

Annual Report 2022-23



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 (PNB)
Bank of Baroda (BOB)

Managing Director & CEO

Shri Sunil S. 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

Arena House, 2nd Floor,
Gate No. 3, Plot No. 103, Road No. 12,
Marol, M.I.D.C., Andheri (East),
Mumbai - 400 093.

Phone: +91 22 6963 1100

Email : isarc@isarc.in

Website: www.isarc.in

Registrar & Share Transfer Agent

Satellite Corporate Services Pvt. Ltd.

A/106-107, Dattani Plaza,
East West Indl. Compound,
Andheri Kurla Road, Safed Pool,
Sakinaka, Mumbai-400072

E-mail: scs_pl@yahoo.co.in /

service@satellitecorporate.com

Telephone : 28520461-62

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Board of Directors



Shri Anup Sankar Bhattacharya
Chairman and Independent Director



Shri Shyam Sundar Barik
Independent Director



Shri Hari Shanker Sharma
Independent Director



Shri Sandeep Welling
Independent Director



Shri Dilip Kumar Jain
Nominee Director-PNB



Shri Dinesh Kumar Namdeo
Nominee Director-BOB



Shri Sunil S. Mirashi
Managing Director and CEO

NOTICE OF 15TH ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the Members of India SME Asset Reconstruction Company Limited will be held through Video Conference (VC) on Friday, September 29, 2023 at 11:00 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, 2023 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Dilip Kumar Jain (DIN No. 06822012), 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).

Special Business:

3. Appointment of Shri Hari Shanker Sharma as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152, 160, 161(1) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules made thereunder, read with Schedule IV to the Companies Act, 2013, the Articles of Association of the Company and pursuant to the recommendation of the Nomination & Remuneration Committee and the approval of the Board of Directors of the Company, Shri Hari Shanker Sharma (DIN: 07123442), who was appointed as an Additional Independent Director of the Company of the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and an approval / no-objection received from Reserve Bank of India (RBI) and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of a Director of the Company, and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and being eligible, be and is hereby appointed as an Independent Director of the Company for a term of 3 (three) years commencing from June 22, 2023, whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT MD&CEO/ CFO/ CS be and are hereby authorized to severally digitally sign and submit the necessary form(s) with the Ministry of Corporate Affairs and to do all such acts, deeds, matters and things as may be necessary and expedient to give effect to the aforesaid resolution.”

4. Appointment of Shri Sandeep Welling as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152, 160, 161(1) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment

and Qualification of Directors) Rules, 2014 and other applicable rules made thereunder, read with Schedule IV to the Companies Act, 2013, the Articles of Association of the Company and pursuant to the recommendation of the Nomination & Remuneration Committee and the approval of the Board of Directors of the Company, Shri Sandeep Welling (DIN: 00072457), who was appointed as an Additional Independent Director of the Company of the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and an approval / no-objection received from Reserve Bank of India (RBI) and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of a Director of the Company, and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and being eligible, be and is hereby appointed as an Independent Director of the Company for a term of 3 (three) years commencing from July 05, 2023, whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT MD & CEO/ CFO/ CS be and are hereby authorized to severally digitally sign and submit the necessary form(s) with the Ministry of Corporate Affairs and to do all such acts, deeds, matters and things as may be necessary and expedient to give effect to the aforesaid resolution."

Place: Mumbai

Date: September 07, 2023

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

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

Notes:-

1. An explanatory statement pursuant to Section 102(1) of the Act relating to special business set out in the Notice is annexed herewith.
2. As required under Secretarial Standard on General Meetings (the SS-2), additional information of Shri Dilip Kumar Jain, Director retiring by rotation and seeking re-appointment and appointment of Shri Hari Shanker Sharma and Shri Sandeep Welling at the Annual General Meeting (AGM), is detailed as Annexure A
3. In accordance with the Ministry of Corporate Affairs (MCA), General Circulars Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 21/2021 dated December 14, 2021; 2/2022 dated May 5, 2022 and 10/2022 dated December 28, 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 2022-23 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 FY2020-21 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 FY2023-24 shall be appointed by C&AG and accordingly, the Board shall fix appropriate remuneration of the Statutory Auditors for the FY2023-24.
- 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 to convey grievances, if any, relating to the conduct of the AGM, at the registered office address or at the designated email address i.e. cs@isarc.in.

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013
setting out all the material facts relating to the Special Business
as set out in Items No. 3 and 4 of this Notice.**

The following Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013 (the Act), sets out all material facts relating to the business mentioned in the accompanying Notice dated September 07, 2023:

Item No.3:

Appointment of Shri Hari Shanker Sharma as an Independent Director of the Company

The Board in its meeting held on March 31, 2023, pursuant to the recommendation of Nomination and Remuneration Committee has approved the appointment of Shri Hari Shanker Sharma as Additional Independent Director, in accordance with the provisions of Section 161 of the Companies Act, 2013 and subject to an approval by the Reserve Bank of India. As per the provisions of Section 161(1) of the Act, Shri Hari Shanker Sharma holds office of Director with effect from June 22, 2023 i.e. the date of approval by the Reserve Bank of India up to the date of this AGM and being eligible, has offered himself for appointment as an Independent Director.

He is retired as General Manager from Bank of Baroda and is having 40+ years of experience in the field of banking and Risk Management. He is the Chairman of the Risk Management Committee and a Member of the Audit Committee, as well as the Nomination and Remuneration Committee of the Board of Directors of the Company.

Considering the rich experience and vast knowledge of Shri Hari Shanker Sharma, his presence on the Board will be valuable to the Company.

The Board recommends the resolution as set out at Item No.3 of the accompanying Notice for approval by the Members of the Company.

Shri Hari Shanker Sharma is interested in the Resolution set out at Item No.3 with respect to his appointment.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in the proposed Special Resolution.

Item No.4:

Appointment of Shri Sandeep Welling as an Independent Director of the Company

The Board in its meeting held on March 31, 2023, pursuant to the recommendation of Nomination and Remuneration Committee has approved the appointment of Shri Sandeep Welling as Additional Independent Director, in accordance with the provisions of Section 161 of the Companies Act, 2013 and subject to an approval by the Reserve Bank of India. As per the provisions of Section 161(1) of the Act, Shri Sandeep Welling holds office of Director with effect from July 05, 2023 i.e. the date of approval by the Reserve Bank of India up to the date of this AGM and being eligible, has offered himself for appointment as an Independent Director.

Shri Sandeep Welling is member of ICAI. He is having more than 36 years of experience in the field of finance and accounts. He is Chief Operating Partner of Kirtane & Pandit LLP, Chartered Accountants. He is the Chairman of the Audit Committee of the Board of Directors of the Company.

Considering the rich experience and vast knowledge of Shri Sandeep Welling, his presence on the Board will be valuable to the Company.

The Board recommends the resolution as set out at Item No.4 of the accompanying Notice for approval by the Members of the Company.

Shri Sandeep Welling is interested in the Resolution set out at Item No.4 with respect to his appointment.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in the proposed Special Resolution.

Annexure A
**Additional information on Directors seeking appointment / reappointment at the AGM
[Pursuant to the Secretarial Standard on General Meetings]**

Name	Shri Dilip Kumar Jain
DIN	06822012
Age	57 years
Qualification and Expertise in specific functional areas	CGM & CFO – PNB Shri Dilip Kumar Jain has been appointed as Nominee Director on the Board of the Company with effect from January 31, 2023. He is a member of Institute of Chartered Accountants of India, CAIIB and M.Com. He is having an experience of more than 35 years in public sector bank and SFC. He has extensive experience as a financial analyst and has held many senior positions in the Punjab National Bank. He is the Chief General Manager and Chief Financial Officer of Punjab National Bank since October 2020. He is also nominee Director in PNB Housing Finance Ltd.
Terms and conditions of appointment	Nominee Director liable to retire by rotation as per the Articles of Association
Details of remuneration sought to be paid	Nil
Details of the remuneration last drawn (FY 2022-23)	Nil
Date of first appointment on the Board	January 31, 2023
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 (FY 2022-23)	1/1
Other Directorships (excluding India SME Asset Reconstruction Company Limited)	PNB Housing Finance Limited
Membership / Chairmanship of Committees of other Board	Member of Audit Committee, Risk Management Committee and Executive Committee of the Board of Directors
Name	Shri Hari Shanker Sharma
DIN	07123442
Age	67 years
Qualification and Expertise in specific functional areas	Shri Hari Shanker Sharma has been appointed as Independent Director on the Board of the Company, for a term of three years, with effect from June 22, 2023. He is retired as General Manager from Bank of Baroda and is having 40+ years of experience in the field of banking and Risk Management.
Terms and conditions of appointment	Independent Director not liable to retire by rotation
Details of remuneration sought to be paid	Sitting Fees
Details of the remuneration last drawn (FY2022-23)	Nil

Date of first appointment on the Board	June 22, 2023
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 (FY2022-23)	N.A.
Other Directorships (excluding India SME Asset Reconstruction Company Limited)	SREI Capital Markets Limited SREI Mutual Fund Asset Management Private Limited Controlla Electrotech Private Limited Webextensions Private Limited
Membership / Chairmanship of Committees of other Board	He is the Chairman of the Risk Management Committee and a Member of the Audit Committee, as well as the Nomination and Remuneration Committee of the Board of Directors of the Company.

Name	Shri Sandeep Welling
DIN	00072457
Age	56 years
Qualification and Expertise in specific functional areas	Shri Sandeep Welling has been appointed as Independent Director on the Board of the Company, for a term of three years, with effect from July 05, 2023. He is member of ICAI. He is having more than 36 years of experience in the field of finance and accounts. He is Chief Operating Partner of Kirtane & Pandit LLP, Chartered Accountants.
Terms and conditions of appointment	Independent Director not liable to retire by rotation
Details of remuneration sought to be paid	Sitting Fees
Details of the remuneration last drawn (FY2022-23)	Nil
Date of first appointment on the Board	July 05, 2023
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 (FY2022-23)	N.A.
Other Directorships (excluding India SME Asset Reconstruction Company Limited)	Kirtane & Pandit LLP
Membership / Chairmanship of Committees of other Board	He is the Chairman of the Audit Committee of the Board of Directors of the Company.

DIRECTORS' REPORT



The Members,

Your Directors have pleasure in presenting the 15th 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, 2023.

FINANCIAL PERFORMANCE OF THE COMPANY

Brief particulars of the financial performance of the Company during the Financial Year (FY) 2022-23 and previous year is as under: -

Sl. No.	Particulars	(₹ in Lakh)	
		Year ended 31-Mar-23	Year ended 31-Mar-22
I	Revenue from operation	579	1018
II	Other Income	577	515
III	Total revenue (I+II)	1156	1533
IV	Operating Expenses	466	343
V	Operating Profit (III-IV)	690	1190
VI	Provisions for SRs/ Diminution in value of SR as per RBI Guideline	(442)	668
VII.A	Provision for Advances to Trusts	9	147
VII.B	Provision for GST Recoverable on Reversed Management Fees	(49)	73
VII.C	Write-Off Security Receipts/Advance to Trusts/GST recoverable on reversed management fee	418	----
VIII	EBITDA (V-VI-VII)	754	302
IX	Interest	----	----
X	Depreciation	2	2
XI	PBT (VIII-IX-X)	752	301
XII	Tax	211	79
XIII	PAT (XI-XII)	541	222
XIV	Earnings Per Share (EPS) (Basic & Diluted)	0.54	0.22

FINANCIAL SUMMARY

Summary of performance of the Company in brief during FY2022-23 is as under:

- a) Revenue from Operations has decreased to ₹579 lakh in FY2022-23 from ₹1018 lakh in the previous year due to non-acquisition of any fresh NPAs thereby reduction in accrual of Management Fee.
- b) Operating expense has increased to ₹466 lakh in FY2022-23 from ₹343 lakh in previous year.
- c) Provision made earlier has been reversed to the extent of ₹64 lakh on account of recovery during FY2022-23 as compared to provision of ₹668 lakh made in the previous year. Further, as per Policy approved by the Board, the Company has written off outstanding security receipts to the extent of ₹399.04 lakh out of provisions made in the earlier years.
- d) The Company has earned Operating Profit of ₹690 lakh and Profit after Tax of ₹541 lakh in FY2022-23.
- e) Net worth of the Company has increased to ₹12031 lakh as on March 31, 2023 as compared to ₹11491 lakh as on March 31, 2022 as a result of improvement in profitability.
- f) It may also be noted that the Cash and Deposits with Banks have increased to ₹9503 lakh as on March 31, 2023 as compared to ₹8924 lakh as on March 31, 2022, as there was no acquisition of NPAs and the net cash generated during the year was entirely invested in deposits.

STATE OF COMPANY'S AFFAIRS

Business Environment

The financial system in India remained sound and resilient during the year, despite persisting global headwinds that impacted domestic macroeconomic and financial conditions. Recovering from pandemic-induced contraction, Russian-Ukraine conflict, inflation, vulnerable countries reeled under the burden of high debt levels, Indian economy is staging a broad-based recovery across sectors, positioning to ascend to the pre-pandemic growth path in FY2022-23.

India's GDP growth is expected to remain robust in FY2023-24. GDP forecast for FY2023-24 to be in the range of 6-6.8%. The Capital Expenditure of Central Government and crowding in the private Capex led by strengthening of the balance sheets of the Corporates is one of the growth drivers of the Indian economy. The credit growth to the MSME sector was over 30.6% on average during Jan-Nov 2022. Credit disbursed by Non-Banking Financial Companies (NBFCs) has also been on the rise. The Gross Non-Performing Assets (GNPA) ratio of SCBs has fallen to a seven-year low of 5.0. The Capital-to-Risk Weighted Assets Ratio (CRAR) remains healthy at 16.0. The recovery rate for the SCBs through Insolvency and Bankruptcy (IBC) was highest in FY2022-23 compared to other channels.

