NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED

FOURTH ANNUAL REPORT 2024-25

CONTENTS

NARCL

CORPORATE INFORMATION

Board of Directors:

Shri Diwakar Gupta	Non-Executive Chairman of the Board and Independent Director
Smt Malvika Sinha	Independent Director
Shri Richard Andrew Mendonca	Independent Director
Shri Vikram Duggal	Nominee Director (Canara Bank)
Smt V N Maya	Nominee Director (Indian Bank)
Shri P Santhosh	Managing Director & CEO

Key Managerial Personnel:

Shri P Santhosh	Managing Director & CEO
Shri Arindam Biswas	Chief Financial Officer
Shri Kapil Soni	Company Secretary

Mandatory Committees of the Board

Audit Committee	Nomination & Remuneration Committee	Corporate Social Responsibility
Shri Richard Andrew Mendonca (Chairman) Smt Malvika Sinha Smt V N Maya	Smt Malvika Sinha (Chairperson) Shri Richard Andrew Mendonca Shri Vikram Duggal	Smt Malvika Sinha (Chairperson) Shri Richard Andrew Mendonca Shri P Santhosh

Statutory Auditor	Internal Auditor	Secretarial Auditor
M/s Lodha & Co LLP. Chartered Accountants	M/s Aneja Associates Chartered Accountants	M/s Dilip Bharadiya & Associates Practicing Company Secretaries

Registrar & Share Transfer Agent **MUFG Intime India Private Limited** **(Formerly Link Intime India Private Limited)** C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai MH 400083 Email: linkcs@linkintime.co.in	**Debenture Trustee** **IDBI Trusteeship Services Limited** Universal Insurance Building, Ground Floor, Sir. P.M. Road, Fort, Mumbai – 400 001. Website: **http://www.idbitrustee.com** Tel: (022) 40807000 E-mail: itsl@idbitrustee.com Website:www.idbitrustee.com	**Bankers:** State Bank of India **Registered Office:** Unit No.1, 8th Floor, Birla Centurion, Wing B, Plot No.794, Pandurang Budhkar Marg, Worli Mumbai MH 400030 **CIN:** U67100MH2021GOI363511

Contact Details:

Email Id- kapil.soni@narcl.co.in Ph No. 022-69601111 Website: www.narcl.co.in

SHAREHOLDING PATTERN OF THE COMPANY

Sr. No.	Name of the Shareholder	No of Shares	Percentage %
	Sponsor		
1	Canara Bank	33,00,00,000	12.00
	Non-Sponsor		
2	State Bank of India	27,22,50,000	9.90
3	Union Bank of India	27,22,50,000	9.90
4	Bank of Baroda	27,22,50,000	9.90
5	Indian Bank	27,22,50,000	9.90
6	Punjab National Bank	24,75,00,000	9.00
7	Bank of India	24,75,00,000	9.00
8	Bank of Maharashtra	13,75,00,000	5.00
9	IDBI Bank	13,75,00,000	5.00
10	ICICI Bank	13,75,00,000	5.00
11	UCO Bank	12,10,00,000	4.40
12	HDFC Bank	8,25,00,000	3.00
13	Axis Bank	8,25,00,000	3.00
14	Indian Overseas Bank	8,25,00,000	3.00
15	Punjab & Sind Bank	5,50,00,000	2.00
	Total	**2,75,00,00,000**	**100.00**

ABOUT THE COMPANY

National Asset Reconstruction Company Limited (hereinafter referred to as "NARCL") is an Asset Reconstruction Company registered with Reserve Bank of India under Section 3 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, ("SARFAESI Act"). The Company has received Certificate of Registration from Reserve Bank of India ("RBI") on October 04, 2021, to commence business as an Asset Reconstruction Company.

NARCL has been set up with a strategic initiative to clean up the legacy stressed assets with an exposure of Rs 500 crore and above in the Indian Banking system. NARCL offers adaptable acquisition structures comprising of an optimal mix of Cash and Security Receipts (SRs) to the Selling Banks and Financial Institutions, across sectors and geographies. NARCL's acquisition processes is administered by its Financial Asset Acquisition Policy framed under the extant guidelines for Asset Reconstruction Companies. NARCL's investment strategy focuses on aggregating the stressed assets under one roof to ensure efficient resolution of such assets.

NARCL's offers have a notable feature where the SRs issued by NARCL Trust to SR holders (other than NARCL) for acquiring stressed loan assets are backed by guarantee from the Government of India. The Government Guarantee provides NARCL a unique strategic advantage, thereby enabling easier aggregation, which is very important for value preservation and driving any resolution process.

NARCL has an exclusive arrangement with India Debt Resolution Company Limited (IDRCL), wherein IDRCL is providing end-to-end assistance to NARCL for the optimal resolution outcome for acquired assets. This includes determination of appropriate resolution strategy as per the RBI framework.

ABOUT COMPANY'S BOARD

Shri Diwakar Gupta, Independent Director & Non Executive Chairman of the Board

Shri Diwakar Gupta is the Non-Executive Chairman of the Board and Independent Director on the Board of NARCL. Shri Gupta is a career banker and served as MD & CFO at SBI and has global exposure. He was Vice President for Private Public Partnerships at the Asian Development Bank (2015-2020). He also has worked as an Independent Director for various marquee organizations in India.

Smt Malvika Sinha, Independent Director

Smt Malvika Sinha is Independent Director on the Board of NARCL. She is a seasoned professional and has more than 4 decades of experience at Reserve Bank of India. She was Executive Director at Reserve Bank of India from April 2017 to Feb 2020 and oversaw Deposit Insurance and Credit Guarantee Corporation, Foreign Exchange Department, Internal Debt Management Department and Human Resources Management Department. She also held positions as the member of Governing Council of Indian Institute of Banking and Finance and member of Governing Board of Institute of Banking Personnel Selection.

Shri Richard Andrew Mendonca, Independent Director

Shri Richard Andrew Mendonca is an Independent Director on the Board of NARCL. He is also the Chairman of the Audit Committee of the Company. He is a qualified Chartered Accountant and Company Secretary having over three decades of experience at senior levels in various professionally managed organizations like J Walter Thompson, ESAB India Ltd., and Pennzoil India Ltd. Besides having experience in the field of Accounting, Finance, Audit and Secretarial, he has experience in various industries like Engineering, Lubricants, Welding, Ball bearings and Advertising and Communication. He was a director and on the Audit Committee of SBI Mutual Fund Trustee Co. Pvt. Ltd. for a period of eight years from April 2014 to April 2022.

Shri Vikram Duggal, Nominee Director (Canara Bank)

Shri Vikram Duggal is a Nominee Director on the Board of NARCL. He is working with Canara Bank as a General Manager and presently heading Stressed Asset Management Wing at Head Office. He has a vast and rich experience in the Banking industry, spanning more than three decades in various verticals of Bank, including Corporate Credit, Infrastructure Credit, Stressed Asset Management, Project Appraisal group, Syndication group, International Operations.

Mr Duggal has an extensive exposure in resolution of large corporate / infrastructure assets including restructuring under the RBI framework and resolution under IBC 2016. Apart from heading various Field and Admin units, Shri Duggal has also been Chief Executive of Foreign Branch of Canara Bank. Mr Duggal is a Chartered Accountant (CA) and Certified Associate of Indian Institute of Bankers and has participated in various meetings at IBA / IBBI on the matter of IBC and Stressed Asset Management and resolution.

Smt V N Maya, Nominee Director (Indian Bank)

Ms V N Maya is Chief General Manager, handling Recovery and Legal, at Indian Bank. She started her career as Advocate in Madras High Court in 1990 and thereafter joined Indian Bank as Scale I Legal Officer in the year 1995. She has the rich experience in legal field and was actively associated in the amendments brought in SARFAESI Act during 2016 with Ministry of Finance, Ministry of Law and other eminent bankers. She was a Member of Legal & Operations Committee of IBA during 2018-2020. Presently, she is also a Nominee Director in M/s ASREC India Ltd.

Shri P Santhosh, MD & CEO

Shri P Santhosh is the Managing Director and Chief Executive Officer (MD & CEO) on the Board of NARCL. Shri P Santhosh was the Chief General Manager of Canara Bank with over three decades of rich banking experience with expertise in corporate, infrastructure credit, export/import credit and resolution of stressed assets. He has successfully headed the Stressed Asset Management Vertical of Canara Bank in two stints and has an extensive exposure in resolution of large corporate/infrastructure assets including restructuring under the RBI framework and resolution under IBC. Shri Santhosh has completed M Sc (Ag) and a Certified Associate of Indian Institute of Bankers. He has participated in various meetings / committees at IBA / MCA / IBBI on the matters of IBC and Stressed Asset Management and Resolution. He was head of Mumbai Circle of Canara Bank for 3 years which has maximum contribution to the business of Bank and at the same time he has served as a Director and Chairman on the Board of Canbank Financial Services Ltd.

NOTICE FOR FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the 04th Annual General Meeting of the Members of National Asset Reconstruction Company Limited will be held on Thursday, 25th September, 2025 at 12:00 NOON through Video Conferencing ('VC') /Other Audio/Visual Means ("OAVM"), in accordance with the applicable provisions of the Companies Act, 2013 read with MCA General Circular No. 09-2023, 02-2021, 20-2020, 17-2020 and 14-2020 dated 25th September 2023, 13th January 2021, 5th May, 2020, 13th April, 2020 and 8th April, 2020 or any other circular as may be applicable, respectively, to transact the following business:

Ordinary Business:

1. *To receive, consider and adopt Standalone and Consolidated Audited statement of Balance Sheet & Profit & Loss Account of the Company for the period starting from 1st April 2024 to 31st March 2025, together with the Reports of the Board of Directors and the Auditors thereon.*

"**RESOLVED THAT** the Standalone & Consolidated audited financial statements of the Company consisting of the Balance Sheet as at March 31, 2025, the statement of profit and loss, cash flow statement and the statement of changes in equity for the year ended on that date and the explanatory notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and of the Auditors thereon be and are hereby approved and adopted, as submitted to this Meeting."

2. *To consider the appointment of Statutory Auditors and approve to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:*

"**Resolved** that the Board of Directors of the Company be and is hereby authorised to fix an appropriate remuneration of Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India for the financial year 2025-26."

By Order of the Board of Directors

For National Asset Reconstruction Company Limited

Sd/-

Kapil Soni

Company Secretary & Compliance Officer

Membership No. A50424
Date: 29.08.2025
Place: Mumbai

NOTES:

1. The explanatory statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting is annexed as **Annexure A.**
2. In view of the circulars issued by the MCA, no proxy shall be appointed by the members, Since the AGM is being held through VC as such the Proxy Form and Attendance Slip are not annexed to this Notice. However, corporate members are required to send to the Company, a certified copy of the Board Resolution or authorisation, pursuant to section 113 of the Companies Act 2013, authorizing their representative to attend and vote at the Meeting through VC.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution or authorisation authorizing their representative to attend and vote on their behalf at the Meeting.
4. Participation of Members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Act.
5. In accordance with the aforementioned MCA Circulars, the Company will be using Microsoft Teams Video Communication facility for providing the Audio/Visual facility to the members for participating in the Meeting. The login-id and password for joining the meeting has been separately provided along with this Notice.
6. Email for queries: kapil.soni@narcl.co.in
7. Facility of joining the AGM through VC shall be opened 20 minutes before the time scheduled for the AGM.
8. The Statutory Auditors of the Company for the Financial Year 2025-26 shall be appointed by CAG and accordingly, the Board shall fix appropriate remuneration of the Statutory Auditors for the Financial Year 2025-26.
9. No Director is seeking appointment in this Annual General Meeting of the Company.
10. Pursuant to Sections 20, 101 and 136 of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, Companies (Accounts) Rules 2014 and Companies (Management & Administration) Rules 2014 and other applicable provisions, if any, the company can send documents to its shareholders through electric transmission. Accordingly, the Company proposes to give an option to its shareholders to receive documents like General Meeting Notices (including AGM) Annual Report and other documents in electronic form on their email addresses registered with the Company.

If the shareholders desire to receive such communications/documents in electronic mode, please register/update the email address by providing the requisite details like Shareholder's' name, number of shares held and folio number. In case the Company does not receive any communication from the shareholders giving their consent to receive e-copies from the Company, the Company shall be forwarding hard copies.

11. Since the AGM will be held through VC/OAVM, the route map, proxy form and attendance slip are not attached to this notice.

12. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 ("the Act") and Register of Contracts or Arrangements in which directors are interested maintained under section 189 of the Act will be available electronically for inspection by the members during the time of AGM.

13. Members may contact the Company for conveying any grievances or clarity, if any, relating to the conduct of the AGM, at the registered office address or at the designated email address i.e., **kapil.soni@narcl.co.in.**

By Order of the Board of Directors

For National Asset Reconstruction Company Limited

Sd/-
Kapil Soni
Company Secretary & Compliance Officer
Membership No. A50424
Date: 29.08.2025
Place: Mumbai

NARCL

DIRECTORS' REPORT

To,
The Members
National Asset Reconstruction Company Limited (NARCL) ("Company"),

The Directors hereby present their Fourth Annual Report on the business, operations and state of affairs of the Company together with the audited financial statement for the year ended March 31, 2025.

- **FINANCIAL PERFORMANCE:**

The highlights of the financial performance of the Company are given below:

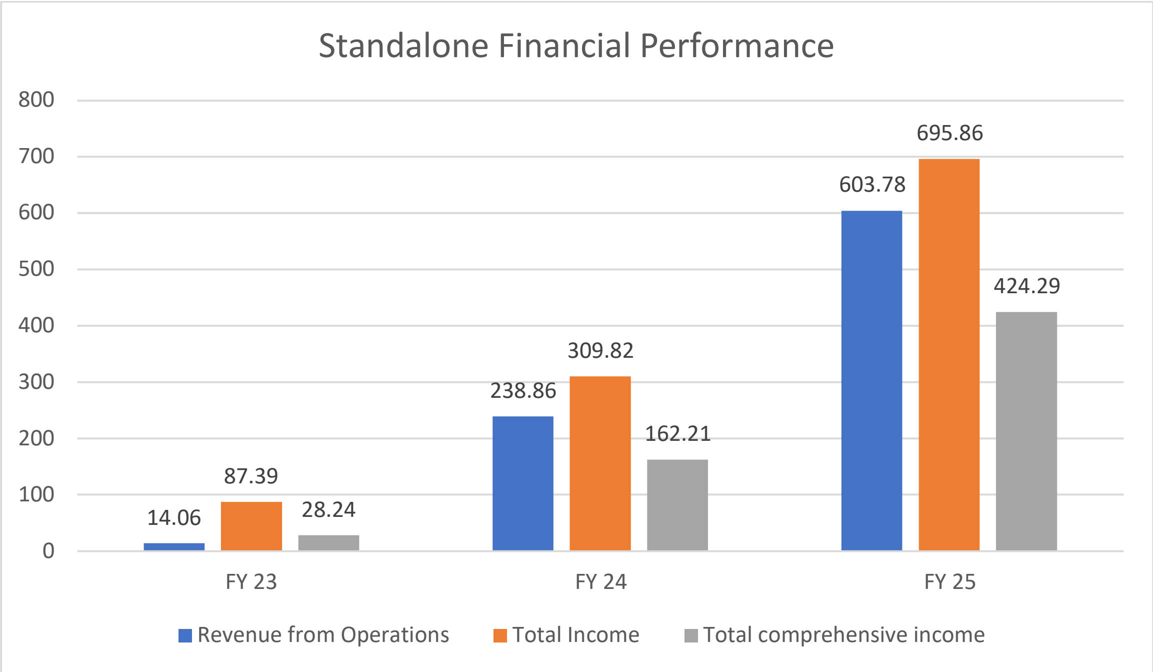
(Rs. in Cr)

Particulars	Standalone Financials		Consolidated Financials	
	FY 2024-25	**FY 2023-24**	**FY 2024-25**	**FY 2023-24**
Revenue from Operations	603.78	238.86	348.95	238.86
Other Income	92.05	70.97	92.05	70.97
Total Income (a)	**695.83**	**309.83**	**441.00**	**309.83**
Finance cost	24.52	1.28	24.52	1.28
Fees & Commission expenses	40.33	18.00	40.33	18.00
Operating expenses	22.37	32.57	22.37	32.57
Depreciation	1.90	1.78	1.90	1.78
Impairment of Financial Assets	34.81	5.72	34.81	5.72
Unrealized fees & expenses written off	8.04	35.79	8.04	35.79
Total Expenses (b)	**131.97**	**95.14**	**131.97**	**95.14**
Profit Before Tax	**563.86**	**214.69**	**309.02**	**214.69**
Provision for Tax	139.59	52.51	139.59	52.51
Profit After Tax	**424.27**	**162.18**	**169.43**	**162.18**
Share in Profit /(loss) of Associates	-	-	254.84	(0.46)
Profit for the year	**424.27**	**162.18**	**424.27**	**161.72**
Other Comprehensive (Loss)/Income	0.03	0.03	0.03	0.03
Total Comprehensive (Loss)/Income	**424.30**	**162.21**	**424.30**	**161.76**

Key highlights of Standalone Financial Performance

- For the year ended March 31, 2025, the total revenues of your Company has increased by 2.2 times from Rs 309.83 Cr in the previous year to Rs. 695.83 Cr in the current year.
- Revenue from operations has increased by 2.5 times from Rs 238.86 Cr in the previous year to Rs 603.78 Cr in current year.
- Revenue from operations comprises of management fee aggregating to Rs 223.47 Cr in the current year as compared to Rs 96.71 Cr in the previous year. It also comprises of fair value gain on Security Receipts amounting to Rs 342.64 Cr in the current year as compared to 103.86 cr in the previous year.
- Other Income includes Interest on Fixed Deposits during the year amounting to Rs. 87.19 Cr as compared to Rs 70.70Cr in the previous year.
- Total comprehensive income has increased by 2.6 times from Rs 162.21 Cr in the previous year to Rs 424.30 Cr in the current year.

(Rs. In Cr.)



Key highlights of Consolidated Financial Performance

Consolidated financial results for the year ended March 31, 2025, represents the numbers of the Company along with 1 Associate Company and 1 Trust which have been consolidated from financial year 2023-24 in accordance with the Indian Accounting Standards.

The total revenue stood at Rs 441.00 Cr, revenue from operations at Rs 348.95 Cr and the total comprehensive income for the year attributable to the owners of the Company is Rs 424.30 Cr.

- **INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY:**

In around 3 years of operation, your Company has established as a highly credible platform for resolution of large ticket stressed assets in a transparent manner. Till 31st March 2025, lenders have referred 172 accounts with aggregate debt exposure of Rs 5.06 Lakh Cr.

NARCL has made binding offers for acquisition of total 57 accounts with debt exposure of Rs. 2.89 lakh Cr. (including 2 accounts with debt exposure of Rs. 0.33 lakh Cr. for which NARCL submitted consolidated resolution plan as a resolution applicant).

NARCL has acquired total 26 accounts with debt exposure of Rs. 1.56 lakh Cr. (including 2 accounts as a resolution applicant). Accounts acquired are at various stages of resolution

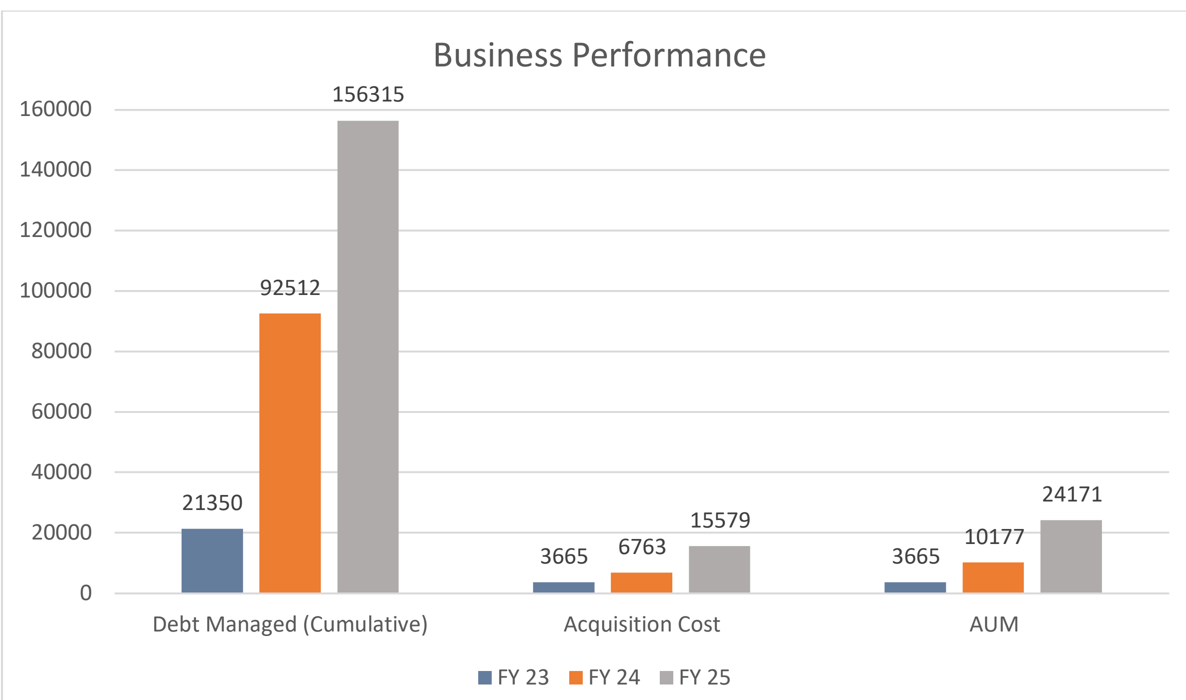
Further, 2 identified accounts with business potential of Rs. 0.017 lakh Cr. are at various stages of evaluation.

Your Company's contribution in market making of legacy large non-performing stressed assets has been well recognised by the market participants.

Summary snapshot of business performance is as under:

(Rs. In Crs)

Particulars	During FY 2024-25	Up to31.03.2025
Debt Managed	63,803	156,315
Acquisition	15,579	26,007
Recovery	1,676	1,982
Redemptions	1,585	1,835



- **BRIEF BACKGROUND OF THE COMPANY:**

National Asset Reconstruction Company Limited (NARCL) was incorporated as a Government Company on July 07, 2021, under the Companies Act 2013 ("Act"). The Company was registered with Reserve Bank of India w.e.f. October 04, 2021, to commence the business of securitization or asset reconstruction under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). The Company's principal activity is acquiring Non-Performing Assets (NPA) from the Banks and Financial Institutions and resolving them through appropriate resolution strategies enunciated in SARFAESI Act.

The approval of Government of India for issuance of Government Guarantees up to Rs. 30,600 Cr for the purpose of acquisition/resolution of stressed assets to the NARCL for Security Receipts (SRs) has been granted on 31st March 2022. The Government Guarantee will cover the shortfall between the face value of SRs issued by the trust to the selling lenders for an individual asset and the net realization amount attributable to the selling lenders for that asset.

- **DIVIDEND:**

Your directors do not recommend any dividend with a view to conserve resources for future growth.

- **SHARE CAPITAL:**

As on 31st March 2025, the issued, subscribed and paid-up share capital of your Company stood at Rs. 2,750.00 Cr. comprising 275,00,00,000 (Two hundred Seventy-Five Crores Only) Equity shares of Rs. 10/- each. The entire shareholding of the Company is in dematerialized form.

UNSECURED, RATED, UNLISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES ("NCDS") ON PRIVATE PLACEMENT BASIS

During the year, the Company has made Private Placement Issue of 20,000 Unsecured, Rated, Unlisted, Redeemable Non-Convertible Debentures (NCD) to its existing shareholders in their existing holding proportion vide its offer (PAS 4) dated 28th January 2025 and allotted 20,000 NCDs at face value of Rs 10,00,000/- each aggregating to Rs. 2,000 Crores (out of 27,000 NCD aggregating Rs. 2,700 Crores) as per the terms of the Investment Agreement. The payment of interest and/or redemption amount on the NCDs, has been timely paid by the Company on their respective due dates.

DEBENTURE REDEMPTION RESERVE

Debenture Redemption Reserve has been created to the extent applicable on Company in terms of the provisions of the Companies Act 2013.

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited is the Debenture Trustee for the Non-Convertible Debentures issued by the Company.

REGISTRAR AND SHARE TRANSFER AGENT

During the year under review, MUFG Intime India Private Limited (Formerly Link Intime India Private Limited), was the Registrar and Transfer Agent of the Company.

DETAILS OF EMPLOYEE STOCK OPTIONS

The Company does not have any Employee Stock Option Scheme/ Plan.

- **BORROWINGS**

The Company has sought approval from the Board followed by the Shareholders for raising of funds via the Issuance of Unsecured, Rated, Unlisted, Redeemable Non-Convertible Debentures (NCDs) aggregating to Rs. 2,700 Cr in one or more tranches on the terms and conditions mentioned in the Investment Agreement dated 10th March 2022. The issue was opened for subscription during the year for aggregate value of Rs. 2,000 Crore NCDs which were duly allotted. The issue was subscribed by the shareholders in the sharing ratio as per the terms of the Investment Agreement. The balance NCDs for Rs. 700 Crore will be raised from Investors whenever required in future.

Additional borrowing limit up to Rs. 500 crores (fund and non-fund basis) was also approved by the Board & shareholders. The Company has not made any borrowing during the year towards the same.

- **CREDIT RATINGS**

Corporate Ratings

On February 13, 2024, CRISIL Ratings has assigned its 'CRISIL AAA Stable' rating to the proposed Non-Convertible Debentures (NCDs) of National Asset Reconstruction Company Limited (NARCL) which was reaffirmed by CRISIL dated January 31, 2025.

The rating assigned / reaffirmed to this instrument is highest in terms of ranking.

The rating is driven by the Company’s strategic importance to the Government of India; this is reflected in the role NARCL plays in implementing the government’s initiative of revival and resolution of the non-performing assets (NPAs) in the banking sector in India.

Recovery Ratings of Security Receipts issued by Trusts

On the other hand, Credit agencies are regularly assessing the Recovery ratings of the assets held in trusts as required by the RBI regulations. The rating of Security Receipts from the rating agencies and the Net Asset Value of such Security Receipts has been communicated to the Security Receipt holders as per RBI Guidelines in this regard.

- **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN THE FUTURE**

During the year, there have been no instances of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in the future.

- **ACQUISITION OF NON-PERFORMING ASSETS**

Your Company has acquired eight accounts during the year and is managing a total of twenty-six accounts up to 31st March 2025.

(*Rs. in Cr)*

Particulars	As on March 31, 2025	As on March 31, 2024
Total Debt Managed	156,315	92,512
Acquisition Cost	26,007	10,428
NARCL Investment	4,141	1,804
Lenders Investment (Secured by GOI Guarantee)	20,039	6,823
Lenders Investment (Not Secured by GOI Guarantee)	1,827	1,800
Total Security Receipts (SRs) Issued	26,007	10,428
SRs Redeemed	1,835	250
Total outstanding SRs	24,171	10,177

Debt acquired as Resolution Applicant

In pursuance of Reserve Bank of India notification DoR.SIG.FIN.REC.75/26.03.001/2022-23 dated 11 October 2022, during FY2023, the Company applied for as a Resolution Applicant and was subsequently declared as the Successful Resolution Applicant (SRA) under the Corporate Insolvency Resolution Process (CIRP) of Srei Infrastructure Finance Limited ("SIFL") and Srei Equipment Finance Limited ("SEFL"). The resolution plan submitted by the company has been approved by National Company Law Tribunal (NCLT) on 11 August 2023. SRA appointed Boards have taken over control of both the companies with effect from 26 February 2024.

