		
Profit before Taxation	30,124,136	14,203,828
Adjustments for:		
Add: Depreciation and Amortization Expense	170,157	297,923
Add: Bad Debts	13,679	21,201
Add: Sundry Balance Written off	216,612	-
Add: Loss on sale of Fixed Assets	-	707
Add: Provision for Security Receipts	91,945,099	50,011,193
Add: Provision for Diminution in Value of Security Receipts	(25,188,979)	7,047,280
Add: Provision for Advances to Trusts	14,690,814	1,974,846
Add: Provision for GST Recoverable on Reversed Management Fees	7,302,929	
Less: Profit on sale of Fixed Assets	-	-
Less: Reversal of Provision for Deferred Rent	-	-
Less: Interest on Fixed Deposits having maturity of more than three months	29,953,806	27,913,353
Operating Profit before Working Capital changes	89,320,640	45,643,625
<u>Changes in Working Capital</u>		
<u>Adjustments for Operating Assets</u>		
Trade Receivables	(10,871,185)	400,506
Security Deposits	20,000	16,000
Short Term Loans and Advances	(57,972,482)	6,646,908
Other Current Assets	1,390,722	2,743,337
<u>Adjustments for Operating Liabilities</u>		
Short Term Borrowings	-	(15,500)
Trade Payables	1,072,979	1,314,863
Changes in provision	(105,713)	201,609
Other Current Liabilities	167,779	(1,017,361)
	(66,297,900)	10,290,362
Cash generated from / used in Operation	23,022,740	55,933,987
Less: Taxes paid	30,946,831	6,686,985
Net Cash Flow from Operating Activities (A)	(7,924,091)	49,247,002
<u>B. CASH FLOW FROM INVESTING ACTIVITIES</u>		
Capital Expenditure on Fixed Assets	(148,000)	-
Net Decrease in Investments:		
Security Receipts of Trusts	65,545,584	2,652,542
Sale of Fixed Assets	-	18,522.00
Advances given to Trusts	9,252,122	(6,159,852)
Fixed Deposits having maturity of more than three months but less than 12 months	(124,899,867)	(63,600,957)
Fixed Deposits having maturity of more than 12 months	-	-
Interest Received	29,724,742	32,638,814
Net Cash Flow from Investing Activities (B)	(20,525,419)	(34,450,931)

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in ₹)

PARTICULARS	Year Ended 31.03.2022	Year Ended 31.03.2021
<u>C. CASH FLOW FROM FINANCING ACTIVITIES</u>	-	-
Net Cash Flow from Financing activities (C)	-	-
Net Increase in Cash and Cash Equivalents (A + B + C)	(28,449,511)	14,796,070
Cash and Cash Equivalents at beginning of the year	267,814,529	253,018,459
Cash and Cash Equivalents at end of the year	239,365,018	267,814,529
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash and Cash Equivalents as per Balance Sheet (Refer Note 15)	892,366,310	795,915,954
Less: Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statement	(653,001,292)	(528,101,425)
Cash and Cash Equivalents at end of the year	239,365,018	267,814,529

The accompanying notes 1 to 33 are integral part of the standalone financial statements.

As per our report of even date
For **U.G Devi & Co.**
Chartered Accountants
Firm Reg. No.: 102427W

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

Sd/-
Anup Sankar Bhattacharya
Director
DIN:02719232

Sd/-
Shyam Sundar Barik
Director
DIN:08184820

Sd/-
(Vinay Devi)
Partner
M. No.: 038973
UDIN: 22038973AKNYPO8501
Mumbai, June 8, 2022

Sd/-
Sunil S. Mirashi
CEO

Sd/-
K. Prakash
CFO

Sd/-
Ketki Muzumdar
Company Secretary
M.No.: A30638

Mumbai, June 8, 2022

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. Company Overview:

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

B. Significant Accounting Policies:

1. Basis of preparation of financial statements:

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

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

2. Use of Estimates:

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

3. Revenue Recognition:

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

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 the trusts is recognized on accrual basis in terms of the provisions of the relevant trust deed/offer document. However, Interest on advances to the trusts which remains outstanding for a period exceeding 180 days and/or NAV of SRs fall below 50% of FV of SRs is derecognized and the same gets recognized again only on actual receipts basis on recovery in accordance with the RBI guidelines.
- f) Incentive Income is recognized on accrual basis as per the terms of contract. However, Incentive Income which remains outstanding for a period exceeding 180 days is derecognized and the same gets recognized again only on actual receipts basis on recovery in accordance with the RBI guidelines.
- g) Other fee income - Any fee income other than (a) to (f) above (e.g. advisory fees, processing fees, commission income etc.) is recognized on accrual basis as per the terms of contract.

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

4. Property, Plant & Equipment:

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

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

5. Depreciation:

- a) Depreciation is provided on the straight-line method using useful life prescribed in Part C of Schedule II of the Companies Act, 2013.
- b) Individual assets costing less than ₹5,000/- are depreciated in full in the year of acquisition.
- c) Depreciation is calculated on a pro-rata basis from the date on which the asset is put to use till the date the assets are sold or disposed or till the date of the financial statements, as the case may be.
- d) Intangible assets are amortized over their estimated useful life on a straight line basis, commencing from the date the asset is available to the company for its use.

6. Investments:

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

7. Leases:

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

8. Employees Benefits:

a) Short-Term Benefits:

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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.

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

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

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

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

10. Provision for Advances to Trusts

The Company has made provision for the value of advances given to trusts which have remained outstanding for a period exceeding three years as at the Balance Sheet date.

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

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

12. Earnings Per Share:

Basic:

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Diluted:

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

13. Taxes on Income:

a) Current Tax:

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.

c) Minimum Alternate Tax Policy:

Minimum Alternate Tax (‘MAT’) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

14. Provisions, contingent liabilities and contingent assets:

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

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

A Contingent Liability is disclosed in case of:

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

Contingent assets are neither recognized nor disclosed.

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

15. Cash & Cash Equivalents:

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

16. Cash Flow Statement:

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

17. Prior Period Items:

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

18. Impairment of Assets:

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

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

19. Borrowing Costs:

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

20. Segment Reporting:

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

NOTE 2: SHARE CAPITAL

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
Authorised				
Equity Shares of ₹10/- each	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Issued, Subscribed & Paid up				
Equity Shares of ₹10/- each	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Total	100,000,000	1,000,000,000	100,000,000	1,000,000,000

Notes:

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

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
At the beginning of the year	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	100,000,000	1,000,000,000	100,000,000	1,000,000,000

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

Name of Shareholder	As at 31.03.2022		As at 31.03.2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Punjab National Bank	20,900,000	20.90	20,900,000	20.90
Small Industries Development Bank of India	15,000,000	15.00	15,000,000	15.00
SIDBI Venture Capital Limited	11,000,000	11.00	11,000,000	11.00
Bank of Baroda	14,000,000	14.00	14,000,000	14.00
Union Bank of India	8,000,000	8.00	8,000,000	8.00
Punjab & Sind Bank	5,000,000	5.00	5,000,000	5.00
Life Insurance Corporation of India	9,000,000	9.00	9,000,000	9.00
Total	82,900,000		82,900,000	

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

c) Details of shares held by the Promoters

As at 31.03.2022

Particulars	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% Change during the year
Punjab National Bank	20,900,000	-	20,900,000	-
Small Industries Development Bank of India	15,000,000	-	15,000,000	-
SIDBI Venture Capital Limited	11,000,000	-	11,000,000	-
Bank of Baroda	14,000,000	-	14,000,000	-

As at 31.03.2021

Particulars	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% Change during the year
Punjab National Bank	20,900,000	-	20,900,000	-
Small Industries Development Bank of India	15,000,000	-	15,000,000	-
SIDBI Venture Capital Limited	11,000,000	-	11,000,000	-
Bank of Baroda	14,000,000	-	14,000,000	-

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

d) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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.

