



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Report on the Consolidated Ind AS Financial Statements

Opinion

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

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

Basis for Opinion

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

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





thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Emphasis of Matter

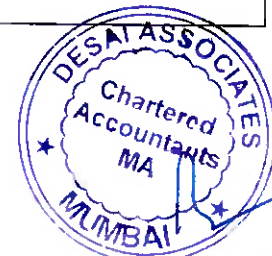
We draw your attention to note no.49, the financial of 36 Trusts have not been consolidated since the share of investment of the company in Security Receipts have been written off as per RBI Guidelines. The under-lying investment in this trust have been valued at NIL in accordance with RBI Guideless.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

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matters	How our audit addressed the Key Audit Matter
<u>i. Valuation of Investment in Security Receipts (SR) (as described in Note No. 2.03 & 2.25 of the Consolidated financial statements)</u>	
<p>The Company has investment in SR having fair value amounting to Rs. 347.75 Cr which are classified as Fair Value through Profit & Loss Accounts and fair valued as Level 3 financial instruments. As disclosed in the standalone financial Statements.</p> <p>The fair value of SR is determined through discounted cash flow method which involves management judgment using level 3 inputs such as projections of future cash flows and its timings and expenses.</p> <p>Based on RBI's Master Direction, the management has engaged external credit rating agencies for assigning the rating to SRs basis which the management estimate Net Asset Value</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedure which include the following:</p> <ol style="list-style-type: none">1. We tested the relevant internal controls over measurement of fair value and evaluating the methodologies assessment underlying pool of assets, inputs, judgements made and assumptions used by the management in determining fair value.2. Performed testing on a sample basis of key inputs like estimated cash flows compared with previous year estimated cash flows and its timing. The trend of recoveries were tested





<p>(NAV) of Security Receipts (SRs) that are less than eight years old. While an external valuer (registered/unregistered) has been appointed for valuation of SRs basis the management estimate for SRs exceeding eight year old.</p> <p>Considering the fair valuation of investments is significant to overall standalone financial Statement as well as the company's group performance and the fair valuations involves significant degree of complexities and including management's judgment. This could lead to material misstatement in the standalone financial statement.</p> <p>Therefore, it is considered as a key audit matter.</p>	<p>on sample basis with previous year's trend.</p> <p>Verified actual cashflows with estimated cashflows and obtained explanations for variances, if any-</p> <ol style="list-style-type: none">3. We reviewed the adequacy of the inputs used in the fair valuation vis-à-vis the observable market data.4. Verification of the disclosure related to investments in SRs being financial instrument as guided by relevant Indian Accounting Standards and RBI guidelines.
<p><u>ii. Revenue Recognition- Trusteeship fees/Management fees (as described in Note 1.02 (i) & 2.21 of the consolidated financial statements)</u></p>	
<p>Trusteeship fees constitute the primary source of income in the statement of profit and loss.</p> <p>The calculation of Trusteeship fees as percentage of NAV is based on the Asset Under Management ('AUM') of the fund managed by the Holding Company in accordance with guidelines prescribed under RBI guidelines, as amended from time to time.</p> <p>Trusteeship fees are recognized as per the provisions of the relevant trust deeds/offer documents on accrual basis.</p> <p>Trusteeship Fee is accrued based on a five step model as set out in Ind AS 115 "Revenue from Contract with Customers". Further, to comply with the RBI guidelines the income is reversed if it is outstanding for more than 180 days.</p> <p>Therefore, it is considered as a key audit matter.</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedure which include the following:</p> <ol style="list-style-type: none">1. Understanding and valuation of design and implementation of key controls place around recognition of fees charged by the Holding company.2. Evaluated the appropriateness of recognition of revenue in respect of Trusteeship Fee income based on the requirements of Ind AS 115.3. Reviewed fee rates from Trust deeds and offer documents as agreed upon by the parties on sample basis.4. Verified invoices raised towards revenue and reconciled them with accounting records.5. Further, verified trusteeship fees computation with reference to SR outstanding as well as NAV

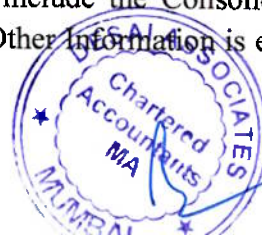




	(recovery estimate at lower end) of the SR.
<p>iii. Consolidation of Trusts</p> <p>The Group sponsors and manages multiple Trusts for the purpose of acquiring and resolving stressed assets, where Security Receipts (SRs) are issued to investors.</p> <p>As per Ind AS 110 Consolidated Financial Statements An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.</p> <p>Special consideration is required for structured entities where conventional shareholding may not indicate control. In such cases, contractual arrangements, decision-making rights, and exposure to variable returns are key in assessing control.</p> <p>Control exists when the investor has:</p> <ul style="list-style-type: none">• Power over the investee;• Exposure, or rights, to variable returns from its involvement with the investee; and• The ability to use its power over the investee to affect its returns. <p>Considering the significant management judgement and estimate involved in assessing control.</p> <p>Therefore, it is considered as a key audit matter.</p>	<p>We have understood the structure of the Trust managed by the Holding Company and review the beneficial interest and other relevant clauses of the trust deeds.</p> <p>We have read and understood the technical assessment documents made by the Holding Company and control/power assessment made for the purpose of consolidation in accordance with Ind AS 110.</p> <p>We have verified the consolidation of these trust done by the Group including disclosures made in financial statements in accordance with Ind AS 110.</p>

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

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





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

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

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

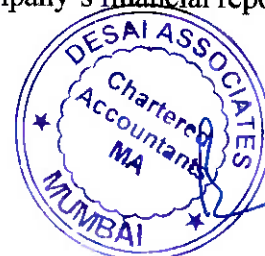
Responsibility of Management for the Financial Statements

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

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

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.



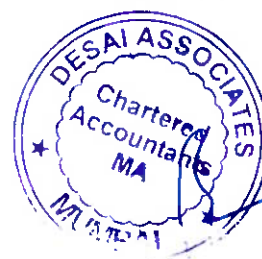


Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



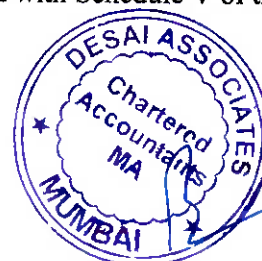


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

- i. As required by sub-section (3) of the section 143 of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Consolidated Balance Sheet, the Statement of Profit and Loss and, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS Consolidated financial statements comply with the Indian Accounting Standards referred under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Amendment Rules, 2024.
 - e) On the basis of the written representations from the directors as on March 31, 2026 and taken on record by the Board of Directors, in its meeting held on 12TH May 2026 none of the directors is disqualified as on March 31, 2026 from being appointed as a director u/s 164(2) of the Companies Act, 2013.
 - f) With respect to the adequacy of the internal financial controls with reference to Consolidated Ind AS Financial Statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Further our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over with reference to Consolidated Ind AS Financial Statements.
 - g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 31, 2026 has been provided by the Holding Company to its director in accordance with the provisions of Section 197 read with Schedule V of the Act.





- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- a) The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS Financial Statements-
 - b) The Group has made provision as required under applicable law or accounting standards for material foreseeable losses.
 - c) The Group did not have any long term contracts including derivative contracts.
 - d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - e) (i) On the basis of written representations received from the management and Refer to Note No.49h(A), there were no funds, that have been advanced or loaned or invested by the Group to or in any other person(s) or entity (ies), including (foreign entities ("Intermediaries"), with the understanding, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) On the basis of written representations received from the management and Refer to Note No 49h(B), there were no funds, received by the Group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, that the Group shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party("Ultimate Beneficiaries")or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries: and
 - (iii) Basis the audit procedures performed, nothing has come to our notice that has caused us to believe that the representations under sun-clause (i) and (ii) contain any material mis-statement.
- (f) No dividend was declared or paid during the year by the Company.
- (g) Based on our examination which included test checks, the Holding Company has used accounting software for maintaining its books of account for the year ended March 31, 2026 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, basis the data received and verified on test check, we did not come across any instance of the audit trail feature being tampered





with and also found that the audit trail feature has been configured in the core accounting software including the record preservation as per the statutory requirements.

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

For Desai Associates
Chartered Accountants
FRN No. 102286W

Iqbal Mukadam
Partner
Membership No: 016865
Place: Mumbai
Date: May 12th 2026
UDIN: 26016865AYKHKR6741





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

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

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and





evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

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

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

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Consolidated Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorizations of management and directors of the Holding Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group assets that could have a material effect on the Consolidated Ind AS financial statements.

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

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



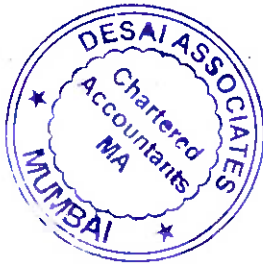


Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2026 based on the internal control over financial reporting with reference to Consolidated Ind AS Financial Statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Desai Associates
Chartered Accountants
FRN No. 102286W

Iqbal Mukadam
Partner
Membership No: 016865
Place: Mumbai
Date: May 12th 2026
UDIN: 26016865AYKHKR6741



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Statement of Audited Consolidated Financial Results for the Quarter and Year Ended March 31, 2026

(Rs. in Lakhs except per share data)

Sr. No.	Particulars	Quarter Ended		Year Ended
		Mar-26	Dec-25	Mar-26
		Audited	Unaudited	Audited
1	Income			
	Revenue from operations	23.28	34.14	169.30
2	Other Income	247.70	318.80	1,284.38
3	Total Income (1+2)	270.98	352.94	1,453.68
4	Expenses			
	(a) Cost of Sales			
	(b) Employee benefits expenses	62.47	52.51	254.61
	(c) Impairment of Financial instruments	64.27	(103.99)	71.66
	(d) Depreciation and amortisation	1.93	2.30	7.11
	(e) Other expenses	140.62	137.94	345.20
	Total Expenses	269.29	88.76	678.59
5	Profit before tax & exceptional item (3-4)	1.69	264.18	775.09
6	Exceptional Items	-	-	-
7	Profit after exceptional item (5+6)	1.69	264.18	775.09
8	Tax expense			
	- Current Tax	-	-	-
	- Deferred Tax	-	-	-
	- Income tax of earlier years	14.55	-	14.55
9	Profit or (Loss) for the period before share of profit of Associates and Non-controlling Interest (7-8)	(12.86)	264.18	760.54
10	Non controlling interest	(197.14)	(89.67)	(287.70)
11	Share of Loss of Associates	-	-	-
	Profit or (Loss) for the period (9+10+11)	184.28	353.84	1,048.24
12	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of POST-employment benefit obligations	-	-	-
	- Equity instruments through Other Comprehensive Income	-	-	-
	- Capital reserves on Business Combination	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
	Other comprehensive income ((i)-(ii)+(iii)+(iv))	-	-	-



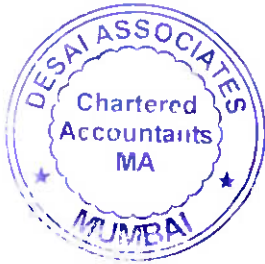
13	Total comprehensive income for the period (11+12)	184.28	353.84	1,048.24
14	Paid up Equity Share Capital (Face value Re.10/- per share)	2,300.00	2,300.00	2,300.00
15	Other equity (excluding revaluation reserves)		-	
16	Earnings per equity share face value of Rs.10 each fully paid up (not annualised)			
	(a) Basic (Rs.) *	0.08	0.15	0.46
	(b) Diluted (Rs.) *	0.08	0.15	0.46

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

For India SME Asset Reconstruction Company Limited


(Iqbal Mukadam)
Partner

M. No.: 016865
Mumbai, May 12, 2026

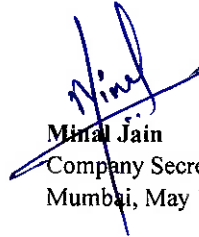



Divy Dangi
Whole Time Director

DIN : 08323807



Jethanand Chopra
Chief Executive Officer


Minal Jain
Company Secretary
Mumbai, May 12, 2026



Sandeep Welling
Director
DIN: 00072457



Jayshree Jain
Chief Financial Officer



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2026

(Rs. in lakhs)

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

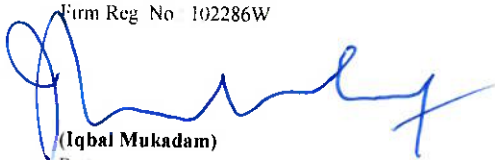
The accompanying notes 1 - 49 form an integral part of the Consolidated Financial Statements

As per our report of even date attached

For **Desai Associates**

Chartered Accountants

Firm Reg No. 102286W



(Iqbal Mukadam)

Partner

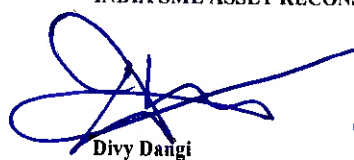
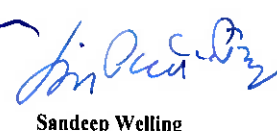
M. No. 016865