SREI's admitted debt exposure under CIRP was approx. Rs.0.33 lakh Crores. The same was backed by loan assets advanced by the two NBFC entities, Srei Infrastructure Finance Limited ("SIFL") and Srei Equipment Finance Limited ("SEFL'')

- **RESOLUTION AND RECOVERY ACTIVITIES**

Resolution strategies for all the financial assets acquired have been finalized and have been implemented & monitored through our exclusive agent India Debt Resolution Company Limited (IDRCL). IDRCL was set up with a primary objective of providing debt management and debt resolution services to NARCL. It is engaged in the business of debt management, operations management of assets acquired by NARCL as Resolution Applicant, resolution advisory, support and consultancy services in relation to debt resolution, insolvency resolution, liquidation process and research and analysis on commercial basis.

We are pleased to inform that recoveries have commenced and are mostly expected in line with estimates made at the time of acquisition. Total recovery during FY 2024-25 is Rs 1,676 Crores with SR redemption of Rs. 1585 Crores.

- **NET WORTH, ASSET UNDER MANAGEMENT AND CAPITAL ADEQUACY RATIO**

(Rs. in Cr)

Particulars	As on March 31, 2025	As on March 31, 2024
Net worth	3,358	2,934
Asset under Management	24,171	10,177
Capital Adequacy Ratio (%)	75%	143%

- **ECONOMIC SCENARIO, INDUSTRY OUTLOOK-CHALLENGES & OPPORTUNITIES**

The National Statistical Office (NSO) vide its estimates of May 30, 2025, has shown real GDP growth in Q4:2024-25 at 7.4 per cent as against 6.4 per cent in Q3. Real Gross Value Added (GVA) rose by 6.8 per cent in Q4:2024-25. For 2024-25, real GDP growth was placed at 6.5 per cent, while real GVA recorded a growth of 6.4 per cent.

Economic activity continues to maintain the momentum in 2025-26, supported by private consumption and traction in fixed capital formation. Investment activity is expected to improve in light of higher capacity utilization, improving balance sheets of financial and non-financial corporates, and government's capital expenditure push

Trade policy uncertainty continues to weigh on exports prospects, however the conclusion of free trade agreement (FTA) with the United Kingdom and progress with other countries is supportive of trade activity.

Agriculture prospects remain bright on the back of an above normal south- west monsoon forecast and resilient allied activities.

Services sector is expected to maintain its momentum.

However, Spill overs emanating from protracted geopolitical tensions, and global trade and weather-related uncertainties pose downside risks to growth. (Source Monetary Policy -RBI June 2025)

After touching a decadal low in March 2024, the GNPAs of the banking sector continue to trend down and are estimated at 2.4% as of March 2025.

The assets under management (AUM) of ARCs saw significant growth during a period of sharp rise in GNPAs in the banking sector. Today, however, the asset quality of the financial sector is at its healthiest.

Additionally, recent draft guidelines on securitisation of stressed assets, allowing lenders to pool such assets and repackage them for different risk classes of investors, if implemented, may bring more competition to ARCs, leading to further slowdown in new acquisitions in the near-to-medium term. (Source CRISIL Report)

- **CORPORATE GOVERNANCE**

Your Company being unlisted is not governed by Regulation 27 under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 containing mandatory provisions on Corporate Governance. However, its earnest endeavor has always been to benchmark its Corporate Governance practices with the best in the world. Integrity, transparency, accountability and compliance with laws which are the columns of good governance are cemented in the Company's robust business practices to ensure ethical and responsible leadership both at the Board and at the Management level. Also, your company is in compliance with the corporate governance framework applicable to Asset Reconstruction Companies as mandated by RBI.

Good corporate governance practice is an integral part of your Company's philosophy and is committed to achieving and maintaining the highest standards of corporate governance by separating the Board's supervisory role from the Executive management and the constitution of various committees at the Board and Internal level, to oversee critical areas and functions.

- **BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In terms of the Investment Agreement dated 10th March 2022 including amendments dated 05th July 2024 and as per Article of Association of the Company, the Board of NARCL will consist of Six (6) directors. The constitution of the Board of the company is as follows: (3) Independent Directors, (1) permanent Nominee Director from Canara Bank (Sponsor Bank), (1) Nominee Director from the other 14 Shareholder Banks, on a rotation basis, for a 1-year term each, (1) MD & CEO.

The composition of the Directors and Key Managerial Personnel is in accordance with the applicable provisions of the Act.

Brief profiles of the Directors are available on the website of the Company.

APPOINTMENT/RESIGNATION/CHANGE IN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL AS ON 31st MARCH 2025 ARE AS FOLLOWS:

During the year, *Shri Ajit Krishnan Nair who was appointed as a Nominee Director from Canara Bank of the Company w.e.f.07th July 2021, resigned from the Board of NARCL w.e.f. 30th November 2024, due to his retirement from the Bank. Smt V N Maya has been appointed as a Nominee Director of the Company from Indian Bank w.e.f. 27th December 2024, Shri Vikram Duggal has been appointed as a Nominee Director of the Company from Canara Bank w.e.f. 27th January 2025 as approved by RBI.

Further to this, Shri P Santhosh who was appointed as Interim MD & CEO on deputation from Canara Bank w.e.f. 16th January 2024 was further appointed as full-time MD & CEO of NARCL w.e.f 01st July 2024 as approved by RBI.

No Directors are liable to retire by rotation during the year.

**The Board places on record its appreciation for Shri Ajit Krishnan Nair for his valuable contribution and guidance provided to the Company during his tenure.*

The Key Managerial Personnel (KMPs') of the Company as on the date of this report, as per Section 2(51) and Section 203 of the Companies Act, 2013, are as follows:

Sr. No	Name	Designation	Date of appointment	Date of resignation
1	Shri P Santhosh	MD & CEO	01-07-2024	-
2	Shri Arindam Biswas	Chief Financial Officer	14-09-2022	-
3	Shri Kapil Soni	Company Secretary	17-08-2022	-

APPOINTMENT DECLARATION BY THE INDEPENDENT DIRECTORS UNDER SECTION 149(7) OF THE COMPANIES ACT, 2013:

Pursuant to Section 149(4) of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Central Government has prescribed that your Company shall have a minimum of two Independent Directors. Also considering the applicability as per RBI master Directives for Asset Reconstruction Company.

In view of the above provisions, your Company has three Independent Directors as on 31st March 2025

The Company has received the declaration of independence from each Independent Director under Section 149(7) of the Companies Act, 2013 (the Act) stating that they meet criteria of independence as laid down in sub-section (6) of Section 149 of the Act. Further all the existing Independent Directors are registered on the Independent Directors Database maintained by the Institute of Corporate Affairs pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfil the conditions specified in the Act as well as the Rules made thereunder and are independent of the management

FIT AND PROPER DECLARATION GIVEN BY DIRECTORS

In accordance with the RBI circular dated 11th October 2022, for ARCs as amended from time to time, the Company has obtained annual fit & proper declarations from the directors, CEO and the sponsor.

- **BOARD MEETINGS**

The Board of Directors (hereinafter called "the Board") met Twelve (12) times during the financial year. The maximum interval between any two meetings did not exceed 120 days. All the Board meetings were held in accordance with the provisions of the Companies Act, 2013. All the applicable Rules and Secretarial Standards for conducting the Meeting of the Board of Directors were complied with.

Date of Meetings: 12-04-2024, 15-05-2024, 24-06-2024, 29-06-2024, 31-07-2024, 12-08-2024, 09-09-2024, 23-10-2024, 25-10-2024, 25-11-2024, 07-01-2024 and 12-02-2025

- **COMMITTEES OF THE BOARD**

(A) Nomination and Remuneration Committee:

In accordance with Section 178 of the Act, your Company has a "Nomination and Remuneration Committee" (NRC). The composition of NRC is of Three (3) members as on 31st March 2025.

The Composition of the Committee as on date is as follows:

Sr. No.	Name of Directors	Designation
1.	Smt Malvika Sinha	Independent Director, Chairperson
2.	Shri Richard Andrew Mendonca	Independent Director, Member
3.	Shri Vikram Duggal	Nominee Director, Member

The Nomination and Remuneration Committee met three (3) times during the year. Dates of Meetings are 12-04-2024, 15-05-2024, 18-07-2024.

The Nomination and Remuneration Committee has formulated Nomination & Remuneration policy as per sub-section (3) of Section 178. The gist of the policy is provided in Annexure I to this Report. The term of reference is as per the Act. The policy is made available on the Company's website and can be accessed at the mentioned web address: https:--www.narcl.co.in-policies-.

(B) Audit Committee:

In accordance with Section 177 of the Act, your company has an "Audit Committee" comprising of three Directors, of which Two (2) Non-executive independent directors and one (1) nominee director as on 31st March 2025. The Audit Committee acts in accordance with the Terms of Reference specified by the Board as well as the regulatory requirements of Section 177of the Act.

Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities and all other responsibilities and duties prescribed in law and by RBI.

The Composition of the Committee as on date is as follows:

Sr. No.	Name of Directors	Designation
1.	Shri Richard Andrew Mendonca	Independent Director, Chairperson
2.	Smt Malvika Sinha	Independent Director, Member
3.	Shri V N Maya	Nominee Director, Member

The Audit Committee met five (5) times during the year. Dates of the Meeting are 21-06-2024, 09-08-2024, 23-10-2024, 25-11-2024 and 12-02-2025.

All the recommendations of the Audit Committee were accepted by the Board during the year under review.

(C) Corporate Social Responsibility Committee:

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Board of Directors of the Company has constituted the Corporate Social Responsibility Committee (CSRC). The Composition of the Committee as on date is as follows:

Sr. No.	Name of Directors	Designation
1.	Smt Malvika Sinha	Independent Director, Chairperson
2.	Shri Richard Andrew Mendonca	Independent Director, Member
3.	Shri P Santhosh	MD & CEO, Member

The Meeting of Corporate Social Responsibility Committee was held on 22.01.2025 during the financial year.

- **COMPLIANCE WITH APPLICABLE SECRETARIAL STANDARDS**

  The Company has duly followed the applicable Secretarial standards, relating to Meeting of the Board of Directors (SS-1) and General Meeting (SS-2), issued by the Institute of Company Secretaries of India (ICSI).

- **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

  In compliance with Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the provisions relating to Corporate Social Responsibility have been applicable to the Company since its incorporation. NARCL has constituted a Corporate Social Responsibility ('CSR') Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure II**.

  As part of its initiatives under Corporate Social Responsibility (CSR), NARCL's total CSR liability amounted to Rs. 1,63,87,395/- (Rupees one corer sixty-three lacs eighty-seven thousand three hundred and ninety-five only) for the FY 2024-25 which has been spent during the financial year.

  The said contribution was in accordance with the Schedule VII of the Companies Act, 2013 and any other provisions of the Act.

  The Board has approved and framed the Corporate Social Responsibility Policy. The complete policy is made available on the Company's website and can be accessed at the mentioned web address: https: --www.narcl.co.in-policies-.

- **HUMAN CAPITAL**

  Our employees are our most valuable resources. As an organization, NARCL is fully equipped with subject matter experts hired from the market and works on constructing the competencies with the latest knowledge being imparted through various professional forums.

  The robust framework on risk, compliance, and audits is well-established to ensure there is no loopholes in the system. All employees of NARCL are being trained to maintain the highest ethical standards. NARCL believes in open and transparent culture that helps employees to understand each other and maintain a healthy professional relationship. NARCL organized an off-site and every employee was trained on the concept and significance of ACE (Align, Connect and Execution). The employee strength as on 31st March 2025 was 15 employees.

- **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars required as per Section 134 of the Act, read with rule 8 of the Companies (Accounts) Rules, 2014 (Disclosure of Particulars in the Report of Board) are as follows:

A. Conservation of Energy

The Company is in the service sector; hence this part of the Disclosure is not applicable.

B. Technology Absorption

The Company is in the service sector; hence this part of the Disclosure is not applicable.

C. Foreign Exchange Earnings and Outgo

There have been no foreign exchange earnings and outgo during the year.

- **MATERIAL CHANGES AFFECTING THE COMPANY AND CHANGE IN THE NATURE OF BUSINESS.**

There have been no material changes and commitments that affected the financial position of your Company, which occurred between the end of the financial year to which the financial statements relate and up to the date of this Report.

Present composition of the Directors and Key Managerial Personnels (KMPs) are as follows

Sr. No.	Name of Director	Designation	Date of appointment
1.	Shri Diwakar Gupta	Independent Director & Non-Executive Chairman of the Board	28-11-2023
2.	Smt Malvika Sinha	Independent Director	19-05-2022
3.	Shri Richard Andrew Mendonca	Independent Director	19-07-2022
4.	Shri Vikram Duggal	Nominee Director- (Canara Bank)	27-01-2025
5	Smt V N Maya	Nominee Director- (Indian Bank)	27-12-2024
6.	Shri P Santhosh	MD & CEO	01-07-2024

Sr. No.	Name of KMPs	Designation	Date of appointment
1.	Shri P Santhosh	MD & CEO	01-07-2024
2.	Shri Arindam Biswas	Chief Financial Officer	14-09-2022
3.	Shri Kapil Soni	Company Secretary & Compliance Officer	17-08-2022

- **ANNUAL RETURN**

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act,2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return for the year ending on 31st March 2025, is available on the website of the Company at www.narcl.co.in.

- **DETAILS OF SUBSIDIARY/ JOINT VENTURES/ASSOCIATE COMPANIES**

In accordance with the provisions of Section 129 read with Section 2 (6) and 2 (87) of the Act, your Company does not have any Subsidiary/Joint Ventures Company

However, your Company has acquired equity shares of SREI Infrastructure Finance Limited (SIFL) under resolution plan approved by the Hon'ble NCLT vide order dated August 11, 2023, and holds 46% of total Equity share capital of SIFL. In pursuant to the said investment SIFL has become Associate company of NARCL during the period under review. Your Company as Resolution Applicant along with India Debt Resolution Company Limited are in the process of implementing the above resolution plan.

The Consolidated Financial Performance of your company along with SIFL, as an associate company, has been mentioned at point No. 1 "Financial Performance".

The consolidated financial statements have been prepared under "equity method" of consolidation, whereby NARCL records its share of SIFL losses in its financial statements.

A statement containing the salient features of the financial statements of the Subsidiaries, Joint Ventures and Associates of the Company in Form AOC-1, as required under the Companies (Accounts) Rules 2014 and any other provision of the Act, as amended, is placed along with the financial statements.

Further, pursuant to the provisions of the Companies (Indian Accounting Standards) Rule 2015, your Company has implemented Indian Accounting Standards for preparation of its Financial Statement and the following Securitization Trusts (floated by your Company) have been considered as 'associate' for consolidation of Financial Statements:

Sr. No.	Name
1	NARCL Trust - 0007

- **DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 73(1) of the Act, and the Rules made thereunder.

- **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a well-defined Internal Control System, commensurate with the size, nature, scale, and complexity of its operations.

The Audit Committee comprising of professionally qualified Directors interacts with the auditor, internal auditors, and the management in dealing with matters within its terms of reference.

The Company has a proper and adequate system of internal controls. It provides reasonable assurance in respect of financial and operational information, compliance with applicable statues, safeguarding of assets of the Company, prevention and detection of frauds, accuracy, and completeness of accounting records and ensuring compliance with the Company's policies.

The Internal Auditor has been appointed by the Audit Committee of the Board. The Audit Committee defines the scope and authority of the Internal Auditor in order to maintain objectivity and independence. The Internal Auditor M/s Aneja Associates perform an independent check of effectiveness of key controls in identified areas of internal financial control reporting. The Statutory Auditors' Report includes a report on the internal financial controls over financial reporting.

- **AUDITORS**

i. Statutory Auditors:

Your Company falls within the purview of the provisions of Section 139(5) of the Companies Act 2013, in the case of a Government Company or any other Company-owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, the Comptroller and Auditor-General of India (CAG) shall, in respect of a financial year, appoint an auditor duly qualified to be appointed as an auditor of Companies under the Companies Act, 2013, within a period of one hundred and eighty days from the commencement of the financial year, who shall continue pursuant to shareholders approval. Accordingly, M/s. Lodha & Co LLP, (FRN: 301051E/E300284), Chartered Accountants, Mumbai were appointed as Company's Statutory Auditors by the office of the Comptroller and Auditor General of India (CAG) for the period starting from 01st April 2024 to 31st March 2025 vide their letter dated 21st September 2024, who have completed their independent audit of the Company's accounts and that they meet with the criteria prescribed under section 141 of the Companies Act, 2013.

The members of the Company at the 03rd Annual General Meeting (AGM) had appointed M/s Lodha & Co LLP, (FRN: 301051E/E300284) as Statutory Auditor of the Company, to hold office till the conclusion of the 4th AGM of the Company.

NARCL has not yet received a recommendation for the appointment of the statutory auditor for FY 2025-26 from CAG.

Auditor comments on Standalone and Consolidated financials of the Company

The Auditors' Report for the financial year ended on 31st March 2025 issued by M/s Lodha & Co LLP, (FRN: 301051E/E300284), does not contain any qualification, reservation or adverse remark on the Standalone financial statement. Statutory Auditors of the Company highlighted that there is the 'qualification' in the audit report of consolidated accounts of Company basis qualification in the consolidated audit report of its associate company , Srei Infrastructure Finance Limited(SIFL) . The qualification is with respect to non-inclusion of some step-down subsidiaries of associate company (SIFL) . NARCL has accounted for its share of loss in accordance with the "Indian Accounting Standard (Ind AS) 28, Investments in Associates and Joint Ventures" to the extent of carrying value of investment, therefore there is no downside risk due to this qualification. Standalone & consolidated financial statement provides a true and fair view of the Company.

Reporting of frauds by auditors

During the year, no instances of fraud committed in the Company by its officers or employees were reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors of the Company.

ii. Review of accounts by Comptroller & Auditor General of India (C&AG)

The Comptroller & Auditor General of India, through letter dated 14th August, 2025 has given a supplementary audit report on the standalone as well as consolidated Financial Statements of your Company for the year ended March 31, 2025, after conducting audit under Section 143 (6) (a) of the Companies Act, 2013.

On the basis of supplementary audit for the financial year ended on March 31, 2025 no significant matter has been observed which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

iii. Secretarial Auditor

Your Company has appointed M/s Dilip Bharadiya & Associates, Practicing Company Secretary as a Secretarial Auditor of the Company, according to the provision of section 204 of the Companies, Act 2013 for conducting Secretarial Audit of Company for the financial year 2024-25. The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks and hence it does not require any further explanation. The Company has complied with applicable Secretarial Standards of the Institute of Company Secretaries of India.

M/s Dilip Bharadiya & Associates have issued the Form MR-3 which is attached in **"Annexure III".**

iv. **Internal Auditors:**

As per the provision of section 138 of the Companies Act 2013 read with Rule 13 Of Companies (Accounts) Rules, 2014, every unlisted public company having paid up share capital of fifty crore rupees or more during the preceding financial year is required to appoint an Internal Auditor to conduct an internal audit of the company. Further, clause 32 of RBI master circular states that "Internal audit: ARCs shall put in place an effective internal control system providing for periodical checks and review of the asset acquisition procedures and asset reconstruction measures followed by them and matters related thereto". Accordingly, the Company has appointed M/s Aneja Associates, Chartered Accountants (Firm Registration No. 100404W) as an Internal Auditor. The said firm has been reappointed as Internal Auditor of the Company during the year.

The Company has engaged M/s Aneja Associates, Chartered Accountants (Firm Registration No. 100404W) as Independent Internal Auditors to periodically review various aspects of the financial systems, implementation of policies and other statutory compliances including RBI directives. The Internal Auditors attend Audit Committee meetings regularly and present their reports on a quarterly basis to the Audit Committee for review.

- **LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY**

During the year, your Company has not given any loan to any person or other body corporate. During FY 2024-25. The Company has made an investment in the Equity capital of SREI Infrastructure Finance Limited (SIFL) of Rs. 46,00,000 (Rs. Forty Six lakh only) aggregating to 46% of SIFL paid up capital. The Company has not provided security in connection with a loan to any other body corporate or person and acquired by way of subscription, purchase or otherwise, the securities of any other body corporate under Section 186 of the Act.

- **CONTRACT OR ARRANGEMENT WITH RELATED PARTIES**

There were no contracts or arrangements with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013.

- **RISK MANAGEMENT**

Risk Management is an integral part of the Company's business plan to achieve the long-term objectives. The Company has well defined Board approved Acquisition, Resolution, Risk Management and various other policies which ensure compliance to Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 and Reserve Bank Guidelines/Circulars.

The Risk & Compliance Committee (erstwhile Risk Management Committee) of the Executives is entrusted with the responsibility of reviewing the Risk Management operations in the Company.

- **POLICIES AND PROCEDURES**

The Company conducts its business in a fair, transparent and ethical manner within the existing rules and regulations prescribed for ARCs. The Board of the Company has adopted/ reviewed all the policies in accordance with the SARFAESI Act, 2002 and the RBI guidelines.

- **ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Annual evaluation was carried out to evaluate the performance of the Board, Chairman, and individual Directors. Pursuant to the provisions of the Act, the Board has carried out an annual performance evaluation of its own performance, and that of its committees and individual Directors. The Board, through its Independent Directors meeting, NRC meeting and Board Meeting has reviewed the performance of the Directors. The Evaluation inter-alia provides the criteria for performance evaluation such as Board effectiveness, quality of discussion contribution at the meetings, business insight, strategic thinking, effectiveness of the Board's Committees, etc. Further, your Company follows the framework of 'Fit and proper' criteria for the Directors on the Board as laid down by RBI.

- **ESTABLISHMENT OF VIGIL MECHANISM, CODE OF CONDUCT & WHISTLEBLOWER**

The Company has adopted the Vigil Mechanism Policy pursuant to which whistle blowers can raise their concerns relating to fraud, unethical business conduct, abuse of authority, malpractice or any other activity or event which is against the interests of the Company or society. The policy provides for safeguarding the whistle blower against victimization.

The functioning of the Vigil Mechanism is overseen by the Audit Committee.

During the year no case was reported under the Vigil Mechanism of the Company.

Your Company has a Code of Professional Conduct as a part of HR policy and Whistleblower is a part of Vigil mechanism Policy and quarterly reports about complaints, if any, received thereunder to be submitted to the Audit Committee. Till now no direct complaints have been received during the financial year under review. No whistleblower was denied access to the Competent Authority nor denied protection as envisaged under the Policy. The Policy is made available on the Company's website and can be accessed at the mentioned web address: https: --www.narcl.co.in-policies-.

- **PARTICULARS OF EMPLOYEES**

The total number of full-time employees as of 31st March 2025 was 15. The remuneration provided to Key Managerial Persons is in compliance with the limits prescribed under the provisions of Section 197 ofthe Companies Act, 2013, read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company is committed to provide a work environment that ensures every employee is treated with dignity and respect and afforded equitable treatment. Your Company has always endeavoured in providing a safe and harassment free workplace environment that is free from unfairness, discrimination and harassment including sexual harassment for every employee through various interventions and practices.

The Company has proper Committee for prevention of sexual harassment at workplace and also adopted the policy on prevention of sexual harassment of women at the workplace during the year under review.

The Policy is made available on the Company's website and can be accessed at the mentioned web address: https: --www.narcl.co.in-policies-.

There were no cases reported during the year ended on 31st March 2025. To build awareness, compulsory training programs have been conducted during the year.

- **COMPLIANCE WITH THE MATERNITY BENEFIT ACT, 1961**

The Company has complied with the provisions of the Maternity Benefit Act, 1961, including all applicable amendments and rules framed thereunder. The Company is committed to ensuring a safe, inclusive, and supportive workplace for women employees. All eligible women employees are provided with maternity benefits as prescribed under the Maternity Benefit Act, 1961, including paid maternity leave, nursing breaks, and protection from dismissal during maternity leave.

The Company also ensures that no discrimination is made in recruitment or service conditions on the grounds of maternity. Necessary internal systems and HR policies are in place to uphold the spirit and letter of the legislation.

- **GENDER-WISE COMPOSITION OF EMPLOYEES**

  In alignment with the principles of diversity, equity, and inclusion (DEI), the Company discloses below the gender composition of its workforce as on the March 31, 2025.

  Male Employees: 11

  Female Employees: 04

  Transgender Employees: NIL

  This disclosure reinforces the Company's efforts to promote an inclusive workplace culture and equal opportunity for all individuals, regardless of gender.

- **DOWNSTREAM INVESTMENT**

  The Company neither have any Foreign Direct Investment (FDI) nor invested as any Downstream Investment in any other Company in India.

- **THE DETAILS OF AN APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONG WITH THEIR STATUS AS OF THE END OF THE FINANCIAL YEAR.**

  The Company has not made any application or nor any proceedings against the Company is pending under the Insolvency and Bankruptcy Code 2016.

- **DETAILS OF THE DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF**

  During the financial year, the Company has not entered into any One-Time Settlement (OTS) with Banks or Financial Institutions. Accordingly, the requirement to disclose the difference between the valuation at the time of OTS and the valuation at the time of availing loan is not applicable to the Company.

OTHER DISCLOSURES:

- The Company is in compliance with applicable secretarial standards issued by theInstitute of Company Secretaries of India.
- The Provisions of maintenance of cost records and Cost Audit as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the Company.
- Your Company did not transfer any sum to the General Reserve for the financial year under review.

- **VIGILANCE CASES**

Opening balance as on 01.04.2024	Vigilance cases received during the year	Disposed off	Balance as on 31.03.2025
NIL	NIL	NIL	NIL

- **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to sub-section (5) of Section 134 of the Companies Act, 2013 and to the best of knowledge and belief and according to the information and explanations obtained/received from the operating management, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013 and confirm that:

(a) in the preparation of the annual accounts/financial statements standalone as well as consolidated for the year ended on 31st March 2025, the applicable accountingstandards had been followed along with proper explanation relating to material departures.

(b) that such accounting policies as mentioned in Note 2 of the Standalone and consolidated Balance Sheet and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company forthe year ended on 31st March 2025 and of the profit and loss of the company for that year.

(c) that proper and sufficient care for the maintenance of adequate accounting recordsin accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(d) that the annual accounts are on a going concern basis; and

(e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

(f) the directors had devised proper systems to ensure compliance with the provisionsof all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your directors take this opportunity to place on record their appreciation and sincere gratitude to Ministry of Finance, Ministry of Corporate Affairs, Department of Economic Affairs, Department of Financial Servies, Reserve Bank of India, Shareholders, India Debt Resolution Company Limited, Indian Banks Association, Banks and Financial institutions, the Central & State Government, Stakeholders, Vendors and other service providers for their valuable guidance, support and look forward to their continued co-operation in the years to come.

For and on behalf of the Board of Directors of

National Asset Reconstruction Company Limited

Sd/-	**Sd/-**
P Santhosh	**Diwakar Gupta**
MD & CEO	**Non-Executive Chairman & Independent Director**
Din: 08515964	**Din: 01274552**

Place: Mumbai

Date: 29.08.2025

Annexure I

GIST OF NOMINATION AND REMUNERATION POLICY FOR DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Policy is designed to attract, motivate, and retain the best human talent in a competitive market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders. The Policy applies to the Company's Board of Directors and members of Senior Management including Key Managerial Personnel.