As part of the overall objective of aligning the regulatory/supervisory framework with global best practices, Reserve Bank of India (RBI) has issued several guidelines to enable ARCs play a more meaningful role in resolution of stressed assets by addressing some of the structural issues in the ARC sector. RBI issued comprehensive regulatory framework governing compromise settlement and technical write-offs covering uniformly to all Banks/NBFC/Small Finance Bank & other entities governed by RBI. In order to create a robust secondary market for

loans, RBI had, in September 2021, issued Master Directions for securitization of loan exposures. As on date, there is no such mechanism for securitization of NPAs apart from the ARC route under SARFAESI Act. Based on market feedback and in order to extend the securitization mechanism to NPAs, RBI in January 2023 issued discussion paper on Securitization of Stressed Assets Framework (SSAF). Putting in place a new securitization framework for stressed assets is expected to deepen the market and improve capital flows. RBI in October 2022 issued revised regulatory framework for ARCs to achieve the objectives of strengthening corporate governance and enhanced transparency in functioning of ARCs. Key highlights of the said guidelines are:

- a) Increase in minimum Net Owned Funds (NOF) from ₹100Cr to ₹300Cr. Existing ARCs to achieve NOF of ₹200 Cr by FY2023-24 and ₹300 Cr by FY2025-26.
- b) Reduction in minimum investment of ARCs from 15% to 2.5% of the total SRs issued.
- c) Management fees to be collected only from recoveries effected from the underlying financial assets.
- d) ARCs with NOF of ₹1000 Cr allowed to participate in IBC as a resolution applicant.
- e) Independent Advisory Committee to be formed with professionals from diverse background for examining and recommending one-time settlement cases.
- f) Stressed loans which are in default in the books of the transferors are permitted to be transferred to ARCs.

It is widely expected that the above changes in the regulatory framework will strengthen the ARC industry. While recovery efforts may take a hit in the near-medium term, the new guidelines could benefit counterparties to SR transactions in the longer term amid the growing requirements of the financial sector. ARCs can tap their unused potential to resolve stressed assets, while the OTS process will also enhance the transparency and bring consistency in the settlement processes.

The asset reconstruction industry has shown best growth this fiscal as their asset under management are set to grow by almost 10 per cent to a five year high at ₹1.19 lakh crore. The AUM stood at ₹1.09 lakh crore in FY2021-22 and at ₹1.03 lakh crore in FY2020-21. According to the Association of ARCs, issuance of Security Receipts (SRs) by ARCs grew by 18% in FY2022-23 as compared to 13% in FY2021-22. Redemption of SR (recovery) improved to 25% in FY2022-23 as compared to 19% in FY2021-22. The growth in acquiring assets is also significant as it has improved to 31% in FY2022-23 as compared to 13% in FY2021-22.

The Company's focus is to achieve the desired net worth within the timeline prescribed by the Reserve Bank of India (RBI) and to grab available opportunities in the market to increase its operations keeping in view the expectations of stakeholders and regulatory compliance.

Operations

(i) Asset Acquisition:

In the FY2022-23, 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 had agreed to divest their shareholdings in favour of M/s. Dhansamridhi Finance Private

Limited, an 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 was required to obtain prior approval from Reserve Bank of India (RBI) for any substantial change in the management of the Company. Accordingly, an application was submitted to RBI in this regard. However, RBI, vide their letter DoR.HOL.No.S4590/26.01.041/2022-23 dated October 19, 2022, expressed their inability to accede to our request.

The Company has been focusing on the recovery and at the same time exploring the opportunity for acquisition of financial assets. 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 ₹2008 lakh & ₹2166 lakh respectively. Security Receipt (SRs) worth ₹1582 lakh were redeemed during FY2022-23 (after adjusting management fee and all commissions & expenses) to SR holders including ISARC (₹2270 lakh in the previous year). The cumulative gross recovery (since commencement of business) till March 31, 2023 aggregated ₹36720 lakh of which ₹18074 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 ₹35580 lakh were outstanding as on March 31, 2023, SRs amounting to ₹18074 lakh have been redeemed and SRs amounting to ₹737 lakh have been written off till March 31, 2023. The AUM including additional funding (since commencement of business) is ₹55095 lakh whereas the Net AUM of the Company is ₹35624 lakh as on March 31, 2023.

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

As on March 31, 2023, aggregate SRs amounting to ₹6780 lakh have been rated by rating agencies under the recovery ratings scale as per the guidelines issued by RBI to ARCs and the corresponding NAVs have been communicated to the respective SR holders.

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, particularly keeping in view the Net Owned Fund requirement stipulated by RBI, 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 AFFECTING FINANCIAL POSITION OF THE COMPANY

The Company has shifted its Registered Office FROM Swavalamban Bhavan, C-11, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400051 TO Arena House, 2nd Floor, Gate No.3, Plot No.103, Road No.12, Marol, M.I.D.C., Andheri (East), Mumbai-400093 with effect from July 01, 2023.

Pursuant to the Extra-Ordinary General Meeting of the members held on February 27, 2023, all the shareholders, except LIC of India, have expressed their inability to infuse additional capital in the Company to meet the regulatory requirement of Net Owned Funds within the timeline prescribed by RBI. Hence, as approved by the Board of Directors in its meeting held on June 27, 2023, the Company has appointed M/s. Fortress Capital Management Services Private Limited as its Merchant Banker to facilitate infusion of additional equity share capital in the Company through Private Placement, subject to compliance with the applicable laws.

Further, in the above Extra-ordinary General Meeting, amendment of relevant clause in Memorandum & Articles of Association of the Company with regards to appointment of Chairman of the Board was also approved so as to appoint one of the Independent Directors as the Chairman of the Board, as per the revised framework for ARCs issued by RBI vide circular dated October 11, 2022.

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

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), Executive Committee (EC) 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. Shri Sivasubramanian Ramann was the Chairman and Nominee Director on the Board of the Company till March 28, 2023. Consequent upon revised guideline of RBI and amendment of MOA&AOA, Shri Anup Sankar Bhattacharya (DIN No. 02719232), Independent Director was re-designated as the Chairman of the Board with effect from April 03, 2023.

As on the date of this report, the Board comprises 7 (Seven) Directors, of which 2 (Two) are Non-Executive Nominee Directors, 4 (Four) are Independent Directors and 1 (One) Managing Director and Chief Executive Officer.

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

RISK MANAGEMENT

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

BUSINESS CONTINUITY

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

MEETINGS OF THE BOARD

The Board met at regular intervals to consider, among other businesses, quarterly performance of the Company and financial results. To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information was made available to the Board including circulation of agenda and notes thereof as well as presentations on financials and other critical areas of operations of the Company. The Board was also kept informed of overall performance of the Company, major events/items and approvals taken, wherever necessary. The Board also took decisions by circular resolutions which were noted by the Board at the subsequent meetings.

During the FY2022-23, the Company held 8 (Eight) meetings of the Board of Directors as per Section 173 of the Companies Act, 2013. These were held on May 06, 2022; June 08, 2022; September 05, 2022; September 27, 2022; October 28, 2022; December 26, 2022; January 30, 2023 and March 31, 2023.

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

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

During the year under review, there were no complaints received or pending of any sexual harassment. The Policy on Protection of Sexual Harassment at Workplace is placed on the website of the Company <https://www.isarc.in/information-corner.htm>

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMPs)

The Composition of the Board is in accordance with the applicable provisions of the Companies Act, 2013, (the Act) 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 Dilip Kumar Jain (DIN No. 06822012), is liable to retire by rotation at the forthcoming Annual General Meeting, being longest in office, in compliance with the Article 138, 158 and proviso to 187(iii) of the Articles of Association of the Company and Section 152(6) and other applicable provisions of the Companies Act, 2013 and being eligible to offer himself for re-appointment.

Brief particulars of Shri Dilip Kumar Jain (DIN No. 06822012) as required under Secretarial Standard on General Meetings (the SS-2) are provided in the Notice convening the Annual General Meeting of the Company.

Appointment of Directors

The Company had received approval from Reserve Bank of India (RBI) for appointment of Shri Binod Kumar, having DIN No.07361689, who was nominated as Director on the Board of Company by Punjab National Bank (PNB). The Board, by circular resolution dated March 31, 2022, had 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.

The Board in its meeting held on September 05, 2022, based on the recommendation of NRC, have approved the appointment of Shri Sunil S. Mirashi having DIN No. 09732178, as Managing Director and CEO with effect from the date of approval from RBI. The Company received approval from Reserve Bank of India (RBI) for a term of one year with effect from December 02, 2022. Subsequently, the same was approved by the shareholders in the Extra-Ordinary General Meeting held on February 27, 2023.

The Company received approval from Reserve Bank of India (RBI) for appointment of Shri Dilip Kumar Jain, having DIN No.06822012, who has been nominated as Director on the Board of Company by Punjab National Bank (PNB). The Board, by circular resolution dated November 25, 2022, approved the appointment of Shri Dilip Kumar Jain as a Nominee Director representing PNB with effect from approval date of Reserve Bank of India (RBI) i.e. January 31, 2023.

The Company received approval from Reserve Bank of India (RBI) for appointment of Shri Dinesh Kumar Namdeo, having DIN No. 07738940, who has been nominated as Director on the Board of Company by Bank of Baroda (BOB). The Board, by circular resolution dated January 27, 2023, approved the appointment of Shri Dinesh Kumar Namdeo as a Nominee Director representing BOB with effect from approval date of Reserve Bank of India (RBI) i.e. March 27, 2023.

The Board in its meeting held on March 31, 2023, approved the appointment of Shri Hari Shanker Sharma and Shri Sandeep Welling as Additional (Independent) Directors with effect from approval date of Reserve Bank of India (RBI). The Company has received approval from Reserve Bank of India (RBI) for appointment of Shri Hari Shanker Sharma, having DIN No. 07123442 on June 22, 2023 and for appointment of Shri Sandeep Welling, having DIN No. 00072457 on July 05, 2023.

Re-appointment of Director

Smt Rachna Dikshit, Woman Independent Director, having DIN No. 08759332, had been appointed for a term of three consecutive years with effect from July 03, 2020 to July 02, 2023. The Board of Directors in its meeting held on July 31, 2023 based on recommendation of Nomination and Remuneration Committee have approved the re-appointment of Smt Rachna Dikshit for another term of three consecutive years, effective from and subject to the approval from Reserve Bank of India (RBI). On receipt of approval from RBI, approval will be sought from members.

Cessation of Directors

Shri Binod Kumar, Nominee Director representing Punjab National Bank (PNB), having DIN No. 07361689, ceased to be a Director on the Board of the Company with effect from November 18, 2022.

Shri Virendra Khandelwal, Nominee Director representing Bank of Baroda (BOB), having DIN No. 08450201, ceased to be a Director on the Board of the Company with effect from December 05, 2022.

Shri Sivasubramanian Ramann, Chairman and Nominee Director representing Small Industries Development Bank of India (SIDBI), having DIN No. 07685657, ceased to be a Director on the Board of the Company with effect from March 28, 2023.

Shri Venkatarao Satya Vasantha Rao, Nominee Director representing Small Industries Development Bank of India (SIDBI), having DIN No. 00334394, ceased to be a Director on the Board of the Company with effect from June 02, 2023.

Key Managerial Personnel

In terms of the provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Sunil S. Mirashi appointed as Chief Executive Officer of the Company with September 07, 2021 was subsequently appointed as Managing Director and CEO with effect from December 02, 2022 and Shri K Prakash, Chief Financial Officer and Smt Ketki Muzumdar, Company Secretary, are the Key Managerial Personnels of your Company.

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 FY2022-23.

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.

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 74th meeting held on May 15, 2023, 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.

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

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

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

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

During the year, the Company has not entered into any contract / arrangement / transaction with related parties which may have a potential conflict with the interest of the Company at large. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all the related party transactions is placed before the Audit Committee for review. None of the Directors has any pecuniary relationship or transactions with the Company.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of section 134(3)(a) and section 92(3) of the Companies Act, 2013 (the Act), read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company as on March 31, 2023, once prepared, shall be disclosed on the Company's website at <https://www.isarc.in/information-corner.htm>

Annual return as on March 31, 2022 in Form MGT-7 is available on the website of the Company at the link stated above.

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 FY2021-22. From the present financial year onwards, the said form would be submitted as an addendum to Form AOC-4 XBRL.

CSR Liability for FY2022-23 is NIL, since the average net profits of the Company during the three immediately preceding financial years was ₹ (85,99,848)/-. Further, CSR Liability for FY2023-24 is ₹ 7,96,607/- since the average net profits of the Company during the three immediately preceding financial years is ₹ 3,98,30,337/-.

The Policy adopted by the Company on Corporate Social Responsibility (CSR) is placed on the website of the Company (<https://www.isarc.in/information-corner.htm>). 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, 2023, 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, 2023 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, 2023 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)/604 dated 01/09/2022 have appointed M/s U G Devi & Co., Chartered Accountants, Mumbai as Statutory Auditor for the FY2022-23.

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 FY2022-23. 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 FY2022-23 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, 2023 is given as **Annexure IV** to this Report. There are no observations/remarks in the report.

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

The C&AG vide their letter dated July 18, 2023 has stated that their office has decided not to conduct supplementary audit of the financial statements of the Company for the year ended March 31, 2023 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013.