NOTE 3: RESERVES AND SURPLUS

Surplus (Statement of Profit and Loss):	As at 31.03.2022	As at 31.03.2021
Balance as per last Financial Statements	126,857,929	123,296,867
Add: Net profit for the current year	22,213,007	3,561,062
	149,070,936	126,857,929

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

		(Amount in ₹)				
		As at 31.03.2022	As at 31.03.2021			
NOTE 4: LONG TERM PROVISIONS						
Provision for Employee Benefits:						
Compensated Absences		229,428	307,149			
Others:						
Provision for Tax		-	-			
		229,428	307,149			
NOTE 5: SHORT TERM BORROWINGS						
Unsecured:		-	-			
Loans and advances from related parties:		-	-			
Advance from Trusts		-	-			
		-	-			
NOTE 6: TRADE PAYABLES						
Trade Payables(Undisputed):		-	-			
Micro, Small and Medium Enterprises		-	-			
Others		4,289,898	3,216,919			
		4,289,898	3,216,919			
Trade Payable Ageing Schedule						
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	38,34,711	4,55,187	-	-	-	42,89,898
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	38,34,711	4,55,187	-	-	-	42,89,898
NOTE 7: OTHER CURRENT LIABILITIES						
Other Payables:						
Statutory Liabilities				2,148,869		1,981,090
				2,148,869		1,981,090
NOTE 8: SHORT TERM PROVISIONS						
Provision for Employee Benefits:						
Compensated Absences				92,583		120,575
Others:						
Provision for Tax				-		-
				92,583		120,575

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

Particulars	Gross Block						Depreciation/Amortisation			Net Block	
	As on 01.04.2021	Additions	Deductions	As on 31.03.2022	As on 01.04.2021	For the Period	Deductions	As on 31.03.2022	As at 31.03.2022	As at 31.03.2021	
Property Plant and Equipment:											
Plant & Machinery:											
Vehicles	1,053,642	-	-	1,053,642	1,000,771	-	-	1,000,771	52,871	52,871	
Office Equipments	863,304	-	23,579	839,725	789,231	28,577	22,403	795,405	44,320	74,073	
Computers	1,684,123	148,000	60,510	1,771,613	1,606,281	20,802	60,460	1,566,623	204,990	77,842	
Furniture & Fixtures	1,313,313	-	-	1,313,313	794,775	115,026	-	909,801	403,512	518,538	
Sub Total (A)	4,914,382	148,000	84,089	4,978,293	4,191,058	164,405	82,863	4,272,600	705,693	723,324	
Intangible Assets:											
Software	598,419	-	-	598,419	568,525	-	-	568,525	29,894	29,894	
Trademark	33,000	-	-	33,000	25,598	5,752	-	31,350	1,650	7,402	
Sub Total (B)	631,419	-	-	631,419	594,123	5,752	-	599,875	31,544	37,296	
Total (A + B)	5,545,801	148,000	84,089	5,609,712	4,785,181	170,157	82,863	4,872,475	737,237	760,620	

Note :9.1 :There were no acquisition through business combination; reclassification of assets; revaluation of assets nor any adjustment during the year.

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in ₹)

NOTE 10: NON CURRENT INVESTMENTS								
Particulars	No. of SRs as at March 31		Extent of Holding (%) as at March 31		SR Paid up Value as at March 31		Amount as at March 31	
	2022	2021	2022	2021	2022	2021	2022	2021
Trade Investments (A)	-	-	-	-	-	-		-
Other Investments								
Investments (Quoted)	-	-	-	-	-	-		-
Investments in SR of Trusts (Unquoted):								
ISARC 12/2010-11 Trust	69780	69780	100	100	100	100	6,978,000	6,978,000
ISARC 13/2010-11 Trust	11211	11211	100	100	1	1	11,211	11,211
ISARC 14/2010-11 Trust	53109	53109	100	100	1	1	53,109	53,109
ISARC ACBL I/2017-18 Trust	3450	3450	15	15	606	606	2,090,700	2,090,700
ISARC Allahabad Bank II/2012-13 Trust	10617	10617	20	20	215	338	2,282,655	3,588,546
ISARC Axis 1/2009-10 Trust	2500	2500	100	100	1,000	1,000	2,500,000	2,500,000
ISARC Axis 2/2010-11 Trust	28900	28900	100	100	572	572	16,530,800	16,530,800
ISARC Axis 3/2012-13 Trust Series II	25500	25500	100	100	150	150	3,825,000	3,825,000
ISARC Axis 3/2012-13 Trust Series III	59000	59000	100	100	527	527	31,093,000	31,093,000
							34,918,000	34,918,000
ISARC Axis 4/2015-16 Trust	164	164	100	100	1	1	164	164
ISARC Axis 5/2015-16 Trust	54973	54973	100	100	409	420	22,484,078	23,088,660
ISARC BOB 1/2009-10 Trust	54557	54557	100	100	1	1	54,557	54,557
ISARC BOI 1/2010-11 Trust	23038	23038	100	100	869	869	20,021,453	20,021,453
ISARC BOI 2/2015-16 Trust	40000	40000	100	100	0	0	1	1
ISARC Canara Bank-I/2013-14 Trust	104682	104682	5	5	937	1,000	98,087,034	104,682,000
ISARC CBI 1/2010-11 Trust	3102	3102	50	50	1,000	1,000	3,102,000	3,102,000
ISARC CBI II / 2012-13 Trust	10213	10213	100	100	537	537	5,484,381	5,484,381
ISARC Dena Bank II/2015-16 Trust	10215	10215	15	15	313	399	3,197,295	4,075,785
ISARC Dena Bank III/2017-18 Trust	12435	12435	15	15	1,000	1,000	12,435,000	12,435,000
ISARC FA 03 I/2011-12 Trust	7000	7000	100	100	957	957	6,699,000	6,699,000
ISARC FA 16 I/2011-12 Trust	25385	25385	100	100	584	1,000	14,824,840	25,385,000
ISARC FA 27 I/2012-13 Trust	18000	18000	50	50	1,000	1,000	18,000,000	18,000,000
ISARC FA 41 I/2011-12 Trust	27921	27921	10	10	373	373	10,414,533	10,414,533
ISARC FA 54/002/2011-12 Trust	44000	44000	100	100	0	932	1	41,008,000
ISARC FA 6 III/2011-12 Trust	14500	14500	100	100	0	0	1	1
ISARC FA 63 I/2012-13 Trust	81	81	100	100	1	1	81	81
ISARC FA 8 II/2012-13 Trust	13100	13100	100	100	-	-	-	-
ISARC GPIL/2014-15 Trust	875	875	5	5	1,000	1,000	875,000	875,000
ISARC IDBI Bank II/2013-14 Trust	22379	22379	5	5	890	890	19,917,310	19,917,310
ISARC IU/2011-12 Trust	42100	42100	100	100	1,000	1,000	42,100,000	42,100,000

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)								
NOTE 10: NON CURRENT INVESTMENTS (CONTD...)								
Particulars	No. of SRs as at March 31		Extent of Holding (%) as at March 31		SR Paid up Value as at March 31		Amount as at March 31	
	2022	2021	2022	2021	2022	2021	2022	2021
ISARC MFPMPL/2011-12 Trust	20200	20200	100	100	-	-	-	-
ISARC OBC I/2014-15 Trust	5001	5001	5	5	1,000	1,000	5,001,000	5,001,000
ISARC Print 7C/2010-11 Trust	11300	11300	100	100	2	2	18,743	18,743
ISARC RCPPL/2014-15 Trust	70732	70732	100	100	2	2	128,413	128,413
ISARC SBI 1/2015-16 Trust	107800	107800	100	100	0	0	1	1
ISARC SCB 1/2015-16 Trust	43108	43108	100	100	0	0	1	1
ISARC SIDBI 1/2009-10 Trust	357	357	5	5	395	395	141,015	141,015
ISARC SIDBI 2/2009-10 Trust								
Class B								
Scheme A	4183	4183	5	5	1	1	4,183	4,183
Scheme B	1055	1055	15	15	0	3,573	1	3,769,997
							4,184	3,774,180
ISARC SIDBI III/2017-18 Trust	96105	96105	15	15	907	907	87,167,235	87,167,235
ISARC Syndicate Bank III/2016-17 Trust	13725	13725	15	15	469	529	6,437,025	7,260,525
ISARC Transrail Structures & Towers/2012-13 Trust	1295	1295	5	5	0	0	1	1
ISARC UBI 1/2009-10 Trust								
Class B	4154	4154	5	5	1,000	1,000	4,154,000	4,154,000
ISARC UBI 2/2009-10 Trust	9192	9192	100	100	601	601	5,524,392	5,524,392
ISARC UBI 3/2009-10 Trust	4038	4038	5	5	943	943	3,807,834	3,807,834
ISARC UCO 1/2010-11 Trust	29275	29275	100	100	625	625	18,296,875	18,296,875
ISARC Yes Bank I-2012 13 Trust	28500	28500	100	100	695	695	19,807,500	19,807,500
							493,549,423	559,095,007
Provision for:								
Diminution in Value of Security Receipts							17,041,532	42,231,511
Security Receipts							377,171,122	285,225,023
Total Other Investments							99,336,769	231,638,473
Notes:								
a) 'SR' stands for Security Receipts.								
b) SR are recorded net of redemption amount.								
NOTE 11: DEFERRED TAX ASSETS (NET)								
Deferred Tax Assets (on account of timing difference):								
Provision for Employee Benefits							241,008	190,058
Depreciation							214,273	245,421
Provision for Deferred Rent							-	-
Provision for Write off of SR's/Advance/other Receivable from Trusts							31,145,365	8,808,800
							31,600,646	9,244,279