National Asset Reconstruction Company Limited (hereinafter referred to as "NARCL" or "Company") has been incorporated under the Companies Act, 2013 as a Government Company (limited by shares) on 7th July 2021.

The Nomination and Remuneration Policy ("Policy") is formulated in compliance with Section 178 of Companies Act, 2013 (the "Act") read along with the applicable rules, as amended from time to time.

OBJECTIVE:

The objective of this Policy is to inter alia lay down matters relating to the terms of appointment of directors (and related matters) and to set out certain guiding principles for matters relating to remuneration for directors, key managerial personnel ("KMP"), senior management and other employees in pursuance of the statutory obligation of the Nomination and Remuneration Committee ("NRC") of the Board of Directors ("Board") under the Companies Act, 2013 ("Act").

Constitution of Nomination and Remuneration Committee (NRC)

The Board has the power to constitute/reconstitute the NRC from time to time in order to make it consistent with Company's policies and applicable statutory requirements. As per the Act, NRC shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors.

TERMS OF REFERENCE/ROLE OF NRC:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down.
- Recommend to the Board their appointment and removal.

- Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Recommend to the Board this Policy, relating to the remuneration for the directors, key managerial personnel, and other employees.
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment, or modification, as may be applicable.

REVIEW AND AMENDMENT OF THE POLICY:

The Board approved Policy shall be reviewed and amended as and when required or at least annually for incorporating regulatory updates and changes, if any.

Annexure II

DISCLOSURES ON ACTIVITIES PURSUANT TO CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

Annual Report on CSR activities for the financial year

Brief outline on CSR Policy of the Company:

Objectives of the Policy

The key objective of the corporate social responsibility ("CSR") policy ("Policy") is to establish the basic principles and the general framework of action for NARCL's management to undertake and fulfil NARCL's CSR obligations. In furtherance of this objective, the Company may undertake CSR activities, which are broadly related to the following:

- Rural development projects, promoting education, eradicating hunger, malnutrition and poverty, promoting gender equality, empowering women, promoting health care and sanitation, ensuring environmental sustainability, promoting employment, enhancing vocational skills, protecting natural heritage and culture, disaster management including relief, rehabilitation and reconstruction activities and such other matters which fall under Schedule VII of the Companies Act, 2013 ("**Companies Act**").
- Contribution to the prime minister's national relief fund or any other fund set up by central government for socio economic development and welfare of schedule caste and schedule tribes and other backward classes, minorities and women.
- In addition to the activities listed above, any other activities specified in Schedule VII of the Companies Act or otherwise specifically permitted by the government as eligible CSR activities under the applicable law from time to time.

It is clarified that; all the aforesaid activities or programs shall be undertaken in India only and also that such programs and activities shall not be designed to benefit only the employees of the Company and their family.

1. Composition of CSR Committee as on date:

Sr. No.	Name of Director	Designation
1.	Smt Malvika Sinha	Independent Director, Chairperson
2.	Shri Richard Andrew Mendonca	Independent Director
3.	Shri P Santhosh	MD & CEO

2. Provide the web-link(s) where Composition of CSR committee, CSR Policy and details are disclosed on the website of the company: https:--www.narcl.co.in-policies-.
3. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects

carried out in pursuance of sub-rule (3) of rule 8, if applicable:)- The summary on Impact Assessment of CSR Projects is not required as the quantum of CSR spent for the year was less than Rs. 10 Crores.

4. a) Average net profit of the company as per sub-section (5) of section 135: The average net profit of the company as per sub-section (5) of section 132 was Rs. 81,93,69,753.

b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs. 1,63,87,395

c) Surplus arising out of the CSR Projects or programs or activities of the previous financial years: Nil.

d) Amount required to be set off for the financial year, if any. Nil

e) Total CSR obligation for the financial year ((b)+(c)-(d)): Rs. 1,63,87,395

5. a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs. 1,63,87,395.

b) Amount spent in Administrative Overheads: Nil

c) Amount spent on Impact Assessment, if applicable: Not Applicable for the financial year under review.

d) Total amount spent for the Financial Year ((a)+(b)+(c)): Rs. 1,63,87,395

e) CSR amount spent or unspent for the Financial Year: Rs. 1,63,87,395

f) Excess amount for set-off, if any: Nil

6. Details of Unspent CSR amount for the preceding three financial years: Nil

7. Whether any capital assets have been created or acquired through CSR amount spent in thefinancial year: Nil.

8. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: Not Applicable.

Sd/-	**Sd/-**
P Santhosh,	**Malvika Sinha,**
MD & CEO,	Independent Director,
Member CSR Committee	Chairperson CSR Committee
Din: 08515964	Din: 08373142

Annexure III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2024

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

To,

The Members,

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED

Birla Centurion 8th Floor, Unit No.1,

B Wing, Pandurang Budhkar Marg,

Worli, Mumbai 400030

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **National Asset Reconstruction Company Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts- statutory compliances and expressing our opinion thereon.

Further, we have verified books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on **March 31, 2025**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns and other records maintained by the Company as given in **Annexure - A,** for the Year under review, according to the applicable provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder and the Companies Act, 1956 *(to the extent applicable)*;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder; to the extent applicable;

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable:-

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

(b) The Securities and Exchange Board of India (Registrar to an Issue and Shares Transfer Agents) Regulations, 2013 regarding the Companies Act and dealing with clients

(c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - NA

(d) The Securities and Exchange Board of India (Stockbrokers) Regulations, 1992 and NA

(e) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992- NA

We further report that, based on the compliance mechanism established by the Company which has been verified on test-check basis, we are of the opinion that the Company has generally complied with the following laws applicable to the Company:

a. Reserve Bank of India Act, 1934 and its circulars, Master Directions, notifications pertaining to Asset Reconstruction or Securitization Companies
b. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
c. The Securitization Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003.
d. The Security Interest (Enforcement) Rules, 2002

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India. During the financial Year under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Company is a Union Government Company as per Ministry of Corporate Affairs records, thus many provisions of the Companies Act, 2013 have been exempted fully or on partial basis to the Company. The Board of Directors of the Company is constituted with a proper balance of Nominee Directors appointed from the respective Banks, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors and Key Managerial Personnel that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance (or shorter notice as per consent) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All resolutions/decisions including Circular Resolutions of the Board of Directors are approved by the requisite majority and are duly recorded in the respective minutes. The majority decision is carried through, while the dissenting views of the Directors/ Members, if any, are captured and recorded as part of the minutes.

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

We further report that during the Year under review:

i. The Board of Directors at their meeting held on 29th June 2024 noted the approval received from RBI regarding appointment of Mr. P. Santhosh [Interim Managing Director and CEO] as the permanent Managing Director and CEO of the Company for a period of 3 years with effect from 1st July 2024; which was approved by the Shareholders in the Annual General Meeting held on 19th December 2024

ii. The Board of Directors revised the Auditor's Report as per the recommendation of Comptroller Auditor General (CAG) and approved the Revised Auditors' Report in their meeting held on 25th September 2024.

iii. The Board of Directors at their meeting held on 25th September 2024, made an application for extension of Annual General Meeting for the Financial Year ended 31st March 2024. The said approval was granted, the company held its Annual General for the Financial year 31st March 2024 on 19th December 2024

iv. The Board of Directors at their meeting held on 12th April 2024 and 25th November 2024, approved the amendments in the Investment agreement and the Articles of Association in confirmation with provisions of circular of RBI dated October 11, 2022 on Review of Regulatory Framework for Asset Reconstruction Companies (ARCs) with respect to composition of Board Structure and change in the coupon rate for issuances of NCDs, which was approved by the Shareholders in the Annual General Meeting held on 19th December 2024.

v. The Board of Directors at their meeting held on 12th February 2025 approved allotment of 20,000 (Twenty Thousand only) unsecured, rated, unlisted, redeemable 8.92% Non-Convertible Debentures (herein after referred as NCDs) of face value of Rs. 10,00,000/- (Rupees Ten lakhs only) each at par aggregating Rs. 2000 crore on Private Placement Basis.

This report is to be read with our letter of even date, which is annexed as **Annexure - B** to this report.

For DILIP BHARADIYA & ASSOCIATES

Sd/-

Date: 29.08.2025 **SHIVANGINI GOHEL**

Place: Mumbai **M No. ACS No.: 25740, C P No.: 9205**

Peer Review Number: 5825/2024

UDIN: A025740G001116291

Annexure - A

List of documents verified (physically-electronically):

1. Memorandum and Articles of Association of the Company.
2. Annual Report for the Financial Period ended March 31, 2023.
3. Minutes and Attendance Registers of the meetings of the Board of Directors and Committees held during the Year under review.
4. Minutes of General Body Meetings held during the Year under review.
5. Statutory Registers viz.
   - Register of Members.
   - Register of Directors and Key Managerial Personnel and their Shareholding.
6. Agenda papers submitted to all the Directors - Members for the Board and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of Sections 184(1), 164(2), 149(3) and 149(7) of the Act.
8. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Act, alongwith the attachments thereof, during the Year under review.

Annexure - B

To,

The Members,

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED

Birla Centurion 8th Floor, Unit No.1,

B Wing, Pandurang Budhkar Marg,

Worli, Mumbai 400030

Our report of even date is to be read along with this letter,

1) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed by us provide a reasonable basis for our opinion.
3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4) Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6) The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **DILIP BHARADIYA & ASSOCIATES**

Sd/-

SHIVANGINI GOHEL

M No. ACS No.: 25740, C P No.: 9205

Peer Review Number: 5825/2024

UDIN: A025740G001116291

Date: 29.08.2025

Place: Mumbai

Annexure IV

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	-
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	-
4.	Share capital	-
5.	Reserves & surplus	-
6.	Total assets	-
7.	Total Liabilities	-
8.	Investments	-
9.	Turnover	-
10.	Profit before taxation	-
11.	Provision for taxation	-
12.	Profit after taxation	-
13.	Proposed Dividend	-
14.	% of shareholding	-

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations - NA
2. Names of subsidiaries which have been liquidated or sold during the year. - NA

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. In Lakhs)

Name of associates/Joint Ventures	**SREI Infrastructure Finance Limited**
1. Latest audited Balance Sheet Date	31st March 2025
2.Date on which the Associate or Joint Venture was associated or acquired	19th December 2023
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	4.60
Amount of Investment in Associates/Joint Venture	46.00
Extend of Holding%	46%
3. Description of how there is significant influence	Control of more than 20% of total paid up share capital
4. Reason why the associate/joint venture is not consolidated	Associate Company SIFL has been consolidated
5. Net worth attributable to shareholding as per latest audited Balance Sheet	(11,01,242)
6. Profit/Loss for the year	
i. Considered in Consolidation	-
ii. Not Considered in Consolidation	(19,212)

1. Names of associates or joint ventures which are yet to commence operations. N.A
2. Names of associates or joint ventures which have been liquidated or sold during the year. N.A

For and on behalf of the Board of Directors of
National Asset Reconstruction Company Limited

Sd/-	**Sd/-**
P Santhosh	**Diwakar Gupta**
MD & CEO	Non Executive Chairman & Independent Director
Din: 08515964	Din: 01274552

Annexure V

Form No. AOC-2

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

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

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

(a) Name(s) of the related party and nature of relationship

(b) Nature of contracts/arrangements/transactions

(c) Duration of the contracts / arrangements/transactions

(d) Salient terms of the contracts or arrangements or transactions including the value, if any

(e) Justification for entering into such contracts or arrangements or transactions

(f) date(s) of approval by the Board

(g) Amount paid as advances, if any:

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

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

(a) Name(s) of the related party and nature of relationship

(b) Nature of contracts/arrangements/transactions

(c) Duration of the contracts /arrangements/transactions

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

(e) Date(s) of approval by the Board, if any:

(f) Amount paid as advances, if any:

For and on behalf of the Board of Directors of
National Asset Reconstruction Company Limited

Sd/-	**Sd/-**
P Santhosh	**Diwakar Gupta**
MD & CEO	Non Executive Chairman & Independent Director
Din: 08515964	Din: 01274552

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2025

The preparation of financial statements of National Asset Reconstruction Company Limited for the year ended 31 March 2025 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 13 June 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of National Asset Reconstruction Company Limited for the year ended 31 March 2025 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquires of the statutory auditor and company personnel and a selective examination of some of the accounting records.

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

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

V.N. Kothari

(Vijay Nanalal Kothari)
Principal Director of Audit (Shipping), Mumbai

Place: Mumbai
Date: 14.08.2025

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2025

The preparation of consolidated financial statements of National Asset Reconstruction Company Limited for the year ended 31 March 2025 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 13 June 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of National Asset Reconstruction Company Limited for the year ended 31 March 2025 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of National Asset Reconstruction Company Limited, but did not conduct supplementary audit of the financial statements of SREI Infrastructure Finance Limited and NARCL Trust – 0007 (Associates) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

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

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

V.N.Kothari

(Vijay Nanalal Kothari)
Principal Director of Audit (Shipping), Mumbai

Place: Mumbai
Date: 14.08.2025

LODHA
& CO LLP
Chartered Accountants

6, Karim Chambers, 40, Ambalal Doshi Marg
(Hamam Street), Fort, Mumbai- 400 001
Telephone : 0091-22-22691414/40021415
: 0091-22-40021140/40021414
Email : mumbai@lodhaco.com

Independent Auditor's Report

To The Members of
National Asset Reconstruction Company Limited

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of National Asset Reconstruction Company Limited ("the Company"), which comprises of Standalone Balance Sheet as at March 31, 2025, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of material accounting policies information and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2025, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Standalone Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Board's Report including Annexures to the Board report and Management Discussion and Analysis but does not include the standalone financial statement and our auditor's report thereon.

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

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In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Board Report including annexures to the Board Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act.

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

In preparing the standalone financial statements, the 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 also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

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from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has an adequate internal financial control system with reference to financial statement 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 the 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 entity's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

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

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

Other Matter:

The standalone financial statements for the year ended March 31,2024 were audited by predecessor auditor whose report dated June 24, 2024 expressed an unmodified opinion on those standalone financial statements.

Our opinion on the standalone financial statement and our report on the other legal and regulatory requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. Pursuant to the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

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

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Chartered Accountants

(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 and records.

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

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2025 from being appointed as a Director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B".

(g) With respect to the other matters to be included in the Auditor's 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 remuneration paid by the Company to its director during the year is in accordance with the provisions of Section 197 of the Act.

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

i. The Company does not have any pending litigations which would impact its financial position. [Refer note no 49.1 to standalone financial statements]

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. a) The management has represented that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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b) The management has represented, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representation under sub clause (i) and (ii) of Rule 11(e) of The Companies (Audit and Auditors) Rules, 2014, as provided under (a) and (b) above, contains any material misstatement. (Refer note no. 47.9 to the standalone financial statement)

v. The Company has not declared / paid any dividend during the year.

vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its account books for the financial year ended March 31, 2025 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 we did not come across any instance of the audit trail feature being tampered with. The Company is in compliance with the preservation of audit trail as per the statutory requirements for record retention as per the Act.

3. With regards to the directions issued by Comptroller and Auditor General of India under Section 143(5) of the Act, vide their letter GA/CA-1/Directions & Sub-Directions / 2024-25/31, dated April 15, 2025 and their email communication dated June 02, 2025 to the Company, refer to our separate report in "Annexure "C".

For **Lodha & Co. LLP**
Chartered Accountants
Firm registration No. – 301051E / E300284

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

R. P. Baradiya
Partner
Membership No. 044101
UDIN: 25044101BMIXDE5204

Place: Mumbai
Date: June 13, 2025

Annexure "A" referred to in "Report on Other Legal and Regulatory Requirements" section of our Auditors' Report of even date to the members of National Asset Reconstruction Company Limited on the standalone financial statements as at and for the year ended March 31, 2025

i. a. In respect of Company's Property, Plant and Equipment (PPE) and Intangible Assets:

A. The Company has maintained proper records, showing full particulars, including quantitative details and situation of PPE and relevant details of right-to-use assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the PPE of the Company have been physically verified by the management as at year end and the frequency whereof of verification is reasonable considering the size of the Company and nature of its PPE. According to the information and explanations given to us and on the basis of our examination of the records, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company does not hold any immovable property (other than immovable property where the Company is the lessee and the lease agreements are duly executed in favour of the Company) and hence reporting under clause 3(i)(c) of the Order is not applicable to the Company.

d. The Company has not revalued any of its PPE (including right- of-use assets) and intangible assets during the year and hence reporting under clause 3(i)(d) of the Order is not applicable to the Company.

e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, neither any proceedings have been initiated during the year nor are pending as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder and hence reporting under clause 3(i)(e) of the Order is not applicable to the Company.

ii. a. Considering the Nature of business, the Company does not have any inventories and hence reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

b. According to the information and explanations given to us and on the basis of our examination of the records, the Company has not been sanctioned working capital limit in excess of Rs. 5 crores on the basis of security of current assets, in aggregate, at any point of time during the year from banks and financial institutions and hence reporting under clause 3(ii)(b) of the Order is not applicable to the Company.

iii. In respect of Investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties:

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(a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not provided any loans or advances in the nature of loans or guarantee or provided security to any other entity and hence reporting under clause 3(iii)(a) is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, investment made are in the ordinary course of business and accordingly in our opinion, prima facie, not prejudicial to the Company's interest. The Company has not provided any guarantees, given any security and granted any loans and advances in the nature of loans and guarantee.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans and hence reporting under clauses 3(iii)(c), (d), (e) and (f) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us and on the basis of our examination of the records, the Company has complied with the provisions of 186 of the Act, to the extent applicable with respect to the investments made during the year. The Company has not provided any loans, guarantees and securities to parties covered under section 185 and 186 of the Act.

v. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no deposits or amounts which are deemed to be deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 have been accepted by the Company and hence reporting under clause 3(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has not been specified by the central government under Section 148(1) of the Act, for the business activities carried out by the Company and hence reporting under clause 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income tax, sales tax, custom duty, duty of excise, value added tax, cess and other statutory dues during the year with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues mentioned in clause vii (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and on the basis of our examination of the records, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) and hence reporting under clause 3(viii) of the Order is not applicable to the Company.

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Chartered Accountants

ix. (a) Based on our audit procedures and on the basis of information and explanations given to us and on the basis of our examination of the records, the Company has not defaulted in repayment of any loans/ other borrowings during the year and hence reporting under clause 3(ix) of the Order is not applicable to the Company.

(b) The Company has not been declared as a willful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has raised term loan from banks by way of Non-Convertible Debentures during the year and the same were applied for the purpose for which the loan were obtained.

(d) On an overall examination of the standalone financial statements, in our opinion the Company has not raised any short-term fund during the year and hence reporting under clause 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint venture and hence reporting under clause 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year the Company has not raised any funds on the pledge of securities held in its subsidiaries, joint venture and associates and hence reporting under clause 3(ix)(f) of the Order is not applicable to the Company.

x. (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not raised any money by way of Initial public offer or further public offer (including debt instrument) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment, private placement of shares or fully or partly convertible debentures during the year or in the recent past and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by the management.

(b) During the year, no report under sub section 12 of Section 143 of the Act has been filed in Form ADT-4 as prescribed in Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no whistle blower complaints were received by the Company during the year and hence reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

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xii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all the transactions with related parties are in compliance with Section 177 and 188 of the Act and all the details have been disclosed in the standalone financial statements as required by the applicable Accounting Standard. (Refer note no. 37 to the standalone financial statements)

xiv. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports for the year under audit issued to the Company during the year and till date, in determining nature, timing and extent of our audit procedure.

xv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions prescribed under Section 192 of the Act with directors or persons connected with them during the year.

xvi. (a) The Company being a Securitisation and Reconstruction Company ('SCRC') under Securitisation & Reconstruction of Financial Assets & Enforcement of Securities Interest Act, 2002, it is neither required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 nor carrying out any non-banking financial or housing finance activities and hence reporting under clause 3(xvi) (a) and (b) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is neither a Core Investment Company (CIC) nor there is any core investment company within the "Companies in the Group" as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and hence reporting under clause 3(xvi) (c) and (d) of the Order is not applicable to the Company.

xvii. The Company has not incurred any cash losses during the financial year covered by our audit and immediately preceding financial year.

xviii. There has been no resignation by the statutory auditors of the Company during the year and hence reporting under clause 3(xviii) of the Order is not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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Chartered Accountants

xx. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no amounts unspent in respect of corporate social responsibility towards ongoing or other than ongoing projects and hence reporting under clause 3(xx) (a) and (b) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of the audit of Standalone Financial Statements and hence no comment in respect of the said clause has been included in this report.

For **Lodha & Co. LLP**
Chartered Accountants
Firm registration No. -301051E / E300284

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

R. P. Baradiya
Partner
Membership No. 044101
UDIN: 25044101BMIXDE5204

Place: Mumbai
Date: June 13, 2025

Annexure "B" referred to in "Report on Other Legal and Regulatory Requirements" section of our Auditors' Report of even date to the members of National Asset Reconstruction Company Limited on the standalone financial statements as at and for the year ended March 31, 2025

Report on Internal Financial Controls with reference to standalone financial statement under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to standalone financial statement of The National Asset Reconstruction Company Limited ("the Company") as of March 31, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with respect to standalone financial statement and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statement included obtaining an understanding of internal financial controls with reference to standalone 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 judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

Meaning of Internal Financial Controls with reference to standalone financial statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone 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 company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorisations of management;(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the entity's assets that could have a material effect on the standalone financial statements; and (4) also provide reasonable assurance by the internal auditors through their internal audit reports given to the organisation from time to time.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statement, 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 with reference to standalone financial statement to future periods are subject to the risk that the internal financial control with reference to standalone financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, broadly, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based on the internal financial control with reference to standalone financial statement criteria established by the Company considering the essential Component 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 **Lodha & Co. LLP**
Chartered Accountants
Firm registration No. – 301051E / E300284

LODHA & CO. LLP
MUMBAI-01
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 044101
UDIN: 25044101BMIXDE5204

Place: Mumbai
Date: June 13, 2025

Annexure "C" referred to in "Report on Other Legal and Regulatory Requirements" section of our Auditors' Report of even date to the members of National Asset Reconstruction Company Limited on the standalone financial statements as at and for the year ended March 31, 2025

Report on directions issued by Comptroller and Auditor General of India under Section 143(5) of the Act, vide their letter GA/CA-1/Directions & Sub-Directions / 2024-25/31, dated April 15, 2025 and their email communication dated June 02, 2025 to the Company

Part 1 – Directions issued under Section 143(5) of the Act:

S. No.	Directions	Auditors reply on the action taken on the directions:
1.	Whether the Company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	According to the information and explanations given to us and based on examination of records by us, the Company is processing its accounting transactions through Tally Software including manual processing of net asset value of investments in security receipts and provision for expected credit losses. Considering the above, it does not affect the integrity of the financial statements.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of Lender company).	According to the information and explanations given to us and based on examination of records by us, there were no restructuring of loans/ waiver/ write off of debts/ loans/ interest etc. made by the lender to the Company.
3	Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central / State Government or agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation	According to the information and explanations given to us and based on examination of records by us, during the year, the company has not received any funds in the nature of grants/ subsidy.
4	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post-retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.	The Company is keeping its employees' gratuity contribution funded to an approved gratuity fund. The Funds of the gratuity trust is managed by an Insurance Company. LODHA & CO. LLP MUMBAI-01 Chartered Accountants

5	Whether the Company has identified the key Risk areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?	Yes, the Company has identified its key risk areas in the Risk Management Policy, last amended on January 07, 2025, as ultimately approved by the Board of Directors. The risk management policies have been formulated based on the Company's assessment of the risk and mitigation of risk. The Risk Management Policy is based on the globally accepted three lines of defence. The data assets of a company can be of various types such as proprietary databases, customer information, algorithms, and intellectual property , Customer Data , Names, contact info, demographics, Operational Data, Financial Data, Proprietary Algorithms & Models etc. NARCL is a new entrant in the ARC industry constituted to cater to high value stressed assets and has limited data base in possession. Therefore, no data assets identified yet
6	Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India wherever applicable? If not, the cases of deviation may be highlighted. LODHA & CO. LLP MUMBAI-01 Chartered Accountants	Reserve Bank of India - The Company has complied with the Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions , as amended from time to time with regards to accounting and disclosures. There are no deviation from accounting and disclosures. Ministry of Corporate Affairs – The Company has complied with the directions of Ministry of Company Affairs. There are no deviation from the directions. Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI – Not Applicable, as the Company is an unlisted Public Company. Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India; Department of Investment and Public Asset Management; Department of Public Enterprises – Based on the Nature of Companies business activities, the above-mentioned regulation is not applicable to the Company

Part 2 – Directions issued vide their letter GA/CA-1/Directions & Sub-Directions / 2024-25/31, dated April 15, 2025

S. No.	Particulars	Observations / Findings
1.	As per Master Circular, Asset reconstruction companies issued by Reserve Bank of India on February 10, 2022, point no. 25 i.e. Fair Practice Code, sub point no. 4 for Assets reconstruction companies shall put in place Board Approved Policy on management fees, expenses and incentives, if any, claimed from trusts under their management. Whether the same has been put in place by the Company.	According to the information and explanations given to us and based on examination of records by us, the Company has put in place Board approved policy on management fees, expenses and incentives, which forms part of its "Financial Asset Acquisition Policy". The said policy was approved by the Board in its meeting dated December 08, 2021 and the same has been last updated on January 07, 2025.