DISCLOSURE OF ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNAL

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

APPLICATIONS UNDER IBC

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

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

INTERNAL FINANCIAL CONTROL (IFC)

Your Company has adequate internal control on Financial Reporting 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 out any manufacturing activities, disclosures pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable to your company during the year under review. The Company is, however, constantly pursuing its goal of technological 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

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

SUBSIDIARIES / JOINT VENTURE / ASSOCIATE COMPANIES

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

DISCLOSURE AS TO MAINTENANCE OF COST RECORDS

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

VIGIL MECHANISM

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

HUMAN RESOURCES

Your Company believes that employees are its main strength. The Company has operated on lean but effective staff structure and the same shall be suitably augmented to suit the business requirements of the Company from time to time. The Company has undertaken steps for employees' health and safety. 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 Anup Sankar Bhattacharya
Chairman & Independent Director
(DIN No: 02719232)**

**Place: Bengaluru
Date: July 31, 2023**

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, is managed with clearly demarcated responsibilities and authorities at different levels.

BOARD OF DIRECTORS

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

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

Composition of Board of Directors

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

Sr. No.	DIN No.	Name of Directors	Designation
1.	02719232	Shri Anup Sankar Bhattacharya	Chairman and Independent Director
2.	08184820	Shri Shyam Sundar Barik	Independent Director
3.	07123442	Shri Hari Shanker Sharma	Independent Director
4.	00072457	Shri Sandeep Welling	Independent Director
5.	06822012	Shri Dilip Kumar Jain	Nominee Director - Punjab National Bank
6.	07738940	Shri Dinesh Namdeo	Nominee Director - Bank of Baroda
7.	09732178	Shri Sunil S. Mirashi	Managing Director and Chief Executive Officer

Profile of the Directors

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

Shri Anup Sankar Bhattacharya

Chairman and Independent Director (DIN No.: 02719232)

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 former 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 has been designated as the Chairman of the Board with effect from April 03, 2023.

Shri Shyam Sundar Barik

Independent Director (DIN No.: 08184820)

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 degree 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 Nomination and Remuneration Committee, Executive Committee and Corporate Social Responsibility Committee and also a Member of the Audit Committee of the Board of Directors of the Company.

Shri Hari Shanker Sharma

Independent Director (DIN No.: 07123442)

Shri Hari Shanker Sharma has been appointed as Independent Director on the Board of the Company, for a term of three years, with effect from June 22, 2023. He is retired as General Manager from Bank of Baroda and is having 40+ years of experience in the field of banking and Risk Management.

He is the Chairman of the Risk Management Committee and a Member of the Audit Committee, as well as the Nomination and Remuneration Committee of the Board of Directors of the Company.

Shri Sandeep Welling**Independent Director (DIN No.: 00072457)**

Shri Sandeep Welling has been appointed as Independent Director on the Board of the Company, for a term of three years, with effect from July 05, 2023. He is member of ICAI. He is having more than 36 years of experience in the field of finance and accounts. He is Chief Operating Partner of Kirtane & Pandit LLP, Chartered Accountants.

He is the Chairman of the Audit Committee of the Board of Directors of the Company.

Shri Dilip Kumar Jain**Nominee Director of Punjab National Bank (PNB) (DIN No.: 06822012)**

Shri Dilip Kumar Jain has been appointed as Nominee Director on the Board of the Company with effect from January 31, 2023. He is a member of Institute of Chartered Accountants of India, CAIIB and M.Com. He is having an experience of more than 35 years in public sector bank and SFC. He has extensive experience as a financial analyst and has held many senior positions in Punjab National Bank. He is the Chief General Manager and Chief Financial Officer of Punjab National Bank since October 2020. He is also nominee director in PNB Housing Finance Ltd.

He is member of the Executive Committee, Audit Committee and Risk Management Committee of the Board of Directors of the Company.

Shri Dinesh Kumar Namdeo**Nominee Director of Bank of Baroda (BOB) (DIN No.: 07738940)**

Shri Dinesh Kumar Namdeo has been appointed as Nominee Director on the Board of the Company with effect from March 27, 2023. He is fellow member of IIBF. He is having vast experience in Asset Management, vigilance and recovery. He is presently the General Manager handling the portfolio of Stress Asset Management of Bank of Baroda.

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

Shri Sunil S. Mirashi**Managing Director and Chief Executive Officer (DIN No.: 09732178)**

Shri Sunil S. Mirashi, retired as senior most DGM of Small Industries Development Bank of India (SIDBI) has been appointed as Managing Director and Chief Executive Officer of the Company, for a term of one year, with effect from December 02, 2022 at the 4th Extra-Ordinary General Meeting of the member of the Company held on February 27, 2023. He has over 35 years of experience in Credit, Recovery, Accounts, HR, branch operations during his service in SIDBI. He had also worked earlier in ISARC as Vice President for five years (from May 09, 2008 to May 31, 2013) from the formation of the Company and has thorough knowledge of entire operations of the Company including finance & accounts.

He is the member of Corporate Social Responsibility Committee, Risk Management Committee and Executive Committee of the Board of Directors of the 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 29, 2023 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 14th Annual General Meeting and 4th Extra-ordinary General Meeting of the Company were 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 / EGM were attended by the Members, Chairman of Audit Committee and Chairman of the Nomination and Remuneration Committee of the Board, as required under Companies Act, 2013.

Committees of the Board of Directors

In accordance with the applicable provisions of the Companies Act, 2013 (the Act), the circular(s), notification(s) and directions issued by the Reserve Bank of India (RBI) and the Company's internal corporate governance requirements, the Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution on diverse matters. These include the Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Executive Committee and Risk Management Committee. The matters pertaining to financial results and auditors report are taken care of by the Audit Committee and those pertaining to nomination / remuneration of Key Executives and Directors are within the realms of Nomination & Remuneration Committee. The terms of reference of Committee of Directors are as per the Charter duly approved by the Board. The Corporate Social Responsibility (CSR) Committee focuses on compliance of CSR policy and framework by the Company and monitors the expenditure to be incurred by the Company. The Risk Management Committee manages the integrated risk and further oversees the Risk Management function of the Company. The 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 at 68th Meeting of the Board of Directors held on September 05, 2022. The name of Shri. Binod Kumar, appointed as Nominee Director of PNB with effect from July 01, 2022, was added.

Pursuant to the Charter of the Committees, provisions of the Companies Act, 2013 and extant RBI guidelines, the Committee was reconstituted at 73rd Meeting of the Board of Directors held on March 31, 2023.

The Committee was reconstituted vide Circular Resolution passed by the Board dated July 10, 2023. The name of Shri. Venkatarao Satya Vasantha Rao, who ceased to be Nominee Director of SIDBI with effect from June 02, 2023, was removed. The name of Smt. Rachna Dikshit, whose term as Independent Director, expired on July 02, 2023, was removed. The name of Shri Hari Shanker Sharma and Shri Sandeep Welling, appointed as Independent Directors with effect from June 22, 2023 and July 05, 2023 respectively, were added.

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

Sr. No.	Name of the Committee Members	Designation
1	Shri Sandeep Welling	Chairman (Independent Director)
2	Shri Shyam Sundar Barik	Member (Independent Director)
3	Shri Hari Shanker Sharma	Member (Independent Director)
4	Shri Dilip Kumar Jain	Member (Nominee Director)

During the year under review, the Audit Committee met eight (8) times on May 06, 2022, June 08, 2022, September 05, 2022, September 27, 2022, October 28, 2022, December 26, 2022, January 30, 2023 and March 29, 2023.

Nomination and Remuneration Committee

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

The Committee was reconstituted at 68th Meeting of the Board of Directors held on September 05, 2022.

Pursuant to the Charter of the Committees, provisions of the Companies Act, 2013 and extant RBI guidelines, the Committee was reconstituted at 73rd Meeting of the Board of Directors held on March 31, 2023.

The Committee was reconstituted vide Circular Resolution passed by the Board dated July 10, 2023. The name of Shri. Venkatarao Satya Vasantha Rao, who ceased to be Nominee Director of SIDBI with effect from June 02, 2023, was removed. The name of Smt. Rachna Dikshit, whose term as Independent Director, expired on July 02, 2023, was removed.

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

Sr. No.	Name of the Committee Members	Designation
1	Shri Shyam Sundar Barik	Chairman (Independent Director)
2	Shri Hari Shanker Sharma	Member (Independent Director)
3	Shri Dinesh Namdeo	Member (Nominee Director)

During the year under review, the Nomination & Remuneration Committee met four (4) times on June 08, 2022, August 25, 2022, September 05, 2022 and March 29, 2023.

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 at 68th Meeting of the Board of Directors held on September 05, 2022. The name of Shri. Binod Kumar, appointed as Nominee Director of PNB with effect from July 01, 2022, was added.

Pursuant to the Charter of the Committees, provisions of the Companies Act, 2013 and extant RBI guidelines, the Committee was reconstituted at 73rd Meeting of the Board of Directors held on March 31, 2023.

The Committee was reconstituted vide Circular Resolution passed by the Board dated July 10, 2023. The name of Shri. Venkatarao Satya Vasantha Rao, who ceased to be Nominee Director of SIDBI with effect from June 02, 2023, was removed.

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

Sr. No.	Name of the Committee Members	Designation
1	Shri Shyam Sundar Barik	Chairman (Independent Director)
2	Shri Dinesh Namdeo	Member (Nominee Director)
3	Shri Sunil S. Mirashi	Member (Managing Director and CEO)

During the year under review, CSRC met once on January 30, 2023.

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.

Pursuant to the Charter of the Committees, provisions of the Companies Act, 2013 and extant RBI guidelines, the Committee was reconstituted at 73rd Meeting of the Board of Directors held on March 31, 2023.

The Committee was reconstituted vide Circular Resolution passed by the Board dated July 10, 2023. The name of Shri Hari Shanker Sharma, appointed as Independent Director with effect from June 22, 2023, was added. The name of Smt. Rachna Dikshit, whose term as Independent Director, expired on July 02, 2023, was removed.

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

Sr. No.	Name of the Committee Members	Designation
1	Shri Hari Shanker Sharma	Chairman (Independent Director)
2	Shri Dilip Kumar Jain	Member (Nominee Director)
3	Shri Sunil S. Mirashi	Member (Managing Director & CEO)

During the year under review, RMC met once on January 30, 2023.

Executive Committee

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

Pursuant to the Charter of the Committees, provisions of the Companies Act, 2013 and extant

RBI guidelines, the Committee was reconstituted at 73rd Meeting of the Board of Directors held on March 31, 2023.

The Committee was reconstituted vide Circular Resolution passed by the Board dated July 10, 2023. The name of Shri. Venkatarao Satya Vasantha Rao, who ceased to be Nominee Director of SIDBI with effect from June 02, 2023, was removed. The name of Smt. Rachna Dikshit, whose term as Independent Director, expired on July 02, 2023, was removed.

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

Sr. No.	Name of the Committee Members	Designation
1	Shri Shyam Sundar Barik	Chairman (Independent Director)
2	Shri Dilip Kumar Jain	Member (Nominee Director)
3	Shri Sunil S. Mirashi	Member (Managing Director and CEO)

During the year under review, the Executive Committee met four (4) times on May 05, 2022, June 08, 2022, August 08, 2022 and December 26, 2022.

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.

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

Sr. No.	Name of the Committee Members	Designation
1	Smt Ketki Muzumdar	CS (Presiding Officer)
2	Smt Geetha Kumar	CM (Member)
3	Shri Rony J D'souza	Manager-Admin (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 FY2022-23

Attendance of the Members in Board and Committee Meetings during the FY2022-23 (Number of Meetings attended / Number of meetings eligible to attend)

Sr. No.	Type of the Meeting	No. of Meetings held	Shri Sivasubramanian Ramann	Shri. V. Satya Venkata Rao	Shri Binod Kumar (PNB) (from 01-07-2022 to 18-11-2022)	Shri Virendra Khandelwal (BOB) (from 03-07-2020 to 05-12-2022)	Smt Rachna Dikshit (ID)	Shri Anup Sankar Bhatta -charya (ID)	Shri Shyam Sundar Barik (ID)	Shri Sunil S Mirashi (MD & CEO) w.e.f 02-12-2022	Shri Dilip Kumar Jain (PNB) w.e.f 31-01-23	Shri Dinesh Kumar Namdeo (BOB) w.e.f 27-03-23
1	Board	8	4/8	8/8	2/3	4/5	8/8	8/8	8/8	3/3	1/1	0/1
2	AC	8	NA	8/8	0/2	NA	NA	8/8	8/8	NA	NA	NA
3	NRC	4	NA	3/4	NA	NA	1/1	3/3	4/4	NA	NA	NA
4	CSR	1	NA	1/1	NA	NA	NA	1/1	1/1	NA	NA	NA
5	EC	4	NA	4/4	NA	NA	4/4	NA	4/4	NA	NA	NA
6	RMC	1	NA	NA	NA	NA	1/1	NA	1/1	NA	NA	NA
7	ID	1	NA	NA	NA	NA	1/1	1/1	1/1	NA	NA	NA
8	AGM	1	0/1	0/1	1/1	1/1	1/1	1/1	1/1	NA	NA	NA

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, 2023, 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

Arena House, 2nd Floor, Gate No.3, Plot No.103,

Road No.12, Marol, M.I.D.C., Andheri (East), Mumbai- 400093

Telephone: +91 22 69631100

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 Anup Sankar Bhattacharya
Chairman & Independent Director
(DIN No: 02719232)**

**Place: Bengaluru
Date: July 31, 2023**

Annexure-II
FORM AOC-2

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

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

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

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

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

SI No	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Small Industries Development Bank of India (SIDBI) – Sponsor of the Company
b)	Nature of contracts/arrangements/transactions	Deputation Charges and Office Rent paid to SIDBI in ordinary course of business
c)	Duration of the contracts / arrangements / transactions	Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	As specified in Related Party Disclosures forming part of Financial Statements
e)	Date(s) of approval by the Board	May 15, 2023
f)	Amount paid as advances, if any	NIL

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

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

**Sd/-
Shri Anup Sankar Bhattacharya
Chairman & Independent Director
(DIN No: 02719232)**

**Place: Bengaluru
Date: July 31, 2023**

Annexure-III
REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

1. Brief Outline on CSR Policy of the Company

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

2. Composition of CSR Committee

During the year under review, CSRC met once on January 30, 2023. The Composition of CSR Committee, as on the date of the meeting i.e. January 30, 2023, is as under :

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)	1	1
2	Shri Shyam Sundar Barik	Member (Independent Director)	1	1
3	Shri V. Satya Venkata Rao	Member (Nominee Director)	1	1

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

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

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

4. Impact Assessment of CSR Projects

Not Applicable.