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

		(Amount in ₹)	
		As at 31.03.2022	As at 31.03.2021
NOTE 12: LONG TERM LOANS AND ADVANCES			
	Unsecured, considered good, unless specified otherwise:		
	Loans and advances to related parties:		
	Advance to Trusts	38,703,760	47,955,882
	Less: Provision for Advance to Trusts	(25,772,075)	(11,081,261)
		12,931,685	36,874,621
	Advance Income Tax:		
	Unsecured, considered good	12,933,853	10,681,464
	Income Tax/TDS carried forward	4,490,810	6,063,864
		30,356,348	53,619,949
NOTE 13: OTHER NON CURRENT ASSETS			
	Other Bank Balances:		
	Fixed Deposits with Banks having maturity of period more than 12 months	-	-
	Security Deposits:		
	Unsecured, considered good	28,000	48,000
		28,000	48,000
NOTE 14: TRADE RECEIVABLES			
	Unsecured, undisputed, considered good :		
	Outstanding for a period exceeding six months from the date they are due for payment	-	-
	Others	16,284,320	5,413,135
		16,284,320	5,413,135

Trade Receivables Ageing Schedule

Particulars	unbilled	Less than 6 months	6 months - 1 year	1-2 years	More than 3 years Total	Total
(i) Undisputed Trade Receivables-considered good	-	16,284,320	-	-	-	16,284,320
(ii) Undisputed Trade Receivables-considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	-	16,284,320	-	-	-	16,284,320

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

		(Amount in ₹)	
		As at 31.03.2022	As at 31.03.2021
NOTE 15:	CASH AND BANK BALANCES		
	Cash and Cash Equivalents*:		
	Balances with banks in:		
	Current Account	47,244	31,659
	Fixed Deposits	239,315,657	267,782,565
		239,362,901	267,814,224
	Cheques, drafts on hand	-	-
	Cash on hand	2,118	305
	Other Bank Balances:		
	Fixed Deposits with Banks having maturity of more than 3 months but less than 12 months	653,001,292	528,101,425
	More than 12 Months	-	-
		892,366,310	795,915,953
	* Cash and Cash Equivalents includes Fixed Deposits with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.		
NOTE 16:	SHORT TERM LOANS AND ADVANCES		
	Unsecured, considered good, unless specified otherwise:		
	Redemption Amount Receivable	62,666,455	614,242
	Other Loans and Advances:		
	Prepaid Expenses:		
	Contribution to Gratuity Fund	140,699	99,647
	Others	407,026	398,373
	Taxes Receivable:		
	GST Credit	916,828	783,837
	Management Fees Reversed	-	11,565,356
	Advance to:		
	Vendors	33,989	33,989
		64,164,997	13,495,444
NOTE 17:	OTHER CURRENT ASSETS		
	Unsecured, considered good, unless specified otherwise:		
	Accrued Interest on Fixed Deposits	20,957,087	22,347,809
		20,957,087	22,347,809

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 18: REVENUE FROM OPERATIONS		
Management Fees	75,558,233	59,446,460
Yield on Security Receipts		-
Upside Income	22,189,028	638,790
Others:		
Incentives	2,406,600	688,869
Commission Income	1,604,400	440,559
Processing Fees		-
	101,758,261	61,214,678
NOTE 19: OTHER INCOME		
Interest on:		
Fixed Deposits	41,734,662	47,145,491
Advances to Trusts	9,598,440	1,167,385
Interest on Refund of Income Tax	-	1,321,716
Other Non-Operating Income:		
Bad Debts Recovered	-	-
Miscellaneous Income	-	-
Write Back of Provision for Security Receipts	-	-
Profit on Sale of Fixed Assets	-	-
Sitting Fees	-	-
Sundry Balances Written Back	215,386	37,683
	51,548,488	49,672,275
NOTE 20: EMPLOYEE BENEFIT EXPENSES		
Salary & Stipend	4,917,145	8,804,948
Employer's Contribution to MLWF	144	144
Officer's Training Expenses	-	-
Deputation Charges	13,861,178	8,563,806
Deputation Charges - Arrears	-	-
Contractual Staff Expenses	4,132,088	3,572,750
Provision for Compensated Absences	80,186	1,267,739
Contribution to Gratuity Fund	7,068	33,741
Contribution to National Pension Scheme	-	66,111
Staff Welfare Expenses	221,867	103,391
	23,219,676	22,412,630

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 21: OTHER EXPENSES		
Provision for:		
Security Receipts	91,945,099	50,011,193
Diminution In Value of Security Receipts	(25,188,979)	7,047,280
Advances to Trusts	14,690,814	1,974,846
GST Recoverable on Reversed Management Fees	7,302,929	-
Writeoff - Security Receipts	-	-
Advertisement Expenses	-	136,009
Bad Debts	13,679	21,201
Communication Expenses	64,935	51,982
Conveyance Expenses	16,468	21,783
CSR Expenditure	148	3,103,000
Directors' Sitting Fees	380,000	450,000
Electricity Charges	-	-
Goods and Service Tax Expenses	2,314,408	1,551,203
Housekeeping Expenses	-	-
Insurance	255,129	164,774
Loss on sale of Fixed Assets	-	707
Membership & Subscription	352,486	355,000
Postage & Courier	20,835	19,371
Printing & Stationery	155,333	141,812
Professional Fees - Business Strategy Formulation	-	-
Professional Fees	3,188,014	3,154,373
Professional Fees - Others	-	1,446,531
Rates and Taxes	5,000	5,000
Rent	3,540,756	3,367,144
Repairs & Maintenance:		
Premises	-	-
Others	121,616	138,776
Security Expenses	-	-
Software Expenses	243,927	522,209
Travelling Expenses	-	-
Vehicle Expenses	107,671	87,072
Miscellaneous Expenses	262,513	201,306
	99,792,780	73,972,572

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

	(Amount in ₹)	
	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 22.1: AUDITOR'S REMUNERATION		
Auditor's Remuneration excluding Goods and Service Tax (GST): (Included in Professional Fees in Note 21)		
Audit Fees	50,000	50,000
Tax Audit Fees	20,000	20,000
Others(Certification Fees/Review)	25,000	25,000
	95,000	95,000
NOTE 22.2: OPERATING LEASE EXPENSES		
The company has been allotted current office space from SIDBI at an agreed monthly rent with a clause of annual increment at agreed rate as per the letter given by SIDBI. In accordance with the same the Company has given the disclosure of lease rentals payable within next one year on the assumption that the company will continue to occupy the said premises for full financial year 2022-23.		
The minimum lease rental payments to be made in respect of these leases are as follows:		
Lease payments recognized in the Statement of Profit and Loss:	3,540,756	3,367,144
Within one year	2,746,800	2,735,900
After one year but not more than five years	-	-
More than five years	-	-
	6,287,556	6,103,044
NOTE 23: EARNINGS PER EQUITY SHARE		
Numerator: Profit After Tax	22,213,007	3,561,062
Denominator: Weighted Average Number of Equity Shares	100,000,000	100,000,000
Basic and Diluted Earnings per Equity Share `	0.22	0.04
NOTE 24: EMPLOYEE BENEFITS		
(a) Defined Benefits Plans - Gratuity:		
Type of Benefit	Gratuity	Gratuity
Country	India	India
Reporting Currency	INR	INR
Reporting Standard	Accounting Standard 15 Revised (AS 15R)	Accounting Standard 15 Revised (AS 15R)
Funding Status	Funded	Funded
Starting Period	1-Apr-21	1-Apr-20
Date of Reporting	31-Mar-22	31-Mar-21
Period of Reporting	12 Months	12 Months
Valuation in respect of Gratuity has been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:		

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 24: EMPLOYEE BENEFITS (CONTD...)		
Assumptions (Opening Period):		
Expected Return on Plan Assets	6.57%	6.43%
Rate of Discounting	6.57%	6.43%
Rate of Salary Increase	7.50%	7.50%
Rate of Employee Turnover for service of:		
- 4 years and below	26.00% p.a.	26.00% p.a.
- 5 years and above	2.00% p.a.	2.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.
Assumptions (Closing Period):		
Expected Return on Plan Assets	6.96%	6.57%
Rate of Discounting	6.96%	6.57%
Rate of Salary Increase	7.50%	7.50%
Rate of Employee Turnover for service of:		
- 4 years and below	26.00% p.a.	26.00% p.a.
- 5 years and above	2.00% p.a.	2.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.
Changes in Present Value of Projected Benefit Obligation:		
Present Value of Benefit Obligation at beginning of the year	60,199	20,724
Interest Cost	3,955	1,333
Current Service Cost	32,994	20,599
Benefit Paid	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic assumptions	33	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(4,584)	(1,378)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(15,867)	18,921
Present Value of Benefit Obligation as at end of the year	76,730	60,199
Changes in Fair Value of Plan Assets:		
Fair Value of plan assets at the beginning of the year	158,910	141,682
Expected Return on Plan Assets	10,440	9,110
Contributions by the Employer	48,120	12,430
Benefit Paid	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