For **Lodha & Co. LLP**
Chartered Accountants
Firm registration No. – 301051E / E300284

LODHA & CO. LLP * MUMBAI-01 * Chartered Accountants

R.P. Baradiya
Partner
Membership No. 044101
UDIN: 25044101BMIXDE5204

Place: Mumbai
Date: June 13, 2025

National Asset Reconstruction Company Limited

CIN : U67100MH2021GOI363511

Standalone Balance Sheet as at March 31, 2025

(Rs. in lacs)

	Particulars	Note	As at March 31, 2025	As at March 31, 2024
	Assets			
1	**Financial assets**			
(a)	Cash and cash equivalents	3	52,133.63	93,131.85
(b)	Bank balance other than cash and cash equivalents	4	59,676.35	10,199.79
(c)	Trade receivables	5	21,973.65	7,840.21
(d)	Investments	6	4,17,276.73	1,85,264.65
(e)	Other financial assets	7	4,072.36	1,638.67
	Total Financial assets (I)		**5,55,132.72**	**2,98,075.17**
2	**Non-financial assets**			
(a)	Current tax assets (net)	8	252.61	175.30
(b)	Property, plant and equipment	9	496.30	647.81
(c)	Other intangible assets	10	3.21	13.39
(d)	Other non-financial assets	11	134.57	762.45
	Total Non-financial assets (II)		**886.69**	**1,598.95**
	Total Assets (I + II)		**5,56,019.41**	**2,99,674.12**
	Liabilities and Equity			
	Liabilities			
1	**Financial liabilities**			
(a)	Trade payables	12		
	(i) total outstanding dues of micro and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro and small enterprises		0.01	95.24
(b)	Debt securities	13	2,02,155.46	-
(c)	Other financial liabilities	14	653.99	806.67
	Total Financial liabilities (III)		**2,02,809.46**	**901.91**
2	**Non-financial liabilities**			
(a)	Provisions	15	389.74	670.18
(b)	Deferred tax liabilities (net)	16	16,520.71	4,510.44
(c)	Other non-financial liabilities	17	410.89	132.32
	Total Non-financial liabilities (IV)		**17,321.34**	**5,312.94**
3	**Equity**			
(a)	Equity share capital	18	2,75,000.00	2,75,000.00
(b)	Other equity	18A	60,888.61	18,459.27
	Total Equity (V)		**3,35,888.61**	**2,93,459.27**
	Total Liabilities and Equity (III + IV + V)		**5,56,019.41**	**2,99,674.12**

Material accounting policies information and other explanatory notes 1-54 & Annexure I

The above Standalone Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Lodha & Co. LLP
Chartered Accountants
Firm Registration No. 301051E/ E300284

R.P.Baradiya
Partner
M.No. 044101

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

Place: Mumbai
Date: June 13, 2025

For and on behalf of the Board of Directors of National Asset Reconstruction Company Limited

Diwakar Gupta
Chairman
DIN: 01274552

P Santhosh
MD & CEO
DIN: 08515964

Arindam Biswas
Chief Financial Officer

Kapil Soni
Company Secretary

Place: Mumbai
Date: June 13, 2025

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

National Asset Reconstruction Company Limited
CIN : U67100MH2021GOI363511
Standalone Statement of Profit and Loss for the year ended March 31,2025

(Rs. in lacs)

Particulars	Note	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Revenue from operations			
(a) Fee & other related income	19	25,593.33	12,849.74
(b) Interest income	20	520.95	650.00
(c) Net gain on fair value changes	21	34,264.20	10,386.33
Total revenue from operations (I)		**60,378.48**	**23,886.07**
Other income (II)	22	9,205.37	7,096.79
Total income (III=I+II)		**69,583.85**	**30,982.86**
Expenses			
(a) Finance costs	23	2,451.85	127.57
(b) Fees and commission expense	24	4,033.27	1,800.00
(c) Impairment of financial instruments	25	3,481.43	571.86
(d) Employee benefits expense	26	1,232.98	1,338.41
(e) Depreciation,amortization and impairment	27	190.12	177.71
(f) Unrealised fees & expenses written off	28	803.67	3,579.01
(g) Other expenses	29	1,004.36	1,919.06
Total expenses (IV)		**13,197.68**	**9,513.62**
Profit before tax (V=III-IV)		**56,386.17**	**21,469.24**
Tax expense (VI)	30(a)		
Current tax		1,869.42	908.42
Deferred tax charge		12,010.28	4,287.19
Tax relating to earlier years		79.68	55.40
		13,959.38	**5,251.01**
Profit for the year (VII=V-VI)		**42,426.79**	**16,218.23**
Other comprehensive income			
Items that will not be reclassified to profit & loss			
Remeasurement gains on defined benefit plan		3.41	4.59
Income tax relating to items that will not be reclassified to profit & loss	30(b)	(0.86)	(1.16)
Other comprehensive income		**2.55**	**3.43**
Total comprehensive income for the year		**42,429.34**	**16,221.66**
Earnings per equity share (Face value Rs.10 per share)	31		
Basic and Diluted		1.54	0.89

Material accounting policies information and other explanatory notes 1-54 & Annexure I

The above Standalone Statement of Profit and Loss should be read in conjunction with the accompanying notes

As per our report of even date attached

For Lodha & Co. LLP
Chartered Accountants
Firm Registration No. 301051E/ E300284

R.P.Baradiya
Partner
M.No. 044101

Place: Mumbai
Date: June 13, 2025

For and on behalf of the Board of Directors of
National Asset Reconstruction Company Limited

Diwakar Gupta

Diwakar Gupta
Chairman
DIN: 01274552

P Santhosh
MD & CEO
DIN: 08515964

Arindam Biswas
Chief Financial Officer

Kapil Soni
Company Secretary

Place: Mumbai
Date: June 13, 2025

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

National Asset Reconstruction Company Limited

CIN : U67100MH2021GOI363511

Standalone Statement of Cash flow for the year ended March 31, 2025

(Rs. in lacs)

Particulars	For the Year ended March 31,2025	For the Year ended March 31,2024
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	**56,386.17**	**21,469.24**
Adjustments for:		
Depreciation, amortization and impairment	190.12	177.71
Interest on deposits with banks	(8,719.19)	(7,070.26)
Impairment of financial instruments	3,481.43	571.86
Net gain on fair value changes	(34,264.20)	(10,386.33)
Fees & expenses written off	803.67	3,579.01
Finance cost	2,451.85	127.57
Operating cash flow before working capital changes	**20,329.85**	**8,468.80**
Working capital changes:		
(Increase)/Decrease in trade receivables	(16,954.40)	(7,325.43)
(Increase)/Decrease in other financial and non-financial assets	(3,269.94)	(4,999.46)
Increase/(Decrease) in trade payables	(95.23)	95.24
Increase/(Decrease) in other financial & non financial liabilities	(262.18)	186.89
Cash used in operations	**(251.90)**	**(3,573.96)**
Direct taxes paid	(2,027.27)	(632.27)
NET CASH USED IN OPERATING ACTIVITIES (A)	**(2,279.17)**	**(4,206.23)**
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant & equipment	(35.30)	(106.30)
Proceeds from sale of property, plant & equipment	-	0.41
Increase/(Decrease) in bank deposits not considered as cash & cash equivalent	(48,243.84)	44,751.22
Interest received on deposits with banks	7,486.47	6,498.54
Investment in equity shares of an associate	-	(45.00)
Proceeds from redemption of security receipts	35,942.78	5,576.81
Investment in security receipts	(2,33,690.64)	(1,25,440.25)
NET CASH USED IN INVESTING ACTIVITIES (B)	**(2,38,540.53)**	**(68,765.57)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity shares	-	1,34,095.50
Proceeds from issue of non-convertible debentures	2,00,000.00	-
Payment of lease liabilities	(178.52)	(185.40)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**1,99,821.48**	**1,33,910.10**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(40,998.22)**	**60,938.30**
Cash and cash equivalents at the beginning of the year	**93,131.85**	**32,193.55**
Cash and cash equivalents at the end of the year (Refer note no. 3)	**52,133.63**	**93,131.85**

Material accounting policies information and other explanatory notes 1-54 & Annexure I

The above Standalone Statement of cash flow should be read in conjunction with the accompanying notes

As per our report of even date attached
For Lodha & Co. LLP
Chartered Accountants
Firm Registration No. 301051E/ E300284

R.P.Baradiya
Partner
M.No. 044101

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

For and on behalf of the Board of Directors of National Asset Reconstruction Company Limited

Diwakar Gupta
Chairman
DIN: 01274552

P Santhosh
MD & CEO
DIN: 08515964

Arindam Biswas
Chief Financial Officer

Kapil Soni
Company Secretary

Place: Mumbai
Date: June 13, 2025

Place: Mumbai
Date: June 13, 2025

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

National Asset Reconstruction Company Limited

CIN : U67100MH2021GOI363511

Standalone Statement of Changes in Equity for the year ended March 31, 2025

A. Equity Share Capital

(Rs. In lacs)

Particulars	No. of Shares	Amount
Balance as at March 31, 2023	**1,40,90,45,000**	**1,40,904.50**
Changes in equity share capital during the year	1,34,09,55,000	1,34,095.50
Balance as at March 31, 2024	**2,75,00,00,000**	**2,75,000.00**
Changes in equity share capital during the year	-	-
Balance as at March 31, 2025	**2,75,00,00,000**	**2,75,000.00**

B. Other Equity

Particulars	Reserves & Surplus		Items of Other Comprehensive Income	Total
	Retained Earnings	Debenture Redemption Reserve	Re-measurement of net defined benefit plans	
Balance as at March 31, 2023	**2,237.61**	-	-	**2,237.61**
Profit for the year	16,218.23	-	-	16,218.23
Other Comprehensive income (net of taxes)	-	-	3.43	3.43
Total Comprehensive Income	**16,218.23**	-	**3.43**	**16,221.66**
Balance as at March 31, 2024	**18,455.84**	-	**3.43**	**18,459.27**
Profit for the year	42,426.79	-	-	42,426.79
Other Comprehensive income (net of taxes)	-	-	2.55	2.55
Total Comprehensive Income	**42,426.79**	-	**2.55**	**42,429.34**
Transfers to/(from) retained earnings	(17,169.90)	17,169.90	-	-
Balance as at March 31, 2025	**43,712.73**	**17,169.90**	**5.98**	**60,888.61**

Material accounting policies information and other explanatory notes 1-54 & Annexure I

The above Standalone Statement of Changes in Equity should be read in conjunction with the accompanying notes

As per our report of even date attached

For Lodha & Co. LLP
Chartered Accountants
Firm Registration No. 301051E/ E300284

R.P.Baradiya
Partner
M.No. 044101

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Place: Mumbai
Date: June 13, 2025

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NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

1. Corporate Information

National Asset Reconstruction Company Limited (hereinafter referred to as "NARCL" or the "Company" or "ARC") has been incorporated under the Companies Act, as a Government Company (limited by shares) on 7th July 2021 domicile in India & having a CIN U67100MH2021GOI363511. The Company is registered with Reserve Bank of India w.e.f. October 04, 2021 with Registration no. 030/2021 as a Securitisation and Asset Reconstruction Company under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.The Company's registered office is at - Unit No.1, 8th Floor, Birla Centurion, Wing B, Plot No.794, Pandurang Bhudhar Marg, Worli Mumbai 400030, Maharashtra, India.

The Company's principal activity is acquiring Non- Performing Assets (NPA) from the Banks and Financial Institutions and resolving them through appropriate resolution strategies enunciated in SARFAESI.

The Government of India provides guarantee on Security receipts (SR) issued by the Trust setup by NARCL to the selling lenders in accordance with the guarantee agreement entered into between NARCL and Government of India.

2. Material Accounting Policies Information

2.1 Basis of preparation of financial statements

2.1.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and RBI guidelines as may be applicable to the Company from time to time.

2.1.2 Historical cost convention

The financial statements have been prepared and presented on the going concern basis and at a historical cost basis, except for following assets and liabilities which have been measured at fair value:

(i) certain financial instruments such as financial assets and liabilities measured at fair value through profit and loss ("FVTPL") instruments;
(ii) Employee Defined Benefit Plan measured as per actuarial valuation

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

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2.1.3 Presentation of financial statements

The Company prepares its balance sheet and profit and loss account in compliance with the Division III of Schedule III to the Companies Act, 2013. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without it being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and or its counterparties

The Company will present its annual and any other periodic financial statements/results as per the requirements of applicable law from time to time.

2.1.4 Functional and Presentation Currency

Financial statements are presented in Indian Rupees, which is the functional currency of the Company.

2.1.5 Rounding of amounts

All the values are rounded to the nearest lakhs as per the requirement of Schedule III to the Companies Act, 2013, except where otherwise indicated. Per share data are presented in Indian Rupee.

2.2 Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

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2.2.1 The Solely Payments of Principal and Interest test ("SPPI test")

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the solely payments of principal and interest (SPPI) test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets primarily comprise of Investments, loans, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

2.3.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

2.3.2 Initial measurement of financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables are measured at the transaction price.

2.4 Subsequent measurement of Financial Asset

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

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2.4.1 Amortized cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including receipts and payments that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance

2.4.2 Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

2.4.3 Financial assets at fair value through profit or loss

Financial assets in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis

- Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

2.5 Investment in Subsidiary and Associates

- Control is defined to mean where an entity has power over the investee, existing rights that give it the current ability to direct the relevant activities and it also has exposure to variable returns from the entity.

- Investment in subsidiaries and associates – Equity shares are measured at cost in Standalone Financial Statements.

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2.6 Purchase/Acquisition of Security Receipts ("SR")

- For security receipt that fall within the planning period as defined by the Reserve Bank of India (RBI), the fair value of Security Receipts is considered to be the cost of acquisition.

- SRs are initially measured at fair value. Transaction costs directly attributable to the acquisition of such are recognised immediately in statement of profit and loss. The fair value of Security Receipts is determined based on the last declared Net Asset Value (NAV) which is calculated using ratings or gradings reviewed by an approved Credit Rating agency. However, the NAV has been reviewed on Quarterly basis, so that any material change in valuation of SRs is recognized immediately.

- SRs are measured at fair value through profit and loss based on the Company adopted fair valuation methodology. Refer note no 2.1.2 for determination of fair value methodology.

2.7 Equity investments at fair value through profit or loss (FVTPL)

- Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

- Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

- Dividends on investments in equity instruments are recognised as 'other income' when the Company's right to receive the dividends is established.

2.8 Loans and advances

- The Company may grant loan to borrowers. Such loans are provided to only those borrowers whose loans, ARC has already acquired from the respective banks/financial institutions in the form of Trusts. Such loans can be provided for the purpose of disposal of liabilities which delay realization of dues, Revival of borrower's operations, to enable borrower meet working capital requirements, etc

- Such loans are initially measured at fair value. Transaction costs that are directly attributable to the loans granted are added to or deducted from the fair value on initial recognition.

- Based on the business model and SPPI test, the loans are subsequently measured at amortized cost.

2.9 Other investment including debt securities

- The Company in accordance with its investment policy may purchase other financial assets (other than those specified above).

- Such financial assets are initially measured at fair value. Transaction costs that are directly attributable to purchase are added to or deducted from the fair value on initial recognition.

- Based on the business model and SPPI test, such financial assets are subsequently measured at amortized cost or FVTPL.

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- Financial assets measured at FVTPL are fair valued based on the Company adopted fair valuation methodology.

2.10 Financial liabilities and Equity Instruments

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.10.1 Financial Liabilities:

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the its's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the it's own equity instruments.

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value in case of loans and borrowings net of transaction costs that are directly attributable.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2.10.2 Loans and Borrowings

After initial measurement, financial liabilities are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue/acquisition of funds, and costs that are an integral part of the effective interest rate. The EIR amortisation is included as finance costs in Statement of Profit & Loss.

2.10.3 Financial Liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Standalone Statement of Profit and Loss.

Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

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2.10.4 Debt issued and other borrowings ("Financial Liabilities")

- Financial Liabilities are recognized when the funds reach the Company.
- All Financial Liabilities are measured at fair value. Transaction costs that are directly attributable to the loans granted are added to or deducted from the fair value on initial recognition
- After initial measurement, financial liabilities are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate.

2.10.5 Borrowing costs/Finance costs

Borrowing costs include interest expense calculated using the effective interest rate method. Finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.10.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.11 Reclassification of financial assets and financial liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.12 Derecognition of financial assets and financial liabilities

2.12.1 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has transferred the financial asset and substantially all the risk and rewards of ownership of the assets to another party.

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The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

- The Company cannot sell or pledge the original asset other than as security to the eventual recipients

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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2.12.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, is recognised in profit or loss.

2.13 Impairment of financial assets

The Company records allowance for expected credit losses for trade receivables (including unbilled revenue) and other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments'.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses (12 month ECL).

Lifetime ECL (LTECL) represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Based on the above process, the Company categorises its financial instruments into Stage 1, Stage 2, and Stage 3 as described below:

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Stage 1:	When loans are first recognised, the company recognises an allowance based on 12m ECLs. Stage 1 financial instruments also include facilities where the credit risk has improved, and the financial instruments has been reclassified from Stage 2.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the company records an allowance for the 12m ECLs. Stage 2 financial instruments also include facilities, where the credit risk has improved and the financial instruments has been reclassified from Stage 3.
Stage 3:	Financial instruments considered credit impaired. The Company records an allowance for the LTECLs.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend and the Company's understanding of the specific future financing needs of the debtors.

2.14 Write offs

Financial assets are written off entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss.

2.15 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment in value.

Subsequent costs incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria i.e. it is probable that future economic benefits will flow to the entity and cost can be measured reliably. Repairs and maintenance are recognised in statement of profit and loss as incurred.

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the useful lives of the respective property, plant and equipment which are as per the provisions of Part C of the Schedule II for calculating the depreciation.

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Estimated useful lives of the assets are as follows:

Nature of asset	Estimated useful life
Office Equipment	5 years
Computers - End user devices, such as desktops, laptops, etc.	3 years
Furniture & Fixture	5 years
Leasehold improvements	Over the period of lease
Vehicles	5 years or lease period whichever is lower

Assets costing less than Rs.5,000/- are fully depreciated in the year of purchase. Assets taken on finance lease are depreciated over a period of lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

The residual values are not more than 5% of the original cost of the asset. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.16 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors. Amortization methods and useful lives are reviewed periodically including at each financial year end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

Estimated useful life of software and website will be over a period of 3 years to 5 years..

2.17 Retirement and other employee benefit

2.17.1 Defined contribution plans:

The Company's provident fund scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

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2.17.2 Defined benefit plans

The Company's gratuity scheme is considered as defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method.

Remeasurements gains / losses, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to statement of profit and loss in subsequent periods

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.17.3 Short term employee benefits

Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.17.4 Other long term employee benefits

Compensated Absences

Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Standalone Statement of Profit and Loss.

2.18 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is

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recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.19 Leases

2.19.1 Leases as a Lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.19.2 Rights-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e the date of underlying asset is available for use). Rights-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of rights-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Rights-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

2.19.3 Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in lease payments or a change in the assessment of an option to purchase the underlying asset.

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2.19.4 Short term lease

The Company has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Company recognises lease payment associated with these leases as an expense on a straight-line basis over lease term.

2.20 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise of cash at banks and on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

2.21 Revenue recognition

2.21.1 Net gain/(loss) on financial asset measured at FVTPL

Changes in fair value of the financial assets recorded in balance sheet, measured at FVTPL, are recorded in statement of profit and loss.

As per the RBI circular, profit on redemption of security receipts is accounted only after the full redemption of security receipts. Amount realized in surplus/ deficit of the acquisition cost of security receipts in accordance with the terms of the trust deed/ offer document is recorded as profit/ loss on sale/ redemption of security receipts.

Profit/loss on sale of financial assets, measured at FVTPL, are recorded in statement of profit and loss.

2.21.2 Fee and commission income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract to determine the transaction price.

a. The fee income comprises of Management fees/Trusteeship fees. The Company receives Management fees/Trusteeship fee from trusts declared by it for acquisition of financial assets and the same is accounted for on accrual basis as per terms of the relevant trust deeds and offer document issued by the Trust. Management fees/Trusteeship fees are calculated and charged as a percentage of the net assets value ('NAV') at the lower end of the range of the NAV specified by the Credit Rating Agency. In case of NAV is not specified by the Credit rating Agency, Management fees are to be reckoned as a percentage of the actual outstanding value of SRs, before the availability of NAV of SRs.

b. Redemption incentive and recovery incentive is accounted based on terms of the relevant trust deeds and offer document issued by the Trust

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c. Any upside share in excess realisation over acquisition price of financial asset by trust is recognised at point in time basis as per terms of the relevant trust deed/offer document only after full redemption.

d. The above receipts are recognised as revenue excluding GST.

2.21.3 Interest Income

- Under Ind AS 109, interest income is recorded using the effective interest rate (EIR) method on all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest on the bank deposits is accounted for on accrual basis on time proportion basis, as per the terms of the deposits.

- Interest on Funded expenses is recognised on accrual basis. The accrual of the same is suspended whenever the expense receivable is being written off.

2.21.4 Dividend Income

Dividend income is recognised when right to receive is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

2.22 Foreign currency translation

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a property, plant and equipment and intangible assets are capitalized and depreciated over the remaining useful life of the asset.

2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

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2.23 Operating Expenses

Operating expenses are incurred in the normal course of the business for its smooth functioning. Operating expenses are accounted on the basis of incurrence.

2.24 Expenses on behalf of the trusts for acquiring assets

Pre- Acquisition expenses
Expenses incurred at pre-acquisition stage for acquiring assets viz. due diligence etc. are recognised as expenses for the period in which such costs are incurred in accordance with the Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, as amended from time to time.

Post- Acquisition expenses
Expenses incurred after acquisition of assets on the formation of the trusts like stamp duty, registration charges, etc. which are recoverable from the trusts, are written off, if these expenses are not realised within 180 days from the planning period or downgrading of SRs [i.e. Net Asset Value (NAV) is less than 50% of the face value of SRs] whichever is earlier in accordance with the Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, as amended from time to time. Any subsequent recoveries made are recognised in profit or loss. Consequently, the interest accrued on such post-acquisition expenses are also written off.

2.25 Provisions and other contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability is disclosed in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation and a present obligation arising from past events, when no reliable estimate is possible. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

2.26 Contingent Assets

Contingent assets are not recognized in the financial statements.

2.27 Taxation

2.27.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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2.27.2 Deferred tax

Deferred tax is recognised on temporary differences as on the reporting date between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company shall recognise deferred tax assets on carried forward tax losses where the Company believes that the said deferred tax assets shall be recoverable based on the estimated future taxable income which in turn is based on approved business plans and budgets. The losses are allowed to be carried forward to the years in which the Company expects that there will be sufficient taxable profits to offset these losses.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.27.3 Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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2.27.4 Goods and services tax /value added taxes and input tax credit

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

2.28 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/loss before extraordinary item and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flow from operating, investing and financing activities are segregated based on available information.

2.29 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year adjusted for effect of interest and other financing costs, net of taxes, associated with dilutive potential equity share by aggregate of weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares into equity shares.

2.30 Exceptional items

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed separately in the financial statements.

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2.31 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

2.31.1 Sources of key estimation uncertainty

The following are the key assumptions concerning the future, and other sources of key estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. 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.

2.31.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

For Investments made into Security receipts (SRs), Company uses discounted cash flow model, given that the SRs are less liquid instruments and expected cash flows including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets mainly the manner of resolution plan, arbitration negotiations, nature & value of collaterals, manner of resolution and other economic drivers. For any valuation which are based on models, Judgements and estimates are applied, which include considerations of liquidity, credit risk (both own and counterparty), funding value adjustments, correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.31.3 Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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The Company's ECL calculations are outputs of cash flows projected from the expected recoveries of assets acquired by the Company and applying a present value factor to them.

Probabilities of defaults (PDs) the calculation of which includes historical data, assumptions and expectations of future conditions.

2.31.4 Defined benefit obligations

The cost of post-retirement benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

2.32 Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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National Asset Reconstruction Company Limited
Notes to Standalone Financial Statements as at March 31, 2025

(Rs. in lacs)

3. Cash and cash equivalents

	Particulars	As at March 31, 2025	As at March 31, 2024
I.	Cash on hand	0.19	0.03
II.	Balances with banks;		
(a)	In current accounts	1.40	10.66
(b)	In fixed deposits with original maturity of 3 months or less (including interest accrued)	52,132.04	93,121.16
	Total	52,133.63	93,131.85

4. Bank balance other than cash and cash equivalents

	Particulars	As at March 31, 2025	As at March 31, 2024
	Deposits with maturity greater than 3 months but less than 12 months (including interest accrued)	59,676.35	10,199.79
	Total	59,676.35	10,199.79

5. Trade receivables

	Particulars	As at March 31, 2025	As at March 31, 2024
	Trade receivables		
I.	Secured, considered good	-	-
II.	Unsecured, considered good:		
	Unbilled revenue	25,681.03	8,729.87
	Billed revenue	3.24	-
	Less : Expected credit loss (ECL)	(3,710.62)	(889.66)
	Total	21,973.65	7,840.21

5.1 Ageing for trade receivables outstanding as at March 31, 2025

	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
	Unbilled revenue	9,652.62	9,252.65	6,775.76	-	-	25,681.03
	Billed revenue	1.29	1.95	-	-	-	3.24
	Less: Expected credit loss (ECL)	(1,710.17)	(1,328.98)	(671.47)	-	-	(3,710.62)
	Total	7,943.74	7,925.62	6,104.29	-	-	21,973.65

5.2 Ageing for trade receivables outstanding as at March 31, 2024

	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
	Unbilled revenue	3,771.00	3,570.00	1,388.87	-	-	8,729.87
	Less: Expected credit loss (ECL)	(398.24)	(353.78)	(137.64)	-	-	(889.66)
	Total	3,372.76	3,216.22	1,251.23	-	-	7,840.21

(Rs. in lacs)

6. Investments

	Particulars	As at March 31, 2025	As at March 31, 2024
I.	Investments in security receipts (Annexure A) Carried at fair value through profit or loss		
	of an Associate	50,504.42	55,427.40
	Others	3,66,726.31	1,29,791.25
II.	Investment in equity shares of an associate, (at cost) - Unquoted, fully paid up		
	SREI Infrastructure Finance Limited (460,000 Equity shares having face value of Rs. 10 Each)	46.00	46.00
	Total - Gross (A)	4,17,276.73	1,85,264.65
	(i) Investments in India	4,17,276.73	1,85,264.65
	(ii) Investments outside India	-	-
	Total (B)	4,17,276.73	1,85,264.65
	Current	38,617.26	59,657.39
	Non current	3,78,659.47	1,25,607.26

Annexure A : Investments in security receipts

	Trust Name	Number of security receipts as at March 31,2025	Number of security receipts as at March 31,2024	Outstanding face value (Rs. per unit) as at March 31, 2025	Outstanding face value (Rs. per unit) as at March 31, 2024	Fair value as at March 31, 2025	Fair value as at March 31, 2024
	In Associates						
1	NARCL Trust - 0007	60,00,000.00	60,00,000.00	417.01	923.79	50,504.42	55,427.40
	Sub total (a)	60,00,000.00	60,00,000.00			50,504.42	55,427.40
	In Others						
1	NARCL Trust - 0001/2022-23	53,55,000.00	53,55,000.00	1,000.00	1,000.00	62,164.51	62,164.50
2	NARCL Trust - 0002/2022-23	48,825.00	48,825.00	463.95	481.68	228.67	274.77
3	NARCL Trust - 0003/2022-23	93,063.00	93,063.00	877.81	877.81	820.78	844.68
4	NARCL Trust - 0004	6,07,500.00	6,07,500.00	378.74	967.56	3,451.27	7,119.81
5	NARCL Trust - 0006	3,33,750.00	3,33,750.00	847.14	868.06	3,242.11	3,322.18
6	NARCL Trust - 0005	75,000.00	75,000.00	1,000.00	1,000.00	571.45	787.55
7	NARCL Trust - 0008	2,62,500.00	2,62,500.00	1,000.00	1,000.00	3,559.11	2,625.00
8	NARCL Trust - 0015	10,50,000.00	10,50,000.00	1,000.00	1,000.00	11,539.71	10,500.00
9	NARCL Trust - 0009	4,05,000.00	4,05,000.00	1,000.00	1,000.00	4,916.28	4,050.00
10	NARCL Trust - 0017	3,89,070.00	3,89,070.00	1,000.00	1,000.00	4,802.58	3,890.70
11	NARCL Trust - 0010	4,12,500.00	4,12,500.00	1,000.00	1,000.00	5,236.15	4,125.00
12	NARCL Trust - 0011	3,85,720.00	3,85,720.00	1,000.00	1,000.00	3,473.39	3,857.20
13	NARCL Trust - 0012	7,76,500.00	7,76,500.00	857.53	1,000.00	6,687.69	7,765.00
14	NARCL Trust - 0018	10,05,000.00	10,05,000.00	1,000.00	1,000.00	7,721.24	10,050.00
15	NARCL Trust - 0014	6,65,505.00	6,65,505.00	1,000.00	1,000.00	9,982.58	6,655.05
16	NARCL Trust - 0013	1,75,980.00	1,75,980.00	1,000.00	1,000.00	3,939.05	1,759.80
17	NARCL Trust - 0019	10,29,000.00	-	1,000.00	-	11,692.80	-
18	NARCL Trust - 0021	3,72,600.00	-	1,000.00	-	3,816.42	-
19	NARCL Trust - 0016	47,771.00	-	1,000.00	-	477.71	-
20	NARCL Trust - 0020	3,35,190.00	-	1,000.00	-	3,351.90	-
21	NARCL Trust - 0022	4,50,000.00	-	1,000.00	-	4,500.00	-
22	NARCL Trust - 0023	15,94,500.00	-	951.45	-	15,170.87	-
23	NARCL Trust - 0024	5,40,000.00	-	1,000.00	-	5,400.00	-
24	NARCL Trust - 0025	1,79,92,185.00	-	1,000.00	-	1,79,921.85	-
25	NARCL Trust - 0026	10,07,819.00	-	1,000.00	-	10,078.19	-
	Sub total (b)	3,54,09,978.00	1,20,40,913.00			3,66,726.31	1,29,791.24
	Total (a+b)	4,14,09,978.00	1,80,40,913.00			4,17,230.73	1,85,218.65