Mumbai, May 12, 2026



For and on behalf of Board of Directors

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Divy Dangi

Whole Time Director

DIN : 08323807

Sandeep Welling

Director

DIN : 00072457



Jethanand Chopra

Chief Executive Officer



Jayshree Jain

Chief Financial Officer



Minak Jain

Company Secretary

Mumbai, May 12, 2026



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

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

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

As per our report of even date attached

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

(Iqbal Mukadam)
Partner
M. No. 016865
Mumbai, May 12, 2026



For and on behalf of Board of Directors

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

(Signature)
Navy Dangi
Whole Time Director
DIN : 08323807

(Signature)
Sandeep Welling
Director
DIN: 00072457

(Signature)
Jethanand Chopra
Chief Executive Officer

(Signature)
Jayshree Jain
Chief Financial Officer

(Signature)
Minal Jain
Company Secretary
Mumbai, May 12, 2026



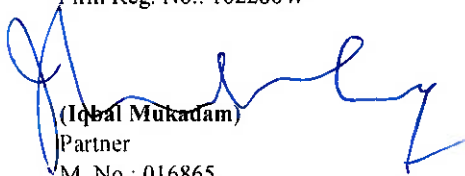
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED
STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2026

		(Rs. in Lakhs)
Particulars		For the year ended 31.03.2026 (Audited)
A.	CASH FLOW FROM OPERATING ACTIVITIES	
	Profit before tax	775.09
	Adjustment for:	
	Interest Expenses	-
	Depreciation, Amortization and Impairment	7.11
	Rent Income	-
	Add: Provision for Security Receipts	-
	Add: Provision for Taxation	-
	Add: Profit transferred to Outside Financial Institution	287.70
	Add: Provision for Diminution in Value of Security Receipts	-
	Add: Provision for Advances to Trusts	-
	Add: Written off SRs & Advance to Trust	(65.70)
	Less: Profit on sale of Fixed Assets	0.85
	Less: Interest on Fixed Deposits having maturity of more than three months	-
	Provision no longer required	-
	Net (Gain)/loss on financial instruments at fair value	-
	Allotment of equity instruments by conversion of assigned debt	-
	Net (Gain)/ Loss on Sale of Investments	-
	Net (Gain)/ Loss on Investments Property Sold / Discarded	-
	Operating Profit	1,005.05
	Adjustment for working capital changes	
	Decrease/(Increase) in Receivables	0.00
	Decrease/(Increase) in Loans	-
	Decrease/(Increase) in Other Financial Assets	-
	Decrease/(Increase) in Other Non-Financial Assets	(15.07)
	Increase / (decrease) in Trade Payables	14.43
	Increase / (decrease) in Other Financial Liabilities	35,115.63
	Increase / (decrease) in Provisions	-
	Increase / (decrease) in Other Non-Financial Liabilities	9.94
	Cash generated / (used) from operations	36,129.98
	Income Tax Paid (net of refunds)	(265.60)
	Net cash generated / (used) from operating activities (A)	36,395.58
B.	CASH FLOW FROM INVESTING ACTIVITIES	
	Security Receipts of Trusts	-69564.17
	Sale of Fixed Assets	0.25
	Advances given to Trusts	0.00
	Fixed Deposits having maturity of more than three months but less than 12 months	10603.22
	Fixed Deposits having maturity of more than 12 months	0.00
	(Purchase)/Sale of Property, Plant and Equipment	(23.76)
	(Purchase)/Sale of Intangible assets under development	-
	(Purchase)/Sale of Investments Property	-
	Interest Received	-
	Movement in Other Bank Balances	-
	Net cash generated / (used) from investing activities (B)	(58,984.46)

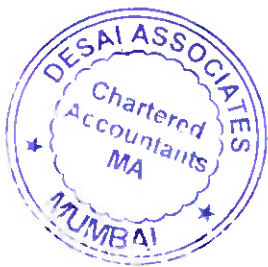


C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceed/(Repayment) of Equity Shares	19,165.99
Proceed/(Repayment) of Redeemable Preference Shares	-
Proceeds/(Repayment) of Borrowings	-
Interest Expenses	-
Net cash generated /(used) from financing activities (C)	19,165.99
Net Increase/(decreased) in cash and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

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


(Iqbal Mukadam)
Partner

M. No.: 016865
UDIN:
Mumbai, May 12, 2026

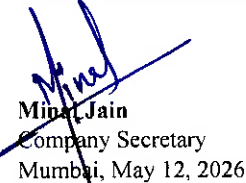


For and on behalf of Board of Directors
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED


Divy Dangi
Whole Time Director

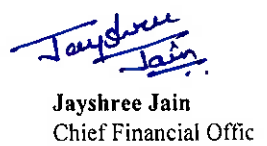
DIN : 08323807


Jethanand Chopra
Chief Executive Officer


Minak Jain
Company Secretary
Mumbai, May 12, 2026


Sandeep Welling
Director

DIN: 00072457


Jayshree Jain
Chief Financial Officer



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. Company Overview:

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

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

1.01 Basis for Consolidation:

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

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

over an investee and therefore controls the variability of its returns, the Company considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Company can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Company is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns
- Decision making authority in trusts managed by it, economic interests in the form of units of Security Receipts (SRs), fees earned and collection incentives
- Investment management and other contractual arrangements
- Removal rights held by other parties

Consolidation procedure:

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company with those of trusts over which Group has control.
- b. Offset (eliminate) the carrying amount of the Company's investment in and the Company's portion of security Sies of each trust over which Group has control.
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- d. When necessary, adjustments are made to the financial statements of trusts to bring their accounting policies in line with the Group's accounting policies. A change in the ownership interest of a trust, without loss of control, is accounted for as a transaction with security receipt holders. If the Group loses control over a trust, it derecognises the related assets (including goodwill), liabilities, share of other security receipt holders and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

2. Significant Accounting Policies:

2.1. Basis of preparation of financial statements:

Financial Statement upto 31st March 2026 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) notified under Companies (Accounting Standard) Rules 2006 as amended and other relevant provision of the Act. Due to change in shareholding of the company the current consolidated financial statement have been prepared



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

in accordance with Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act 2013 (the Act) (Companies (India Accounting Standard) Rules as amended) and other relevant provision of The Act to the extent applicable and the guideline prescribed by RBI to the extent applicable.