	(Amount in ₹)	
	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 24: EMPLOYEE BENEFITS (CONTD...)		
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(41)	(4,312)
Fair Value of plan assets as at end of the year	217,429	158,910
Actuarial (Gains)/Losses recognised in the Statement of Profit or Loss Account		
Actuarial (Gains)/Losses on Obligation for the year	(20,418)	17,543
Actuarial (Gains)/Losses on Plan Asset for the year	41	4,312
Actuarial (Gains)/Losses recognised in the Statement of Profit or Loss Account	(20,377)	21,855
Actual Return on Plan Assets:		
Expected Return on Plan Assets	10,440	9,110
Actuarial (Gains)/Losses on Plan Asset - Due to Experience	(41)	(4,312)
Actual Return on Plan Assets	10,399	4,798
Amounts recognized in the Balance Sheet:		
Present value of Benefit Obligation as at end of the year	76,730	(60,199)
Fair Value of Plan Assets as at end of the year	217,429	158,910
Funded Status - Surplus/(Deficit)	140,699	98,711
Unrecognised Past Service Cost at the end of the year	-	-
Net Asset/(Liability) recognized in the Balance Sheet	140,699	98,711
Net Interest Cost:		
Present Value of Benefit Obligation at the beginning of the year	60,199	20,724
Fair Value of Plan Assets at the beginning of the year	(158,910)	(141,682)
Net Liability/(Assets) at the beginning	(98,711)	(120,958)
Interest Cost	3,955	1,333
Expected Return on Plan Assets	(10,440)	(9,110)
Net Interest Cost	(6,485)	(7,777)
Expenses/(Income) recognized in the Statement of Profit and Loss		
Current Service Cost	32,994	20,599
Net Interest Cost	(6,485)	(7,777)
Actuarial Losses/(Gains)	(20,377)	21,855
Total Expense/(Income) recognized in the Statement of Profit and Loss	6,132	34,677
Balance Sheet Reconciliation		
Opening Net Liability	(98,711)	(120,958)
Expense recognised in Statement of Profit or Loss	6,132	34,677
Employer's Contribution	(48,120)	(12,430)

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

	(Amount in ₹)	
	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 24: EMPLOYEE BENEFITS (CONTD...)		
Net Liability/(Assets) recognised in the Balance Sheet	(140,699)	(98,711)
Category of Assets		
Insurance Fund	217,429	158,910
Total	217,429	158,910
Other Details		
No. of Active Members	3	5
Per Month Salary for Active Members	74,750	128,583
Projected Benefit Obligation (PBO)	76,730	60,199
Prescribed Contribution for Next Year (12 Months)	-	-
Experience Adjustment		
Actuarial (Gains)/Losses on Obligations - Due to Experience	(15,867)	18,921
Actuarial (Gains)/Losses on Plan Assets - Due to Experience	(41)	(4,312)
(b) Compensated Absences:		
Based on the valuation carried on by an independent valuer, the liability for leave encashment / compensated absences as at the year end is ₹3,22,014/- (previous year ₹ 427,724/-).		
NOTE 25: RELATED PARTY DISCLOSURE		
A Name of Related Parties:		
I Key Management Personnel:	Mr. Sunil Mirashi (COO/CEO) - w.e.f July, 2021)	
	Mr. K. Prakash (Chief Financial Officer)	
	Ms. Prity Adwani (CS and Compliance Officer - (till July, 2021)	
	Ms. Ketki Muzumdar (CS and Compliance Officer - w.e.f September, 2021)	
II Significant Influence:	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	

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

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
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 MFPMP/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

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
B Related Party Transactions:		
I Payments to Key Managerial Personnel:		
1) Remuneration:		
a) Ms. Prity Adwani	281,414	622,651
b) Ms. Ketki Muzumdar	452,081	-
	733,495	622,651
II Transactions with Parties under Significant Influence:		
1) Income:		
a) Management Fees (Gross) *		
ISARC 12/2010-11 Trust	-	-
ISARC 13/2010-11 Trust	-	-
ISARC 14/2010-11 Trust	-	-
ISARC ACBL I/2017-18 TRUST	209,071	209,072
ISARC Allahabad Bank II/2012-13 Trust	-	143,717
ISARC Axis 1/2009-10 Trust	-	-
ISARC Axis 2/2010-11 TRUST	-	-
ISARC Axis 3/2012-13 Trust	528,157	671,797
ISARC Axis 5/2015-16 Trust	-	-
ISARC BOB 1/2009-10 Trust	-	-
ISARC BOI 1/2010-11 Trust	-	-
ISARC BOI 2/2015-16 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	31,060,145	31,404,407
ISARC CBI 1/2010-11 Trust	-	-
ISARC CBI II/2012-13 Trust	-	72,948
ISARC Dena Bank II/2015-16 Trust	383,839	434,656
ISARC Dena Bank III/2017-18 TRUST	1,555,794	1,658,002
ISARC FA 03 I/2011-12 Trust	-	-
ISARC FA 16 I/2011-12 Trust	-	-
ISARC FA 27 I/2012-13 Trust	-	155,589
ISARC FA 41 I/2011-12 Trust	-	-
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	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
a) Management Fees (Gross) * (CONTD....)		
ISARC IDBI Bank II/2013-14 Trust	7,857,927	8,072,624
ISARC IU/2011-12 Trust	-	-
ISARC MFPMPL/2011-12 Trust	-	-
ISARC OBC I/2014-15 Trust	1,500,166	1,500,165
ISARC Print 7C/2010-11 Trust	-	-
ISARC RCPPL/2014-15 Trust	-	-
ISARC SBI 1/2015-16 Trust	-	-
ISARC SCB 1/2015-16 Trust	-	-
ISARC SIDBI 1/2009-10 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC SIDBI III/2017-18 Trust	7,080,847	8,716,717
ISARC Syndicate Bank III/2016-17 Trust	703,322	911,828
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	-	92,682
	50,879,269	54,044,205
* excluding GST amount		
b) Management Fees reversed during the year		
ISARC 12/2010-11 Trust	-	-
ISARC ACBL I/2017-18 TRUST	191,353	195,784
ISARC Axis 1/2009-10 Trust	-	-
ISARC Allahabad Bank II/2012-13 Trust	-	74,908
ISARC BOB 1/2009-10 Trust	-	-
ISARC Axis 2/2010-11 TRUST	-	-
ISARC Axis 3/2012-13 Trust	483,398	629,098
ISARC BOI 1/2010-11 Trust	-	-
ISARC BOI 2/2015-16 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	6,772,233	29,408,362
ISARC CBI 1/2010-11 Trust	-	-
ISARC CBI II/2012-13 Trust	-	10,271
ISARC Dena Bank III/2017-18 TRUST	1,423,950	1,552,621
ISARC FA 03 I/2011-12 Trust	-	-
ISARC FA 16 I/2011-12 Trust	-	-
ISARC FA 27 I/2012-13 Trust	-	145,700
ISARC FA 54/002/2011-12 Trust	-	-