7. Other financial assets

	Particulars	As at March 31, 2025	As at March 31, 2024
I.	Security deposit for leased premises and others - considered good	109.69	109.09
II.	Amount recoverable from trusts	4,680.70	1,587.14
	Less : Expected credit loss (ECL)	(718.03)	(57.56)
		3,962.67	1,529.58
	Total	4,072.36	1,638.67

8. Current tax assets (Net)

	Particulars	As at March 31, 2025	As at March 31, 2024
I	Advance income tax and TDS (Net of provisions for income tax of Rs. 1,870.28 lacs (Previous year Rs. 909.57 lacs)	252.61	175.30
	Total	252.61	175.30

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ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI NATIONAL

National Asset Reconstruction Company Limited
Notes to Standalone Financial Statements as at March 31, 2025

9. Property, plant and equipment

(Rs. In lacs)

As at March 31,2025

Description of assets	Gross Block				Accumulated Depreciation, Amortisation and Impairment				Net Block	
	As at April 01, 2024	Additions during the year	Disposals/ Adjustment during the year	As at March 31, 2025	As at April 01, 2024	Charge for the year	Disposals during the year	As at March 31, 2025	As at March 31, 2025	As at March 31, 2024
Owned Assets										
Computers	37.56	0.84	-	38.40	20.08	10.44	-	30.52	7.88	17.48
Office equipment	33.87	0.30	-	34.17	4.69	6.45	-	11.14	23.03	29.18
Furniture & fittings	3.98	-	0.75	3.23	0.75	0.47		1.22	2.00	3.23
Vehicles	60.00	34.92	-	94.92	3.70	15.27	-	18.98	75.94	56.30
Leased Assets										
Right of use leasehold assets - Office premises	726.31	-	6.85	719.46	184.69	147.31	-	332.01	387.45	541.62
Total	861.72	36.06	7.60	890.18	213.91	179.94	-	393.87	496.30	647.81

As at March 31,2024

Description of Assets	Gross Block				Accumulated Depreciation, Amortisation and Impairment				Net Block	
	As at April 01, 2023	Additions during the year	Disposals/ Adjustment during the year	As at March 31, 2024	As at April 01, 2023	Charge for the year	Disposals during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Owned Assets										
Computers	28.65	9.95	1.04	37.56	9.94	10.77	0.63	20.08	17.48	18.71
Office equipment	1.50	32.37	-	33.87	0.15	4.54	-	4.69	29.18	1.35
Furniture & fittings	-	3.98	-	3.98	-	0.75	-	0.75	3.23	-
Vehicles	-	60.00	-	60.00	-	3.70	-	3.70	56.30	-
Leased Assets										
Right of use leasehold assets - Office premises	726.31	-	-	726.31	36.98	147.71	-	184.69	541.62	689.33
Total	756.46	105.30	1.04	861.72	47.07	167.47	0.63	213.91	647.81	709.39

10.Other Intangible Assets

(Rs. In lacs)

As at March 31,2025

Description of Assets	Gross Block				Accumulated Depreciation, Amortisation and Impairment				Net Block	
	As at April 01, 2024	Additions during the year	Disposals/ Adjustment during the year	As at March 31, 2025	As at April 01, 2024	Charge for the year	Disposals during the year	As at March 31, 2025	As at March 31, 2025	As at March 31, 2024
Software (Including website)	30.61	-	-	30.61	17.22	10.18	-	27.40	3.21	13.39
Total	30.61	-	-	30.61	17.22	10.18	-	27.40	3.21	13.39

As at March 31,2024

Description of Assets	Gross Block				Accumulated Depreciation, Amortisation and Impairment				Net Block	
	As at April 01, 2023	Additions during the year	Disposals/ Adjustment during the year	As at March 31, 2024	As at April 01, 2023	Charge for the year	Disposals during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Software (Including website)	30.61	-	-	30.61	6.99	10.23	-	17.22	13.39	23.62
Total	30.61	-	-	30.61	6.99	10.23	-	17.22	13.39	23.62

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(Rs. in lacs)

11. Other non-financial assets

Particulars	As at March 31, 2025	As at March 31, 2024
(Unsecured considered good, unless stated otherwise)		
(i) Balances with government authorities - GST input tax credit	87.08	709.08
(ii) Prepaid expenses	40.46	36.79
(iii) Other advances	7.03	16.58
Total	134.57	762.45

12. Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Trade payables		
(i) Total outstanding dues of micro and small enterprises *	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	0.01	95.24
Total	0.01	95.24

***Dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information collected.**

12.1 Dues payable to Micro and Small Enterprises under the Micro,Small and Medium Enterprises Development Act 2006 as well as amendments:

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond appointed day.	-	-
(iv) The amount of interest due and payable for the year.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-
Total	-	-

12.2 Ageing for trade payables

As at March 31,2025	Outstanding for following periods from due date of payment				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade payable - MSME	-	-		-	-
(ii) Undisputed Trade payable - Others	0.01	-		-	0.01
Total	0.01	-		-	0.01

As at March 31, 2024	Outstanding for following periods from due date of payment				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade payable - MSME	-	-		-	-
(ii) Undisputed Trade payable - Others	95.24	-		-	95.24
Total	95.24	-		-	95.24

There are no disputed trade payables, hence the same is not disclosed in the ageing schedule.

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(Rs. in lacs)

13. Debt Securities

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured		-
Non-convertible debentures, at amortised cost	2,00,000.00	-
Add: Interest accrued but not due	2,155.46	
Total (A)	2,02,155.46	-
(i) Debt Securities in India	2,02,155.46	-
(ii) Debt Securities outside India	-	-
Total (B)	2,02,155.46	-

13.1 Terms and Conditions

Particulars	As at March 31, 2025	As at March 31, 2024
8.92% p.a., 20,000 Unsecured, rated, unlisted, redeemable, non convertible debentures having face value of Rs. 10,00,000 each (Bullet repayment not beyond 5 years from issue date i.e. February 11, 2025)	2,00,000.00	-
Total	2,00,000.00	-

Maturity profile above is disclosed at face value which excludes the accrued interest payable on NCDs.

13.2 The company has utilized money obtained by way of non-convertible debentures during the year for the purpose for which they were obtained.

13.3 Additional disclosure pursuant to Ind AS 7 (Debt securities movement during the year)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Opening balance	-	-
Cash flows	2,00,000.00	-
Non cash changes*	2,155.46	-
Total	2,02,155.46	-

* Non cash changes represents interest accrued but not due on NCDs.

14. Other financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Security deposit	2.25	7.25
Liability for expenses	200.59	219.79
Lease liabilities	451.15	579.63
Total	653.99	806.67

15. Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Provisions for employee benefits		
- Gratuity	0.08	0.17
- Leave encashment	116.08	74.30
- Other employee benefits payable	273.58	595.71
Total	389.74	670.18

16. Deferred tax liability (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax asset		
Preliminary expenses allowable u/s 35D over a period of time	9.71	19.41
Expenses provided but allowable in Income Tax on payment basis	31.31	33.14
Provision for Expected credit loss	1,114.60	238.40
Difference between book depreciation & tax depreciation	3.71	0.21
Right of use leasehold assets	21.01	9.57
Deferred tax liability		
Unbilled revenue taxed on billing	6,463.40	2,197.13
Fair valuation adjustment of security receipts	11,237.65	2,614.04
Total	16,520.71	4,510.44

17. Other non financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues payable	410.89	132.32
Total	410.89	132.32

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18. Equity share capital

(Rs. in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Authorised capital 2,75,00,00,000 equity shares of Rs. 10/- each (Previous year : 2,75,00,00,000 equity shares of Rs. 10/- each)	2,75,000.00	2,75,000.00
(b) Issued, subscribed & paid up 2,75,00,00,000 equity shares of Rs. 10/- each, fully paid up (Previous Year : 2,75,00,00,000 equity shares of Rs. 10/- each, fully paid up)	2,75,000.00	2,75,000.00

(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	2,75,00,00,000	1,40,90,45,000
Issued during the year	-	1,34,09,55,000
Reductions during the year	-	-
Balance at the end of the year	2,75,00,00,000	2,75,00,00,000

(d) Rights, preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

(e) shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate :
NIL

(f) Detail of shareholders holding 5 percent or more

Particulars	As at March 31, 2025		As at March 31, 2024	
Name of Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
Canara Bank	33,00,00,000	12.00%	33,00,00,000	12.00%
State Bank of India	27,22,50,000	9.90%	27,22,50,000	9.90%
Union Bank of India	27,22,50,000	9.90%	27,22,50,000	9.90%
Bank of Baroda	27,22,50,000	9.90%	27,22,50,000	9.90%
Indian Bank	27,22,50,000	9.90%	27,22,50,000	9.90%
Punjab National Bank	24,75,00,000	9.00%	24,75,00,000	9.00%
Bank of India	24,75,00,000	9.00%	24,75,00,000	9.00%
Bank of Maharashtra	13,75,00,000	5.00%	13,75,00,000	5.00%
IDBI Bank	13,75,00,000	5.00%	13,75,00,000	5.00%
ICICI Bank	13,75,00,000	5.00%	13,75,00,000	5.00%

(g) The Company does not have any promoters (as defined under Section 2(69) of the Companies Act, 2013).

(h) Shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment, including the terms and amounts :
NIL

(i) For the period of five years immediately preceding the date at which the Balance Sheet is prepared:
- Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash;
- Aggregate number and class of shares allotted as fully paid up by way of bonus shares; and
- Aggregate number and class of shares bought back
NIL

(j) terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date
NIL

(k) calls unpaid (showing aggregate value of calls unpaid by directors and officers)
NIL

(l) forfeited shares (amount originally paid up)
NIL

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18A Other equity

(Rs. in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Retained earnings	43,712.73	18,455.84
Other comprehensive income	5.98	3.43
Debenture redemption reserve	17,169.90	-
Closing balance	60,888.61	18,459.27

i) Retained earnings: These are the profits that the Company has earned till date, less any transfer to general reserve, statutory reserve, dividends or other distributions paid to shareholders.

ii) Other comprehensive income: This represents remeasurement of defined employee benefit plans (net of taxes).

iii) Debenture redemption reserve: The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve.

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National Asset Reconstruction Company Limited
Notes to the Standalone Financials Statement for the year ended March 31, 2025

(Rs. In lacs)

19.Fee & Other related income

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Management fees/Trusteeship fees	22,347.47	9,671.05
Recovery incentives	3,245.86	537.33
Other related income	-	2,641.36
Total	**25,593.33**	**12,849.74**

20.Interest income

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
On financial assets measured at amortised cost		
Interest on funded amount from Trust	520.95	650.00
Total	**520.95**	**650.00**

21.Net gain on fair value changes

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Fair value changes - unrealised		
On security receipts	34,264.20	10,386.33
Total	**34,264.20**	**10,386.33**

22.Other income

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Interest on deposits with banks	8,719.19	7,070.26
Interest on income tax refund	-	20.34
Unwinding of interest on financial assets	6.60	6.19
Excess provision written back & others	479.58	-
Total	**9,205.37**	**7,096.79**

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(Rs. in lacs)

23. Finance costs

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Interest on debt securities	2,394.96	-
Commission on bank guarantee	-	57.03
Interest on lease obligations	56.89	70.54
GOI guarantee commission	2,260.92	869.51
Less : Recoverable from trust's	(2,260.92)	(869.51)
Total	2,451.85	127.57

24. Fees and commission expense

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Management fees	2,400.00	1,800.00
Recovery linked fees	1,633.27	-
Total	4,033.27	1,800.00

25. Impairment of financial instruments

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Fees and expenses	3,481.43	571.86
Total	3,481.43	571.86

26. Employee benefits expense

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Salaries and wages	1,058.86	1,198.74
Contribution to provident and other funds	84.61	91.97
Staff welfare expenses	89.51	47.70
Total	1,232.98	1,338.41

27. Depreciation, amortization and impairment

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Depreciation of tangible assets	32.63	19.77
Amortization of intangible assets	10.18	10.23
Amortization on right of use assets	147.31	147.71
Total	190.12	177.71

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(Rs. in lacs)

28. Unrealised fees & expenses written off

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Unrealised expenses including interest on funded expenses written off	803.67	3,579.01
Total	803.67	3,579.01

29. Other expenses

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Legal and professional charges	217.97	395.05
Financial,Legal due diligence & other expenses	274.47	1,086.94
Filing fees, stamp duty & registration Expenses	11.13	28.23
Advertisement expense	12.24	1.91
Director sitting fees	68.89	67.31
Rent, taxes and energy cost	27.64	118.47
Travelling, boarding & lodging expenses	95.24	61.62
Insurance	10.05	12.05
Auditor's fees and expenses*		
- Audit fees	10.22	10.53
- Tax audit fees	1.90	1.57
- Out of pocket	0.74	-
Repairs and maintenance	21.99	20.82
Corporate social responsibility expenses	163.87	31.07
Miscellanoeus expenses	88.01	83.49
Total	1,004.36	1,919.06

*Includes Rs 1.70 lacs paid to previous auditor

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30 The major components of the tax expense for the year ended March 31, 2025 and March 31, 2024

(Rs. in lacs)

Sr. No.	Particulars	Year ended March 31, 2025	Year ended March 31, 2024
	Statement of profit & loss		
(a)	(i) Profit & loss section		
	Current income tax :		
	Current income tax charge	1,869.42	908.42
	Tax relating to earlier years	79.68	55.40
	Deferred tax:		
	Relating to originating and reversal of temporary differences	12,010.28	4,287.19
	Income tax expense reported in the statement of profit & loss	13,959.38	5,251.01
(b)	Other comprehensive income (OCI)		
	Current income tax :		
	Net gain/ (loss) on remeasurement of defined benefit plans	0.86	1.16
	Income tax expense reported in OCI	0.86	1.16

Reconciliation of tax expense and the accounting profit multiplied by India's domestic Tax rate for the year ended March 31,2025 and year ended March 31, 2024

(Rs. in lacs)

Sr. No.	Particulars	Year ended March 31, 2025	Year ended March 31, 2024
1	**Profit before tax**	56,386.17	21,469.24
2	Applicable tax rate	25.17%	25.17%
3	PBT * Applicable tax rate (1*2)	14,191.27	5,403.38
4	**Reconciling items**		
(a)	Difference in tax for items which are not allowed as deduction and effect of deferred tax items	(311.55)	(207.77)
(b)	Tax relating to earlier years	79.68	55.40
	Total	(231.87)	(152.37)
	Tax expense recognised during the year (3+4)	13,959.38	5,251.01

Components of deferred tax assets and liabilities recognised in Balance Sheet and Statement of profit & loss for year ended March 31,2025 & March 31,2024

(Rs. in lacs)

Sr. No.	Components of deferred tax (assets)/ liabilities Particulars	Balance Sheet		Statement of Profit & Loss	
		As at March 31, 2025	As at March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2024
1	Difference in book and income tax depreciation	(3.71)	(0.21)	(3.50)	(2.63)
2	Preliminary expenes	(9.72)	(19.41)	9.71	9.71
3	Expected credit loss	(1,114.60)	(238.40)	(876.21)	(143.93)
4	Unbilled revenue taxed on billing	6,463.40	2,197.13	4,266.27	1,843.66
5	Fair valuation adjustment of security receipts	11,237.65	2,614.03	8,623.61	2,614.03
6	Others	(52.31)	(42.70)	(9.61)	(33.66)
	Deferred tax expense/ (income)			12,010.28	4,287.19
	Net deferred tax (Assets)/ Liabilities	16,520.71	4,510.44		

Reconciliation of the deferred tax expense for the year ended March 31, 2025

(Rs. in lacs)

Sr. No.	Particulars	Opening Balance as on April 01, 2024	Tax income/ (expense) during the year recognised statement of Profit/ Loss under Profit/Loss section	Tax income/ (expense) during the year recognised statement of Profit/ Loss under OCI section	Closing Balance as on March 31, 2025
1	Difference in book and income tax depreciation	(0.21)	(3.50)	-	(3.71)
2	Preliminary expenes	(19.41)	9.71	-	(9.72)
3	Expected credit loss	(238.40)	(876.21)	-	(1,114.60)
4	Unbilled revenue taxed on billing	2,197.13	4,266.27	-	6,463.40
5	Fair valuation adjustment of security receipts	2,614.03	8,623.61	-	11,237.65
6	Others	(42.70)	(9.61)	-	(52.31)
	Total	4,510.44	12,010.28	-	16,520.71

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Reconciliation of the deferred tax expense for the year ended March 31, 2024 (Rs. in lacs)

Sr. No.	Particulars	Opening Balance as on April 01, 2023	Tax income/ (expense) during the year recognised statement of Profit/ Loss under Profit/Loss section	Tax income/ (expense) during the year recognised statement of Profit/ Loss under OCI section	Closing Balance as on March 31, 2024
1	Difference in book and income tax depreciation	2.41	(2.63)	-	(0.21)
2	Preliminary expenes	(29.12)	9.71	-	(19.41)
3	Expected credit loss	(94.47)	(143.93)	-	(238.40)
4	Unbilled revenue taxed on billing	353.47	1,843.66	-	2,197.13
5	Fair valuation adjustment of security receipts	-	2,614.03		2,614.03
6	Others	(9.05)	(33.66)	-	(42.70)
	Total	223.26	4,287.19	-	4,510.44

There are no items on which deferred tax asset has not been recognised in the Balance Sheet

31 Earnings per share (EPS)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Profit / (Loss) attributable to equity shareholders for basic/ diluted earnings per share after tax (Rs. in lacs)	42,426.79	16,218.23
No. of shares	2,75,00,00,000	2,75,00,00,000
Weighted average no. of equity shares outstanding during the year for basic/ diluted earnings per share	2,75,00,00,000	1,82,12,23,790
EPS (Basic and Diluted - Rs. per share)	1.54	0.89
Nominal value per share - Rs. per share	10.00	10.00

32 Employee Benefits:

Employee benefits include Provident fund, Pension, Gratuity and Compensated absences.

i) Defined contribution plans:

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the Employees' provident fund and Pension fund . The company's payments to the defined contribution plans are reported as expenses in the year in which the employees perform the services that the payment covers. During the current year, on account of Defined contribution plans, the Company has charged Rs.73.38 lacs (Previous year: Rs.81.33 lacs) to Statement of profit & loss.

ii) Defined benefit plans:

Expenses for defined-benefit plans are calculated as at each balance sheet date by independent actuaries (except for casual leave on actuals). These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Incremental liability based on the projected unit credit method as at the reporting date, is charged to the Statement of profit and loss. The actuarial gains / losses are accounted in the Statement of profit and loss. Excess of fair value of plan assets over defined benefit obligation is not recognised on grounds of prudence.

The Company makes a provision for gratuity and compensated absences based on actuarial reports (Except provision for casual leave of Rs.14.53 lacs).

(A) Gratuity

The principal assumptions used for the purposes of the actuarial valuations were as follows.

(Rs. in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate(s)	6.80% p.a.	7.20% p.a.
Expected rate(s) of salary increase	7% p.a.	7% p.a.

Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows.

(Rs. in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Service cost:		
Current service cost	11.65	10.51
Past service cost and (gain)/loss from settlements	-	-
Net interest expense	(0.45)	0.11
Components of defined benefit costs recognised in profit or loss	11.20	10.62
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	0.09	0.24
Actuarial (gains) / losses arising from changes in financial assumptions	0.96	0.43
Actuarial (gains) / losses arising from experience adjustments	(4.46)	(5.26)
Components of defined benefit costs recognised in other comprehensive income	(3.41)	(4.59)
Total	7.79	6.03

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The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

(Rs. in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of funded defined benefit obligation	24.37	15.13
Fair value of plan assets	(24.30)	(14.96)
Net funded obligation	**0.08**	**0.17**
Present value of unfunded defined benefit obligation	-	-
Net liability arising from defined benefit obligation	0.08	0.17

Movements in the present value of the defined benefit obligation are as follows. *(Rs. in lacs)*

Particulars	As at March 31, 2025	As at March 31, 2024
Opening defined benefit obligation	15.13	8.80
Current service cost	11.65	10.51
Interest cost	1.09	0.66
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in financial assumptions	0.96	0.43
Actuarial gains and losses arising from experience adjustments	(4.46)	(5.26)
Benefits paid	-	-
Closing defined benefit obligation	**24.37**	**15.13**

Movements in the fair value of the plan assets are as follows. *(Rs. in lacs)*

Particulars	As at March 31, 2025	As at March 31, 2024
Opening fair value of plan assets	14.96	-
Employer contribution	7.89	14.65
Interest on plan assets	1.54	0.55
Return on plan assets excluding amounts included in interest income	(0.09)	(0.24)
Benefits paid	-	-
Assets distrbuted on settlements	-	-
Closing fair value of plan assets	**24.30**	**14.96**

(Rs. in lacs)

Category of assets	As at March 31, 2025	As at March 31, 2024
Policy of insurance	24.30	14.96
Total	24.30	14.96

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the following risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality Risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

Sensitivity Analysis *(Rs. in lacs)*

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Defined benefit obligation on increase in 50 bps in Discount rate	23.18	14.29
Defined benefit obligation on increase in 50 bps in Salary escalation rate	25.02	15.34
Impact of increase in 50 bps in Discount rate on DBO	-4.91%	-5.54%
Impact of increase in 50 bps in Salary escalation rate on DBO	2.67%	1.43%
Defined benefit obligation on decrease in 50 bps in Discount rate	25.66	16.03
Defined benefit obligation on decrease in 50 bps in Salary escalation rate	23.67	14.87
Impact of decrease in 50 bps in Discount rate on DBO	5.27%	5.99%
Impact of decrease in 50 bps in Salary escalation rate on DBO	-2.88%	-1.67%

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Maturity Profile of Defined Benefit Plans (Rs. In lacs)

Projected benefits payable in future years from the date of reporting	Year ended March 31, 2025	Year ended March 31, 2024
1st following year	0.15	0.07
2nd following year	0.14	0.08
3rd following year	0.76	0.09
4th following year	1.14	0.51
5th following year	1.15	0.75
Sum of years 6 To 10 & above	19.13	10.77

(B) Compensated absences:

a) Assets & Liabilities recognized in the Financial Statement (Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current liabilities	90.90	70.99
Current liabilities	25.18	3.32
Total	116.08	74.30

b) Actuarial assumptions :

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate	6.80%	7.20%
Salary escalation rate	7.00%	7.00%
Attrition rate :		
Age - 25 & below	5.00%	5.00%
Age - 25 to 35 years	5.00%	5.00%
Age - 35 to 45 years	3.00%	3.00%
Age - 45 to 55 years	2.00%	2.00%
Age - 55 & above	2.00%	2.00%

33.1 Information about the assets acquired under IBC including type and value of assets acquired, the sector wise distribution based on business of the corporate debtor

Year of acquisition	Type	Value of assets acquired (Acquisition cost)	Sector of the business
FY 2023-24	Debt of BFSI	Rs.2400 Crores	BFSI

33.2 Implentation status of the Resolution plans approved by the adjudicating authority on a quarterly basis

In pursuance of Reserve Bank of India notification DoR.SIG.FIN.REC.75/26.03.001/2022-23 dated 11 October 2022, during FY2023, the Company applied for as a Resolution Applicant and was subsequently declared as the Successful Resolution Applicant (SRA) under the Corporate Insolvency Resolution Process (CIRP) of Srei Infrastructure Finance Limited ("SIFL") and Srei Equipment Finance Limited ("SEFL"). The resolution plan submitted by the company had approved by National Company Law Tribunal (NCLT) on 11 August 2023. SRA appointed Boards had taken over control of both the companies with effect from 26 February 2024.

SREI's admitted debt exposure under CIRP was approx Rs.32,815 Crores. The same was backed by loan assets advanced by the two NBFC entities, Srei Infrastructure Finance Limited ("SIFL") and Srei Equipment Finance Limited ("SEFL").

Recovery is progressing as per envisaged timelines under the Resolution plan. Management team at the company with board oversight is formulating strategies for maximum recoveries from the loans extended by SEFL.
•The SRs issued Rs.2,400 Cr with NCD:SR cover being 1.88 (4506/2400) with rating grade of RR1+ by CRISIL.
•The current outstanding SRs of ~Rs.1,001 Cr as on March 31,2025.
•Total recoveries for AFCs till date ~Rs.4,302 Cr
•Way forward is to ensure Redemption of balance NCDs.
•NBFC license from RBI for SIFL has been obtained on Feb 03,2025.

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(Rs. in lacs)

34 Category wise Financial Assets and Financial Liabilities

As at March 31, 2025				
Particulars	Amortised Cost	Fair value		
		FVTPL	FVTOCI	Total carrying Value
Financial Assets				
- Cash & Cash Equivalents	52,133.63	-	-	52,133.63
- Bank balance and other than Cash & Cash Equivalents	59,676.35	-	-	59,676.35
- Trade Receivable	21,973.65	-	-	21,973.65
- Investments in Security Receipts	-	4,17,230.73	-	4,17,230.73
- Investments in Equity	46.00		-	46.00
- Deposits	109.69	-	-	109.69
- Amount Recoverable from Trusts and Others	3,962.67	-	-	3,962.67
Total	1,37,901.99	4,17,230.73	-	5,55,132.72
Financial Liabilities				
- Trade payable	0.01	-	-	0.01
- Debt Securities	2,02,155.46			2,02,155.46
- Security Deposit	2.25	-	-	2.25
- Liability for expenses	200.59	-	-	200.59
- Liability for leases	451.15	-	-	451.15
Total	2,02,809.46	-	-	2,02,809.46

As at March 31, 2024				
Particulars	Amortised Cost	Fair value		
		FVTPL	FVTOCI	Total carrying Value
Financial Assets				
- Cash & Cash Equivalents	93,131.85	-	-	93,131.85
- Bank balance and other than Cash & Cash Equivalents	10,199.79	-	-	10,199.79
- Trade Receivable	7,840.21	-	-	7,840.21
- Investments in Security Receipts	-	1,85,218.65	-	1,85,218.65
- Investments in Equity	46.00	-	-	46.00
- Deposits	109.09	-	-	109.09
- Amount Recoverable from Trusts and Others	1,529.58	-	-	1,529.58
Total	1,12,856.52	1,85,218.65	-	2,98,075.17
Financial Liabilities				
- Trade payable	95.24	-	-	95.24
- Security Deposit	7.25	-	-	7.25
- Liability for expenses	219.79	-	-	219.79
- Liability for leases	579.63	-	-	579.63
Total	901.91	-	-	901.91

35 Fair Value measurements recognised on the Balance Sheet

As at March 31, 2025				
Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
- Investment in SRs	-	-	4,17,230.73	4,17,230.73

As at March 31, 2024				
Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
- Investment in SRs	-	-	1,85,218.65	1,85,218.65

Reconciliation of Level 3 fair value

Particulars	Investment in SRs
Balance as at March 31, 2023	54,968.88
Add: Net gain on fair value change included in Statement of Profit & Loss (Unrealised)	10,386.33
Add: Investment made during the year	1,25,440.25
Less: Redemption of investments during the year	(5,576.81)
Less: Transfer out of Level 3	-
Balance as at March 31, 2024	1,85,218.65
Add: Net gain on fair value change included in Statement of Profit & Loss (Unrealised)	34,264.20
Add: Investment made during the year	2,33,690.64
Less: Redemption of investments during the year	(35,942.76)
Less: Transfer out of Level 3	-
Balance as at March 31, 2025	4,17,230.73

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(Rs. In lacs)

Sensitivity Analysis

For the fair values of Investment in SR's, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding outher inputs constant, would have the following effect.