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

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

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

2.2. Statement of Compliance

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

2.3. Functional and Presentation currency

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

2.4. Basis of Measurements

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

2.5. Measurement of fair values

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

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

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

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

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

2.6. Order of Liquidity

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

2.7. Compliance with RBI Master Direction

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

2.8. Material accounting estimates, judgements and assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

The areas involving critical estimates or judgements are:

Impairment of financial assets using the expected credit loss method

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

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

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

3. Use of Estimates:

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

4. Revenue Recognition:

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

- a) Management fee is recognized on accrual basis in terms of the provisions of the relevant



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

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

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

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

5. Property, Plant & Equipment:

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

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

6. Depreciation:

- a) Depreciation is provided on the straight-line method using useful life prescribed in Part C of Schedule II of the Companies Act, 2013. The estimated useful lives of different types of assets are:

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

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

7. Financial Instruments:

Investments in Security Receipts (SRs)

- a) All Security Receipts (SRs) held by the company are aggregated for the purpose of arriving at a net depreciation or appreciation of the investment value. Average of latest range of ratings obtained from credit rating agencies is considered for the NAV of the investment. Net depreciation, if any is provided for and net appreciation, if any, is ignored based on valuation Guidelines/ Directions issued by RBI from time to time.

- b) Financials Assets acquired on the books of the Company are classified under Standard Assets, Sub-Standard Assets, Doubtful Assets and Loss Assets as per applicable RBI



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Guidelines/Directions. Income recognition and provisioning norms on each of the above categories are applied as per the aforesaid RBI Guidelines/Directions.

Advance To/From Trusts

- a) The expenses incurred on behalf of the trusts are shown as recoverable from the trust in the balance sheet under the head 'Advances to Trusts'. These expenses are reimbursable to the Company as per terms of the respective trust deed/offer document.
- b) The Company has made provision for the value of advances given to trusts which have remained outstanding for a period exceeding three years as at the Balance Sheet date for all the live trust whereas 100% provision were made on advance to trust where trust has completed Max resolution period as per RBI.

8. Employees Benefits:

a) Short-Term Benefits:

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

b) Post Employment Benefits:

• **Gratuity:**

The Company has an obligation towards gratuity, defined benefit retirement plan covering eligible employees. The plan provides a lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable to each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The company has obtained insurance policies with the Life Insurance Corporation of India ("LIC") and makes an annual contribution to LIC for amounts notified by LIC. The company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognized in the statement of profit and loss in the period in which they arise.

• **Provident Fund:**

The Group pays provident fund contributions to publicly administered provident funds



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

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

9. Earnings Per Share:

Basic:

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

Diluted:

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

10. Taxes on Income:

a) Current Tax:

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

b) Deferred Tax:

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

11. Provisions, contingent liabilities and contingent assets:

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

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

A Contingent Liability is disclosed in case of:



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

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

Contingent assets are neither recognized nor disclosed.

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

12. Cash & Cash Equivalents:

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

13. Cash Flow Statement:

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

14. Fair value measurement:

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

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

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

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

15. Segment Reporting:

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

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



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

NOTE: 2 CASH AND CASH EQUIVALENTS

(Rs. in lakhs)

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

NOTE: 3 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

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

NOTE: 4 RECEIVABLES

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

Other Receivables	
(a) Receivables considered good - Secured	-
(b) Receivables considered good - Unsecured	-
(c) Receivables which have significant increase in credit risk	-
(d) Receivables - Credit Impairment	-
Less: Allowances for impairment losses	-
Total	-

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE: 5 LOANS

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

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



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

(Rs. in lakhs)

Particulars	As at 31 March, 2026					Total	
	At Fair value			Designated at fair value through P&L	Subtotal		Others *
	Amortised Cost	Through Other Comprehensive Income	Through profit or loss				
(A)							
Mutual Funds/Other Funds	-	-	-	-	-	-	
Equity Instruments - Listed	-	-	-	-	-	-	
Equity Instruments - Unlisted	-	-	-	-	-	-	
Investment-Share Application Money	-	-	-	-	-	-	
Investments in Subsidiaries	-	-	-	-	-	-	
Investments in Preference Shares	-	-	-	-	-	-	
Investments in Debentures	-	-	34,775.16	-	34,775.16	34,775.16	
Investment in Security Receipts	-	-	-	-	-	-	
Investment in Gold & Diamonds	-	-	-	-	-	-	
Total (A) Gross	-	-	34,775.16	-	34,775.16	34,775.16	
* Others Valued at cost							
(B)							
(i) Investment outside India	-	-	34,775.16	-	34,775.16	34,775.16	
(ii) Investment in India	-	-	-	-	-	-	
Total (B) Gross	-	-	34,775.16	-	34,775.16	34,775.16	
(C)							
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	
Total Net D=(A-C)	-	-	34,775.16	-	34,775.16	34,775.16	
ISARC							
Trust 1						34,775.16	
Trust 2						4,212.57	
Trust 3						4,440.30	
Trust 4						3,008.35	
Trust 5						4,879.21	
Trust 6						11,944.73	
Trust 7						2,800.00	
Trust 8						10,500.00	
Trust 9						16,000.00	
Trust 10						9,300.00	
Total						1,03,416.33	
Less: Knock Off (ISARC Investment in Trusts)						-33852.16	
Investments						69,564.17	



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE: 7 OTHER FINANCIAL ASSETS

(Rs. in lakhs)

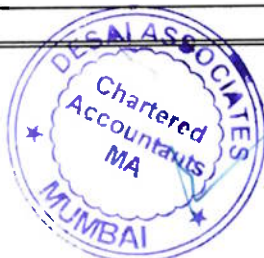
Particulars	As at 31 March, 2026
Advance against Property	
Excess Interest Spread Receivables	-
Interest accrued on fixed deposits	-
Interest accrued on investments	-
Inventories	-
Security deposits, Unsecured, considered good	
Less : Impairment loss allowance	-
Receivable against securitisation / assignment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

NOTE: 8 CURRENT TAX ASSETS

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

NOTE: 9 INVESTMENT PROPERTY

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



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

10A: PROPERTY, PLANT AND EQUIPMENTS

(Rs. in lakhs)

Particulars	Right to Use - Asset	Computer	Furniture & Fixtures	Motor Vehicle	Office Equipments	Total
Gross Block						
Balance as at April 01, 2025	-	18.84	9.77	-	9.19	37.79
Additions	-	23.12	-	-	0.64	23.76
Reclassification from Investment Property	-	-	-	-	-	-
Disposals	-	-	(5.87)	-	(2.83)	(8.70)
Balance as at March 31, 2026	-	41.96	3.90	-	6.99	52.85
Balance as at April 01, 2024	-	17.19	9.77	-	8.77	35.73
Additions on account of business combination	-	-	-	-	-	-
Additions	-	4.01	-	-	0.42	4.43
Disposals	-	(2.37)	-	-	-	(2.37)
Balance as at March 31, 2025	-	18.84	9.77	-	9.19	37.79