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
b) Management Fees reversed during the year (CONTD....)		
ISARC GPIL/2014-15 Trust	-	-
ISARC IDBI Bank II/2013-14 Trust	5,374,022	1,839,620
ISARC IU/2011-12 Trust	-	-
ISARC OBC I/2014-15 Trust	1,373,033	1,404,814
ISARC Print 7C/2010-11 Trust	-	-
ISARC SCB 1/2015-16 Trust	-	-
ISARC SIDBI 1/2009-10 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC SIDBI III/2017-18 Trust	4,491,735	-
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	-	86,792
	20,109,725	35,347,970
c) Management Fees (Reversals received)		
ISARC ACBL I/2017-18 TRUST	-	-
ISARC Allahabad Bank II/2012-13 Trust	16,032	58,875
ISARC CBI II/2012-13 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	36,554,953	40,382,840
ISARC Dena Bank III/2017-18 Trust	-	-
ISARC UBI 3/2009-10 Trust	-	-
ISARC UCO 1/2010-11 Trust	-	-
ISARC BOB 1/2009-10 Trust	-	489
ISARC Transrail Structures & Towers/2012-13 Trust	-	-
ISARC CBI II/2012-13 Trust	-	-
ISARC BOI 2/2015-16 Trust	-	-
ISARC Axis 2/2010-11 Trust	-	-
ISARC Axis 3/2012-13 Trust	-	145,186
ISARC FA 03 I/2011-12 Trust	-	-
ISARC FA 16 I/2011-12 Trust	-	69,828
ISARC FA 27 I/2012-13 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	1,161,011	-
ISARC FA 54/002/2011-12 Trust	5,200,642	-
ISARC IDBI Bank II/2013-14 Trust	1,839,620	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
c) Management Fees (Reversals received) (CONTD....)		
ISARC IU/2011-12 Trust	-	-
ISARC Yes Bank I/2012-13 Trust	16,515	93,008
ISARC OBC I/2014-15 Trust	-	-
ISARC Print 7C/2010-11 Trust	-	-
ISARC SCB 1/2015-16 Trust	-	-
	44,788,774	40,750,225
d) Bad Debts Recovered		
ISARC BOI 2/2015-16 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	-
ISARC Axis 3/2012-13 Trust	-	-
ISARC IDBI Bank II/2013-14 Trust	-	-
ISARC FA 63 I/2012-13 Trust	-	-
ISARC UBI 3/2009-10 Trust	-	-
ISARC Axis 2/2010-11 Trust	-	-
ISARC FA 03 I/2011-12 Trust	-	-
ISARC FA 16 I/2011-12 Trust	-	-
ISARC Print 7C/2010-11 Trust	-	-
ISARC SCB 1/2015-16 Trust	-	-
e) Yield on Security Receipts		
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC 14/2010-11 Trust	-	-
f) Upside Income		
ISARC Axis 4/2015-16 Trust	-	638,790
ISARC SIDBI 2/2009-10 Trust	17,292,000	
ISARC FA 54/002/2011-12 Trust	4,897,028	
ISARC MFPMP/2011-12 Trust	-	-
ISARC 13/2010-11 Trust	-	-
ISARC BOI 2/2015-16 Trust	-	-
ISARC FA 6 III/2011-12 Trust	-	-
ISARC 14/2010-11 Trust	-	-
ISARC SBI 1/2015-16 Trust	-	-
ISARC SCB 1/2015-16 Trust	-	-
	22,189,028	638,790

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
g) Incentives		
ISARC FA 63 I/2012-13 Trust	2,406,600	688,869
ISARC Dena Bank II/2015-16 Trust	-	-
ISARC ACBL I/2017-18 Trust	-	-
ISARC SIDBI III/2017-18 Trust	-	-
	2,406,600	688,869
h) Commission Income		
ISARC FA 63 I/2012-13 Trust	1,604,400	440,559
	1,604,400	440,559
i) Interest on Advances (Gross)		
ISARC ACBL I/2017-18 TRUST	10,583	3,373
ISARC Allahabad Bank II/2012-13 Trust	1,488	2,169
ISARC Axis 3/2012-13 Trust	87,838	17,304
ISARC Canara Bank I/2013-14 Trust	1,685,091	1,108,197
ISARC CBI II/2012-13 Trust	3,626	528
ISARC Dena Bank II/2015-16 Trust	1,044	1,467
ISARC Dena Bank III/2017-18 TRUST	10,673	3,908
ISARC FA 03 I/2011-12 Trust	52,928	11,915
ISARC FA 16 I/2011-12 Trust	298,088	270,890
ISARC FA 27 I/2012-13 Trust	203,969	181,548
ISARC FA 54/002/2011-12 Trust	7,928	390
ISARC FA 6 III/2011-12 Trust	52,917	54,069
ISARC FA 63 I/2012-13 Trust	-	-
ISARC FA 8 II/2012-13 Trust	102,063	79,177
ISARC GPIL/2014-15 Trust	30,154	22,752
ISARC IDBI Bank II/2013-14 Trust	248,674	241,832
ISARC IU/2011-12 Trust	-	-
ISARC MFPMPL/2011-12 Trust	249,729	221,755
ISARC OBC I/2014-15 Trust	190	151
ISARC RCPPL/2014-15 Trust	115,461	110,665
ISARC SBI 1/2015-16 Trust	67,056	62,672
ISARC SIDBI 1/2009-10 Trust	1,858,150	1,540,790
ISARC SIDBI 2/2009-10 Trust	127,032	105,070
ISARC SIDBI III/2017-18 Trust	1,724	2,899
ISARC Syndicate Bank III/2016-17 Trust	8,469	5,146
ISARC Transrail Structures & Towers/2012-13 Trust	1,426	471
ISARC Yes Bank I/2012-13 Trust	1,426	471
	5,391,542	4,184,442

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
j) Interest on Advances reversed during the year		
ISARC ACBL I/2017-18 TRUST	9,525	3,120
ISARC Axis 3/2012-13 Trust	79,054	15,163
ISARC CBI II/2012-13 Trust	3,263	-
ISARC Canara Bank I/2013-14 Trust	-	1,025,082
ISARC Dena Bank III/2017-18 Trust	148,716	125,155
ISARC FA 03 I/2011-12 Trust	9,606	3,615
ISARC FA 16 I/2011-12 Trust	-	10,719
ISARC FA 27 I/2012-13 Trust	268,279	250,573
ISARC FA 54/002/2011-12 Trust	-	167,932
ISARC FA 63 I/2012-13 Trust	47,625	24,206
ISARC GPIL/2014-15 Trust	91,857	73,245
ISARC FA 6 III/2011-12 Trust	6,453	-
ISARC IDBI Bank II/2013-14 Trust	-	-
j) Interest on Advances reversed during the year (CONTD....)		
ISARC IU/2011-12 Trust	223,807	223,695
ISARC OBC I/2014-15 Trust	224,756	205,123
ISARC SBI 1/2015-16 Trust	103,915	102,365
ISARC SIDBI 1/2009-10 Trust	60,350	57,972
ISARC SIDBI 2/2009-10 Trust	1,672,335	1,425,289
ISARC SIDBI III/2017-18 Trust	48,512	97,191
ISARC Yes Bank I/2012-13 Trust	5	-
ISARC Transrail Structures & Towers/2012-13 Trust	7,622	4,760
	3,005,680	3,815,205
k) Interest on Fixed Deposit		
Punjab National Bank	1,73,098	-
Bank of Baroda	33,68,743	1,06,34,673
	35,41,841	1,06,34,673
2) Expenses:		
a) Small Industries Development Bank of India (SIDBI):		
Deputation Charges	13,931,428	8,563,806
Rent	3,540,756	3,367,144
	17,472,184	11,930,950
Note:		
Deputation Charges above includes remuneration paid to CEO & CFO.		

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
b) SIDBI Venture Capital Limited:		
Electricity Charges	-	-
c) Bad Debts:		
i) Incentives:		
ISARC FA 63 I/2012-13 Trust	-	-
ii) Interest on Advances:		
ISARC Axis 3/2012-13 Trust	843.00	436
ISARC CBI II/2012-13 Trust	217.00	-
ISARC FA 63 I/2012-13 Trust	12,619.00	-
ISARC FA 03 I/2011-12 Trust	-	223
ISARC Dena Bank III/2017-18 Trust	-	-
ii) Interest on Advances: (CONTD....)		
ISARC FA 27 I/2012-13 Trust	-	-
ISARC FA 54/002/2011-12 Trust	-	-
ISARC GPIL/2014-15 Trust	-	-
ISARC IU/2011-12 Trust	-	-
ISARC OBC I/2014-15 Trust	-	-
ISARC SIDBI 1/2009-10 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	-	-
iii) Management Fees:		
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC Axis 3/2012-13 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	-	-
iv) Advances to Trusts:		
ISARC FA 30 I/2012-13 Trust	-	-
ISARC FA 8 II/2012-13 Trust	-	-
ISARC MFPMPL/2011-12 Trust	-	-
	13,679	659
3) Balances as at the year end		
a) Outstanding Payables		
Small Industries Development Bank of India (SIDBI)	3,401,749	2,457,306
SIDBI Venture Capital Limited	-	-
	3,401,749	2,457,306