Nature of instruments	Fair value as at March 31,2025	Fair value as at March 31,2024	Significant unobservable inputs	Increase/Decrease in the unobservable input	Sensitivity impact for the year ended March 31,2025		Sensitivity impact for the year ended March 31,2024	
					Fair Value Increase	Fair Value Decrease	Fair Value Increase	Fair Value Decrease
Investment in Security Receipts	4,17,230.73	1,85,218.65	Estimated cash flow based on realisation of collaterals value , etc.	5%	18,629.01	18,629.01	8,741.62	8,741.62

This explains the judgments and estimate made in determining the Fair Value of financial instruments that are (a) recognised and measured at Fair Value (b) measured at amortised cost and for which fai values are disclosed in the financial statements. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels:

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted price. This includes listed equity shares, traded bonds, mutual funds, etc., that have quoted price.

Level 2 : The fair value of financial instruments that are not traded in active market is determined using valuation techniques which maximise the use of observable market data and rely as little possible on entity specific estimates. If all significant inputs required for determining fair value of an financial instrument are observable, the instrument is included in Level 2.

Level 3 : If one or more of the significant input is not based on observable market data, the instrument is included in Level 3.

Valuation Methodologies

Investments in Security Receipts: The Companies investments primarily consists of investments in SRs. Fair value of investments in Security Receipts are classified as Fair Value through Profit & loss, and are determined using NAV by Rating Agencies as specified by RBI Guidelines and are classified as Level 3. The ratings are based on recovery rating scale.

Cases which fall under planning period as defined by the RBI guidelines for SC/RC, cost of Security Receipts are considered as fair value.

Management has assessed that all financial assets and financial liabilities measured at amortised cost approximates their fair value.

36 Maturity analysis of assets & liabilities

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

(Rs. In lacs)

Particulars	March 31,2025 Less than 1 year	March 31,2025 More than 1 year	March 31,2025 Total	March 31,2024 Less than 1 year	March 31,2024 More than 1 year	March 31,2024 Total
Financial assets						
Cash and cash equivalents	52,133.63	-	52,133.63	93,131.85	-	93,131.85
Bank balance other than cash and cash equivalents	59,676.35		59,676.35	10,199.79	-	10,199.79
Trade Receivables	17,999.24	3,974.41	21,973.65	7,741.89	98.32	7,840.21
Investments	38,617.26	3,78,659.47	4,17,276.73	59,657.39	1,25,607.26	1,85,264.65
Other financial assets	3,230.48	841.88	4,072.36	1,476.01	162.66	1,638.67
	1,71,656.96	3,83,475.76	5,55,132.72	1,72,206.94	1,25,868.24	2,98,075.17
Non-financial assets						
Current tax assets (net)	-	252.61	252.61	-	175.30	175.30
Property, plant and equipment	-	496.30	496.30	-	647.81	647.81
Other intangible assets	-	3.21	3.21	-	13.39	13.39
Other non-financial assets	134.57	-	134.57	-	762.45	762.45
	134.57	752.12	886.69	-	1,598.95	1,598.95
Total assets	1,71,791.53	3,84,227.88	5,56,019.41	1,72,206.94	1,27,467.19	2,99,674.12

Particulars	March 31,2025 Less than 1 year	March 31,2025 More than 1 year	March 31,2025 Total	March 31,2024 Less than 1 year	March 31,2024 More than 1 year	March 31,2024 Total
Financial liabilities						
Trade payables	0.01	-	0.01	95.24	-	95.24
Debt Securities	2,155.46	2,00,000.00	2,02,155.46	-	-	-
Other financial liabilities	351.35	302.65	654.00	353.27	453.40	806.67
	2,506.82	2,00,302.65	2,02,809.47	448.51	453.40	901.91
Non-financial liabilities						
Provisions	298.76	90.98	389.74	599.02	71.16	670.18
Deferred tax liabilities (net)	-	16,520.71	16,520.71	-	4,510.44	4,510.44
Other non-financial liabilities	410.89	-	410.89	132.32	-	132.32
	709.65	16,611.68	17,321.34	731.34	4,581.60	5,312.94
Total liabilities	3,216.47	2,16,914.33	2,20,130.81	1,179.85	5,035.00	6,214.85

For the assets and liabilities mentioned above where no contractual maturity is available, the management has done an assessment to arrive at the probable maturity timeline based on some assumptions and estimates.

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37 Related Party Transactions

As per Ind AS 24 'Related Party Disclosures', the related party where control exists or where significant influence exists and with whom transactions have taken place are as below:

37.1 Name & relationship with related parties:

Associates
Srei Infrastructure Finance Limited (w.e.f Dec 27,2023)
NARCL Trust - 0007 (w.e.f Dec 08,2023)

Key managerial personnel

Mr.P Santhosh	Managing Director & CEO (w.e.f Jan 16,2024)
Mr.Natarajan Sundar	Managing Director & CEO (Up to Jan 04, 2024)
Mr.Arindam Biswas	Chief Finance Officer
Mr.Kapil Soni	Company Secretary

Other related parties

Mr.Diwakar Gupta	Independent Director (w.e.f Nov 28,2023)
Ms.Malvika Sinha	Independent Director
Mr.Ajit Krishnan Nair	Nominee Director (Up to Nov 30,2024)
Mr.Richard Mendonca	Independent Director
Mr.Karnam Sekar	Independent Director (Up to Aug 19, 2023)
Mr.Subrata Biswas	Nominee Director (Up to Sept 30, 2023)
Mr.Jetha Nand Chopra	Nominee Director (Up to Sept 20, 2023)
Mr.Rakesh Singh	Nominee Director (Up to Mar 10, 2024)
Ms. V N Maya	Nominee Director (w.e.f Dec 27,2024)
Mr.Vikram Duggal	Nominee Director (w.e.f Jan 27,2025)

Enterprise over which significant influence exercised
Srei Equipment Finance Limited (w.e.f Dec 27,2023)

Employee Benefits Trust
NARCL Employees Group Gratuity Scheme Trust

(Rs. in lacs)

Particulars	Year ended March 31, 2025			Year ended March 31, 2024		
	Associates	Enterprise over which significant influence exercised	Key managerial personnel / Other related parties/Employee Benefits Trust	Associates	Enterprise over which significant influence exercised	Key managerial personnel / Other related parties/Employee Benefits Trust
Transactions with related parties						
I.Income						
Fees billed during the year & Other related income						
NARCL Trust - 0007	5,582.62	-	-	1,821.55	-	-
Srei Equipment Finance Limited	-	-	-	-	2,641.36	-
Interest Income						
NARCL Trust - 0007	-	-	-	0.52	-	-
Other expenses recovered from						
NARCL Trust - 0007	1.40	-	-	2.99	-	-
Srei Equipment Finance Limited	-	-	-	-	3.22	-
II.Other expenses						
Remuneration / Sitting Fees (Refer note 37.2)	-	-	269.07	-	-	298.40
III.Investments made during the year						
NARCL Trust - 0007 (Security Receipts)	-	-	-	60,000.00	-	-
Srei Infrastructure Finance Limited	-	-	-	46.00	-	-
IV.Redemption during the year						
NARCL Trust - 0007 (Security Receipts)	30,406.80	-	-	4,572.60	-	-
V.Contribution to Gratuity Trust						
NARCL Employees Group Gratuity Scheme Trust			7.89			5.86
VI.Balances with related parties						
Investment						
NARCL Trust - 0007	25,020.60	-	-	55,427.40	-	-
Srei Infrastructure Finance Limited	46.00	-	-	46.00	-	-
Receivables & (Payables)						
NARCL Trust - 0007	(66.27)	-	-	(174.59)	-	-
Director Sitting Fees payable	-	-	(1.62)	-	-	(3.78)
NARCL Employees Group Gratuity Scheme Trust	-	-	24.30	-	-	14.96

Notes :
a) Related party relationship is as identified by the management and relied upon by the auditors.
b) No amounts in respect of related parties have been written off/ written back during the year or has not made any provision for doubtful debts/ receivable.
c) Related party transactions have been disclosed on basis of value of transactions in terms of the respective contracts.
d) Reimbursement of expenses has not been considered for disclosure.

37.2 Transactions with key management personnel / other related parties of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the company and its employees.

The following table provides the total amount of transactions, which have been entered into with key management personnel / other related parties for the relevant financial year:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Director Sitting Fees to other related parties	64.80	62.00
Remuneration to KMPs*	189.75	216.44
Post employement benefits to KMPs	14.52	19.96
Total	**269.07**	**298.40**

* Remuneration for the year ended March 31,2025 includes variable component of previous year paid during current year.
# Remuneration excludes gratuity and leave encashment benefits as a liability is accounted for company as a whole.

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38 Financial Risk Management

The Company is exposed to market risk, credit risk and liquidity risk, which may impact the fair value of its financial instruments. The Company has a risk management policy to manage and mitigate these risks.

Market Risk

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest rate risk. The Company is primarily exposed to interest rate risk.

(i) Foreign Currency Risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest exposure to the risk of changes in exchange rate as there are no off-shore business transactions.

(ii) Interest Rate Risk

Interest Rate Risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed deposits and security receipts issued by trusts. The Company's exposure to the risk of changes is market rates relates primarily to the Company's debt obligations with fixed interest rates. Hence the Company is not significantly exposed to interest rate risk.

Credit Risk

Financial Instruments that potentially subject the Company to concentration of Credit risk consist principally of trade receivables, unbilled revenue, investment securities and other recoverable from trusts. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties i.e. trusts. However, the Company being trustee of all the trusts managed by it, the priority of receivables/ outstanding is a priority as per the waterfall mechanism defined Trust Deed/ Offer Document. Hence, the Company is not significantly exposed to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. Although the investments in security receipts are not tradable in market, the Company consistently generates sufficient cash flows from operations and has access to other sources of funding to meet the financial obligations and maintain adequate liquidity for use.

Reconciliation of gross carrying amount

A) Trade receivables (Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Gross carrying amount (Opening balance)	8,729.87	1,404.44
Add: Origination of the trade receivables during the year	25,593.33	10,208.37
Less: Recoveries from trade receivables during the year	8,638.93	2,882.94
Less: Trade receivables written-off/ (write-back)	-	-
Gross carrying amount (Closing balance)	**25,684.27**	**8,729.87**

B) Funded interest - clubbed under recoverable from trusts (Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Gross carrying amount (Opening balance)	580.06	1.61
Add: Assets originated	468.85	585.01
Less: Net recoveries from trusts	14.89	6.56
Less: Net assets written-off/ (write-back)	435.51	-
Gross carrying amount (Closing balance)	**598.51**	**580.06**

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C) Funded Expenses - clubbed under Recoverable from Trusts

Particulars	As at March 31, 2025	As at March 31, 2024
Gross carrying amount (Opening balance)	1,006.86	206.07
Add: Assets originated	5,120.73	5,547.85
Less: Net recoveries from trusts	1,677.53	1,168.05
Less: Net assets written-off/ (write-back)	368.16	3,579.01
Gross carrying amount (Closing balance)	**4,081.90**	**1,006.86**

Reconciliation of expected credit loss (ECL)

A) Trade receivables

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Impairment loss allowance (Opening balance)	889.66	374.88
Changes in impairment loss allowance due to -		
Add: Origination of the trade receivables during the year	2,822.08	516.32
Less: Recoveries from trade receivables during the year	1.12	1.54
Change in estimates	-	-
Impairment loss allowance (Closing balance)	**3,710.62**	**889.66**

B) Funded Interest - clubbed under recoverable from trusts

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Impairment loss allowance (Opening balance)	57.56	0.47
Changes in loss allowance due to -		
Add: Assets originated	29.26	57.09
Less: Net recoveries from trusts	0.34	0.00
Less: Net assets written-off/ (write-back)	-	-
Change in estimates	-	-
Impairment loss allowance (Closing balance)	**86.48**	**57.56**

C) Funded Expenses - clubbed under recoverable from trusts

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Impairment loss allowance (Opening balance)	-	-
Changes in loss allowance due to -		
Add: Assets originated	631.55	-
Less: Net recoveries from trusts	-	-
Less: Net assets written-off/ (write-back)	-	-
Change in estimates	-	-
Impairment loss allowance (Closing balance)	**631.55**	-

Operational Risk

The Company controls operational risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Company.

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Reputational Risk

The Company protects is reputation from material damage by ensuring that any business activity is satisfactorily assessed and managed by the appropriate level of management and governance oversight.

Compliance Risk

The Company has no appetite for breaches in laws and regulation, while recognising that, regulatory non-compliance cannot be entirely avoided, the Company strives to reduce this to an absolute minimum.

39 Corporate social responsibility

The Company has constituted a CSR committee as required under Section 135 of the Companies Act 2013, together with relevant rules as prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR rules'). The Company has framed the CSR policy and has identified the CSR initiatives and the methodology for spending the same to ensure appropriate end use of funds so spent.

(Rs. In lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
a) Amount required to be spent by the company during the year	163.87	31.07
b) Amount of expenditure incurred	163.87	31.07
c) Shortfall at the end of the year	-	-
d) Total of previous years shortfall	-	-
e) Reason for shortfall	-	-
f) Nature of CSR activities	Healthcare,Social Issues	Healthcare,Social Issues
g) details of related party transactions	-	-
h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

40 Revenue from contracts with customers

Disaggregated revenue

The table below represents disaggregated revenues from contracts with customers by type of services, geographical market and timing of revenue recognition. The Management believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

(Rs. in lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Type of Services		
Fees & other income	25,593.33	12,849.74
Total revenue from contract with customers	**25,593.33**	**12,849.74**
Geographical Markets		
India	25,593.33	12,849.74
Outside India	-	-
Total revenue from contract with customers	**25,593.33**	**12,849.74**
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	25,593.33	12,849.74
Total revenue from contract with customers	**25,593.33**	**12,849.74**

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Contract balance

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Receivables	25,684.27	8,729.87

41 Contingent Liability, Commitments and lease arrangements

41.1 Legal claims

There are no legal claims against the company as on March 31, 2025 & as on March 31,2024.

41.2 Contingent liabilities

There are no contingent liabilities as on March 31, 2025 and as on March 31, 2024.

41.3 Lease commitments - Company as a lessee

The company has entered into commercial leases for premises . Future minimum lease payments under non–cancellable leases as at 31 March are, as follows:

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Within 1 year	192.28	185.40
After one year but not more than five years	326.25	518.53
More than 5 years	-	-

This note provides information for leases where the company is a lessee.

Right of use assets (Rs. In lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Opening	541.62	689.33
Addition	-	-
Deletion/Adjustment	(6.85)	-
Depreciation expense	(147.31)	(147.71)
Closing	**387.46**	**541.62**

Lease Liability (Rs. In lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Opening	579.63	694.48
Addition	-	-
Deletion/Adjustment	(6.85)	
Accretion of interest	56.89	70.54
Payments	(178.52)	(185.40)
Closing	**451.15**	**579.63**

The statement of profit or loss shows the following amounts relating to leases

(Rs. In lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Depreciation on right of use assets	147.31	147.71
Interest on lease liability	56.89	70.54
Total	**204.20**	**218.25**

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42 Capital management

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

The company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payme... to shareholders, return capital to shareholders or issue capital securities.

The Company's strategy is to maintain optimum gearing ratio. The gearing ratios are as follows:

(Rs in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash/ Bank balance as per Books	52,133.63	93,131.85
Bank balance other than Cash and Cash Equivalents	59,676.35	10,199.79
Borrowings (Debt Securities)	2,02,155.46	-
Net Debt	1,50,021.84	-
Total Equity	3,35,888.61	2,93,459.27
Debt/ Equity Ratio	0.60	-

43 There are no foreign currency transactions during year ended on March 31, 2025 & year ended on March 31, 2024.

44 The Company has operation in single business segment and hence there are no separate reportable segments to be disclosed under Ind ... 108 - "Operating Segments"

45 There are no subsequent events between the year ended March 31, 2025 and signing of the Financial Statements as on June 13, 2025 whic... have material impact on the financials of the Company.

46 Other additional regulatory information

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

46.2 **Loans and advances**
There are no loans or advances in the nature of loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:
(a) repayable on demand or
(b) without specifying any terms or period of repayment

46.3 **Details of benami property held**
The Company do not have any benami property, where any proceeding has been initiated or pending against the company for holding an... Benami property.

46.4 **Security of current assets against borrowings**
The Company has no borrowings from banks or financial institutions on the basis of security of current assets.

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46.5 **Wilful defaulter**

The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.

46.6 **Relationship with struck off Companies**

The Company do not have any transactions with companies struck off.

46.7 **Registration of charges or satisfaction of charges with Registrar of Companies (ROC)**

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

46.8 **Ratios**

Particulars	As at March 31, 2025	As at March 31, 2024
Capital to risk-weighted assets ratio (CRAR)	74.84%	142.93%
Tier I CRAR	74.84%	142.93%
Tier II CRAR	NA	NA
Liquidity Coverage Ratio	18284.67%	23098.31%
Debt Equity Ratio	0.60	NA
Debt Service Coverage Ratio	3.29	NA

CRAR = Total Capital / Risk Weighted assets
Tier I CRAR = Tier I Capital / Risk Weighted assets
Tier II CRAR = Tier II Capital / Risk Weighted assets
Liquidity Coverage Ratio = High Quality Liquid Assets/Short-term obligations for next 30 days
Debt Equity Ratio : Debt Securities/Net Worth
Debt Service Coverage Ratio : Profit before Interest & Tax /(Interest expense+ Principal Repayment in next 12 months)

46.9 **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 (Intermediaries) 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)
(ii) provide any guarantee, security or the like to or on behalf of the 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 persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

46.10. **Undisclosed income**

The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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46.11 **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.

47 The Company has complied with the number of layers prescribed under the Companies Act, 2013.

48 The Company does not have entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

49 The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets during the current or previous year.

50 The Financial Statement is prepared in accordance with Division III to Schedule III of the Companies Act, 2013. The line items as per prescribed format are not applicable to company and items which are applicable to company but having nil balance in the current and previous reporting period are not disclosed in this financial statements.

51 **Investor Education and Protection Fund**

There is no amount required to be transferred to Investor Education and Protection Fund by the Company.

52 The financial statements were approved for issue by the Board of Directors on June 13, 2025.

53 Disclosures as per the directions of Reserve Bank of India are given in Annexure I.

54 **Previous year's comparatives**

Previous years figures have been regrouped and reclassified wherever necessary,to conform to the current year's presentation.

Signature to Note no. 1 to 54

For and on behalf of the Board of Directors of
National Asset Reconstruction Company Limited

Diwakar Gupta

Diwakar Gupta	**P Santhosh**
Chairman	MD & CEO
DIN: 01274552	DIN: 08515964
Arindam Biswas	**Kapil Soni**
Chief Financial Officer	Company Secretary

Place: Mumbai
Date: June 13, 2025

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NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED
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National Asset Reconstruction Company Limited
Notes to Standalone Financial Statements as at March 31, 2025

Annexure I

The following additional disclosures have been made taking into account RBI guidelines in this regards:

a) **Names and addresses of the banks/financial institutions from whom financial assets were acquired and the value at which such assets was acquired from each such bank/financial institutions.**

(Rs in lacs)

Name of the Selling Bank / Financial Institution	Address	Acquisition price as on March 31, 2025	% to total	Acquisition price as on March 31, 2024	% to total
Sponsors					
Canara bank	Integrated Treasury Wing, 6th Floor, A Wing, Canara Bank Building, C-14, G Block, Bandra Kurla Complex, Mumbai - 400051	2,37,634.06	9.14%	1,05,755.56	10.14%
Sub - Total (A)		2,37,634.06	9.14%	1,05,755.56	10.14%
Non-Sponsors					
Bank of Maharashtra	Apeejay House,1st Floor, 130, Dr. V. B. Gandhi Marg, Fort, Mumbai - 400001	67,304.41	2.59%	22,507.31	2.16%
IDBI Bank Ltd	IDBI Tower, 17th Floor, WTC Complex, Cuffe Parade, Mumbai-400005	3,72,582.51	14.33%	2,00,826.61	19.26%
IFCI Ltd	8th & 9th floor, Earnest House, Nariman Point, Mumbai - 400021	47,068.05	1.81%	10,903.15	1.05%
India Infrastructure Finance Company Ltd	8Th Floor, Hindustan Times House, 18 & 20, Kasturba Gandhi Marg, New Delhi -110001	75,502.78	2.90%	55,697.68	5.34%
Life Insurance Corporation of India	Yogakshema', Jeevan Bima Marg, Mumbai-400021	86,294.93	3.32%	29,267.00	2.81%
Punjab National Bank	PNB Pragati Tower, Plot No. C-9, G-Block, Bandra Kurla Complex, Mumbai - 400051	1,76,973.01	6.80%	89,443.38	8.58%
State Bank of India	Mumai Main Branch, 2nd Floor, Mumbai Sanchar Marg, Mumbai - 400021	4,97,800.88	19.14%	1,24,241.67	11.92%
The Jammu & Kashmir Bank Ltd	M A Road, Srinagar 190 001	21,936.80	0.84%	9,433.00	0.90%
Union Bank of India	Union Bank Bhavan,5th Floor, Central Office, Nariman Point, 239, Vidhan Bhavan Marg, Mumbai - 400021	1,01,440.83	3.90%	93,750.03	8.99%
Axis Bank	Axis House,C-2,Wadia International Centre,P.B. Marg,Worli,,Mumbai-400025	1,58,203.55	6.08%	15,207.15	1.46%
Bank of baroda	Baroda Sun Tower, 5th Floor, C 34,G-Block, Bandra-Kurla Complex, Bandra (East),Mumbai-400051	68,281.64	2.63%	48,243.94	4.63%

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Name of the Selling Bank / Financial Institution	Address	Acquisition price as on March 31, 2025	% to total	Acquisition price as on March 31, 2024	% to total
Bank of India	Star House 1, 7th Floor, C5, G Block, Bandra Kurla Complex,Mumbai-400051	49,269.59	1.89%	43,504.79	4.17
Central Bank of India	SAM Branch, 48/49, Montieth Road,Egmore,Chennai-600002	37,288.43	1.43%	16,131.73	1.55
DBS Bank India Ltd	Ground Floor,Express Tower,Narmian Point,Mumbai-400021	4,056.07	0.16%	4,056.07	0.39
DCB Bank Ltd	3B, Camac Street,Manasarowar Building,Kolkata-700016	337.45	0.01%	337.45	0.03
Dhanlaxmi Bank	International Centre Tower 01,Office No-1002B,10th Floor,Senapati Bapat Marg,Prabhadevi,Mumbai-400013	640.39	0.02%	640.39	0.06
Export Import Bank of India	Centre One Building, Floor 21,World Trade Centre Complex, Cuffe Parade,Mumbai-400005	6,350.80	0.24%	1,795.40	0.17%
Federal Bank	No: 27, 5th Floor, Akshaya ShantiAnna Salai,Chennai-600002	600.00	0.02%	600.00	0.06%
Hinduja Leyland Finance Ltd	No. 27, A, Developed Industrial EstateGuindy,Chennai-600032	86.95	0.00%	86.95	0.01%
ICICI Bank	ICICI Bank Towers3A, Gurusaday Road, 3rd Floor,Kolkata-700019	2,03,332.94	7.82%	14,535.56	1.39%
Indian Bank	Indian Bank, 1st Floor, Allahabad Bank BuildingNear Bombay Stock Exchange, 37, Mumbai Samachar Marg, Fort,Mumbai-400023	87,822.68	3.38%	38,264.99	3.67%
Indian Overseas Bank	Annexe Building, 4th Floor, Central Office763, Anna Salai,Chennai-600002	48,533.18	1.87%	14,636.08	1.40%
South Indian Bank	Parinee Crescenzo, 804, B-Wing, 8th Floor, G-Block, Bandra–Kurla Complex, Bandra East,Mumbai-400051	15,532.59	0.60%	1,500.49	0.14%
PNB Investment Services Limited	10, Rakesh Deep Building,Yusuf Sarai Commercial Complex,Gulmohar Enclave,Delhi-110049	15,956.13	0.61%	18,661.87	1.79%

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Name of the Selling Bank / Financial Institution	Address	Acquisition price as on March 31, 2025	% to total	Acquisition price as on March 31, 2024	% to total
Karnataka Bank	Mahaveera Circle,Kankanady,Manaluru-575002	95.53	0.00%	95.53	0.01%
Karur Vysya Bank	Gayatri Tower ,1st Floor,954,Appa Saheb Marathe Marg, Prabhadevi,Mumbai-400025	5,035.62	0.19%	1,464.92	0.14%
Punjab and Sind Bank	Samvert, 1st Floor, Block-3,NBCC Building East, Kidwai Nagar,Delhi-110023	56,895.82	2.19%	10,912.62	1.05%
Small Industries Development Bank Of India	Swalamban Bhavan, Avenue3, Lane2, C-11, G Block,Bandra Kurla Complex, Bandra (East),Mumbai-400051	9,464.09	0.36%	7,569.19	0.73%
UCO Bank	Uco Bank, Block-D,New Ali pore,Kolkata-700053	91,832.83	3.53%	56,284.29	5.40%
RBL Bank Limited	One World Centre, Tower 2B, 20th Floor, 841, Senapati Bapat Marg, Lower Parel,Mumbai-400013	15,371.04	0.59%	2,432.00	0.23%
United India Insurance Company Limited	24, Whites RoadChennai-600014	113.05	0.00%	113.05	0.01%
Prathama UP Gramin Bank	Ram Ganga,Vihar Phase 2,Moradabad-244001	168.65	0.01%	168.65	0.02%
Standard Chartered Bank	Crescenzo, 4th Floor, Plot No. C - 38/39,G Block, Bandra Kurla Complex, Mumbai-400051	21,234.30	0.82%	2,540.20	0.24%
Societe Generale Bank	19th Floor, Peninsula Business Park,Tower A, Lower Parel,Mumbai-400013	1,118.00	0.04%	1,118.00	0.11%
City Union Bank	Gandhi Nagar, Kumbakonam 612001	117.00	0.00%	-	-
HDFC Bank Limited	Sandoz House,Dr Annie Besant Road,Shiv Sagar Estate,Worli, Mumbai 400018	13,959:85	0.54%	-	-