Accumulated Depreciation and Impairment

Balance as at April 01, 2025	-	13.22	8.91	-	6.50	28.63
Charge for the year	-	6.44	0.12	-	0.55	7.11
Disposals	-	(0.43)	(5.57)	-	(1.93)	(7.94)
Balance as at March 31, 2026	-	19.23	3.46	-	5.12	27.81
Balance as at April 01, 2024	-	11.42	8.27	-	5.95	25.64
Additions on account of business combination	-	-	-	-	-	-
Charge for the year	-	4.05	0.64	-	0.54	5.24
Disposals	-	2.25	-	-	-	(2.25)
Balance as at March 31, 2025	-	13.22	8.91	-	6.50	28.63
Net carrying amount as at March 31, 2026	-	22.73	0.44	-	1.87	25.05
Net carrying amount as at March 31, 2025	-	5.61	0.86	-	2.69	9.16

10B: INTANGIBLE ASSETS UNDER DEVELOPMENT

(Rs. in lakhs)

Gross Block	Computer Software	Trademark	Total
Balance as at April 01, 2025	5.98	0.33	6.31
Additions	-	-	-
Disposals	5.98	-	5.98
Balance as at March 31, 2026	0.00	0.33	0.33
Balance as at April 01, 2024	5.98	0.33	6.31
Additions	-	-	-
Disposals	-	-	-
Balance as at March 31, 2025	5.98	0.33	6.31

Accumulated Depreciation and Impairment

Balance as at April 01, 2025	5.69	0.31	6.00
Charge for the year	-	-	-
Disposals	5.69	-	5.69
Balance as at March 31, 2026	-	0.31	0.31
Balance as at April 01, 2024	5.69	0.31	6.00
Charge for the year	-	-	-
Disposals	-	-	-
Balance as at March 31, 2025	5.69	0.31	6.00

Net carrying amount as at March 31, 2025	0.30	0.02	0.32
Net carrying amount as at March 31, 2026	0.00	0.02	0.02



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE: 11 OTHER NON-FINANCIAL ASSETS

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

NOTE: 12 PAYABLES

Particulars	As at 31 March, 2026
Trade Payables	
(i) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note no -)	
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises Services	14.43
	-
	14.43
Other Payable	
(i) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note no -)	-
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	-
	-
Total	14.43

NOTE: 13 DEBT SECURITIES

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE: 14 BORROWINGS

(Rs. in lakhs)

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

NOTE: 15 SUBORDINATED LIABILITIES

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE: 16 OTHER FINANCIAL LIABILITIES

(Rs. In Lakhs)

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

NOTE: 17 CONTRACTUAL DEBT OBLIGATIONS

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

NOTE: 18 PROVISIONS

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

NOTE: 19 DEFERRED TAX LIABILITIES (NET)

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

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

Movement in Deferred Tax

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

NOTE: 20 OTHER NON-FINANCIAL LIABILITIES

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE: 21 EQUITY SHARE CAPITAL

(Rs. in lakhs)

Particulars	31.03.2026	
	No. of Shares	Value
AUTHORISED:		
Equity Shares of Rs. 10/- each	25,00,00,000	25,000.00
	25,00,00,000	25,000.00

ISSUED:

Equity Shares of Rs. 10/- each	23,00,00,000	23,000.00
	23,00,00,000	23,000.00

SUBSCRIBED AND FULLY PAID UP:

Equity Shares of Rs. 1/- each	23,00,00,000	23,000.00
Preference Shares of Rs. 10/- each	-	-
	23,00,00,000	23,000.00

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

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



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

	Capital Reserve	Securities Premium	Debt Redemption Reserve	Capital Redemption Reserve	Statutory Reserve Fund	Amalgamation Reserve	Retained Earnings	Other Comprehensive Income	Capital Reserve on Bargain purchase	Total
Reserves & Surplus										
Balance as on 01/04/2025	-	-	-	-	-	-	4,947.75	-	-	4,947.75
Profit for the year	-	6,318	-	-	-	-	1,048.24	-	-	7,366.24
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	-	-	-
Other comprehensive Income	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Elimination	-	-	-	-	-	-	-	-	-	-
On account of Business acquisition	-	-	-	-	-	-	-	-	-	-
Repayment of Premium on Redemption of Redeemable Preference shares	-	-	-	-	-	-	-	-	-	-
Transfers to Reserve Fund	-	-	-	-	-	-	-	-	-	-
Total for the year	-	6,165.99	-	-	-	-	1,048.24	-	-	7,214.23
Dividends	-	-	-	-	-	-	-	-	-	-
Tax on Dividends	-	-	-	-	-	-	-	-	-	-
Balance as on 31/03/2026	-	6,165.99	-	-	-	-	5,995.99	-	-	12,161.98

NOTE: 22 OTHER EQUITY

(Rs. in lakhs)

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

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

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE: 23 INTEREST INCOME

(Rs. in lakhs)

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

NOTE 24 DIVIDEND INCOME

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

NOTE 25 RENTAL INCOME

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

NOTE 26 FEES & COMMISSION INCOME

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



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

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

(Rs. in lakhs)

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

NOTE: 28 OTHER OPERATING INCOME

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

NOTE: 29 OTHER INCOME

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE: 30 FINANCE COST

(Rs. in lakhs)

Particulars	Year Ended 31 March, 2026
On Financial liabilities measured at Amortised Cost	
Interest on Borrowings	-
Interest on subordinated liabilities	-
Preference Dividend	-
Other Borrowing Cost	-
Interest Expense on Franchise Liability	-
Total	-

NOTE: 31 FEES & COMMISSION EXPENSES

Particulars	Year Ended 31 March, 2026
Commission Expenses	- 0.00
Collection Cost	-
Total	- 0.00

NOTE: 32 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	Year Ended 31 March, 2026
Impairment on financial instruments	
Other Receivables/Advances	
(i) Bad Debts Written Off	-
(ii) Provision/(Reversal) for Expected Credit Loss	(142.64)
(iii) Reversal of Contingent provision against standard assets	-
(iv) Shortfall in Credit Enhancement on Securitisation	-
(v) ECL on other Receivables	-
(vi) ECL on Investment Control	-
(vii) ECL on Securitisation Receivable	-
(viii) Write off Against Expected Credit Loss already provided	166.96
- Others	
(i) Provision for Expected Credit Loss	-
(ii) (Profit)/ Loss on Sale of Repossessed Assets	-
- Investments	
(i) Provision for Dimunition In Value of Investments	-
(ii) ECL on Investment - Security Receipt	2,857.26
(iii) Provision/(Reversal) for Expected Credit Loss- SRs	(2,809.92)
Total	71.66