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

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

6. Average Net Profit of the Company as per Section 135(5) ₹(85,99,848)/-
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	Nil	-	-	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	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	Project duration	Amount spent for the project (in ₹)	Mode of Implementation Direct (Yes/No).	Mode of Implementation – Through Implementing Agency	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	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

For India SME Asset Reconstruction Company Limited

Sd/-
Shri Shyam Sundar Barik
 Chairman
 DIN No.: 08184820
 Date: July 31, 2023

Sd/-
Shri Sunil S. Mirashi
 Member
 DIN No.: 09732178
 Date: July 31, 2023

FORM NO MR-3
SECRETARIAL AUDIT REPORT
FOR THE PERIOD 01-04-2022 TO 31-03-2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]
(For the Financial Year Ended March 31, 2023)

To,
The Members,
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
Arena House, 2nd Floor, Gate No. 3,
Plot No. 103, Road No. 12, Marol,
M.I.D.C. Andheri (East), Mumbai - 400 093.

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) for the financial year ended March 31, 2023. 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 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 April 01, 2022 to March 31, 2023 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 April 01, 2022 to March 31, 2023 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 as the company is unlisted)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act): -(not applicable as the company is unlisted)
 - (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 & Sweat Equity) Regulations, 2021;
 - (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;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
 - (i) Securities and Exchange Board of India (Depositories & Participants) Regulation, 2018.
- (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 other 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. Securitization Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003.
3. Regulatory and supervisory guidelines, issued by Reserve Bank of India, applicable to ARCs, from time to time.

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

- Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that

The Board of Directors of the Company is duly constituted and the changes in the composition of the Board of Directors that took place during the period under review were carried out in the compliance with the provision of the Act.

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

As per the minutes of the Board duly recorded and signed by Chairman, the decisions of the Board were with requisite majority.

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.

The Compliance by the company of applicable Financial Laws like Direct & Indirect Tax Laws, Goods and Service Tax has not been reviewed in the audit since the same has been subject to the review by the statutory financial audit and other designated professionals.

We further report that during the audit period, the company had no specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except the following:

1. Appointment of Mr. Binod Kumar as Nominee Director by Punjab National Bank with effect from July 01, 2022.
2. Cessation of Mr. Binod Kumar as Nominee Director of Punjab National Bank with effect from November 18, 2022.
3. Cessation of Mr. Virendra Khandelwal as Nominee Director of Bank of Baroda with effect from December 05, 2022.
4. Appointment of Mr. Dilip Kumar Jain as the Nominee Director by Punjab National Bank with effect from January 31, 2023.
5. Appointment of Mr. Sunil S. Mirashi as Managing Director of the Company with effect from December 02, 2022.
6. Cessation of Mr. Sivasubramanian Ramann as Chairman and Nominee Director of SIDBI with effect from March 28, 2023.
7. Appointment of Mr. Dinesh Namdeo as Nominee Director of Bank of Baroda with effect from March 27, 2023.

For **Ragini Chokshi & Co.**
(Company Secretaries)

Sd/-
Reena Bordia
(Partner)
C. P. No. 24214
ACS No. 64465
UDIN: A064465E000710869
P. R. No.: 659/2020

Place: Mumbai

Date: 31.07.2023

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 2023, the Statement of Profit and Loss, the Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit, and its cash flows for the year ended on that date.

2. Basis For Opinion

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

3. Other Information

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

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

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

4. Management's Responsibility for the Standalone Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act 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) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of Section 143(11) of the Act (the Order), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

- II. As required by Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B a statement on the directions and sub directions issued by the Comptroller and Auditor General of India.
- III. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Amendment Rules, 2016 and the guidelines issued by The Reserve Bank of India from time to time under SARFAESI Act, to the extent applicable;
 - e) On the basis of written representations received from the directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- V. The company has neither paid nor provided for managerial remuneration to its Directors for the year ended March 31, 2023, hence we have nothing to reports 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: 23038973BGQPKH7507

Mumbai,
Dated: May 15th, 2023

Annexure A to the Independent Auditors' Report of India SME Asset Reconstruction Company Limited for the year ended 31st March 2023 (referred to in our report of even date).**We report that**

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
(B) The Company has maintained proper records showing full particulars of Intangible assets
- (b) As per information and explanations given to us, the Property, plant and equipment have been physically verified by the management at regular intervals in accordance with the programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its Property, plant and equipment. According to the information & explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own any immovable property included under the head fixed assets. Accordingly, provisions of clause 3(i)(c) of the order is not applicable to the company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including right-of-use assets) or Intangible assets during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company is into the services sector, primarily rendering asset reconstruction and securitization services and as such does not hold inventories and accordingly provisions of clause 3(ii) of the Order are not applicable.
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits from banks or any financial institution on the basis of current assets. Accordingly, provisions of clause 3(ii)(b) of the order is not applicable to the company
- (iii) According to 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. Accordingly, the provisions of clauses 3 (iii) (a) to (f) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given/made loans, investments, guarantees, and security. The issue of compliance

with the provisions of section 185 and 186 of the Companies Act, 2013, therefore does not arise.

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed there under apply. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income-Tax, Goods & Services Tax and any other material statutory dues applicable to it. No undisputed amounts payable in respect of Income-Tax, Goods & Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues were outstanding as at 31st March, 2023 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, 2023 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)	19,73,166	5,900
Income Tax Act, 1961	Income Tax	2014-15	CIT(A)	40,40,300	NIL
Income Tax Act, 1961	Income Tax	2015-16	CIT(A)	20,000	NIL

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

raised on short-term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable

- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
 - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
 - (b) According to the information and explanations given to us, no report under 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 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: 23038973BGQPKH7507

Mumbai,
Dated: May 15th, 2023

Annexure B to the Independent Auditors' Report of India SME Asset Reconstruction Company Limited for the year ended 31st March 2023 (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: 23038973BGQPKH7507

Mumbai,
Dated: May 15th, 2023

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, 2023** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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: 23038973BGQPKH7507

Mumbai,
Dated: May 15th, 2023

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 2023

The preparation of financial statements of INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED for the year ended 31 March 2023 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 15 May 2023.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct a supplementary audit of the financial statements of INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED for the year ended 31 March 2023 under section 143(6)(a) of the Act.

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

sd/-

(Guljari Lal)

Principal Director of Audit (Shipping), Mumbai

Place: Mumbai

Date : 18.07.2023

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 2022-23

Opening balance as on 01.04.2022	Vigilance cases received during 01.04.2022 to 31.03.2023	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)

Sr. 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, 2023, as reported to CAG, is as 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 above 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 above 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>

Sl. No.	Name of Statute	Original purchase value (₹ in Lakhs)			Recovery as on June 30,2022 (₹ in Lakh)	SR Balance as at 30th June 2022 (₹ in Lakhs)		
		BANK	ISARC	TOTAL		BANK	ISARC	TOTAL
1	ISARC-SIDBI-I/2009-10 TRUST	71.58	3.77	75.35	63.10	26.77	1.41	28.18
2	ISARC UBI/1/2009-10 TRUST	789.07	41.54	830.61	350.00	789.07	41.54	830.61
3	ISARC UBI/2/2009-10 TRUST	0.00	91.92	91.92	50.00	0.00	55.24	55.24
4	ISARC AXIS 1/2009-10 TRUST	0.00	25.00	25.00	0.00	0.00	25.00	25.00
5	ISARC BOI 1/2009-10 TRUST	0.00	230.38	230.38	38.00	0.00	200.21	200.21
6	ISARC AXIS 2/2010-11 TRUST	0.00	289.00	289.00	178.19	0.00	165.31	165.31
7	ISARC CBI 1/2010-11 TRUST	31.02	31.02	62.04	0.00	31.02	31.02	62.04
8	ISARC Print 7C/2010-11 TRUST	0.00	113.00	113.00	130.00	0.00	0.18	0.18
9	ISARC UCO 1/2010-11 TRUST	0.00	292.75	292.75	179.06	0.00	182.97	182.97
10	ISARC FA 54/002/2011-12 TRUST	0.00	440.00	440.00	630.00	0.00	0	0
11	ISARC FA 16 1/2011-12 TRUST	0.00	253.85	253.85	216.07	0.00	148.25	148.25
12	ISARC IU/2011-12 TRUST	0.00	421.00	421.00	0.00	0.00	421.00	421.00
13	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			

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2023

(₹ in Lakh)

	Particulars	Note No	As at March 31, 2023		As at March 31, 2022	
I	EQUITY AND LIABILITIES					
1	Shareholders' Funds					
	(a) Share Capital	2	10,000.00		10,000.00	
	(b) Reserves and surplus	3	2,031.61	12,031.61	1,490.71	11,490.71
2	Non-Current Liabilities					
	(a) Other Long Term Liabilities		-			
	(b) Long Term Provisions	4	-		2.29	2.29
3	Current Liabilities					
	(a) Short Term Borrowings	5	-		-	
	(b) Trade Payables					
	Micro, Small and Medium Ent.	6	-		-	
	Others	6	72.67		42.90	
	(c) Other Current Liabilities	7	4.77		21.49	
	(d) Short Term Provisions	8	-	77.44	0.93	65.32
	TOTAL			12,109.05		11,558.32
II	ASSETS					
1	Non Current Assets					
	(a) <u>Property, Plant and Equipment and Intangible Assets</u>	9				
	Property, Plant and Equipment		13.52		7.06	
	Intangible Assets		0.32		0.32	
	(b) Non Current Investments	10	854.00		993.37	
	(c) Deferred Tax Assets (Net)	11	193.98		316.01	
	(d) Long Term Loans and Advances	12	404.51		303.56	
	(e) Other Non Current Assets	13	642.25	2,108.58	0.28	1,620.60
2	Current Assets					
	(a) Trade Receivables	14	131.94		162.84	
	(b) Cash and Bank Balances	15	9,503.08		8,923.66	
	(c) Short Term Loans and Advances	16	66.19		641.65	
	(d) Other Current Assets	17	299.26	10,000.47	209.57	9,937.72
	TOTAL			12,109.05		11,558.32

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

Sd/-
(Vinay Devi)
Partner
M. No.: 038973
UDIN: 23038973BGQPKH7507
Mumbai, May 15, 2023

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

Sd/-
Sunil S. Mirashi
Managing Director & CEO
DIN: 09732178

Sd/-
K. Prakash
CFO

Mumbai, May 15, 2023

Sd/-
Shyam Sundar Barik
Director
DIN:08184820

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, 2023

(₹ in Lakh)

	Particulars	Note No	For the Year Ended March 31, 2023		For the Year Ended March 31, 2022	
I	Revenue from Operations	18		578.78		1,017.58
II	Other Income	19		577.37		515.48
III	Total Revenue (I + II)			1,156.15		1,533.06
IV	Expenses:					
	(a) Employee Benefit Expense	20	295.46		232.20	
	(b) Depreciation and Amortization Expense	9	2.41		1.70	
	(c) Other Expenses	21	106.65		997.92	
	Total Expenses			404.52		1,231.82
V	Profit Before Tax (III - IV)			751.63		301.24
VI	Tax Expense:			-		
	(a) Current Tax			66.05		296.33
	(b) MAT Credit Availment/(Entitlement)			-		-
	(c) Deferred Tax			122.03		(223.56)
	(d) Income Tax - Earlier years			22.65		6.34
				210.73		79.11
VII	Profit for the Year (V - VI)			540.90		222.13
VIII	Earnings per Equity Share of ₹ 10/- each:	23				
	(1) Basic			0.54		0.22
	(2) Diluted			0.54		0.22

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

Sd/-
(Vinay Devi)
 Partner
 M. No.: 038973
 UDIN: 23038973BGQPKH7507
 Mumbai, May 15, 2023

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

Sd/-
Sunil S. Mirashi
 Managing Director & CEO
 DIN: 09732178

Sd/-
K. Prakash
 CFO

Mumbai, May 15, 2023

Sd/-
Shyam Sundar Barik
 Director
 DIN: 08184820

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
<u>A. CASH FLOW FROM OPERATING ACTIVITIES</u>		
Profit before Taxation	751.63	301.24
Adjustments for:		
Add: Depreciation and Amortization Expense	2.41	1.70
Add: Bad Debts	-	0.14
Add: Sundry Balance Written off	1.82	2.15
Add: Loss on sale of Fixed Assets	0.69	0.01
Add: Provision for Security Receipts	(36.11)	919.45
Add: Provision for Diminution in Value of Security Receipts	(6.98)	(251.89)
Add: Provision for Advances to Trusts	19.66	146.91
Add: Written off Advance to Trust	3.78	-
Add: Provision for GST Recoverable on Reversed Management Fees	(55.89)	73.04
Less: Profit on sale of Fixed Assets	0.04	-
Less: Sundry Balance Written back	0.05	-
Less: Interest on Fixed Deposits having maturity of more than three months	344.59	299.54
Operating Profit before Working Capital changes	336.31	893.21
<u>Changes in Working Capital</u>		
<u>Adjustments for Operating Assets</u>		
Trade Receivables	30.90	(108.71)
Security Deposits	0.03	0.20
Short Term Loans and Advances	631.34	(579.72)
Other Current Assets	(91.49)	13.91
<u>Adjustments for Operating Liabilities</u>		
Trade Payables	29.82	10.73
Changes in provision	(3.22)	(1.06)
Other Current Liabilities	(16.72)	1.69
	580.66	(662.98)
Cash generated from / used in Operation	916.97	230.23
Less: Taxes paid	(150.49)	309.47
Net Cash Flow from Operating Activities (A)	766.48	(79.24)
<u>B. CASH FLOW FROM INVESTING ACTIVITIES</u>		
Capital Expenditure on Fixed Assets	(10.03)	(1.48)
Net Decrease in Investments:		
Security Receipts of Trusts	182.46	655.46
Sale of Fixed Assets	0.51	-
Advances given to Trusts	(62.59)	92.52
Fixed Deposits having maturity of more than three months but less than 12 months	638.85	(1,249.00)
Fixed Deposits having maturity of more than 12 months	(642.00)	-
Interest Received	344.59	297.25
Net Cash Flow from Investing Activities (B)	451.79	(205.25)

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Flow from Financing activities (C)	-	-
Net Increase in Cash and Cash Equivalents (A + B + C)	1,218.27	(284.50)
Cash and Cash Equivalents at beginning of the year	2,393.65	2,678.15
Cash and Cash Equivalents at end of the year	3,611.92	2,393.65
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash and Bank Balances as per Balance Sheet (Refer Note 15)	9,503.08	8,923.66
Less: Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements	(5,891.16)	(6,530.01)
Cash and Cash Equivalents at end of the year	3,611.92	2,393.65

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

Sd/-
(Vinay Devi)
 Partner
 M. No.: 038973
 UDIN: 23038973BGQPKH7507
 Mumbai, May 15, 2023

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

Sd/-
Sunil S. Mirashi
 Managing Director & CEO
 DIN: 09732178

Sd/-
K. Prakash
 CFO

Mumbai, May 15, 2023

Sd/-
Shyam Sundar Barik
 Director
 DIN:08184820

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. Company Overview:

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

B. Significant Accounting Policies:

1. Basis of preparation of financial statements:

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

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

2. Use of Estimates:

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

3. Revenue Recognition:

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

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- 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, 2023

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.