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National Asset Reconstruction Company Limited
Notes to Standalone Financial Statements as at March 31, 2025

Name of the Selling Bank / Financial Institution	Address	Acquisition price as on March 31, 2025	% to total	Acquisition price as on March 31, 2024	% to total
IndusInd Bank	11th Floor, Tower 1, One World Centre, Elphinstone Road,Mumbai 400013	3,411.50	0.13%	-	-
Srei Equipment Finance Ltd	86C, Topsia Road (S), Kolkata 700046	1,016.40	0.04%	-	-
Sub - Total (B)		**23,63,030.28**	**90.86%**	**9,36,971.14**	**89.86**
Total (A+B)		**26,00,664.34**	**100.00%**	**10,42,726.70**	**100.00**

b) Dispersion of various financial assets Industry & Sponsor wise

(Rs in lacs)

Industry	Acquisition price as on March 31, 2025		Acquisition price as on March 31, 2024	
	Amount	% to total	Amount	% to total
Sponsor				
Road	44,924.60	1.73%	42,043.60	4.03%
Banking, Financial Services and Insurance (BFSI)	23,839.12	0.92%	23,839.12	2.29%
Engineering, Procurement and Construction (EPC)	17,395.40	0.67%	17,159.40	1.65%
Infrastructure	86,818.50	3.34%	15,078.00	1.45%
Food & Beverages	562.00	0.02%	562.00	0.05%
Non-ferrous Metals and Commodity - Aluminium	2,478.90	0.10%	2,478.90	0.24%
Power	4,594.54	0.18%	4,594.54	0.44%
Consumer Products	1,294.00	0.05%	-	-
Transport	41,808.00	1.61%	-	-
Textile	13,919.00	0.54%	-	-
Sub-Total (A)	**2,37,634.06**	**9.14%**	**1,05,755.56**	**10.14%**
Non sponsors				
Infrastructure	14,69,660.50	56.51%	3,41,922.00	32.79%
Banking, Financial Services and Insurance	2,16,160.88	8.31%	2,16,160.88	20.73%
Engineering, Procurement and Construction (EPC)	78,055.30	3.00%	75,106.60	7.20%
Power	68,609.46	2.64%	68,609.46	6.58%
Road	3,02,552.40	11.63%	1,81,993.40	17.45%
Non-ferrous Metals and Commodity - Aluminium	23,235.80	0.89%	23,235.80	2.23%
Sugar	22,250.00	0.86%	22,250.00	2.13%
Consumer Products	34,706.00	1.33%	-	0.00%
Pharma	5,000.00	0.19%	5,000.00	0.48%
Food & Beverages	69,880.94	2.69%	2,693.00	0.26%
Transport	64,492.00	2.48%	-	-
Textile	8,427.00	0.32%	-	-
Sub-Total (B)	**23,63,030.28**	**90.86%**	**9,36,971.14**	**89.86%**
Total (A+B)	**26,00,664.34**	**100.00%**	**10,42,726.70**	**100.00%**

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c) The above table (b) has been prepared by management and the same has been relied upon by the auditors.

d) Details of related parties as per the accounting standards and the amounts due to and from them : Refer Note 37

e) A statement clearly charting therein the migration of financial assets from standard to non-performing : NIL

f) **Status of financial assets acquired in the Trusts set up by NARCL as required as per RBI Notification No. RBI/DOR/2024-25/116 DoR.FIN.REC.16/26.03.001/2024-25 dated April 24, 2024 (Updated as on January 21,2025)**

(Rs in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
a. Value of financial assets outstanding for realisation	10,14,341.57	3,66,459.00
b. Value of financial assets acquired during the financial year	15,57,937.64	6,76,267.70
c. Value of financial assets realised during the financial year	1,60,865.17	28,385.13
d. Value of financial assets Written-off / back during the financial year	-	-
e. Value of financial assets outstanding for realisation (a+b-c-d)	24,11,414.05	10,14,341.57
f. Value of land and / or building acquired in ordinary course of business of reconstruction of assets	Nil	Nil

g) **Status of Security Receipts (SRs) issued by the Trusts set up by NARCL;**

(Rs in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
a. SRs outstanding as at beginning of the year	10,17,741.60	3,66,459.00
b. Movement during the year -Partially to fully redeemed	-	-
c. SRs issued during the financial year	15,57,937.64	6,76,267.70
d. SRs redeemed during the financial year	1,58,533.56	24,985.10
e. SRs written-off during the financial year	-	-
g. SRs outstanding as on March 31,2025 (a+b+c-d-e)	24,17,145.68	10,17,741.60
f.Value of Security Receipts which could not be redeemed as a result of non-realization of the financial asset as per the policy formulated by the Securitization company or Reconstruction company under paragraph 7(6)(ii) or 7(6)(iii) and under paragraph 10.2 or 10.3 as per Master direction dated April 24, 2024 (Updated as on January 21,2025).	-	-

h) **Additional disclosures as required in circular no. . RBI/DOR/2024-25/116 DoR.FIN.REC.16/26.03.001/2024-25 dated April 24, 2024 (Updated as on January 21,2025) for the assets acquired after the aforesaid dates;**

Particulars	As at March 31, 2025	As at March 31, 2024
1. Details of acquisition value of assets more than the book value along with the basis of their valuation after August 05, 2014.	Nil	Nil
2. Details of assets of the trusts at the trusts level disposed off during the year at substantial discount (more than 20% of valuation as at the previous year end) and the reasons thereof.	Nil	Nil

3. Details of Assets where the value of SRs has declined more than 20% below the acquisition value.

The following are the Assets (Trusts), where the value of SRs has declined more than 20% below the acquisition value

Trust name	Acquisition price	NAV % As at March 31, 2025	NAV % As at March 31, 2024
NARCL TRUST - 0005	5,000.00	76.19%	105.01%
NARCL TRUST - 0018	67,000.00	76.83%	100.00%

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i) **Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019- 20 dated 13 March 2020 pertaining to Ass Classification as per RBI Income Recognition, Asset Classification and Provisioning (IRAC Norms) and impairment allowances made under Ind AS 109 :**

(Rs in lacs)

Financial Year	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 AS 109 provisions and IRACP norms
	1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
NIL							

The Company does not have Non Performing Assets (NPAs).

j) Disclosure pertaining to Fair Practice Code as specified in the Master Circular for Asset Reconstruction Companies-outsourced agencies is as under: Payment have not been made to any agencies where director is interested party.

k) Information about assets acquired under IBC including the type and value of assets acquired, the sector-wise distribution based on business of the corporate debtor : Refer Note 33.1

l) Implementation status of the resolution plans approved by the Adjudicating Authority on a quarterly basis : Refer note 33.2

m) The company does not have any sale out of amortised cost business model portfolios.

n) Information on the ageing of the unrealised management fee recognised in their books in the format specified below as part of the Notes to Accounts the annual financial statements (applicable only to ARCs preparing their financial statements as per Ind AS):

Particulars	As at March 31, 2025	As at March 31, 2024
Outstanding amount of unrealised management fee	25,681.03	8,729.87
1. Out of the above, amount outstanding for:		
a. Amounts where the net asset value of the security receipts has fallen below 50 per cent of the face value	-	-
b. Other amounts unrealised for:		
(i) More than 180 days but upto 1 year	9,252.65	3,570.00
(ii) More than 1 year but upto 3 years	6,775.76	1,388.87
(iii) More than 3 years	-	-
Allowances held for unrealised management fee on a & b	(2,000.26)	(491.42)
Net unrealised management fee receivable	14,028.16	4,467.45

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LODHA
& CO LLP
Chartered Accountants

6, Karim Chambers, 40, Ambalal Doshi Marg
(Hamam Street), Fort, Mumbai- 400 001
Telephone : 0091-22-22691414/40021415
: 0091-22-40021140/40021414
Email : mumbai@lodhaco.com

Independent Auditor's Report

To The Members of
National Asset Reconstruction Company Limited

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of National Asset Reconstruction Company Limited ("the Parent Company") and its associate (hereinafter to be referred as "the Group") which comprises of consolidated Balance Sheet as at March 31, 2025, the consolidated Statement of Profit & Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flow for the year then ended (refer "Other matters" section below), and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and except for the impact of the matter referred in Basis for Qualified Opinion section of our report, give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2025, the consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We draw attention to the following "Basis for Qualified Opinion" paragraph (as reproduced) included in the audit report on the consolidated financial statements of Srei Infrastructure Finance Limited, (an associate) issued by their auditors vide report dated May 02, 2025:

"We draw reference to Note No. 58 to the Consolidated Financial Statements which explains that SIFL has not received Board approved financial results of 01 subsidiary, viz. Trinity Alternative Investment Managers Limited and 02 subsidiaries of Trinity (stepdown subsidiaries of SIFL),viz. Hyderabad Information Technology Venture Enterprises Limited and Cyberabad Trustee Company Private Limited for the year ended 31st March, 2025 and year ended 31st March, 2024 and accordingly, the financial statements of these companies have not been considered for consolidation as on 31 March,2025. Consequently, these entities have not been included in the consolidation as of March 31, 2025 and March 31, 2024. We are unable to assess the potential impact on the consolidated financial statements for the year ended 31 March, 2025 or any other implication arising from this non-inclusion."

The Parent Company has accounted for its share of loss in accordance with the "Indian Accounting Standard (Ind AS) 28 Investments in Associates and Joint Ventures" to the extent of carrying value of investment. (Refer note no. 54 to the consolidated financial statements.)

Information Other than the Consolidated Financial Statements and auditor's report thereon

The Parent Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Board's Report including Annexures to the Board report and Management Discussion and Analysis but does not include the consolidated financial statement and our auditor's report thereon.

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 financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Board Report including annexures to the Board Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including 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 specified under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the companies 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 respective Board of Directors of the Companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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Auditor's Responsibilities for the Audit of the Consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 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 control 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 control system with reference to consolidated financial statements 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 the 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 entity'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 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 entity to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance of the Parent Company of which we are the independent auditors 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.

Other Matters:

(a) We did not audit the financial statements of an associate included in the consolidated financial statements of the Group include the Group's share of net loss of Rs. Nil for the year ended 31 March, 2025 (Rs. Nil for the year ended 31 March, 2024), as considered in the consolidated financial statements, in respect of an associate, whose financial statements / financial information have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and associates, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associates, is based solely on the modified report of other auditors.

(b) The consolidated financial statements for the year ended March 31,2024 were audited by predecessor auditor whose report dated June 24, 2024 expressed an unmodified opinion on those consolidated financial statements.

Our opinion on the consolidated financial statement and our report on the other legal and regulatory requirements below is not modified in respect of above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

   (a) We have sought, except for the possible effects of the matters described in the Basis for Qualified Opinion section above 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) Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law maintained by the Group have been kept so far as it appears from our examination of those books and records.

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

   (d) Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   (e) The matters described in the Basis for Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of the Group.

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(f) On the basis of the written representations received from the directors of the Parent Company as on 31st March, 2025 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditor of associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31st March, 2024 from being appointed as a Director in terms of Section 164 (2) of the Act.

(g) The qualification relating to maintenance of accounts and other matters connected therewith in respect of consolidated financial statements are as stated in Basis of Qualified Opinion paragraph above.

(h) With respect to the adequacy of the internal financial controls over financial reporting with reference to financial statements of the Parent Company and its associate company and the operating effectiveness of such controls, refer Annexure "A".

(i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Sec 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 remuneration paid by the Parent Company to its director during the year is in accordance with the provisions of Section 197 of the Act.

(j) 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, in our opinion and to the best of information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations which would impact its financial position. [Refer note no. 37 to the consolidated financial statements]

ii. The Group did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

iv. a) The Management of the Parent Company and an associate, which is incorporated in India and whose financial statements have been audited under the Act, have represented to us and to the other auditor of such associate that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or associate to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) The Management of the Parent Company and an associate , which is incorporated in India and whose financial statements have been audited under the Act, have represented to us and to tother auditor of such associate that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or associate from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or associate shall, whether, directly or indirectly, lend to or invest in other

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persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the associate which are incorporated in India and whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representation under sub clause (i) and (ii) of Rule 11(e) of The Companies (Audit and Auditors) Rules, 2014, as provided under (a) and (b) above, contains any material misstatement.

v. The Parent Company or its associate company incorporated in India has not declared / paid any dividend during the year.

vi. Based on our examination which included test checks and that performed by respective auditors of the associate company, which are the company incorporated in India whose financial statements have been audited under the Act, the Parent Company and its associate company incorporated in India have used an accounting software for maintaining its books of account 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 we and other auditors of associate company did not come any instance of the audit trail feature being tampered. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by Parent Company and its associate company as per the statutory requirements for record retention.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Parent Company and by the auditors of the associate company included in the consolidated financial statements of the Parent Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports except as below:

Sr. No.	Name of Entities	CIN	Parent Company/ Subsidiary / Associate	Clause number
1	Srei Infrastructure Limited	L29219WB1985PLC055352	Associate	3(i)(c)
2.	Srei Equipment Finance Limited	U70101WB2006PLC109898	Subsidiary of Associate	3(i)(c) and 3(xvii)
3.	Bengal Srei Infrastructure Development Limited	U70109WB2004PLC100517	Subsidiary of Associate	3(ix), 3(xvii), 3(xix)
4.	Srei Mutual Fund Trust Private Limited	U65990WB2009PTC139790	Subsidiary of Associate	3(xvii)
5.	Srei Capital Markets Limited	U67190WB1998PLC087155	Subsidiary of Associate	3(vii)(b) and 3(xvii)
6.	Controlla Electrotech Private Limited	U2930WB1991PTC052455	Subsidiary of Associate	3(xvii)

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7.	Srei Insurance Broking Private Limited	U67120WB2002PTC095019	Subsidiary of Associate	3(xvii)
8	Srei Mutual Fund Asset Management Private Limited	U74110WB2009PTC139801	Subsidiary of Associate	3(xvii)

3. With regards to the directions issued by Comptroller and Auditor General of India under Section 143(5) of the Act, vide their letter GA/CA-1/Directions & Sub-Directions / 2024-25/31, dated April 15, 2025 and their email communication dated June 02, 2025 to the Company, refer to our separate report in "Annexure "B".

For **Lodha & Co. LLP**
Chartered Accountants
Firm registration No. – 301051E / E300284

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

R. P. Baradiya
Partner
Membership No. 38323
UDIN: 25044101BMIXDF1418

Place: Mumbai
Date: June 13, 2025

Annexure "A" with reference to consolidated financial statements as at and for the year ended March 31, 2025

Report on Internal Financial Controls with reference to consolidated financial statement under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the Consolidated Financial Statements of the Parent Company as at and for the year ended March 31, 2025, we have audited the internal financial controls with reference to consolidated financial statement of National Asset Reconstruction Company Limited ("the Company") and its associate company, which is a Company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated 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") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with respect to consolidated financial statement and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statement included obtaining an understanding of internal financial controls with reference to consolidated 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obtained by auditors of associate company, which is incorporated in India, in terms of their report referred to in the other matters section above is sufficient and appropriate to provide a basis for our audit opinion on the Parent Company's internal financial controls system with reference to consolidated financial statements.

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Chartered Accountants

Meaning of Internal Financial Controls with reference to consolidated financial statements

A Company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to consolidated 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 company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorisations of management;(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements; and (4) also provide reasonable assurance by the internal auditors through their internal audit reports given to the organisation from time to time.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statement, 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 with reference to consolidated financial statement to future periods are subject to the risk that the internal financial control with reference to consolidated financial statement 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 Parent Company and its associate company, which is incorporated in India, has, broadly, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based on the internal financial control with reference to financial statement criteria established by the Company considering the essential Component 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.

Other Matter:

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to 1 associate company, which are company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

For **Lodha & Co. LLP**
Chartered Accountants
Firm registration No. – 301051E / E300284

LODHA & CO. LLP
MUMBAI-01
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 044101
UDIN: **25044101BMIXDF1418**

Place: Mumbai
Date: June 13, 2025

Annexure "B" referred to in "Report on Other Legal and Regulatory Requirements" section of our Auditors' Report of even date to the members of National Asset Reconstruction Company Limited on the consolidated financial statements as at and for the year ended March 31, 2025

Report on directions issued by Comptroller and Auditor General of India under Section 143(5) of the Act, vide their letter GA/CA-1/Directions & Sub-Directions / 2024-25/31, dated April 15, 2025 and their email communication dated June 02, 2025 to the Company

Part 1 – Directions issued under Section 143(5) of the Act:

S. No.	Directions	Auditors reply on the action taken on the directions:
1.	Whether the Company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	According to the information and explanations given to us and based on examination of records by us, the Company is processing its accounting transactions through Tally Software including manual processing of net asset value of investments in security receipts and provision for expected credit losses. Considering the above, it does not affect the integrity of the financial statements.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of Lender company).	According to the information and explanations given to us and based on examination of records by us, there were no restructuring of loans/ waiver/ write off of debts/ loans/ interest etc. made by the lender to the Company.
3	Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central / State Government or agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation	According to the information and explanations given to us and based on examination of records by us, during the year, the company has not received any funds in the nature of grants/ subsidy.
4	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post-retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.	The Company is keeping its employees' gratuity contribution funded to an approved gratuity fund. The Funds of the gratuity trust is managed by an Insurance Company.

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5	Whether the Company has identified the key Risk areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?	Yes, the Company has identified its key risk areas in the Risk Management Policy, last amended on January 07, 2025, as ultimately approved by the Board of Directors. The risk management policies have been formulated based on the Company's assessment of the risk and mitigation of risk. The Risk Management Policy is based on the globally accepted three lines of defence. The data assets of a company can be of various types such as proprietary databases, customer information, algorithms, and intellectual property , Customer Data , Names, contact info, demographics, Operational Data, Financial Data, Proprietary Algorithms & Models etc. NARCL is a new entrant in the ARC industry constituted to cater to high value stressed assets and has limited data base in possession. Therefore, no data assets identified yet
6	Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India wherever applicable? If not, the cases of deviation may be highlighted. LODHA & CO. LLP MUMBAI-01 Chartered Accountants	Reserve Bank of India - The Company has complied with the Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions , as amended from time to time with regards to accounting and disclosures. There are no deviation from accounting and disclosures. Ministry of Corporate Affairs – The Company has complied with the directions of Ministry of Company Affairs. There are no deviation from the directions. Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI – Not Applicable, as the Company is an unlisted Public Company. Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India; Department of Investment and Public Asset Management; Department of Public Enterprises – Based on the Nature of Companies business activities, the above-mentioned regulation is not applicable to the Company

Part 2 – Directions issued vide their letter GA/CA-1/Directions & Sub-Directions / 2024-25/31, dated April 15, 2025

S. No.	Particulars	Observations / Findings
1.	As per Master Circular, Asset reconstruction companies issued by Reserve Bank of India on February 10, 2022, point no. 25 i.e. Fair Practice Code, sub point no. 4 for Assets reconstruction companies shall put in place Board Approved Policy on management fees, expenses and incentives, if any, claimed from trusts under their management. Whether the same has been put in place by the Company.	According to the information and explanations given to us and based on examination of records by us, the Company has put in place Board approved policy on management fees, expenses and incentives, which forms part of its "Financial Asset Acquisition Policy". The said policy was approved by the Board in its meeting dated December 08, 2021 and the same has been last updated on January 07, 2025.

For **Lodha & Co. LLP**
Chartered Accountants
Firm registration No. – 301051E / E300284

LODHA & CO. LLP
MUMBAI-01
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 044101
UDIN: 25044101BMIXDF1418

Place: Mumbai
Date: June 13, 2025

National Asset Reconstruction Company Limited

CIN : U67100MH2021GOI363511

Consolidated Balance Sheet as at March 31, 2025

(Rs. in lacs)

	Particulars	Note	As at March 31, 2025	As at March 31, 2024
	Assets			
1	**Financial assets**			
(a)	Cash and cash equivalents	3	52,133.63	93,131.85
(b)	Bank balance other than cash and cash equivalents	4	59,676.35	10,199.79
(c)	Trade receivables	5	21,973.65	7,840.21
(d)	Investments	6	4,17,230.73	1,85,218.65
(e)	Other financial assets	7	4,072.36	1,638.67
	Total Financial assets (I)		**5,55,086.72**	**2,98,029.17**
2	**Non-financial assets**			
(a)	Current tax assets (net)	8	252.61	175.30
(b)	Property, plant and equipment	9	496.30	647.81
(c)	Other intangible assets	10	3.21	13.39
(d)	Other non-financial assets	11	134.57	762.45
	Total Non-financial assets (II)		**886.69**	**1,598.95**
	Total Assets (I + II)		**5,55,973.41**	**2,99,628.12**
	Liabilities and Equity			
	Liabilities			
1	**Financial liabilities**			
(a)	Trade payables	12		
	(i) total outstanding dues of micro and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro and small enterprises		0.01	95.24
(b)	Debt securities	13	2,02,155.46	-
(c)	Other financial liabilities	14	653.99	806.67
	Total Financial liabilities (III)		**2,02,809.46**	**901.91**
2	**Non-financial liabilities**			
(a)	Provisions	15	389.74	670.18
(b)	Deferred tax liabilities (net)	16	16,520.71	4,510.44
(c)	Other non-financial liabilities	17	410.89	132.32
	Total Non-financial liabilities (IV)		**17,321.34**	**5,312.94**
3	**Equity**			
(a)	Equity share capital	18	2,75,000.00	2,75,000.00
(b)	Other equity	18A	60,842.61	18,413.27
	Total Equity (V)		**3,35,842.61**	**2,93,413.27**
	Total Liabilities and Equity (III + IV + V)		**5,55,973.41**	**2,99,628.12**

Material accounting policies information and other explanatory notes 1-54

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Lodha & Co. LLP
Chartered Accountants
Firm Registration No. 301051E/ E300284

R.P.Baradiya
Partner
M.No. 044101

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

Place: Mumbai
Date: June 13, 2025

For and on behalf of the Board of Directors of National Asset Reconstruction Company Limited

Diwakar Gupta
Chairman
DIN: 01274552

P Santhosh
MD & CEO
DIN: 08515964

Arindam Biswas
Chief Financial Officer

Kapil Soni
Company Secretary

Place: Mumbai
Date: June 13, 2025

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

National Asset Reconstruction Company Limited
CIN : U67100MH2021GOI363511
Consolidated Statement of Profit and Loss for the year ended March 31,2025

(Rs. in lacs)

Particulars	Note	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Revenue from operations			
(a) Fee & other related income	19	25,593.33	12,849.74
(b) Interest income	20	520.95	650.00
(c) Net gain on fair value changes	21	8,780.38	10,386.33
Total revenue from operations (I)		34,894.66	23,886.07
Other Income (II)	22	9,205.37	7,096.79
Total income (III=I+II)		44,100.03	30,982.86
Expenses			
(a) Finance costs	23	2,451.85	127.57
(b) Fees and commission expense	24	4,033.27	1,800.00
(c) Impairment of financial instruments	25	3,481.43	571.86
(d) Employee benefits expense	26	1,232.98	1,338.41
(e) Depreciation,amortization and impairment	27	190.12	177.71
(f) Unrealised fees & expenses written off	28	803.67	3,579.01
(g) Other expenses	29	1,004.36	1,919.06
Total expenses (IV)		13,197.68	9,513.62
Profit before tax (V=III-IV)		30,902.35	21,469.24
Tax expense (VI)	30(a)		
Current tax		1,869.42	908.42
Deferred tax charge		12,010.28	4,287.19
Tax relating to earlier years		79.68	55.40
		13,959.38	5,251.01
Profit for the year before Profit/(loss) of associates (VII=V-VI)		16,942.97	16,218.23
Share in Profit/(loss) of Associates (VIII)		25,483.82	(46.00)
Profit for the year (IX=VII-VIII)		42,426.79	16,172.23
Other comprehensive income			
Items that will not be reclassified to profit & loss			
Remeasurement gains on defined benefit plan		3.41	4.59
Income tax relating to items that will not be reclassified to profit & loss	30(b)	(0.86)	(1.16)
Other comprehensive income		2.55	3.43
Total comprehensive income for the year		42,429.34	16,175.66
Earnings per equity share (Face value Rs.10 per share)	31		
Basic and Diluted		1.54	0.89

Material accounting policies information and other explanatory notes 1-54

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes

As per our report of even date attached

For Lodha & Co. LLP
Chartered Accountants
Firm Registration No. 301051E/ E300284

R.P.Baradiya
Partner
M.No. 044101

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

Place: Mumbai
Date: June 13, 2025

For and on behalf of the Board of Directors of
National Asset Reconstruction Company Limited

Diwakar Gupta

Diwakar Gupta
Chairman
DIN: 01274552

P Santhosh
MD & CEO
DIN: 08515964

Arindam Biswas
Chief Financial Officer

Kapil Soni
Company Secretary

Place: Mumbai
Date: June 13, 2025

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

National Asset Reconstruction Company Limited

CIN : U67100MH2021GOI363511

Standalone Statement of Cash flow for the year ended March 31, 2025

(Rs. in lacs)

Particulars	For the Year ended March 31,2025	For the Year ended March 31,2024
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	30,902.35	21,469.24
Adjustments for:		
Depreciation, amortization and impairment	190.12	177.71
Interest on deposits with banks	(8,719.19)	(7,070.26)
Impairment of financial instruments	3,481.43	571.86
Net gain on fair value changes	(8,780.38)	(10,386.33)
Fees & expenses written off	803.67	3,579.01
Finance cost	2,451.85	127.57
Operating cash flow before working capital changes	20,329.85	8,468.80
Working capital changes:		
(Increase)/Decrease in trade receivables	(16,954.40)	(7,325.43)
(Increase)/Decrease in other financial and non-financial assets	(3,269.94)	(4,999.46)
Increase/(Decrease) in trade payables	(95.23)	95.24
Increase/(Decrease) in other financial & non financial liabilities	(262.18)	186.89
Cash used in operations	(251.90)	(3,573.96)
Direct taxes paid	(2,027.27)	(632.27)
NET CASH USED IN OPERATING ACTIVITIES (A)	(2,279.17)	(4,206.23)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant & equipment	(35.30)	(106.30)
Proceeds from sale of property, plant & equipment	-	0.41
Increase/(Decrease) in bank deposits not considered as cash & cash equivalent	(48,243.84)	44,751.22
Interest received on deposits with banks	7,486.47	6,498.54
Investment in equity shares of an associate	-	(46.00)
Proceeds from redemption of security receipts	35,942.78	5,576.81
Investment in security receipts	(2,33,690.64)	(1,25,440.25)
NET CASH USED IN INVESTING ACTIVITIES (B)	(2,38,540.53)	(68,765.57)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity shares	-	1,34,095.50
Proceeds from issue of non-convertible debentures	2,00,000.00	-
Payment of lease liabilities	(178.52)	(185.40)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	1,99,821.48	1,33,910.10
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(40,998.22)	60,938.30
Cash and cash equivalents at the beginning of the year	93,131.85	32,193.55
Cash and cash equivalents at the end of the year (Refer note no. 3)	52,133.63	93,131.85

Material accounting policies information and other explanatory notes 1-54

The above Consolidated Statement of cash flow should be read in conjunction with the accompanying notes

As per our report of even date attached
For Lodha & Co. LLP
Chartered Accountants
Firm Registration No. 301051E/ E300284

R.P.Baradiya
Partner
M.No. 044101

Place: Mumbai
Date: June 13, 2025

For and on behalf of the Board of Directors of
National Asset Reconstruction Company Limited

Diwakar Gupta

Diwakar Gupta
Chairman
DIN: 01274552

P Santhosh
MD & CEO
DIN: 08515964

Arindam Biswas
Chief Financial Officer

Kapil Soni
Company Secretary

Place: Mumbai
Date: June 13, 2025

LODHA & CO. LLP MUMBAI-01 Chartered Accountants

ASSET RECONSTRUCTION COMPANY NARCL MUMBAI

National Asset Reconstruction Company Limited

CIN : U67100MH2021GOI363511

Consolidated Statement of Changes in Equity for the year ended March 31, 2025

A. Equity Share Capital

(Rs. In lacs)

Particulars	No. of Shares	Amount
Balance as at March 31, 2023	**1,40,90,45,000**	**1,40,904.50**
Changes in equity share capital during the year	1,34,09,55,000	1,34,095.50
Balance as at March 31, 2024	**2,75,00,00,000**	**2,75,000.00**
Changes in equity share capital during the year	-	-
Balance as at March 31, 2025	**2,75,00,00,000**	**2,75,000.00**

B. Other Equity

Particulars	Reserves & Surplus		Items of Other Comprehensive Income	Total
	Retained Earnings	Debenture Redemption Reserve	Re-measurement of net defined benefit plans	
Balance as at March 31, 2023	**2,237.61**	-	-	**2,237.61**
Profit for the year	16,172.23	-	-	16,172.23
Other Comprehensive income (net of taxes)	-	-	3.43	3.43
Total Comprehensive Income	**16,172.23**	-	**3.43**	**16,175.66**
Balance as at March 31, 2024	**18,409.84**	-	**3.43**	**18,413.27**
Profit for the year	42,426.79	-	-	42,426.79
Other Comprehensive income (net of taxes)	-	-	2.55	2.55
Total Comprehensive Income	**42,426.79**	-	**2.55**	**42,429.34**
Transfers to/(from) retained earnings	(17,169.90)	17,169.90	-	-
Balance as at March 31, 2025	**43,666.73**	**17,169.90**	**5.98**	**60,842.61**

Material accounting policies information and other explanatory notes 1-54

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

As per our report of even date attached

For Lodha & Co. LLP
Chartered Accountants
Firm Registration No. 301051E/ E300284

R.P.Baradiya
Partner
M.No. 044101

LODHA & CO. LLP
MUMBAI-01
Chartered Accountants

For and on behalf of the Board of Directors of
National Asset Reconstruction Company Limited

Diwakar Gupta
Diwakar Gupta
Chairman
DIN: 01274552

P Santhosh
MD & CEO
DIN: 08515964

Arindam Biswas
Chief Financial Officer

Kapil Soni
Company Secretary

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED
NARCL
MUMBAI

Place: Mumbai
Date: June 13, 2025

Place: Mumbai
Date: June 13, 2025

1. Corporate Information

National Asset Reconstruction Company Limited (hereinafter referred to as "NARCL" or the "Company" or "ARC") has been incorporated under the Companies Act, as a Government Company (limited by shares) on 7th July 2021 domicile in India & having a CIN U67100MH2021GOI363511. The Company is registered with Reserve Bank of India w.e.f. October 04, 2021 with Registration no. 030/2021 as a Securitisation and Asset Reconstruction Company under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.The Company's registered office is at - Unit No.1, 8th Floor, Birla Centurion, Wing B, Plot No.794, Pandurang Bhudhar Marg, Worli Mumbai 400030, Maharashtra, India.