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
b) Outstanding Receivables		
i) Management Fees		
ISARC 13/2010-11 Trust	-	-
ISARC 14/2010-11 Trust	-	-
ISARC ACBL I/2017-18 Trust	-	-
ISARC Allahabad Bank II/2012-13 Trust	-	-
ISARC Axis 2/2010-11 Trust	-	-
ISARC Axis 3/2012-13 Trust	-	-
ISARC Axis 5/2015-16 Trust	-	-
ISARC BOB 1/2009-10 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC Dena Bank II/2015-16 Trust	85,960	117,731
ISARC FA 03 I/2011-12 Trust	-	-
ISARC FA 16 I/2011-12 Trust	-	-
ISARC FA 41 I/2011-12 Trust	-	-
ISARC FA 54/002/2011-12 Trust	-	-
ISARC FA 6 III/2011-12 Trust	-	-
ISARC IDBI Bank II/2013-14 Trust	-	-
ISARC RCPPL/2014-15 Trust	-	-
ISARC Print 7C/2010-11 Trust	-	-
ISARC SBI 1/2015-16 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC Syndicate Bank III/2016-17 Trust	171,419	469,218
ISARC Yes Bank I/2012-13 Trust	-	-
ISARC IDBI Bank II/2013-14 Trust	-	-
ISARC CBI II/2012-13 Trust	-	-
ISARC Dena Bank III/2017-18 TRUST	-	-
ISARC SIDBI III/2017-18 Trust	-	4,802,795
ISARC UBI 3/2009-10 Trust	-	-
ISARC UBI 1/2009-10 Trust	-	-
ISARC SIDBI 1/2009-10 Trust	-	-
	257,379	5,389,744
ii) Interest on Advances		
ISARC FA 54/002/2011-12 Trust	40,074	-
ISARC FA 16 I/2011-12 Trust	8,433	-
ISARC IU/2011-12 Trust	-	-

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
ii) Interest on Advances (CONTD...)		
ISARC FA 27 I/2012-13 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	-
ISARC OBC I/2014-15 Trust	-	-
ISARC CBI II/2012-13 Trust	-	217
ISARC FA 03 I/2011-12 Trust	-	-
ISARC GPIL/2014-15 Trust	-	-
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	433,957	-
ISARC FA 63 I/2012-13 Trust	-	12,619
ISARC Axis 3/2012-13 Trust	-	843
ISARC Syndicate Bank III/2016-17 Trust	182	1,026
ISARC IDBI Bank II/2013-14 Trust	13,855	4,211
ISARC Axis 3/2012-13 Trust	-	-
ISARC RCPPL/2014-15 Trust	-	140
ISARC Dena Bank II/2015-16 Trust	88	297
ISARC Allahabad Bank II/2012-13 Trust	5	480
ISARC MFPMPL/2011-12 Trust	-	-
ISARC FA 6 III/2011-12 Trust	3,820	337
ISARC Yes Bank I/2012-13 Trust	-	223
ISARC SBI 1/2015-16 Trust	-	-
ISARC SIDBI 1/2009-10 Trust	-	-
ISARC ACBL I/2017-18 TRUST	-	-
ISARC Dena Bank III/2017-18 TRUST	-	-
ISARC SIDBI III/2017-18 Trust	9,176	-
	509,590	20,393
iii) Incentives/Commission		
ISARC FA 63 I/2012-13 Trust		2,098
ISARC Dena Bank II/2015-16 Trust		-
		2,098
iv) Accrued Interest Receivable		
Punjab National Bank	155,788	-
Bank of Baroda	1,439,871	5,728,458
	1,595,659	5,728,458

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
4) Advances to Trusts		
ISARC 12/2010-11 Trust	781,492	773,524
ISARC 13/2010-11 Trust	-	17,675
ISARC 14/2010-11 Trust	96,564	63,273
ISARC ACBL I/2017-18 TRUST	113,412	54,498
ISARC Allahabad Bank II/2012-13 Trust	-	23,498
ISARC Axis 1/2009-10 Trust	1,242,803	1,217,715
ISARC Axis 2/2010-11 TRUST	-	12,075
ISARC Axis 3/2012-13 Trust	1,103,313	418,498
ISARC AXIS 4/2015-16 Trust	-	155,803
ISARC Axis 5/2015-16 Trust	256,446	23,609
ISARC BOB 1/2009-10 Trust	1,969,439	1,972,552
ISARC BOI 1/2010-11 Trust	1,066,138	1,058,170
ISARC BOI 2/2015-16 Trust	52,798	44,830
ISARC Canara Bank I/2013-14 Trust	94,004	10,625,727
ISARC CBI 1/2010-11 Trust	895,238	887,270
ISARC CBI II/2012-13 Trust	44,981	15,040
ISARC Dena Bank II/2015-16 Trust	-	20,988
ISARC Dena Bank III/2017-18 TRUST	1,619,322	1,222,684
ISARC FA 03 I/2011-12 Trust	104,046	78,043
ISARC FA 16 I/2011-12 Trust	-	313,759
ISARC FA 27 I/2012-13 Trust	3,043,987	2,324,695
ISARC FA 30 I/2012-13 Trust	-	-
ISARC FA 41 I/2011-12 Trust	-	12,168
ISARC FA 54/002/2011-12 Trust	1,274	1,662,006
ISARC FA 6 III/2011-12 Trust	102,465	25,331
ISARC FA 63 I/2012-13 Trust	400,158	487,796
ISARC FA 8 II/2012-13 Trust	-	-
ISARC GPIL/2014-15 Trust	1,087,573	689,609
ISARC IDBI Bank II/2013-14 Trust	476,829	174,770
ISARC IU/2011-12 Trust	2,087,754	2,056,554
ISARC OBC I/2014-15 Trust	2,190,028	1,946,689
ISARC Print 7C/2010-11 Trust	39,650	27,150
ISARC RCPPL/2014-15 Trust	-	12,075
ISARC SBI 1/2015-16 Trust	972,316	953,585
ISARC SCB 1/2015-16 Trust	32,118	24,150
ISARC SIDBI 1/2009-10 Trust	615,535	551,280
ISARC SIDBI 2/2009-10 Trust	14,387,123	13,347,908

**INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

	(Amount in ₹)	
	Year Ended 31.03.2022	Year Ended 31.03.2021
NOTE 25: RELATED PARTY DISCLOSURE (CONTD...)		
4) Advances to Trusts		
ISARC SIDBI III/2017-18 Trust	1,087,038	2,003,581
ISARC Syndicate Bank III/2016-17 Trust	-	31,171
ISARC Transrail Structures & Towers/2012-13 Trust	70,914	70,149
ISARC UBI 1/2009-10 Trust	1,436,698	1,428,730
ISARC UBI 2/2009-10 Trust	779,819	754,731
ISARC UBI 3/2009-10 Trust	146,629	76,400
ISARC UCO 1/2010-11 Trust	305,858	280,770
ISARC Yes Bank I/2012-13 Trust	-	15,356
	38,703,760	47,955,882
5) Provision for Advances to Trusts:		
ISARC 12/2010-11 Trust	617,377	526,918
ISARC Axis 1/2009-10 Trust	1,102,761	1,080,647
ISARC BOB 1/2009-10 Trust	1,551,928	431,340
ISARC BOI 1/2010-11 Trust	983,730	891,141
ISARC CBI 1/2010-11 Trust	753,313	660,217
ISARC Dena Bank III/2017-18 Trust	570,850	169,327
ISARC FA 54/002/2011-12 Trust	-	364,115
ISARC FA 27 I/2012-13 Trust	1,744,577	1,295,170
ISARC GPIL/2014-15 Trust	600,372	477,106
ISARC IU/2011-12 Trust	1,840,361	1,666,852
ISARC OBC I/2014-15 Trust	1,503,602	1,187,175
ISARC SIDBI 1/2009-10 Trust	466,872	439,929
ISARC UBI 1/2009-10 Trust	1,302,006	1,258,791
ISARC SBI 1/2015-16 Trust	867,531	-
ISARC SIDBI 2/2009-10 Trust	11,142,362	-
ISARC UCO 1/2010-11 Trust	60,872	-
ISARC UBI 2/2009-10 Trust	663,563	632,535
	25,772,075	11,081,261
6) Fixed Deposit Placed with Bank		
Punjab National Bank	22,935,000	-
Bank of Baroda	102,209,410	147,368,603
	125,144,410	147,368,603

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE 26: SEGMENT REPORTING

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

NOTE 27: ASSET CLASSIFICATION

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

Loans for Reconstruction of Financial Assets:

Loss Asset	-	-
Less: Financial Asset Written Off	-	-

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

(Amount in ₹)

	Year Ended 31.03.2022	Year Ended 31.03.2021
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NOTE 29: DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

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

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). The disclosures pursuant to the said MSMED Act are as follows:

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

NOTE 30: CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013 requires the Board of Directors to ensure that the Company spends in every financial year at least 2% of the average net profits of the Company made during the three immediately preceding financial years on Corporate Social Responsibility. Accordingly, the Company has disbursed ₹ 148/- (Previous Year ₹ 31,03,000/-) towards Corporate Social Responsibility Activities. In accordance with the 'FAQ on Provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 and Rules thereon', issued by the Institute of the Chartered Accountants of India, this amount has been recorded and disclosed as an appropriation of profit in the financial statements for the year ended March 31, 2022..