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

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.

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

14. Provisions, contingent liabilities and contingent assets:

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

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

A Contingent Liability is disclosed in case of:

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

Contingent assets are neither recognized nor disclosed.

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

15. Cash & Cash Equivalents:

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

16. Cash Flow Statement:

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

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, 2023

(₹ in Lakh)

NOTE 2: SHARE CAPITAL

Particulars	March 31, 2023		March 31, 2022	
	No. of shares	Amount in Lakhs	No. of shares	Amount in Lakhs
Authorised				
Equity Shares of ₹ 10/- each	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Total	10,00,00,000	10,000.00	10,00,00,000	10,000.00

Notes:

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

Particulars	March 31, 2023		March 31, 2022	
	No. of shares	Amount in Lakhs	No. of shares	Amount in Lakhs
At the beginning of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00

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

Name of Shareholder	March 31, 2023		March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
	held		held	
Punjab National Bank	2,09,00,000	20.90	2,09,00,000	20.90
Small Industries Development Bank of India	1,50,00,000	15.00	1,50,00,000	15.00
SIDBI Venture Capital Limited	1,10,00,000	11.00	1,10,00,000	11.00
Bank of Baroda	1,40,00,000	14.00	1,40,00,000	14.00
Union Bank of India	80,00,000	8.00	80,00,000	8.00
Punjab & Sind Bank	50,00,000	5.00	50,00,000	5.00
Life Insurance Corporation of India	90,00,000	9.00	90,00,000	9.00
Total	8,29,00,000		8,29,00,000	

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

c) Details of shares held by the Promoters
As at 31 March 2023

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

As at 31 March 2022

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

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

d) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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 31.03.2023	As at 31.03.2022
Balance as per last Financial Statements	1,490.71	1,268.58
Add: Net profit for the current year	540.90	222.13
	2,031.61	1,490.71

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

As at 31.03.2023 As at 31.03.2022

NOTE 4: LONG TERM PROVISIONS

Provision for Employee Benefits:

Compensated Absences

- 2.29

Others:

Provision for Tax

- -

- 2.29

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

72.67 42.90

72.67 42.90

Trade Payable Ageing Schedule

As on 31-03-23

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	72.67	-	-	-	-	72.67
(iii) Disputed dues-MSME	-	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-	-
	72.67	-	-	-	-	72.67

As on 31-03-22

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	38.35	4.55	-	-	-	42.90
(iii) Disputed dues-MSME	-	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-	-
	38.35	4.55	-	-	-	42.90

NOTE 7: OTHER CURRENT LIABILITIES

Other Payables:

Statutory Liabilities

4.77 21.49

4.77 21.49

NOTE 8: SHORT TERM PROVISIONS

Provision for Employee Benefits:

Compensated Absences

- 0.93

Others:

Provision for Tax

- -

- 0.93

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	NOTE 9: Property Plant and Equipment and Intangible Assets									
	Gross Block			Depreciation/Amortisation				Net Block		
	As on 01.04.2022	Additions	Deductions	As on 31.03.2023	As on 01.04.2022	For the Period	Deductions	As on 31.03.2023	As at 31.03.2023	As at 31.03.2022
Property Plant and Equipment:										
Plant & Machinery:										
Vehicles	10.54 (10.54)	- -	- -	10.54 (10.54)	10.01 (10.01)	- -	- -	10.01 (10.01)	0.53 (0.53)	0.53 (0.53)
Office Equipments	8.40 (8.63)	1.43 -	1.21 (0.23)	8.62 (8.40)	7.95 (7.89)	0.09 (0.28)	1.15 (0.22)	6.89 (7.95)	1.73 (0.44)	0.44 (74.00)
Computers	17.72 (16.84)	8.60 (1.48)	8.58 (0.60)	17.74 (17.72)	15.67 (16.06)	1.21 (0.21)	8.18 (0.60)	8.70 (15.67)	9.04 (2.05)	2.05 (0.77)
Furniture & Fixtures	13.13 (13.13)	- -	2.75 -	10.39 (13.13)	9.10 (7.95)	1.11 (1.15)	2.05 -	8.16 (9.10)	2.23 (4.03)	4.04 (5.18)
Sub Total (A)	49.79	10.03	12.53	47.29	42.73	2.41	11.38	33.76	13.52	7.06
Previous Year Sub Total (A)	49.14	1.48	0.83	47.79	41.91	1.64	0.82	42.73	7.06	7.23
Intangible Assets:										
Software	5.98 (5.98)	- -	- -	5.98 (5.98)	5.69 (5.69)	- -	- -	5.69 (5.69)	0.30 (0.30)	0.30 (0.30)
Trademark	0.33 (0.33)	- -	- -	0.33 (0.33)	0.31 (0.25)	- (0.06)	- -	0.31 (0.31)	0.02 (0.02)	0.02 (0.08)
Sub Total (B)	6.31	-	-	6.31	6.00	-	-	6.00	0.32	0.32
Previous Year Sub Total (B)	6.31	-	-	6.31	5.94	(0.06)	-	6.00	0.32	0.37
Total (A + B)	56.10	10.03	12.53	53.60	48.72	2.41	11.38	39.76	13.84	7.37
Previous Year Total (A + B)	55.46	1.48	0.84	56.10	47.85	1.70	0.83	48.72	7.37	7.60

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

Note :9.2 :Previous year figures are shown in bracket

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

NOTE 10: NON CURRENT INVESTMENTS

Particulars	No. of SRs as at March 31		Extent of Holding (%) as at March 31		SR Paid up Value as at March 31		Amount as at March 31	
	2023	2022	2023	2022	2023	2022	2023	2022
Trade Investments (A)	-	-	-	-	-	-	-	-
Other Investments								
Investments (Quoted)	-	-	-	-	-	-	-	-
Investments in SR of Trusts (Unquoted):								
ISARC 12/2010-11 Trust	69780	69780	100	100	100	100	69.78	69.78
ISARC 13/2010-11 Trust	11211	11211	100	100	1	1	0.11	0.11
ISARC 14/2010-11 Trust	53109	53109	100	100	1	1	0.53	0.53
ISARC ACBL I/2017-18 Trust	3450	3450	15	15	606	606	20.91	20.91
ISARC Allahabad Bank II/2012-13 Trust	10617	10617	20	20	120	215	12.74	22.83
ISARC Axis 1/2009-10 Trust	2500	2500	100	100	0	1,000	0.00	25.00
ISARC Axis 2/2010-11 Trust	28900	28900	100	100	572	572	165.31	165.31
ISARC Axis 3/2012-13 Trust Series II	25500	25500	100	100	150	150	38.25	38.25
Series III	59000	59000	100	100	527	527	310.93	310.93
							349.18	349.18
ISARC Axis 4/2015-16 Trust	164	164	100	100	1	1	0.00	0.00
ISARC Axis 5/2015-16 Trust	54973	54973	100	100	409	409	224.84	224.84
ISARC BOB 1/2009-10 Trust	54557	54557	100	100	1	1	0.55	0.55
ISARC BOI 1/2010-11 Trust	23038	23038	100	100	-	869	-	200.21
ISARC BOI 2/2015-16 Trust	40000	40000	100	100	-	0	-	0.00
ISARC Canara Bank-I/2013-14 Trust	104682	104682	5	5	926	937	969.36	980.87
ISARC CBI 1/2010-11 Trust	3102	3102	50	50	1,000	1,000	31.02	31.02
ISARC CBI II / 2012-13 Trust	10213	10213	100	100	537	537	54.84	54.84
ISARC Dena Bank II/2015-16 Trust	10215	10215	15	15	-	313	-	31.97
ISARC Dena Bank III/2017-18 Trust	12435	12435	15	15	1,000	1,000	124.35	124.35
ISARC FA 03 I/2011-12 Trust	7000	7000	100	100	957	957	66.99	66.99
ISARC FA 16 I/2011-12 Trust	25385	25385	100	100	584	584	148.25	148.25
ISARC FA 27 I/2012-13 Trust	18000	18000	50	50	1,000	1,000	180.00	180.00
ISARC FA 41 I/2011-12 Trust	27921	27921	10	10	317	373	88.51	104.15
ISARC FA 54/002/2011-12 Trust	44000	44000	100	100	0	0	0.00	0.00
ISARC FA 6 III/2011-12 Trust	14500	14500	100	100	0	0	0.00	0.00
ISARC FA 63 I/2012-13 Trust	81	81	100	100	1	1	0.00	0.00
ISARC FA 8 II/2012-13 Trust	13100	13100	100	100	-	-	-	-
ISARC GPIL/2014-15 Trust	875	875	5	5	1,000	1,000	8.75	8.75
ISARC IDBI Bank II/2013-14 Trust	22379	22379	5	5	797	890	178.36	199.17
ISARC IU/2011-12 Trust	42100	42100	100	100	1,000	1,000	421.00	421.00

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

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

Particulars	No. of SRs as at March 31		Extent of Holding (%) as at March 31		SR Paid up Value as at March 31		Amount as at March 31	
	2023	2022	2023	2022	2023	2022	2023	2022
ISARC MFPMPL/2011-12 Trust	20200	20200	100	100	-	-	-	-
ISARC OBC I/2014-15 Trust	5001	5001	5	5	1,000	1,000	50.01	50.01
ISARC Print 7C/2010-11 Trust	11300	11300	100	100	-	2	-	0.19
ISARC RCPPL/2014-15 Trust	70732	70732	100	100	1	2	0.58	1.28
ISARC SBI 1/2015-16 Trust	107800	107800	100	100	0	0	0.00	0.00
ISARC SCB 1/2015-16 Trust	43108	43108	100	100	0	0	0.00	0.00
ISARC SIDBI 1/2009-10 Trust	357	357	5	5	395	395	1.41	1.41
ISARC SIDBI 2/2009-10 Trust Class B								
Scheme A	4183	4183	5	5	1	1	0.04	0.04
Scheme B	1055	1055	15	15	0	0	0.00	0.00
							0.04	0.04
ISARC SIDBI III/2017-18 Trust	96105	96105	15	15	907	907	871.67	871.67
ISARC Syndicate Bank III/2016-17 Trust	13725	13725	15	15	-	469	-	64.37
ISARC Transrail Structures & Towers/2012-13 Trust	1295	1295	5	5	-	0	-	0.00
ISARC UBI 1/2009-10 Trust Class B	4154	4154	5	5	1,000	1,000	41.54	41.54
ISARC UBI 2/2009-10 Trust	9192	9192	100	100	601	601	55.24	55.24
ISARC UBI 3/2009-10 Trust	4038	4038	5	5	867	943	35.01	38.08
ISARC UCO 1/2010-11 Trust	29275	29275	100	100	625	625	182.97	182.97
ISARC Yes Bank I-2012 13 Trust	28500	28500	100	100	0	695	0.14	198.08
							4,353.99	4,935.49
Provision for:								
Diminution in Value of Security Receipts							163.43	170.42
Security Receipts							3,336.56	3,771.70
Total Other Investments							854.00	993.37

Notes:

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

As at 31.03.2023 As at 31.03.2022

NOTE 11: DEFERRED TAX ASSETS (NET)

Deferred Tax Assets (on account of timing difference):

Provision for Employee Benefits	2.96	2.41
Depreciation	1.86	2.14
Provision for Write off of SR's/Advance/other Receivable from Trusts	189.16	311.46
	193.98	316.01

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

As at 31.03.2023 As at 31.03.2022

NOTE 12: LONG TERM LOANS AND ADVANCES

Unsecured, considered good, unless specified otherwise:

Loans and advances to related parties:

Advance to Trusts	435.34	387.04
Less: Provision for Advance to Trusts	(266.86)	(257.72)
	168.47	129.32

Advance Income Tax (Net of Provision for Taxes):

Unsecured, considered good	208.96	129.34
Income Tax/TDS carried forward	27.07	44.90
	404.51	303.56