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

NOTE: 33 EMPLOYEE BENEFITS

(Rs. in lakhs)

Particulars	Year Ended 31 March, 2026
Salaries and Wages	249.43
Contribution to Provident fund and other Funds	3.40
Staff Welfare Expenses	1.78
Total	254.61

NOTE: 34 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Particulars	Year Ended 31 March, 2026
Depreciation on Property, Plant and Equipment (Refer Note 10 & 11)	7.11
Total	7.11

NOTE: 35 OTHER EXPENSES

Particulars	Year Ended 31 March, 2026
Rent, Taxes and Energy Costs	52.92
Interest on Advances	0.12
Management Fees	38.41
Repair & Maintenance	3.73
Communication Costs	5.44
Printing & Stationery	2.75
Advertisement Expenses	11.53
Director Sitting Fees	36.35
Auditors Remuneration (Refer note 37.1)	0.77
Professional & Consultancy Charges	89.52
Insurance	0.67
Corporate Social Responsibility Expenses	30.14
Other Expenditure	72.84
Total	345.21

Note 35.1 Payment to Auditors

Particulars	Year Ended 31 March, 2026
Statutory Audit Fees	-
Tax Audit Fees	-
Other Services	-
Total	-

Note :36 Tax Expense

(A) Tax Expense recognised in profit or loss

Particulars	Year Ended 31 March, 2026
Current Tax Expense	-
- Current tax for the year	14.55
- Tax adjustments in respect of earlier years	-
Total - Current tax expense	14.55
Deferred tax	-
- Change in deferred tax asset	-
Net deferred tax expense	-
Total	14.55

The Company has considered the Consolidation of Structured Trusts manage and controlled by the Company.

Company has adopted the Indian Accounting Standards Framework from 1st April 2025 and same Results has prepared by considering the provisions of First Time Adoption of Ind-AS (ind-AS 101)

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

Accounting for Leases has not considered during period due to non-existence of lease contracts and also not considered for Re-statement of Financials for FY 2024-25 and Initial Financial as on 01/04/2024 as management has followed modified approach as per Ind-AS 101.

Being first year of Consolidation of Financials Statements with Structured Trusts Financials previous years figures have not been given.



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Note 37: (A) Capital Management

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

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

Regulatory Capital

	Rs. In Lakhs
Capital to risk asset ratio (CRAR)	As at March 31, 2026
a) Common Equity Tier 1 capital	35,328.56
b) Other Tier 2 capital instruments	-
c) Total capital	35,328.56
d) Risk weighted assets	35,165.28
e) CRAR (%)	100.46%

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

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

(B) Dividends

Particulars	As at March 31, 2026
Equity shares	Nil



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Note 38: Employee Benefits

Particulars	As at March 31, 2026 (₹ in Lakh)
(a) Defined Contribution Plan	
Amount recognized as an expense in the Statement of Profit and Loss:	
(i) Employer's contribution to provident fund	4.40
(ii) Employer's contribution to pension fund	1.10
	<u>5.50</u>

(b) Gratuity

Disclosures required as per the Ind AS 19, Employee Benefits

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



VII. Actual return on plan assets (as per standalone)
(current year Rs.9133 , Previous year NIL)

0.09

VIII. Assumptions

Interest rate	7.14%
Salary growth rate	6.00%
Estimated return on plan assets	NA

For service 4 years and below 20% p.a. For service 5 years and above 5% p.a.

Employee turnover rate

IX. Particulars of the amounts for the year and Previous year

2026

Present value of benefit obligation	-2.39
Fair value of plan assets	4.43
Excess of obligation over plan assets	2.03

X. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligations by the amounts shown below.

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

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

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

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

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

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

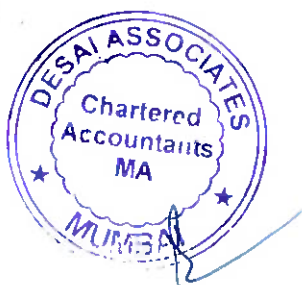


INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Note 39: Disclosure pursuant to para 44A to 44E of Ind AS 7 - Statement of cash flows

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Note 40: Maturity analysis of assets and liabilities

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

Particulars	As at March 31, 2026		
	Within 12 months	After 12 Months	Total
Assets			
Financial Assets			
Cash and Cash equivalents	306.67	-	306.67
Trade receivables	-	-	-
Loans*	-	-	-
Investments*	-	69,564.17	69,564.17
Other Financial asset	-	-	-
Non - Financial Assets			
Current tax assets (Net)	260.64	-	260.64
Property, Plant and Equipment	-	25.07	25.07
Right of use assets	-	-	-
Other Intangible Assets	-	-	-
Intangible asset under development	-	-	-
Other Non-Financial Assets	15.07	-	15.07
Total Assets (a)	582.38	69,589.22	70,171.60

Particulars	As at March 31, 2026		
	Within 12 months	After 12 Months	Total
Liabilities			
Financial Liabilities			
Payables			
(1) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14.43	-	14.43
Borrowings (other than debt securities)	-	-	-
Other Financial Liabilities	-	35,403.33	35,403.33
Debt Securities	-	-	-
Non- Financial Liabilities			
Current tax liability (Net)	-	-130.38	-130.38
Provisions	-	-	-
Deferred tax (net)	-	-	-
other non-financial liabilities	9.94	-	9.94
Total Liabilities (b)	24.37	35,272.95	35,297.32
Net (a-b)	558.02	34,316.27	34,874.29

* As expected by management of the group



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Note 41: Fair value measurements

a) Financial instruments by category

Particulars	Rs. In Lakhs	
	March 31, 2026	
	Fair value through profit or loss	Amortised cost
Financial assets		
Cash & cash equivalents	-	306.67
Trade receivables	-	-
Loans	-	-
Investments - Unquoted	69,564.17	-
Other Financial asset	-	-
Total Financial assets	69,564.17	306.67
Financial Liabilities		
Payables	-	14.43
Debt Securities	-	-
Borrowings (other than debt security)	-	-
Other Financial Liabilities	-	35,403.33
Total Financial Liabilities	-	35,417.76

Fair value hierarchy

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

b) Fair value hierarchy for assets

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2026	Rs. In Lakhs			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments - Unquoted	-	-	69,564.17	69,564.17
Total	-	-	69,564.17	69,564.17

Financial liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2026	Rs. In Lakhs			
	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings (other than debt security)	-	-	-	-
Debt Securities	-	-	-	-
Total	-	-	-	-

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2025	Rs. In Lakhs			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments - Unquoted	-	-	-	-
Total	-	-	-	-

Financial liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2025	Rs. In Lakhs			
	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings (other than debt security)	-	-	-	-
Debt Securities	-	-	-	-
Total	-	-	-	-

Notes:

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

Level 2 hierarchy, includes the fair value of financial instruments measured using quoted prices for identical or similar assets in markets that are not active. Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted compound instruments.