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(a) Gross amount required to be spent by the Company during the year ₹148/- (including Previous Years unspent amount ₹148/-) (Previous Year ₹13,103,148/-).

(b) Statement on CSR Activities:

Particulars	(Amount in ₹)			
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Opening Balance	2,376,049	3,079,597	3,103,148	148
Eligible Amount	1,228,548	23,551	-	-
Amount disbursed	525,000	-	3,103,000	148
Shortfall carried forward	3,079,597	3,103,148	148	-
Sanctioned Amount	900,000	-	3,100,000	148
Reason for shortfall	NIL	NIL	undisbursed amount	NIL
Nature of CSR Activities		NIL	PM Care Fund	PM Care Fund
Details of Related Parties transaction	NIL	NIL	NIL	NIL
Provision Created	NIL	NIL	NIL	NIL

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

	Year Ended 31.03.2022	Year Ended 31.03.2021
Appeal pending before Commissioner of Income Tax (Appeals) for F.Y. 2011-12 (A.Y. 2012-13) (refer Note (i) below)	1,973,166	1,973,166
Appeal pending before Commissioner of Income Tax (Appeals) for F.Y. 2014-15 (A.Y. 2015-16) (refer note (ii) below)	4,040,300	4,040,300
Appeal pending before Commissioner of Income Tax (Appeals) for F.Y. 2015-16 (A.Y. 2017-18) (refer note (iii) below)	20,000	-
Deputation Charges (in Arrears) (refer note (iv) below)	-	-
	6,033,466	6,013,466

Note (i)

The Company has received an income tax demand of ₹ 1,973,166/- for FY 2011-12 (P.Y. 1,973,166) which is contested by the Company before the Commissioner of Income Tax (Appeals). Against the same the department has adjusted TDS amount of ₹1,967,266 (₹ 1,967,266) as per the Income Tax Return filed by the Company i.e net demand outstanding ₹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 ₹ 5,900/-, 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 ₹ 9,943,121/- during FY 2020-21 for AY 2017-18 after adjusting Income Tax Demand for AY 2011-12 (₹10), AY 2014-15 (₹81,300/-), AY 15-16 (₹ 534,542), AY 16-17 (₹131,467/-).

The company has received an Income Tax Refund of ₹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 ₹20,000/- against which the company has filed an appeal. No provision is considered necessary as in the view of the Company, duly supported by the counsel's opinion, the demand made is not sustainable.

Note (iv)

Deputation Charges (Arrears): Salary of SIDBI Officers is due for revision with effect from November 01, 2017. Since the pay revision of SIDBI has not yet been approved, no provision has been made as amount is not ascertainable.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE 32: Additional Regulatory Disclosure under Division I-Schedule III of Companies Act, 2013									
(i) Analytical Ratios									
Ratios	Formula	Items included in		31-Mar-22 Ratio	31-Mar-21 Ratio	% Variance	Reason for variance*		
		Numerator	Denominator						
Current ratio	Current assets/ Current liabilities	Current Assets (Trade Receivables, Cash & Bank balances, Short Term Loans & advances and other Current Assets)	Current Liabilities (Trade Payables, Short term provisions and other current liabilities)	152.15	157.41	-3.45	-		
Debt-equity ratio	Total debt/ Shareholder's Equity	Debt [Debt is long term borrowing (current & non current portion) and Short Term Borrowing]	Shareholder's Funds (Equity Share Capital and Reserves & Surplus)	N.A	N.A	N.A	-		
Debt service coverage ratio	Earnings available for debt service/ Debt Service	Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items	Interest expense on long term and short term borrowing during the period + Scheduled principal repayment of long term borrowing during the year	N.A	N.A	N.A	-		
Return on equity ratio	[Net Profits after taxes – Preference Dividend (if any)]/ Average Shareholder's Equity	Net Profit after tax (PAT) before exceptional items(net of tax)	Average Shareholder's Funds	0.02	0.00	95.99	Return on Equity ratio is higher mainly on account of higher Net profits after tax during the year		
Inventory turnover ratio	Cost of goods sold OR revenue from operations/ Average Inventory	Revenue from operations - Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items	Average Inventory	N.A	N.A	N.A	-		
Trade receivables turnover ratio	Net Credit revenue from operations /Average Net Receivables	Revenue from operations	Average Net Receivables	9.38	10.88	-16.04	-		

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

(i) Analytical Ratios

Ratios	Formula	Items included in		31-Mar-22 Ratio	31-Mar-21 Ratio	% Variance	Reason for variance*
		Numerator	Denominator				
Trade payables turnover ratio	Net Credit Purchases / Average Trade Payables	Total Purchases	Average Trade Payables	N.A	N.A	N.A	-
Net capital turnover ratio	Net revenue from operations / Working Capital	Revenue from operations (including Other operating income)	Working capital = Current assets – Current liabilities excluding current maturities of long term borrowing	N.A	N.A	N.A	-
Net profit ratio	Net Profit / Net revenue from operations	Net Profit after tax (PAT) before exceptional items (net of tax)	Revenue from operations (Management Fee, Upside Yields and other operating income)	0.22	0.06	73.35	Return on Equity ratio is higher mainly on account of higher revenue from operations and Net profits after tax during the year.
Return on capital employed	Earning before interest and taxes / Capital Employed	Earnings before interest and taxes	Average Capital Employed = Net Worth + Total Debt [Debt is long term borrowing (current & non current portion) and Short Term Borrowing]	0.03	0.01	51.92	Return on Capital Employed is higher mainly on account of higher EBIT (Earnings before interest and taxes) during the year
Return on investment	Revenue from Operations / Average Gross non-current assets	Revenue from Operations	Average Gross Non Current Investments	0.19			

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

- (ii) The Company does not have any Immovable Property whose title deeds are not held in the name of the Company.
- (iii) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (iv) The Company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.
- (v) The Company has neither raised funds from issue of securities nor has it taken borrowings from banks and financial institutions, hence no reporting is required as regards utilisation of the same for the specific purposes for which they were issued/taken.
- (vi) The Company has not obtained any borrowings from banks or financial institutions on the basis of security of current assets.
- (vii) The Company has not been declared as a willful defaulter by any lender who has powers to declare a company as a willful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.
- (viii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ix) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (x) The Company does not have any transactions with struck-off companies.
- (xi) The Company does not have any transaction which is not recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (xii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (xiii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- (xiv) The Company does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.

NOTE 33: The figures of the previous year have been reclassified and regrouped wherever necessary.
The accompanying notes are integral part of the financial statements.

For and on behalf of Board of Directors

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Anup Sankar Bhattacharya
Director
DIN:02719232

Sd/-
Shyam Sundar Barik
Director
DIN:08184820

Sd/-
Sunil S. Mirashi
CEO

Sd/-
K. Prakash
CFO

Sd/-
Ketki Muzumdar
Company Secretary
M.No.: A30638

Mumbai, June 8, 2022

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

ADDITIONAL DISCLOSURE

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

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

(Amount in ₹)