NOTE 13: OTHER NON CURRENT ASSETS

Other Bank Balances:

Fixed Deposits with Banks having maturity of period more than 12 months	642.00	-
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Security Deposits:

Unsecured, considered good	0.25	0.28
	642.25	0.28

NOTE 14: TRADE RECEIVABLES

Unsecured, undisputed, considered good :

Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	131.94	162.84
	131.94	162.84

Trade Receivable Ageing Schedule

As on 31-03-23

Particulars	Unbilled	Less than 6 months	6 month - 1-2 years	1-2 years	More than 3 years	Total
(i) Undisputed Trade Receivables considered good	-	131.94	-	-	-	131.94
(ii) Undisputed Trade Receivables considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
	-	131.94	-	-	-	131.94

As on 31-03-22

Particulars	Unbilled	Less than 6 months	6 month - 1-2 years	1-2 years	More than 3 years	Total
(i) Undisputed Trade Receivables considered good	-	162.84	-	-	-	162.84
(ii) Undisputed Trade Receivables considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
	-	162.84	-	-	-	162.84

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	As at 31.03.2023	As at 31.03.2022
NOTE 15: CASH AND BANK BALANCES		
Cash and Cash Equivalents*:		
Balances with banks in:		
Current Account	1.69	0.47
Fixed Deposits	3,610.23	2,393.16
	3,611.92	2,393.63
Cash on hand	0.00	0.02
Other Bank Balances:		
Fixed Deposits with Banks having maturity of more than 3 months but less than 12 months	5,891.16	6,530.01
More than 12 Months #	-	-
	9,503.08	8,923.66
<p>* 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.</p> <p># Fixed deposit maturing for more than 12 months disclosed separately under Note No 13 Other Non-Current Assets.</p>		
NOTE 16: SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good, unless specified otherwise:		
Redemption Amount Receivable	43.54	626.66
Other Loans and Advances:		
Prepaid Expenses:		
Contribution to Gratuity Fund	2.33	1.41
Others	4.41	4.07
Taxes Receivable:		
GST Credit	15.88	9.17
Management Fees Reversed	-	-
Advance to:		
Vendors	0.03	0.34
	66.19	641.65
NOTE 17: OTHER CURRENT ASSETS		
Unsecured, considered good, unless specified otherwise:		
Accrued Interest on Fixed Deposits	299.26	209.57
	299.25	209.57

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE 18: REVENUE FROM OPERATIONS		
Management Fees	342.70	755.58
Upside Income	229.56	221.89
Others:		
Incentives	3.91	24.07
Commission Income	2.61	16.04
	578.78	1,017.58
NOTE 19: OTHER INCOME		
Interest on:		
Fixed Deposits	562.10	417.35
Advances to Trusts	15.18	95.98
Other Non-Operating Income:		
Profit on Sale of Fixed Assets	0.04	-
Sundry Balances Written Back	0.05	2.15
	577.37	515.48
NOTE 20: EMPLOYEE BENEFIT EXPENSES		
Salary & Stipend	56.97	49.17
Employer's Contribution to MLWF	0.00	0.00
Deputation Charges	189.56	138.61
Contractual Staff Expenses	46.24	41.32
Provision for Compensated Absences	0.04	0.80
Contribution to Gratuity Fund	(0.87)	0.07
Staff Welfare Expenses	3.52	2.23
	295.46	232.20
NOTE 21: OTHER EXPENSES		
Provision for:		
Security Receipts	50.01	919.45
Less: Reversal of provision made in earlier years which is no longer required	(86.12)	-
Less: Reversal of provision of SR on a/c of write off during the year	(399.04)	-
	(435.15)	919.45
Diminution In Value of Security Receipts	100.00	(251.89)
Less: reversal of provision made in earlier years which is no longer required	(106.98)	-
	(6.98)	(251.89)
Advances to Trusts	24.29	146.91
Less: reversal of provision made in earlier years which is no longer required	(4.63)	-
Less: Reversal of provision on a/c of write off during the year	(10.52)	-
	9.14	146.91
GST Recoverable on Reversed Management Fees	11.74	73.03
Less: reversal of provision made in earlier years which is no longer required	(55.89)	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE 21: OTHER EXPENSES (CONTD....)		
Less: Reversal of provision on a/c of write off during the year	(4.94)	-
	(49.09)	73.03
Writeoff - Security Receipts	399.04	-
Writeoff - Advances to Trusts	14.30	-
Writeoff - GST Recoverable on Reversed Management Fees	4.94	-
Advertisement Expenses	2.81	-
Bad Debts	-	0.14
Communication Expenses	0.67	0.65
Conveyance Expenses	1.38	0.16
CSR Expenditure	-	0.00
Directors' Sitting Fees	9.00	3.80
Electricity Charges	-	-
Goods and Service Tax Expenses	31.50	23.14
Housekeeping Expenses	-	-
Insurance	2.84	2.55
Loss on sale of Fixed Assets	0.69	0.01
Membership & Subscription	2.56	3.52
Postage & Courier	0.36	0.21
Printing & Stationery	1.74	1.55
Professional Fees - Business Strategy Formulation	-	-
Professional Fees	32.45	31.88
Professional Fees - Others	-	-
Rates and Taxes	0.05	0.05
Rent	72.48	35.41
Repairs & Maintenance:		
Premises	-	-
Others	1.85	1.22
Security Expenses	-	-
Software Expenses	2.81	2.44
Travelling Expenses	1.56	-
Vehicle Expenses	1.74	1.08
Sundry balance written off	1.40	-
Miscellaneous Expenses	2.56	2.61
	106.65	997.92
NOTE 22.1: AUDITOR'S REMUNERATION		
Auditor's Remuneration excluding Goods and Service Tax (GST): (Included in Professional Fees in Note 21)		
Audit Fees	0.50	0.50
Tax Audit Fees	0.20	0.20
Others(Certification Fees/Review)	0.35	0.25
	1.05	0.95

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
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 2023-24. 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:	72.48	35.41
Within one year	80.66	27.47
After one year but not more than five years	-	-
More than five years	-	-
	153.14	62.88
NOTE 23: EARNINGS PER EQUITY SHARE		
Numerator: Profit After Tax	540.90	222.13
Denominator: Weighted Average Number of Equity Shares	10,00,00,000	10,00,00,000
Basic and Diluted Earnings per Equity Share `	0.54	0.22
NOTE 24: EMPLOYEE BENEFITS		
(a) Defined Benefits Plans - Gratuity:		
Valuation in respect of Gratuity has not been carried out by an independent actuary, as at the Balance Sheet date, as there were no employees on company payroll. The following assumptions were used in previous year by actuarial valuer: Further the Gratuity Fund Assets balances has been taken from the statement shared by fund manager:		
Changes in Fair Value of Plan Assets:		
Fair Value of plan assets at the beginning of the year	2.17	1.59
Expected Return on Plan Assets	0.16	0.10
Contributions by the Employer	-	0.48
Benefit Paid	-	-
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	-	(0.00)
Fair Value of plan assets as at end of the year	2.33	2.17
Category of Assets		
Insurance Fund	2.33	2.17
Total	2.33	2.17
As on the Balance Sheet Date there are no employees on company payroll , therefore based on the management judgement, the liability for leave encashment / compensated absences as at the year end is NIL- (previous year ₹ 3.22 Lakhs).		

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE 25: RELATED PARTY DISCLOSURE
A Name of Related Parties:
I Key Management

Personnel:

- Shri Sunil S. Mirashi (MD & CEO - w.e.f Dec, 2022)
- Shri Sunil S. Mirashi (COO/CEO - w.e.f July, 2021)
- Shri K. Prakash (Chief Financial Officer)
- Smt Ketki Muzumdar (CS and Compliance Officer - w.e.f Sept, 2021)
- Smt Prity Adwani (CS and Compliance Officer - Till July, 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
- 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 MFPMPL/2011-12 Trust
- ISARC FA 54/002/2011-12 Trust
- ISARC FA 41 I/2011-12 Trust
- ISARC 12/2010-11 Trust
- ISARC 13/2010-11 Trust

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE 25: RELATED PARTY DISCLOSURE (CONTD....)		
ISARC 14/2010-11 Trust		
ISARC Print 7C/2010-11 Trust		
ISARC CBI 1/2010-11 Trust		
ISARC Axis 2/2010-11 Trust		
ISARC BOI 1/2010-11 Trust		
ISARC UCO 1/2010-11 Trust		
ISARC SIDBI 2/2009-10 Trust		
ISARC BOB 1/2009-10 Trust		
ISARC Axis 1/2009-10 Trust		
ISARC UBI 2/2009-10 Trust		
ISARC UBI 3/2009-10 Trust		
ISARC UBI 1/2009-10 Trust		
ISARC SIDBI 1/2009-10 Trust		
B Related Party Transactions:		
I Payments to Key Managerial Personnel:		
1) Remuneration:		
a) Shri Sunil S. Mirashi	18.75	-
b) Smt Ketki Muzumdar	8.87	4.52
c) Kum Prity Adwani	-	2.81
	27.62	7.33
II Transactions with Parties under Significant Influence:		
1) Income:		
a) Management Fees (Gross) *		
ISARC ACBL I/2017-18 Trust	1.57	2.09
ISARC Axis 3/2012-13 Trust	-	5.28
ISARC Canara Bank I/2013-14 Trust	-	310.60
ISARC Dena Bank II/2015-16 Trust	1.50	3.84
ISARC Dena Bank III/2017-18 Trust	11.41	15.56
ISARC IDBI Bank II/2013-14 Trust	-	78.58
ISARC OBC I/2014-15 Trust	3.58	15.00
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC SIDBI III/2017-18 Trust	65.38	70.81
ISARC Syndicate Bank III/2016-17 Trust	3.94	7.03
	87.38	508.79
* excluding GST amount		
b) Management Fees reversed during the year		
ISARC 12/2010-11 Trust	-	-
ISARC ACBL I/2017-18 Trust	1.43	1.91
ISARC Axis 3/2012-13 Trust	-	4.83
ISARC Canara Bank I/2013-14 Trust	-	67.72
ISARC CBI 1/2010-11 Trust	-	-
ISARC CBI II/2012-13 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	10.45	14.24
ISARC IDBI Bank II/2013-14 Trust	-	53.74

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE 25: RELATED PARTY DISCLOSURE (CONTD....)		
ISARC IU/2011-12 Trust	-	-
ISARC OBC I/2014-15 Trust	3.27	13.73
ISARC SIDBI III/2017-18 Trust	-	44.93
	15.15	201.10
c) Management Fees (Reversals received)		
ISARC ACBL I/2017-18 Trust	-	-
ISARC Allahabad Bank II/2012-13 Trust	-	0.16
ISARC CBI II/2012-13 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	-	-
ISARC Canara Bank I/2013-14 Trust	67.72	365.55
ISARC Axis 1/2009-10 Trust	3.62	-
ISARC Axis 2/2010-11 Trust	-	-
ISARC Axis 3/2012-13 Trust	0.58	-
ISARC SIDBI 2/2009-10 Trust	-	11.61
ISARC SIDBI III/2017-18 Trust	44.92	-
ISARC FA 54/002/2011-12 Trust	-	52.01
ISARC IDBI Bank II/2013-14 Trust	53.74	18.40
ISARC IU/2011-12 Trust	-	-
ISARC Yes Bank I/2012-13 Trust	-	0.16
ISARC OBC I/2014-15 Trust	99.90	-
ISARC Print 7C/2010-11 Trust	-	-
ISARC SCB 1/2015-16 Trust	-	-
	270.48	447.89
d) Bad Debts Recovered		
ISARC BOI 2/2015-16 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	-
	-	-
e) Yield on Security Receipts		
ISARC SIDBI 2/2009-10 Trust	-	-
ISARC 14/2010-11 Trust	-	-
	-	-
f) Upside Income		
ISARC Axis 1/2009-10 Trust	156.05	-
ISARC Syndicate Bank III/2016-17 Trust	25.78	-
ISARC SIDBI 2/2009-10 Trust	2.17	-
ISARC Dena Bank II/2015-16 Trust	5.05	-
ISARC SIDBI 2/2009-10 Trust	-	172.92
ISARC FA 54/002/2011-12 Trust	-	48.97
ISARC FA 6 III/2011-12 Trust	40.51	-
	229.56	221.89
g) Incentives		
ISARC FA 63 I/2012-13 Trust	3.91	24.07
	3.91	24.07
h) Commission Income		
ISARC FA 63 I/2012-13 Trust	2.61	16.04
	2.61	16.04