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

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



c) Valuation techniques used to determine fair value

Specific valuation techniques used to value investment in security receipt include

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

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

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

Particulars	Investment	Debt Securities
As on April 01, 2024	-	-
Additions	-	-
Disposals / Repayment / Write off	-	-
Gains / (losses) recognised in statement of profit and loss	-	-
Equity adjustments from investments	-	-
As at March 31, 2025	-	-
Additions	71,395.59	-
Disposals / Repayment / Write off	1,831.42	-
Gains / (losses) recognised in statement of profit and loss	-	-
Equity adjustments from investments	-	-
As at March 31, 2026	69,564.17	-

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

The carrying amount of remaining financial assets and liabilities is considered as fair value.

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

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

g) Quantitative analysis of significant unobservable inputs

Discount margin/spreads

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

Recovery rates

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

Note 42: a) Liquidity risk and funding management

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

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

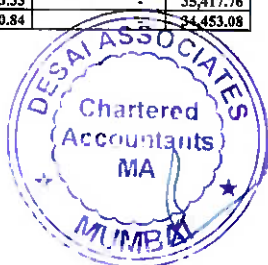
To avoid such a scenario, the Company has ensured maintenance of a liquidity cushion in the form of fixed deposits, cash, credit lines etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. These would be to take care of immediate obligations while continuing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

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

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

As at March 31, 2026	Rs. In Lakhs				
Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
Financial Assets					
Cash & cash equivalents	306.67	-	-	-	306.67
Trade receivables	-	-	-	-	-
Loans	-	-	-	-	-
Investments	-	-	69,564.17	-	69,564.17
Other Financial asset	-	-	-	-	-
Total Financial assets (a)	306.67	-	69,564.17	-	69,870.84
Financial Liabilities					
Trade Payables	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	14.43	-	-	14.43
Borrowings (other than debt securities)	-	-	-	-	-
Debt Securities	-	-	-	-	-
Other Financial Liabilities	-	-	35,403.33	-	35,403.33
Total Financial Liabilities (b)	-	14.43	35,403.33	-	35,417.76
Net (a-b)	306.67	-14.43	34,160.84	-	34,453.08

* As expected by Management of the Company.



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Note 43: Interest rate risk

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

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

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

Note 44: Earnings Per Equity Share

Particulars	Year Ended March 31, 2026
Basic and Diluted earning per equity share	
Net Profit after tax attributable to equity shareholders (Rs. In Lakhs) (A)	1,048.24
Weighted average number of Equity Shares (Nos) (B)	2,300.00
Nominal Value of equity shares (Rs.)	10.00
Basic and Diluted Earnings Per Share (Rs.) (A/B)	0.46



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Note 45: Principles and assumptions used for consolidated financial statements and proforma adjustments:

The Consolidated Financial Statements have been prepared by applying the principles laid in the Indian Accounting Standard (Ind AS) - 110 "Consolidated Financial Statements" and (Ind AS) - 28 "Investments in Associates and Joint Ventures" issued by the Institute of Chartered Accountants of India for the purposes of these Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Summary of significant accounting policies and other explanatory information to the consolidated financial statements, together referred to in as Consolidated Financial Statements

The list of subsidiaries and associates in the consolidated financial statement are as under :-

India SME Asset Reconstruction Company ('the Controlling Company' or 'the holding company') controls following Structured Entities as on 31st March 2026

Name of entities	Country of Incorporation	Proportion of ownership interest
I. Name of Structured Entities:		
ISARC 2025-26 -1 Trust	India	100%
ISARC 2025-26 -2 Trust	India	50%
ISARC 2025-26 -3 Trust	India	50%
ISARC 2025-26 -4 Trust	India	36.16%
ISARC 2025-26 -5 Trust	India	15.00%
ISARC 2025-26 -6 Trust	India	100%
ISARC 2025-26 -7 Trust	India	100%
ISARC 2025-26 -8 Trust	India	49.38%
ISARC 2025-26 -9 Trust	India	2.69%
ISARC 2025-26 -10 Trust	India	50%

A) Additional disclosure pertaining to Subsidiaries/Associate as per division III of Companies Act, 2013

As at 31st March, 2026

Rs. In Lakhs

Name of the entity	Net Assets (i.e. Total Assets - Total Liabilities)		Share in Profit & (Loss)		Share in other comprehensive income		Share in total comprehensive income	
Controlling Company								
INDIA SME Asset Reconstruction Company Limited	1,408.80	4.04%	925.55	121.70%	-	0.00%	925.55	121.70%
Structured Entities Controlled by the Company								
ISARC 2025-26 -1 Trust	4,212.23	12.08%	(13.82)	-1.82%	-	0.00%	(13.82)	-1.82%
ISARC 2025-26 -2 Trust	2,209.30	6.34%	(7.59)	-1.00%	-	0.00%	(7.59)	-1.00%
ISARC 2025-26 -3 Trust	1,476.61	4.23%	(53.91)	-7.09%	-	0.00%	(53.91)	-7.09%
ISARC 2025-26 -4 Trust	1,764.44	5.06%	(12.97)	-1.71%	-	0.00%	(12.97)	-1.71%
ISARC 2025-26 -5 Trust	1,576.75	4.52%	(54.44)	-7.16%	-	0.00%	(54.44)	-7.16%
ISARC 2025-26 -6 Trust	2,800.03	8.03%	(0.18)	-0.02%	-	0.00%	(0.18)	-0.02%
ISARC 2025-26 -7 Trust	10,498.58	30.10%	(20.84)	-2.74%	-	0.00%	(20.84)	-2.74%
ISARC 2025-26 -8 Trust	7,900.03	22.65%	(0.09)	-0.01%	-	0.00%	(0.09)	-0.01%
ISARC 2025-26 -9 Trust	250.01	0.72%	(0.40)	-0.05%	-	0.00%	(0.40)	-0.05%
ISARC 2025-26 -10 Trust	778.15	2.23%	(0.78)	-0.10%	-	0.00%	(0.78)	-0.10%



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Note 46: Comparison between provisions required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms and impairment allowances made under Ind AS 109 pursuant to RBI circular no. DOR

As at year ended March 31, 2026

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

Note 47: Ratios

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

Formula for Debt Equity Ratio = Total Debt / Total Equity

Formula for Debt Service Coverage Ratio = (Earnings after Tax and before Interest, Depreciation, Fair Value and Exceptional Items) / (Interest Expense + Principal Repayments of long term debts made during the year)

Formula for Capital to risk asset ratio = (Tier 1 Capital + Tier II Capital) / Risk Weighted Assets

Note 48: Information about assets acquired under IBC including the type, value of assets acquired and sector-wise

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

Note 49: Accounts of 36 Trust, incorporated and in existence beyond Statutory period and investment held by the Company in Security Receipts have been written off and net worth of the Trusts are negative, have not been consolidated to the financial statements.