Sr. No.	Name of the Bank	Address	Acquisition Value		
			As at 31.03.2021	During the year	As at 31.03.2022
Sponsors					
1	Bank of Baroda	Plot - C-26, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051	56,557,000	-	56,557,000
2	Bank of Baroda (Erstwhile "Dena Bank" before Merger)	Plot - C-26, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	168,500,000	-	168,500,000
3	Punjab National Bank (Erstwhile "United Bank of India" before Merger)	Bhikhaji Cama Place, New Delhi	200,770,000	-	200,770,000
4	Punjab National Bank	Bhikhaji Cama Place, New Delhi	279,204,000	-	279,204,000
5	Punjab National Bank (Erstwhile "Oriental Bank of Commerce" before Merger)	Bhikhaji Cama Place, New Delhi	100,011,000	-	100,011,000
6	SIDBI	MSME Development Centre, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	929,735,000	-	929,735,000
Total (A)			1,734,777,000	-	1,734,777,000
Non-Sponsors					
7	UCO Bank	10, B T M Sarani, Kolkata - 700 001	163,375,000	-	163,375,000
8	Axis Bank	Maker Tower-F, 13th Cuffe Parade, Mumbai - 400 005	267,495,000	-	267,495,000
9	Bank of India	Star house, BKC, Plot no. C-5, G - Block, Mumbai - 400 051	76,138,000	-	76,138,000
10	Central Bank of India	Chander Mukhi, Nariman Point, Mumbai - 400 021	16,417,000	-	16,417,000
11	Standard Chartered Bank	23-25, Mahatma Gandhi Road, Fort, Mumbai - 400 001	56,000,000	-	56,000,000
12	HDFC Bank	HDFC Bank House, Lower Parel, Mumbai - 400 013	57,500,000	-	57,500,000
13	Canara Bank (Erstwhile "Syndicate Bank" Before Merger)	Recovery Wing, Head Office, 112 J C Road, Bangalore - 560 002	146,800,000	-	146,800,000
14	Canara Bank	Recovery Wing, Head Office, 112 J C Road, Bangalore - 560 002	2,093,627,000	-	2,093,627,000
15	Indian Bank (Erstwhile "Allahabad Bank" Before Merger)	254-260, Avvai Shanmugam Salai, Royapettah, Chennai 600014, Tamil-Nadu, India	102,184,000	-	102,184,000
16	City Union Bank	149, TSR Big Street, Kumbakonam - 612 001	25,385,000	-	25,385,000
17	ICICI Bank	ICICI Bank Towers, Bandra Kurla Complex, Bandra East, Mumbai - 400 054	20,200,000	-	20,200,000
18	Indian Overseas Bank	Central Office, 763, Anna Salai, Chennai - 600 002	67,000,000	-	67,000,000
19	IDBI Bank Ltd.	IDBI Tower, World Trade Center Complex, Cuffe Parade, Colaba, Mumbai - 400 005.	483,588,000	-	483,588,000
20	Yes Bank Ltd.	Discovery of India, Nehru Center, 9th floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018	28,500,000	-	28,500,000
21	Karnataka Bank Ltd	Corporate Office, Mahaveera Circle, Kankandy, Mangalore - 575 002	19,425,000	-	19,425,000
22	State Bank of India	The Arcade, World Trade Centre Complex, Cuffe Parade, Mumbai - 400 005	107,800,000	-	107,800,000
23	Abhyudaya Co-operative Bank Limited	K K Tower, Abhyudaya Bank Lane, Off. G D Ambekar Marg, Parel Village, Mumbai - 400 012	23,000,000	-	23,000,000
Total (B)			3,754,434,000	-	3,754,434,000
Grand Total (A + B)			5,489,211,000	-	5,489,211,000

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
b) Dispersion of various Financial Assets Industry-wise and Sponsor-wise as on 31.03.2022

(Amount in ₹)

Sr. No	Sector	Sponsor / Non - Sponsor	No. of Cases		Acquisition Value (Amount in ₹)		% of Total Acquisition Value	
			CY	PY	CY	PY	CY	PY
1	Chemical & Chemical Products	Sponsor	-	18	-	24,889,000	-	4.55
2	Electrical/ Electronic Equipment	Sponsor	-	10	-	12,993,000	-	2.38
3	Food & Food Products	Sponsor	-	22	-	41,887,000	-	7.67
4	Hotels	Sponsor	-	1	-	11,550,000	-	2.11
5	Hospital	Sponsor	-	2	-	3,223,000	-	0.59
6	Textiles/Leather/footwear	Sponsor	-	27	-	65,084,000	-	11.91
7	Wood & Wood Products	Sponsor	-	1	-	-	-	-
8	Other Services	Sponsor	-	20	-	15,177,000	-	2.78
9	Pharmaceutical products	Sponsor	-	16	-	22,383,000	-	4.10
10	Industrial products	Sponsor	-	44	-	146,568,000	-	26.83
11	Machinery	Sponsor	-	1	-	-	-	-
12	Agro based products	Sponsor	-	3	-	52,197,000	-	9.55
13	Entertainment	Sponsor	-	7	-	78,724,000	-	14.41
14	Trading	Sponsor	-	7	-	24,672,000	-	4.52
15	Construction/Real estate	Sponsor	-	4	-	23,541,000	-	4.31
16	Consumer Products	Sponsor	-	7	-	10,981,000	-	2.01
17	Others	Sponsor	-	12	-	12,493,000	-	2.29
	Sub Total (A)		-	202	-	546,362,000	-	100.00
1	Chemical & Chemical Products	Non-Sponsor	-	10	-	-	-	3.47
2	Electrical/ Electronic Equipment	Non-Sponsor	-	6	-	171,307,000	-	0.04
3	Food & Food Products	Non-Sponsor	-	22	-	1,981,000	-	16.17
4	Hotels	Non-Sponsor	-	3	-	799,488,000	-	5.62
5	Hospital	Non-Sponsor	-	4	-	277,941,000	-	1.59
6	Textiles/Leather/Footwear	Non-Sponsor	-	45	-	78,400,000	-	17.46
7	Wood & Wood Products	Non-Sponsor	-	4	-	862,867,000	-	0.29
8	Other Services	Non-Sponsor	-	22	-	14,462,000	-	7.63
9	Pharmaceutical products	Non-Sponsor	-	9	-	377,146,000	-	15.23
10	Industrial products	Non-Sponsor	-	46	-	752,941,000	-	5.17
11	Machinery	Non-Sponsor	-	2	-	255,536,000	-	0.08
12	Agro based products	Non-Sponsor	-	15	-	3,759,000	-	1.85
13	Entertainment	Non-Sponsor	-	2	-	91,502,000	-	0.34
14	Trading	Non-Sponsor	-	39	-	16,710,000	-	2.50
15	Construction/Real estate	Non-Sponsor	-	16	-	123,538,000	-	8.43
16	Consumer Products	Non-Sponsor	-	11	-	416,888,000	-	0.77
17	Others	Non-Sponsor	-	54	-	38,249,000	-	13.36
	Sub Total (B)		-	310	-	660,134,000	-	100.00
	Grand Total (A+B)		-	512	-	4,942,849,000	-	5,489,211,000

81 accounts with an aggregate loan outstanding of ₹ 198 crores (approx.) acquired from Industrial Investment Bank of India ('IIBI') for ₹ 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

- 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 2021-22 either on its own or in the books of the Trusts:

(Amount in ₹)

Sr. No.	Acquisition in the books of	F.Y. 2021-22	F.Y. 2020-21
1	ISARC	-	-
2	Trusts	-	-
Total		-	-

- f) Value of Financial Assets realized during the financial year 2021-22

Sr. No.	Acquisition in the books of	F.Y. 2021-22	F.Y. 2020-21
1	ISARC	-	-
2	Trusts*	563,999,253	82,275,337
Total		563,999,253	82,275,337

* Amount aggregating to ₹32,088,000/- (previous year ₹ 9,184,900 /-) 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 2021-22

Particulars	F.Y. 2021-22	F.Y. 2020-21
Total value (cumulative) of Financial Assets acquired **	5,489,211,000	5,489,211,000
Less: Value (cumulative) of Financial Assets realised ***	3,035,158,484	2,471,159,231
Total value of Financial Assets outstanding for realisation	2,454,052,516	3,018,051,769

**81 accounts with an aggregate loan outstanding of ₹198 crores (approx.) acquired from Industrial Investment Bank of India ('IIBI') for ₹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 ₹2,58,873,873/- (previous year ₹226,785,873/-) 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 2021-22

Sr. No.	Particulars	F.Y. 2021-22	F.Y. 2020-21
1	Value of Security Receipts redeemed partially	160,939,172	16,755,082
2	Value of Security Receipts redeemed fully	66,138,929	-
Total		227,078,101	16,755,082

- i) Value of Security Receipts pending for redemption as at the end of financial year 2021-22: Rs. 3,75,60,87,124 - (previous year: ₹ 3,983,165,225 /-)
- 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. : ₹ 291,38,94,258/-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

- 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 ₹)

Sr. No.	Name of the Trust	No. of cases	Acquisition Value	Outstanding Value	Current Value
1	ISARC Dena Bank III/2017-18 Trust		82,900,000	82,900,000	72,537,500
2	ISARC SIDBI III/2017-18 Trust	1	640,700,000	581,114,900	508,475,538
	Total	1	723,600,000	664,014,900	581,013,038

- o) As per Reserve Bank of India Guidelines, the Capital Adequacy Ratio of the Company as at March 31, 2022 works out of 537%. (Previous Year: 366%)

For and on behalf of Board of Directors

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Anup Sankar Bhattacharya
 Director
 DIN:02719232

Sd/-
Shyam Sundar Barik
 Director
 DIN:08184820

Sd/-
Sunil S. Mirashi
 CEO

Sd/-
K. Prakash
 CFO

Sd/-
Ketki Muzumdar
 Company Secretary
 M.No.: A30638

Mumbai, June 8, 2022

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Our esteemed shareholders:





INDIA SME ASSET RECONSTRUCTION COMPANY LTD.

(CIN: U67190MH2008PLC181062)

Registered Office : Swavalamban Bhavan, Plot No. C-11, G- Block, Bandra- Kurla Complex,
Bandra (East), Mumbai 400051

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