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE 25: RELATED PARTY DISCLOSURE (CONTD....)		
i) Interest on Advances (Gross)		
ISARC ACBL I/2017-18 Trust	0.24	0.11
ISARC Allahabad Bank II/2012-13 Trust	0.01	0.01
ISARC Axis 3/2012-13 Trust	1.67	0.88
ISARC Canara Bank I/2013-14 Trust	0.08	16.85
ISARC CBI II/2012-13 Trust	0.09	0.04
ISARC Dena Bank II/2015-16 Trust	2.26	0.01
ISARC Dena Bank III/2017-18 Trust	-	1.65
ISARC FA 03 I/2011-12 Trust	0.15	0.11
ISARC FA 16 I/2011-12 Trust	0.00	0.53
ISARC FA 27 I/2012-13 Trust	5.22	2.98
ISARC FA 54/002/2011-12 Trust	0.06	2.04
ISARC FA 6 III/2011-12 Trust	0.14	0.08
ISARC FA 63 I/2012-13 Trust	0.58	0.53
ISARC FA 8 II/2012-13 Trust	-	-
ISARC GPIL/2014-15 Trust	1.32	1.02
ISARC IDBI Bank II/2013-14 Trust	0.33	0.30
ISARC IU/2011-12 Trust	2.54	2.49
ISARC MFPMPL/2011-12 Trust	-	-
ISARC OBC I/2014-15 Trust	2.81	2.50
ISARC RCPPL/2014-15 Trust	0.00	0.00
ISARC SBI 1/2015-16 Trust	1.19	1.15
ISARC SIDBI 1/2009-10 Trust	0.83	0.67
ISARC SIDBI 2/2009-10 Trust	15.43	18.59
ISARC SIDBI III/2017-18 Trust	3.70	1.27
ISARC Syndicate Bank III/2016-17 Trust	0.06	0.02
ISARC Transrail Structures & Towers/2012-13 Trust	0.09	0.08
ISARC Yes Bank I/2012-13 Trust	0.00	0.01
	38.80	53.92
j) Interest on Advances reversed during the year		
ISARC ACBL I/2017-18 Trust	0.22	0.10
ISARC Axis 3/2012-13 Trust	1.13	0.79
ISARC CBI II/2012-13 Trust	0.08	0.03
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC Dena Bank II/2015-16 Trust	2.03	-
ISARC Dena Bank III/2017-18 Trust	-	1.49
ISARC FA 03 I/2011-12 Trust	0.13	0.10
ISARC FA 16 I/2011-12 Trust	-	-
ISARC FA 27 I/2012-13 Trust	4.70	2.68
ISARC FA 54/002/2011-12 Trust	-	-
ISARC FA 63 I/2012-13 Trust	0.53	0.48
ISARC GPIL/2014-15 Trust	1.19	0.92
ISARC FA 6 III/2011-12 Trust	0.07	0.06
ISARC IDBI Bank II/2013-14 Trust	-	-
ISARC IU/2011-12 Trust	2.28	2.24
ISARC OBC I/2014-15 Trust	2.53	2.25
ISARC RCPPL/2014-15 Trust	0.00	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE 25: RELATED PARTY DISCLOSURE (CONTD....)		
ISARC SBI 1/2015-16 Trust	1.07	1.04
ISARC SIDBI 1/2009-10 Trust	0.75	0.60
ISARC SIDBI 2/2009-10 Trust	13.32	16.72
ISARC SIDBI III/2017-18 Trust	-	0.49
ISARC Yes Bank I/2012-13 Trust	-	0.00
ISARC Transrail Structures & Towers/2012-13 Trust	0.08	0.08
	30.11	30.07
k) Interest on Advances Reversal Received		
ISARC Axis 3/2012-13 Trust	0.63	-
ISARC FA 6 III/2011-12 Trust	0.06	-
ISARC OBC I/2014-15 Trust	4.41	-
ISARC SIDBI 2/2009-10 Trust	0.90	50.10
ISARC SIDBI III/2017-18 Trust	0.49	1.63
ISARC Canara Bank I/2013-14 Trust	-	10.25
ISARC FA 16 I/2011-12 Trust	-	0.11
ISARC FA 54/002/2011-12 Trust	-	10.04
	6.49	72.13
1) Interest on Fixed Deposit		
Punjab National Bank	19.89	1.73
Small Industries Development Bank of India (SIDBI)	64.04	-
Bank of Baroda	101.01	33.69
	184.94	35.42
2) Expenses:		
a) Small Industries Development Bank of India (SIDBI):		
Deputation Charges (including Arrears)	189.56	139.31
Rent	72.40	35.41
	261.96	174.72
Note:		
Deputation Charges above includes remuneration paid to CEO and CFO.		
b) SIDBI Venture Capital Limited:		
Electricity Charges	-	-
c) Bad Debts/Written off:		
i) Incentives:		
ISARC FA 63 I/2012-13 Trust	-	-
ii) Interest on Advances:		
ISARC Axis 3/2012-13 Trust	-	0.01
ISARC CBI II/2012-13 Trust	-	0.00
ISARC FA 63 I/2012-13 Trust	-	0.13
iii) Management Fees:		
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC Axis 3/2012-13 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	-	-

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE 25: RELATED PARTY DISCLOSURE (CONTD....)		
iv) Advances to Trusts:	-	-
ISARC FA 30 I/2012-13 Trust	-	-
ISARC FA 8 II/2012-13 Trust	-	-
ISARC MFPMPL/2011-12 Trust	-	-
	-	0.14
3) Balances as at the year end	As at 31.03.2023	As at 31.03.2022
a) Outstanding Payables		
Small Industries Development Bank of India (SIDBI)	62.53	34.02
SIDBI Venture Capital Limited	-	-
	62.53	34.02
b) Outstanding Receivables		
i) Management Fees		
ISARC Canara Bank I/2013-14 Trust	-	-
ISARC Dena Bank II/2015-16 Trust	0.05	0.86
ISARC Syndicate Bank III/2016-17 Trust	-	1.71
ISARC SIDBI III/2017-18 Trust	17.41	-
	17.46	2.57
ii) Interest on Advances		
ISARC FA 54/002/2011-12 Trust	0.00	0.40
ISARC FA 16 I/2011-12 Trust	-	0.08
ISARC SIDBI 2/2009-10 Trust	0.00	-
ISARC Canara Bank I/2013-14 Trust	0.01	4.34
ISARC Syndicate Bank III/2016-17 Trust	0.04	0.00
ISARC IDBI Bank II/2013-14 Trust	-	0.14
ISARC Dena Bank II/2015-16 Trust	-	0.00
ISARC Allahabad Bank II/2012-13 Trust	0.00	0.00
ISARC MFPMPL/2011-12 Trust	-	-
ISARC FA 6 III/2011-12 Trust	-	0.04
ISARC SIDBI III/2017-18 Trust	1.00	0.09
	1.05	5.09
iii) Incentives/Commission		
ISARC FA 63 I/2012-13 Trust	-	-
ISARC Dena Bank II/2015-16 Trust	-	-
	-	-
iv) Accrued Interest Receivable		
Punjab National Bank	8.84	1.56
Small Industries Development Bank of India (SIDBI)	57.63	-
Bank of Baroda	57.36	14.40
	123.83	15.96
4) Advances to Trusts		
ISARC 12/2010-11 Trust	8.18	7.81
ISARC 13/2010-11 Trust	-	-
ISARC 14/2010-11 Trust	1.48	0.97

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

NOTE 25: RELATED PARTY DISCLOSURE (CONTD....)	As at 31.03.2023	As at 31.03.2022
ISARC ACBL I/2017-18 Trust	2.99	1.13
ISARC Allahabad Bank II/2012-13 Trust	-	-
ISARC Axis 1/2009-10 Trust	-	12.43
ISARC Axis 2/2010-11 Trust	0.19	-
ISARC Axis 3/2012-13 Trust	13.54	11.03
ISARC AXIS 4/2015-16 Trust	0.74	-
ISARC Axis 5/2015-16 Trust	42.07	2.56
ISARC BOB 1/2009-10 Trust	22.67	19.69
ISARC BOI 1/2010-11 Trust	0.12	10.66
ISARC BOI 2/2015-16 Trust	0.61	0.53
ISARC Canara Bank I/2013-14 Trust	-	0.94
ISARC CBI 1/2010-11 Trust	9.39	8.95
ISARC CBI II/2012-13 Trust	1.00	0.45
ISARC Dena Bank II/2015-16 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	24.69	16.19
ISARC FA 03 I/2011-12 Trust	1.42	1.04
ISARC FA 16 I/2011-12 Trust	-	-
ISARC FA 27 I/2012-13 Trust	55.86	30.44
ISARC FA 30 I/2012-13 Trust	-	-
ISARC FA 41 I/2011-12 Trust	-	-
ISARC FA 54/002/2011-12 Trust	-	0.01
ISARC FA 6 III/2011-12 Trust	0.28	1.02
ISARC FA 63 I/2012-13 Trust	5.45	4.00
ISARC FA 8 II/2012-13 Trust	-	-
ISARC GPIL/2014-15 Trust	11.15	10.88
ISARC IDBI Bank II/2013-14 Trust	0.00	4.77
ISARC IU/2011-12 Trust	21.37	20.88
ISARC OBC I/2014-15 Trust	23.97	21.90
ISARC Print 7C/2010-11 Trust	0.14	0.40
ISARC RCPPL/2014-15 Trust	0.00	-
ISARC SBI 1/2015-16 Trust	10.17	9.72
ISARC SCB 1/2015-16 Trust	0.10	0.32
ISARC SIDBI 1/2009-10 Trust	7.37	6.16
ISARC SIDBI 2/2009-10 Trust	124.34	143.87
ISARC SIDBI III/2017-18 Trust	18.84	10.87
ISARC Syndicate Bank III/2016-17 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	0.08	0.71
ISARC UBI 1/2009-10 Trust	15.28	14.37
ISARC UBI 2/2009-10 Trust	8.40	7.80
ISARC UBI 3/2009-10 Trust	-	1.47
ISARC UCO 1/2010-11 Trust	3.45	3.07
ISARC Yes Bank I/2012-13 Trust	-	-
	435.34	387.04

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	As at 31.03.2023	As at 31.03.2022
NOTE 25: RELATED PARTY DISCLOSURE (CONTD....)		
5) Provision for Advances to Trusts:		
ISARC 12/2010-11 Trust	7.22	6.17
ISARC 14/2010-11 Trust	0.23	-
ISARC ACBL I/2017-18 Trust	0.12	-
ISARC Axis 2/2010-11 Trust	-	-
ISARC Axis 3/2012-13 Trust	-	-
ISARC AXIS 4/2015-16 Trust	-	-
ISARC Axis 5/2015-16 Trust	-	-
ISARC Axis 1/2009-10 Trust	-	11.03
ISARC BOB 1/2009-10 Trust	18.08	15.52
ISARC BOI 1/2010-11 Trust	-	9.84
ISARC BOI 2/2015-16 Trust	-	-
ISARC CBI 1/2010-11 Trust	8.49	7.53
ISARC CBI II/2012-13 Trust	-	-
ISARC Dena Bank III/2017-18 Trust	10.21	5.71
ISARC FA 03 I/2011-12 Trust	0.09	-
ISARC FA 54/002/2011-12 Trust	-	-
ISARC FA 27 I/2012-13 Trust	21.79	17.45
ISARC FA 63 I/2012-13 Trust	-	-
ISARC FA 6 III/2011-12 Trust	-	-
ISARC GPIL/2014-15 Trust	6.41	6.00
ISARC IU/2011-12 Trust	19.66	18.40
ISARC OBC I/2014-15 Trust	17.23	15.04
ISARC Print 7C/2010-11 Trust	-	-
ISARC SCB 1/2015-16 Trust	-	-
ISARC SIDBI III/2017-18 Trust	-	-
ISARC Transrail Structures & Towers/2012-13 Trust	-	-
ISARC SIDBI 1/2009-10 Trust	5.07	4.67
ISARC UBI 1/2009-10 Trust	13.85	13.02
ISARC SBI 1/2015-16 Trust	9.07	8.68
ISARC SIDBI 2/2009-10 Trust	120.04	111.42
ISARC UCO 1/2010-11 Trust	2.26	0.61
ISARC UBI 2/2009-10 Trust	7.04	6.63
	266.86	257.72
NOTE 25: RELATED PARTY DISCLOSURE (CONTD....)		
6) Fixed Deposit Placed with Bank		
Punjab National Bank	261.65	229.35
Small Industries Development Bank of India (SIDBI)	1,290.00	-
Bank of Baroda	1,492.51	1,022.09
	3,044.16	1,251.44

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	As at 31.03.2023	As at 31.03.2022
7) Security Receipts Written off :		
ISARC BOI 1/2010-11 Trust	200.20	-
ISARC BOI 2/2015-16 Trust	0.00	-
ISARC Print 7C/2010-11 Trust	0.19	-
ISARC RCPPL/2014-15 Trust	0.71	-
ISARC Transrail Structures & Towers/2012-13 Trust	0.00	-
ISARC Yes Bank I/2012-13 Trust	197.94	-
	399.04	-
8) Advance to Trust written off :		
ISARC BOI 1/2010-11 Trust	11.05	-
ISARC BOI 2/2015-16 Trust	0.24	-
ISARC FA 6 III/2011-12 Trust	1.27	-
ISARC Print 7C/2010-11 Trust	0.45	-
ISARC SCB 1/2015-16 Trust	0.46	-
ISARC Transrail Structures & Towers/2012-13 Trust	0.83	-
ISARC Yes Bank I/2012-13 Trust	0.00	-
	14.30	-
9) GST on reversed Management Fees Written Off :		
ISARC BOI 1/2010-11 Trust	4.94	-
	4.94	-

NOTE 26: SEGMENT REPORTING

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

NOTE 27: ASSET CLASSIFICATION

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

Loans for Reconstruction of Financial Assets:

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

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

NOTE 29: DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

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

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
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 Rs. Nil (Previous Year ₹ 0.0001 lakhs) towards Corporate Social Responsibility Activities. In accordance with the 'FAQ on Provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 and Rules thereon', issued by the Institute of the Chartered Accountants of India, this amount has been recorded and disclosed as an appropriation of profit in the financial statements for the year ended 31st March, 2023

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

(b) Statement on CSR Activities:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Opening Balance	30.80	31.03	0.00	-
Eligible Amount	0.23	-	-	-
Amount disbursed	-	31.03	0.00	-
Shortfall carried forward	31.03	0.00	-	-
Sanctioned Amount	-	31.03	0.00	-
Reason for shortfall	NIL	undisbursed amount	NIL	NIL
Nature of CSR Activities	NIL	PMNRF	PMNRF	-
Details of Related Parties transaction	NIL	NIL	NIL	NIL
Provision Created	NIL	NIL	NIL	NIL

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE 31: CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)		
Appeal pending before Commissioner of Income Tax (Appeals) for F.Y. 2011-12 (A.Y. 2012-13) (refer Note (i) below)	19.73	19.73
Appeal pending before Commissioner of Income Tax (Appeals) for F.Y. 2014-15 (A.Y. 2015-16) (refer note (ii) below)	40.40	40.40
Appeal pending before Commissioner of Income Tax (Appeals) for F.Y. 2015-16 (A.Y. 2017-18) (refer note (iii) below)	0.20	0.20
Deputation Charges (in Arrears) (refer note (iv) below)	-	-
	60.33	60.33

Note (i)

The Company has received an income tax demand of ₹ 19.73 lakhs for FY 2011-12 (P.Y. 19.73 lakhs) which is contested by the Company before the Commissioner of Income Tax (Appeals). Against the same the department has adjusted TDS amount of ₹ 19.67 lakhs (₹ 19.67 lakhs) as per the Income Tax Return filed by the Company i.e net demand outstanding ₹ 0.05 lakhs. 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 ₹ 0.05 lakhs, 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 ₹ 99.43 lakhs during FY 2020-21 for AY 2017-18 after adjusting Income Tax Demand for AY 2011-12 (₹ 10), AY 2014-15 (₹ 0.82 lakhs), AY 15-16 (₹ 5.35 lakhs), AY 16-17 (₹ 1.31 lakhs).