Note 50: Other Additional Regulatory Information

a) Title deeds of Immovable Properties

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

b) Loans and Advances

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

- (i) repayable on demand or
- (ii) without specifying any terms or period of repayment

c) Details of Benami Property Held

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

d) Security of current assets against borrowings

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

e) Wilful Defaulter

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

f) Relationship with Struckoff Companies

The Company does not have any transactions with Struckoff Companies.

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

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



h) Utilisation of Borrowed funds and share premium

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

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate beneficiaries).

(B) During the year, the company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

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

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

i) Undisclosed Income

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

j) Details of Crypto Currency or Virtual Currency

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

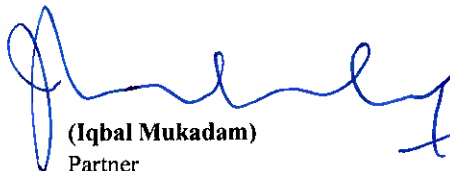
h) Segment Reporting

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

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

The accompanying notes are integral part of the financials statements.

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



(Iqbal Mukadam)
Partner
M. No.: 016865
UDIN:
Mumbai, May 12, 2026



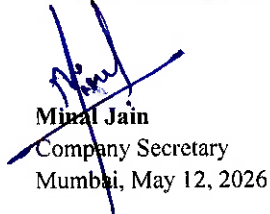
For and on behalf of Board of Directors
INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED



Divy Dangi
Whole Time Director
DIN : 08323807



Jethanand Chopra
Chief Executive Officer



Mital Jain
Company Secretary
Mumbai, May 12, 2026



Sandeep Welling
Independent Director
DIN: 00072457



Jayshree Jain
Chief Financial Officer



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Note 51: ADDITIONAL DISCLOSURE

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

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

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Note 51: b) Dispersion of various Financial Assets Industry-wise and Sponsor-wise as on 31.03.2026

(Amount in Lakhs)

Sr. No	Sector	Sponsor / Non - Sponsor	No. of Cases		Acquisition Value (Amount in Rs.)		% of Total Acquisition Value	
			CY	PY	CY	PY	CY	PY
1	NBFC	Non-Sponsor	9	-	9,091.78	-	12.90	-
2	Power	Non-Sponsor	2	-	15,700.00	-	22.28	-
3	Housing / LAP	Non-Sponsor	1,214	-	16,024.81	-	22.74	-
4	Automobile	Non-Sponsor	4	-	2,800.00	-	3.97	-
5	Real Estate	Non-Sponsor	3	-	26,856.00	-	38.11	-
6	Others	Non-Sponsor	-	-	-	-	-	-
	Total		1,232.00	-	70,472.59	-	100.00	-

Note:

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



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

Note 51: c) Details of the related parties as per Accounting Standard and Guidance Note issued by The Institute of Chartered Accountants of India (ICAI) and the amounts due to and from them are same as Note 25.

d) Migration of Financial Assets from Standard to Non Performing: Nil

e) Value of Financial Assets acquired during the financial year 2025-26 either on its own or in the books of the Trusts:

		(Amount in Lakhs)
Sr. No.	Acquisition in the books of	F.Y. 2025-26
1	ISARC	-
2	Trusts	70,472.59
Total		70,472.59

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

		(Amount in Lakhs)
Sr. No.	Acquisition in the books of	F.Y. 2025-26
1	ISARC	-
2	Trusts*	5,161.91
Total		5,161.91

g) Value of Financial Assets outstanding for realization as at the end of financial year 2025-26:

		(Amount in Lakhs)
Particulars		F.Y. 2025-26
Total value (cumulative) of Financial Assets acquired **		1,25,364.70
Less: Value (cumulative) of Financial Assets realised ***		49,539.06
Total value of Financial Assets outstanding for realisation		75,825.64

*** Total amount aggregating to Rs. 2,773.03 Lakhs realized from Financial Assets acquired from Industrial Investment Bank of India ('IIBI') is not considered above as the same have been assigned to ISARC on the direction of Ministry of Finance, Government of India for recovery on commission basis.

h) Value of Security Receipts redeemed partially and fully during the financial year 2025-26 :

Sr. No.	Particulars	F.Y. 2025-26
1	Value of Security Receipts redeemed partially	4,086.18
2	Value of Security Receipts redeemed fully	-
Total		4,086.18

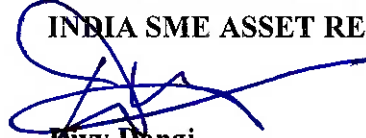


INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

- i) Value of Security Receipts pending for redemption as at the end of financial year 2025-26: Rs. 69255.39 Lakhs
- j) Value of Security Receipts which could not be redeemed as a result of non-realization of the financial assets as per the policy formulated by the securitization company or reconstruction company under paragraph 7(6)(ii) or 7(6)(iii) of Notification No. DNBS.2/CGM(CSM) – 2003 dtd. April 23, 2003 issued by Reserve Bank of India. : Rs. NIL
- k) Value of land and /or building acquired on ordinary course of business of reconstruction of assets: **NIL**
- l) Basis of valuation of assets if the acquisition value of the assets is more than the Book Value (the value of the assets as declared by the seller bank in the auction): **NIL**
- m) The details of the assets disposed off (either by write off or by realisation) during the year at discount of more than 20% of valuation as on the previous year end and the reasons thereof: **NIL**
- n) The details of the assets where the value of the SRs has declined more than 20% below the acquisition value.: **Refer Annexure A**
- o) As per Reserve Bank of India Guidelines, the Capital Adequacy Ratio of the Company as at March 31, 2026 works out to 100%. Refer note 40A

For and on behalf of Board of Directors

INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED



Divy Dangi
Whole Time Director
DIN : 08323807



Sandeep Welling
Independent Director
DIN: 00072457



Jethanand Chopra
Chief Executive Officer



Jayshree Jain
Chief Financial Officer



Minal Jain
Company Secretary
Mumbai, May 12, 2026



INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED

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

(Amount in Lakhs)

Sr. No.	Name of the Trust	Acquisition Value	Outstanding Value	Current Value
1	N.A	-	-	-
	Total	-	-	-