The company has received an Income Tax Refund of ₹ 12.89 lakhs 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 ₹ 0.20 lakhs against which the company has filed an appeal. No provision is considered necessary as on in the view of the company, duly supported by the counsel's opinion, the demand made is not sustainable.

Note (iv)

Deputation Charges (Arrears): Salary of SIDBI Officers who were on deputation during the period of arrears but not on deputation as on 31-03-2023, SIDBI has not raised the invoice for those employees. However 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, 2023

NOTE 32: Additional Regulatory Disclosure under Division I-Schedule III of Companies Act, 2013						
(i) Anyalltical Ratios						
S.No.	Ratios	Numerator	Denominator	Current Year	Previous Year	Reason for Variance (if change in more than 25%)
(i)	Current Ratio	Current Asset	Current Liabilities	129.14	152.15	-15%
(ii)	Debt to Equity Ratio	Total Debt	Shareholder's Equity	N.A	N.A	-
(iii)	Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	N.A	N.A	-
(iv)	Return on Equity Ratio	Net Profit for the year	Average Shareholder's Funds	4%	2%	133% In CY there is decrease in non operating expenses compared with PY
(v)	Inventory Turnover Ratio	Cost of Goods sold or Sales	Average Inventory	N.A	N.A	-
(vi)	Trade Receivable Turnover Ratio	Revenue from operations(net)	Average Trade Receivable	3.93	9.38	-58% In CY there is decrease in realisation from assets compared with PY
(vii)	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payables	N.A	N.A	-
(viii)	Net Capital Turnover Ratio	Revenue from operations	Average Working Capital (CA-CL)	N.A	N.A	-
(ix)	Net Profit Ratio	Net Profit for the year	Revenue from operations	93.46%	21.83%	328% In CY there is decrease in non operating expenses compared with PY
(x)	Return on Capital Employed	Earning Before Interest and Taxes	Capital Employed (Shareholder's Funds)	6.25%	2.62%	138% In CY there is decrease in non operating expenses compared with PY
(xi)	Return on Investment	Revenue from operations	Average Gross Non-Current Investments	12.46%	19.33%	-36% In CY there is decrease in realisation from assets compared with PY

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

NOTE 33: 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/-
Sunil S. Mirashi
Managing Director & CEO
DIN: 09732178

Sd/-
K. Prakash
CFO

Sd/-
Shyam Sundar Barik
Director
DIN:08184820

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

Mumbai, May 15, 2023

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
ADDITIONAL DISCLOSURE

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

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

(₹ in Lakh)

Sr. No.	Name of the Bank	Address	Acquisition Value		
			As at 31.03.2022	During the year	As at 31.03.2023
Sponsors					
1	Bank of Baroda	Plot - C-26, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	565.57	-	565.57
2	Bank of Baroda (Erstwhile Dena Bank before Merger)	Plot - C-26, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	1,685.00	-	1,685.00
3	Punjab National Bank (Erstwhile United Bank of India before Merger)	Bhikhaji Cama Place, New Delhi	2,007.70	-	2,007.70
4	Punjab National Bank	Bhikhaji Cama Place, New Delhi	2,792.04	-	2,792.04
5	Punjab National Bank (Erstwhile Oriental Bank of Commerce before Merger)	Bhikhaji Cama Place, New Delhi	1,000.11	-	1,000.11
6	SIDBI	MSME Development Centre, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	9,297.35	-	9,297.35
Total (A)			17,347.77	-	17,347.77
Non-Sponsors					
7	UCO Bank	10, B T M Sarani, Kolkata - 700 001	1,633.75	-	1,633.75
8	Axis Bank	Maker Tower-F, 13th Cuffe Parade, Mumbai - 400 005	2,674.95	-	2,674.95
9	Bank of India	Star house, BKC, Plot no. C-5, G - Block, Mumbai - 400 051	761.38	-	761.38
10	Central Bank of India	Chander Mukhi, Nariman Point, Mumbai - 400 021	164.17	-	164.17
11	Standard Chartered Bank	23-25, Mahatma Gandhi Road, Fort, Mumbai - 400 001	560.00	-	560.00
12	HDFC Bank	HDFC Bank House, Lower Parel, Mumbai - 400 013	575.00	-	575.00
13	Canara Bank (Erstwhile Syndicate Bank Before Merger)	Recovery Wing, Head Office, 112 J C Road, Bangalore - 560 002	1,468.00	-	1,468.00
14	Canara Bank	Recovery Wing, Head Office, 112 J C Road, Bangalore - 560 002	20,936.27	-	20,936.27
15	Indian Bank (Erstwhile Allahabad Bank Before Merger)	254-260, Avvai Shanmugam Salai, Royapettah, Chennai 600014, Tamil-Nadu, India	1,021.84	-	1,021.84
16	City Union Bank	149, TSR Big Street, Kumbakonam - 612 001	253.85	-	253.85
17	ICICI Bank	ICICI Bank Towers, Bandra Kurla Complex, Bandra East, Mumbai - 400 054	202.00	-	202.00
18	Indian Overseas Bank	Central Office, 763, Anna Salai, Chennai - 600 002	670.00	-	670.00
19	IDBI Bank Ltd.	IDBI Tower, World Trade Center Complex, Cuffe Parade, Colaba, Mumbai - 400 005.	4,835.88	-	4,835.88
20	Yes Bank Ltd.	Discovery of India, Nehru Center, 9th floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018	285.00	-	285.00
21	Karnataka Bank Ltd	Corporate Office, Mahaveera Circle, Kankandy, Mangalore - 575 002	194.25	-	194.25
22	State Bank of India	The Arcade, World Trade Centre Complex, Cuffe Parade, Mumbai - 400 005	1,078.00	-	1,078.00
23	Abhyudaya Co-operative Bank Limited	K K Tower, Abhyudaya Bank Lane, Off. G D Ambekar Marg, Parel Village, Mumbai - 400 012	230.00	-	230.00
Total (B)			37,544.34	-	37,544.34
Grand Total (A + B)			54,892.11	-	54,892.11

Note: 81 accounts with an aggregate loan outstanding of ₹ 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 31.03.2023

(₹ in Lakh)

Sr. No.	Sector	Sponsor / Non - Sponsor	No. of Cases		Acquisition Value (Amount in Lakhs)		% of Total Acquisition Value	
			CY	PY	CY	PY	CY	PY
1	Chemical & Chemical Products	Sponsor	-	18	-	248.89	-	4.55
2	Electrical/ Electronic Equipment	Sponsor	-	10	-	129.93	-	2.38
3	Food & Food Products	Sponsor	-	22	-	418.87	-	7.67
4	Hotels	Sponsor	-	1	-	115.50	-	2.11
5	Hospital	Sponsor	-	2	-	32.23	-	0.59
6	Textiles/Leather/footwear	Sponsor	-	27	-	650.84	-	11.91
7	Wood & Wood Products	Sponsor	-	1	-	-	-	-
8	Other Services	Sponsor	-	20	-	151.77	-	2.78
9	Pharmaceutical products	Sponsor	-	16	-	223.83	-	4.10
10	Industrial products	Sponsor	-	44	-	1,465.68	-	26.83
11	Machinery	Sponsor	-	1	-	-	-	-
12	Agro based products	Sponsor	-	3	-	521.97	-	9.55
13	Entertainment	Sponsor	-	7	-	787.24	-	14.41
14	Trading	Sponsor	-	7	-	246.72	-	4.52
15	Construction/Real estate	Sponsor	-	4	-	235.41	-	4.31
16	Consumer Products	Sponsor	-	7	-	109.81	-	2.01
17	Others	Sponsor	-	12	-	124.93	-	2.28
	Sub Total (A)		-	202	-	5,463.62	-	100.00
1	Chemical & Chemical Products	Non-Sponsor	-	10	-	1,713.07	-	3.47
2	Electrical/ Electronic Equipment	Non-Sponsor	-	6	-	19.81	-	0.04
3	Food & Food Products	Non-Sponsor	-	22	-	7,994.88	-	16.17
4	Hotels	Non-Sponsor	-	3	-	2,779.41	-	5.62
5	Hospital	Non-Sponsor	-	4	-	784.00	-	1.59
6	Textiles/Leather/Footwear	Non-Sponsor	-	45	-	8,628.67	-	17.46
7	Wood & Wood Products	Non-Sponsor	-	4	-	144.62	-	0.29
8	Other Services	Non-Sponsor	-	22	-	3,771.46	-	7.63
9	Pharmaceutical products	Non-Sponsor	-	9	-	7,529.41	-	15.23
10	Industrial products	Non-Sponsor	-	46	-	2,555.36	-	5.17
11	Machinery	Non-Sponsor	-	2	-	37.59	-	0.08
12	Agro based products	Non-Sponsor	-	15	-	915.02	-	1.85
13	Entertainment	Non-Sponsor	-	2	-	167.10	-	0.34
14	Trading	Non-Sponsor	-	39	-	1,235.38	-	2.50
15	Construction/Real estate	Non-Sponsor	-	16	-	4,168.88	-	8.43
16	Consumer Products	Non-Sponsor	-	11	-	382.49	-	0.77
17	Others	Non-Sponsor	-	54	-	6,601.34	-	13.36
	Sub Total (B)		-	310	-	49,428.49	-	100.00
	Grand Total (A+B)		-	512	-	54,892.11		

Note: 81 accounts with an aggregate loan outstanding of ₹ 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 2022-23 either on its own or in the books of the Trusts:

(₹ in Lakhs)

Sr. No.	Acquisition in the books of	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2020-21
1	ISARC	-	-	-
2	Trusts	-	-	-
	Total	-	-	-

- f) Value of Financial Assets realized during the financial year 2022-23

Sr. No.	Acquisition in the books of	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2020-21
1	ISARC	-	-	-
2	Trusts*	2,165.51	5,639.99	822.75
	Total	2,165.51	5,639.99	822.75

* Amount aggregating to ₹ 49.98 lakhs (previous year ₹ 320.88 lakhs) 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 2022-23

Particulars	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2020-21
Total value (cumulative) of Financial Assets acquired **	54,892.11	54,892.11	54,892.11
Less: Value (cumulative) of Financial Assets realised ***	32,517.09	30,351.58	24,711.59
Total value of Financial Assets outstanding for realisation	22,375.02	24,540.53	30,180.52

** 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 ₹ 2631.71 Lakhs (previous year ₹ 2588.73 Lakhs) realized from Financial Assets acquired from Industrial Investment Bank of India (IIBI) is not considered above as the same have been assigned to ISARC on the direction of Ministry of Finance, Government of India for recovery on commission basis.

- h) Value of Security Receipts redeemed partially and fully during the financial year 2022-23

Sr. No.	Acquisition in the books of	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2020-21
1	Value of Security Receipts redeemed partially	914.72	1,609.39	167.55
2	Value of Security Receipts redeemed fully	667.29	661.39	-
	Total	1,582.01	2,270.78	167.55

- i) Value of Security Receipts pending for redemption as at the end of financial year 2022-23: ₹ 35,579.82 Lakhs (previous year: ₹ 37560.12 Lakhs)
- j) Value of Security Receipts which could not be redeemed as a result of non-realization of the financial assets as per the policy formulated by the securitization company or reconstruction company under paragraph 7(6)(ii) or 7(6)(iii) of Notification No. DNBS.2/CGM(CSM) - 2003 dtd. April 23, 2003 issued by Reserve Bank of India. : ₹ 28800.29 Lakhs
- k) Value of land and /or building acquired on ordinary course of business of reconstruction of assets: **NIL**
- l) Basis of valuation of assets if the acquisition value of the assets is more than the Book Value (the value of the assets as declared by the seller bank in the auction): **NIL**
- m) The details of the assets disposed off (either by write off or by realisation) during the year at discount of more than 20% of valuation as on the previous year end and the reasons thereof: **NIL**

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

- 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.

(₹ in Lakhs)

Sr.No.	Name of the Trust	Acquisition Value	Outstanding Value	Current Value
1	ISARC Dena Bank III/2017-18 Trust	829	829	518
2	ISARC ACBLI/2017-18 Trust	230	139	87
		-	-	-
	Total	1,059	968	605

- o) As per Reserve Bank of India Guidelines, the Capital Adequacy Ratio of the Company as at March 31, 2023 works out of 802%. (Previous Year: 537%)

For and on behalf of Board of Directors

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Sd/-
Sunil S. Mirashi
 Managing Director & CEO
 DIN: 09732178

Sd/-
Shyam Sundar Barik
 Director
 DIN:08184820

Sd/-
K. Prakash
 CFO

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

Mumbai, May 15, 2023

Our esteemed shareholders:





INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

(CIN: U67190MH2008PLC181062)

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