The Company's principal activity is acquiring Non- Performing Assets (NPA) from the Banks and Financial Institutions and resolving them through appropriate resolution strategies enunciated in SARFAESI.

The Government of India provides guarantee on Security receipts (SR) issued by the Trust setup by NARCL to the selling lenders in accordance with the guarantee agreement entered into between NARCL and Government of India.

2. Material Accounting Policies Information

2.1 Basis of preparation of financial statements

2.1.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and RBI guidelines as may be applicable to the Company from time to time.

2.1.2 Historical cost convention

The financial statements have been prepared and presented on the going concern basis and at a historical cost basis, except for following assets and liabilities which have been measured at fair value:

(i) certain financial instruments such as financial assets and liabilities measured at fair value through profit and loss ("FVTPL") instruments;
(ii) Employee Defined Benefit Plan measured as per actuarial valuation

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

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NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

2.1.3 Presentation of financial statements

The Company prepares its balance sheet and profit and loss account in compliance with the Division III of Schedule III to the Companies Act, 2013. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without it being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and or its counterparties

The Company will present its annual and any other periodic financial statements/results as per the requirements of applicable law from time to time.

2.1.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled structured entities (i.e., Trusts). The Company consolidates a trust when it controls it.

Control is achieved when the 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 the investee. Generally, there is a presumption that a majority of voting rights result in control.

To support this presumption and when the Company has less than majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders
- 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

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The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group (Company and its controlled structured entities) uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the company, i.e., year ended on March 31.

2.1.5. Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

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After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2.1.6 Functional and Presentation Currency

Financial statements are presented in Indian Rupees, which is the functional currency of the Company.

2.1.7 Rounding of amounts

All the values are rounded to the nearest lakhs as per the requirement of Schedule III to the Companies Act, 2013, except where otherwise indicated. Per share data are presented in Indian Rupee.

2.2 Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

2.2.1 The Solely Payments of Principal and Interest test ("SPPI test")

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the solely payments of principal and interest (SPPI) test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets primarily comprise of Investments, loans, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

2.3.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

2.3.2 Initial measurement of financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables are measured at the transaction price.

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2.4 Subsequent measurement of Financial Asset

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

2.4.1 Amortized cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including receipts and payments that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance

2.4.2 Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

2.4.3 Financial assets at fair value through profit or loss

Financial assets in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis

- Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

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2.5 Purchase/Acquisition of Security Receipts ("SR")

- For security receipt that fall within the planning period as defined by the Reserve Bank of India (RBI), the fair value of Security Receipts is considered to be the cost of acquisition.

- SRs are initially measured at fair value. Transaction costs directly attributable to the acquisition of such are recognised immediately in statement of profit and loss. The fair value of Security Receipts is determined based on the last declared Net Asset Value (NAV) which is calculated using ratings or gradings reviewed by an approved Credit Rating agency. However, the NAV has been reviewed on Quarterly basis, so that any material change in valuation of SRs is recognized immediately.

- SRs are measured at fair value through profit and loss based on the Company adopted fair valuation methodology. Refer note no 2.1.2. for determination of fair value methodology.

2.6 Equity investments at fair value through profit or loss (FVTPL)

- Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

- Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

- Dividends on investments in equity instruments are recognised as 'other income' when the Company's right to receive the dividends is established.

2.7 Loans and advances

- The Company may grant loan to borrowers. Such loans are provided to only those borrowers whose loans, ARC has already acquired from the respective banks/financial institutions in the form of Trusts. Such loans can be provided for the purpose of disposal of liabilities which delay realization of dues, Revival of borrower's operations, to enable borrower meet working capital requirements, etc

- Such loans are initially measured at fair value. Transaction costs that are directly attributable to the loans granted are added to or deducted from the fair value on initial recognition.

- Based on the business model and SPPI test, the loans are subsequently measured at amortized cost .

2.8 Other investment including debt securities

- The Company in accordance with its investment policy may purchase other financial assets (other than those specified above).

- Such financial assets are initially measured at fair value. Transaction costs that are directly attributable to purchase are added to or deducted from the fair value on initial recognition.

- Based on the business model and SPPI test, such financial assets are subsequently measured at amortized cost or FVTPL.

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- Financial assets measured at FVTPL are fair valued based on the Company adopted fair valuation methodology.

2.9 Financial liabilities and Equity Instruments

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.9.1 Financial Liabilities:

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the its's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the it's own equity instruments.

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value in case of loans and borrowings net of transaction costs that are directly attributable.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2.9.2 Loans and Borrowings

After initial measurement, financial liabilities are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue/acquisition of funds, and costs that are an integral part of the effective interest rate. The EIR amortisation is included as finance costs in Statement of Profit & Loss.

2.9.3 Financial Liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Consolidated Statement of Profit and Loss.

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Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

2.9.4 Debt issued and other borrowings ("Financial Liabilities")

- Financial Liabilities are recognized when the funds reach the Company.
- All Financial Liabilities are measured at fair value. Transaction costs that are directly attributable to the loans granted are added to or deducted from the fair value on initial recognition
- After initial measurement, financial liabilities are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate.

2.9.5 Borrowing costs/Finance costs

Borrowing costs include interest expense calculated using the effective interest rate method. Finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.9.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.10 Reclassification of financial assets and financial liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

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Chartered Accountants

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2.11 Derecognition of financial assets and financial liabilities

2.11.1 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has transferred the financial asset and substantially all the risk and rewards of ownership of the assets to another party.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

- The Company cannot sell or pledge the original asset other than as security to the eventual recipients

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability.

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The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

2.11.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, is recognised in profit or loss.

2.12 Impairment of financial assets

The Company records allowance for expected credit losses for trade receivables (including unbilled revenue) and other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments'.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses (12 month ECL).

Lifetime ECL (LTECL) represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Based on the above process, the Company categorises its financial instruments into Stage 1, Stage 2, and Stage 3 as described below:

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Stage 1:	When loans are first recognised, the company recognises an allowance based on 12m ECLs. Stage 1 financial instruments also include facilities where the credit risk has improved, and the financial instruments has been reclassified from Stage 2.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the company records an allowance for the 12m ECLs. Stage 2 financial instruments also include facilities, where the credit risk has improved and the financial instruments has been reclassified from Stage 3.
Stage 3:	Financial instruments considered credit impaired. The Company records an allowance for the LTECLs.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend and the Company's understanding of the specific future financing needs of the debtors.

2.13 Write offs

Financial assets are written off entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss.

2.14 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment in value.

Subsequent costs incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria i.e. it is probable that future economic benefits will flow to the entity and cost can be measured reliably. Repairs and maintenance are recognised in statement of profit and loss as incurred.

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the useful lives of the respective property, plant and equipment which are as per the provisions of Part C of the Schedule II for calculating the depreciation.

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Estimated useful lives of the assets are as follows:

Nature of asset	Estimated useful life
Office Equipment	5 years
Computers - End user devices, such as desktops, laptops, etc.	3 years
Furniture & Fixture	5 years
Leasehold improvements	Over the period of lease
Vehicles	5 years or lease period whichever is lower

Assets costing less than Rs.5,000/- are fully depreciated in the year of purchase. Assets taken on finance lease are depreciated over a period of lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

The residual values are not more than 5% of the original cost of the asset. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.15 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors. Amortization methods and useful lives are reviewed periodically including at each financial year end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

Estimated useful life of software and website will be over a period of 3 years to 5 years..

2.16 Retirement and other employee benefit

2.16.1 Defined contribution plans:

The Company's provident fund scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

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2.16.2 Defined benefit plans

The Company's gratuity scheme is considered as defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method.

Remeasurements gains / losses, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to statement of profit and loss in subsequent periods

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.16.3 Short term employee benefits

Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.16.4 Other long term employee benefits

Compensated Absences

Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Consolidated Statement of Profit and Loss.

2.17 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is

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recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.18 Leases

2.18.1 Leases as a Lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.18.2 Rights-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e the date of underlying asset is available for use). Rights-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of rights-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Rights-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

2.18.3 Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in lease payments or a change in the assessment of an option to purchase the underlying asset.

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2.18.4 Short term lease

The Company has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Company recognises lease payment associated with these leases as an expense on a straight-line basis over lease term.

2.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise of cash at banks and on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

2.20 Revenue recognition

2.20.1 Net gain/(loss) on financial asset measured at FVTPL

Changes in fair value of the financial assets recorded in balance sheet, measured at FVTPL, are recorded in statement of profit and loss.

As per the RBI circular, profit on redemption of security receipts is accounted only after the full redemption of security receipts. Amount realized in surplus/ deficit of the acquisition cost of security receipts in accordance with the terms of the trust deed/ offer document is recorded as profit/ loss on sale/ redemption of security receipts.

Profit/loss on sale of financial assets, measured at FVTPL, are recorded in statement of profit and loss.

2.20.2 Fee and commission income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract to determine the transaction price.

a. The fee income comprises of Management fees/Trusteeship fees. The Company receives Management fees/Trusteeship fee from trusts declared by it for acquisition of financial assets and the same is accounted for on accrual basis as per terms of the relevant trust deeds and offer document issued by the Trust. Management fees/Trusteeship fees are calculated and charged as a percentage of the net assets value ('NAV') at the lower end of the range of the NAV specified by the Credit Rating Agency. In case of NAV is not specified by the Credit rating Agency, Management fees are to be reckoned as a percentage of the actual outstanding value of SRs, before the availability of NAV of SRs.

b. Redemption incentive and recovery incentive is accounted based on terms of the relevant trust deeds and offer document issued by the Trust

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c. Any upside share in excess realisation over acquisition price of financial asset by trust is recognised at point in time basis as per terms of the relevant trust deed/offer document only after full redemption.

d. The above receipts are recognised as revenue excluding GST.

2.20.3 Interest Income

- Under Ind AS 109, interest income is recorded using the effective interest rate (EIR) method on all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest on the bank deposits is accounted for on accrual basis on time proportion basis, as per the terms of the deposits.

- Interest on Funded expenses is recognised on accrual basis. The accrual of the same is suspended whenever the expense receivable is being written off.

2.20.4 Dividend Income

Dividend income is recognised when right to receive is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

2.21 Foreign currency translation

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a property, plant and equipment and intangible assets are capitalized and depreciated over the remaining useful life of the asset.

2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

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2.26.4 Goods and services tax /value added taxes and input tax credit

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

2.27 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/loss before extraordinary item and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flow from operating, investing and financing activities are segregated based on available information.

2.28 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year adjusted for effect of interest and other financing costs, net of taxes, associated with dilutive potential equity share by aggregate of weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares into equity shares.

2.29 Exceptional items

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed separately in the financial statements.

2.30 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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2.30.1 Sources of key estimation uncertainty

The following are the key assumptions concerning the future, and other sources of key estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the Consolidated financial statements were prepared. 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.

2.30.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

For Investments made into Security receipts (SRs), Company uses discounted cash flow model, given that the SRs are less liquid instruments and expected cash flows including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets mainly the manner of resolution plan, arbitration negotiations, nature & value of collaterals, manner of resolution and other economic drivers. For any valuation which are based on models, Judgements and estimates are applied, which include considerations of liquidity, credit risk (both own and counterparty), funding value adjustments, correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.30.3 Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of cash flows projected from the expected recoveries of assets acquired by the Company and applying a present value factor to them.

Probabilities of defaults (PDs) the calculation of which includes historical data, assumptions and expectations of future conditions.

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2.30.4 Defined benefit obligations

The cost of post-retirement benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

2.31 Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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National Asset Reconstruction Company Limited
Notes to Consolidated Financial Statements as at March 31, 2025

(Rs. In lacs)

3. Cash and cash equivalents

	Particulars	As at March 31, 2025	As at March 31, 2024
I.	Cash on hand	0.19	0.03
II.	Balances with banks;		
(a)	In current accounts	1.40	10.66
(b)	In fixed deposits with original maturity of 3 months or less (Including interest accrued)	52,132.04	93,121.16
	Total	52,133.63	93,131.85

4. Bank balance other than cash and cash equivalents

	Particulars	As at March 31, 2025	As at March 31, 2024
	Deposits with maturity greater than 3 months but less than 12 months (Including interest accrued)	59,676.35	10,199.79
	Total	59,676.35	10,199.79

5. Trade receivables

	Particulars	As at March 31, 2025	As at March 31, 2024
	Trade receivables		
I.	Secured, considered good	-	-
II.	Unsecured, considered good:		
	Unbilled revenue	25,681.03	8,729.87
	Billed revenue	3.24	-
	Less : Expected credit loss (ECL)	(3,710.62)	(889.66)
	Total	21,973.65	7,840.21

5.1 Ageing for trade receivables outstanding as at March 31, 2025

	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
	Unbilled revenue	9,652.62	9,252.65	6,775.76	-	-	25,681.03
	Billed revenue	1.29	1.95	-	-	-	3.24
	Less: Expected credit loss (ECL)	(1,710.17)	(1,328.98)	(671.47)	-	-	(3,710.62)
	Total	7,943.74	7,925.62	6,104.29	-	-	21,973.65

5.2 Ageing for trade receivables outstanding as at March 31, 2024

	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
	Unbilled revenue	3,771.00	3,570.00	1,388.87	-	-	8,729.87
	Less: Expected credit loss (ECL)	(398.24)	(353.78)	(137.64)	-	-	(889.66)
	Total	3,372.76	3,216.22	1,251.23	-	-	7,840.21

National Asset Reconstruction Company Limited
Notes to Consolidated Financial Statements as at March 31, 2025

(Rs. In lacs)

6. Investments

	Particulars	As at March 31, 2025	As at March 31, 2024
I.	**Investments in security receipts** **Carried at fair value through profit or loss**		
	of an Associate	50,504.42	55,427.40
	Others	3,66,726.31	1,29,791.25
II.	**Investment in equity shares of an associate, (at cost)** **- Unquoted, fully paid up**		
	SREI Infrastructure Finance Limited (460,000 Equity shares having face value of Rs. 10 Each)	-	-
	Total - Gross (A)	**4,17,230.73**	**1,85,218.65**
	(i) Investments in India	4,17,230.73	1,85,218.65
	(ii) Investments outside India	-	-
	Total (B)	**4,17,230.73**	**1,85,218.65**
	Current	**38,617.26**	**59,657.39**
	Non current	**3,78,613.47**	**1,25,561.26**

7. Other financial assets

	Particulars	As at March 31, 2025	As at March 31, 2024
I.	Security deposit for leased premises and others - considered good	109.69	109.09
II.	Amount recoverable from trusts	4,680.70	1,587.14
	Less : Expected credit loss (ECL)	(718.03)	(57.56)
		3,962.67	**1,529.58**
	Total	**4,072.36**	**1,638.67**

8. Current tax assets (Net)

	Particulars	As at March 31, 2025	As at March 31, 2024
I	Advance income tax and TDS (Net of provisions for income tax of Rs. 1,870.28 lacs (Previous year Rs. 909.57 lacs)	252.61	175.30
	Total	**252.61**	**175.30**

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9. Property, plant and equipment

(Rs. In lacs)

As at March 31,2025

Description of assets	Gross Block				Accumulated Depreciation, Amortisation and Impairment				Net Block	
	As at April 01, 2024	Additions during the year	Disposals/ Adjustment during the year	As at March 31, 2025	As at April 01, 2024	Charge for the year	Disposals during the year	As at March 31, 2025	As at March 31, 2025	As at March 31, 2024
Owned Assets										
Computers	37.56	0.84	-	38.40	20.08	10.44	-	30.52	7.88	17.48
Office equipment	33.87	0.30	-	34.17	4.69	6.45	-	11.14	23.03	29.18
Furniture & fittings	3.98	-	0.75	3.23	0.75	0.47		1.22	2.00	3.23
Vehicles	60.00	34.92	-	94.92	3.70	15.27	-	18.98	75.94	56.30
Leased Assets										
Right of use leasehold assets - Office premises	726.31	-	6.85	719.46	184.69	147.31	-	332.01	387.45	541.62
Total	861.72	36.06	7.60	890.18	213.91	179.94	-	393.87	496.30	647.81

As at March 31,2024

Description of Assets	Gross Block				Accumulated Depreciation, Amortisation and Impairment				Net Block	
	As at April 01, 2023	Additions during the year	Disposals/ Adjustment during the year	As at March 31, 2024	As at April 01, 2023	Charge for the year	Disposals during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Owned Assets										
Computers	28.65	9.95	1.04	37.56	9.94	10.77	0.63	20.08	17.48	18.71
Office equipment	1.50	32.37	-	33.87	0.15	4.54	-	4.69	29.18	1.35
Furniture & fittings	-	3.98	-	3.98	-	0.75	-	0.75	3.23	-
Vehicles	-	60.00	-	60.00	-	3.70	-	3.70	56.30	-
Leased Assets										
Right of use leasehold assets - Office premises	726.31	-	-	726.31	36.98	147.71	-	184.69	541.62	689.33
Total	756.46	106.30	1.04	861.72	47.07	167.47	0.63	213.91	647.81	709.39

10. Other Intangible Assets

(Rs. In lacs)

As at March 31,2025

Description of Assets	Gross Block				Accumulated Depreciation, Amortisation and Impairment				Net Block	
	As at April 01, 2024	Additions during the year	Disposals/ Adjustment during the year	As at March 31, 2025	As at April 01, 2024	Charge for the year	Disposals during the year	As at March 31, 2025	As at March 31, 2025	As at March 31, 2024
Software (Including website)	30.61	-	-	30.61	17.22	10.18	-	27.40	3.21	13.39
Total	30.61	-	-	30.61	17.22	10.18	-	27.40	3.21	13.39

As at March 31,2024

Description of Assets	Gross Block				Accumulated Depreciation, Amortisation and Impairment				Net Block	
	As at April 01, 2023	Additions during the year	Disposals/ Adjustment during the year	As at March 31, 2024	As at April 01, 2023	Charge for the year	Disposals during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Software (Including website)	30.61	-	-	30.61	6.99	10.23	-	17.22	13.39	23.62
Total	30.61	-	-	30.61	6.99	10.23	-	17.22	13.39	23.62

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(Rs. In lacs)

11. Other non-financial assets

Particulars	As at March 31, 2025	As at March 31, 2024
(Unsecured considered good, unless stated otherwise)		
(i) Balances with government authorities - GST input tax credit	87.08	709.08
(ii) Prepaid expenses	40.46	36.79
(iii) Other advances	7.03	16.58
Total	134.57	762.45

12. Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Trade payables		
(i) Total outstanding dues of micro and small enterprises *	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	0.01	95.24
Total	0.01	95.24

*Dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information collected.

12.1 Dues payable to Micro and Small Enterprises under the Micro,Small and Medium Enterprises Development Act 2006 as well as amendments:

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond appointed day.	-	-
(iv) The amount of interest due and payable for the year.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-
Total	-	-

12.2 Ageing for trade payables

As at March 31,2025	Outstanding for following periods from due date of payment				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade payable - MSME	-	-		-	-
(ii) Undisputed Trade payable - Others	0.01	-		-	0.01
Total	0.01	-		-	0.01

As at March 31, 2024	Outstanding for following periods from due date of payment				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade payable - MSME	-	-		-	-
(ii) Undisputed Trade payable - Others	95.24	-		-	95.24
Total	95.24	-		-	95.24

There are no disputed trade payables, hence the same is not disclosed in the ageing schedule.

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NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

National Asset Reconstruction Company Limited
Notes to Consolidated Financial Statements as at March 31, 2025

(Rs. In lacs)

13. Debt Securities

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured		-
Non-convertible debentures, at amortised cost	2,00,000.00	-
Add: Interest accrued but not due	2,155.46	
Total (A)	2,02,155.46	-
(i) Debt Securities in India	2,02,155.46	-
(i) Debt Securities outside India	-	-
Total (B)	2,02,155.46	-

13.1 Terms and Conditions

Particulars	As at March 31, 2025	As at March 31, 2024
8.92% p.a., 20,000 Unsecured, rated, unlisted, redeemable, non convertible debentures having face value of Rs. 10,00,000 each (Bullet repayment not beyond 5 years from issue date i.e. February 11, 2025)	2,00,000.00	-
Total	2,00,000.00	-

Maturity profile above is disclosed at face value which excludes the accrued interest payable on NCDs.

13.2 The company has utilized money obtained by way of non-convertible debentures during the year for the purpose for which they were obtained.

13.3 Additional disclosure pursuant to Ind AS 7 (Debt securities movement during the year)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Opening balance	-	-
Cash flows	2,00,000.00	-
Non cash changes*	2,155.46	-
Total	2,02,155.46	-

* Non cash changes represents interest accrued but not due on NCDs.

14. Other financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Security deposit	2.25	7.25
Liability for expenses	200.59	219.79
Lease liabilities	451.15	579.63
Total	653.99	806.67

15. Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Provisions for employee benefits		
- Gratuity	0.08	0.17
- Leave encashment	116.08	74.30
- Other employee benefits payable	273.58	595.71
Total	389.74	670.18

16. Deferred tax liability (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax asset		
Preliminary expenses allowable u/s 35D over a period of time	9.71	19.41
Expenses provided but allowable in Income Tax on payment basis	31.31	33.14
Provision for Expected credit loss	1,114.60	238.40
Difference between book depreciation & tax depreciation	3.71	0.21
Right of use leasehold assets	21.01	9.57
Deferred tax liability		
Unbilled revenue taxed on billing	6,463.40	2,197.13
Fair valuation adjustment of security receipts	11,237.65	2,614.04
Total	16,520.71	4,510.44

17. Other non financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues payable	410.89	132.32
Total	410.89	132.32

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18. Equity share capital

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Authorised capital 2,75,00,00,000 equity shares of Rs. 10/- each (Previous year : 2,75,00,00,000 equity shares of Rs. 10/- each)	2,75,000.00	2,75,000.00
(b) Issued, subscribed & paid up 2,75,00,00,000 equity shares of Rs. 10/- each, fully paid up (Previous Year : 2,75,00,00,000 equity shares of Rs. 10/- each, fully paid up)	2,75,000.00	2,75,000.00

(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	2,75,00,00,000	1,40,90,45,000
Issued during the year	-	1,34,09,55,000
Reductions during the year	-	-
Balance at the end of the year	2,75,00,00,000	2,75,00,00,000

(d) Rights, preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

(e) shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate :
NIL

(f) Detail of shareholders holding 5 percent or more

Particulars	As at March 31, 2025		As at March 31, 2024	
Name of Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
Canara Bank	33,00,00,000	12.00%	33,00,00,000	12.00%
State Bank of India	27,22,50,000	9.90%	27,22,50,000	9.90%
Union Bank of India	27,22,50,000	9.90%	27,22,50,000	9.90%
Bank of Baroda	27,22,50,000	9.90%	27,22,50,000	9.90%
Indian Bank	27,22,50,000	9.90%	27,22,50,000	9.90%
Punjab National Bank	24,75,00,000	9.00%	24,75,00,000	9.00%
Bank of India	24,75,00,000	9.00%	24,75,00,000	9.00%
Bank of Maharashtra	13,75,00,000	5.00%	13,75,00,000	5.00%
IDBI Bank	13,75,00,000	5.00%	13,75,00,000	5.00%
ICICI Bank	13,75,00,000	5.00%	13,75,00,000	5.00%

(g) The Company does not have any promoters (as defined under Section 2(69) of the Companies Act, 2013).

(h) Shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment, including the terms and amounts :
NIL

(i) For the period of five years immediately preceding the date at which the Balance Sheet is prepared:
- Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash;
- Aggregate number and class of shares allotted as fully paid up by way of bonus shares; and
- Aggregate number and class of shares bought back
NIL

(j) terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date
NIL

(k) calls unpaid (showing aggregate value of calls unpaid by directors and officers)
NIL

(l) forfeited shares (amount originally paid up)
NIL

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NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

National Asset Reconstruction Company Limited
Notes to Consolidated Financial Statements as at March 31, 2025
18A Other equity

(Rs. in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Retained earnings	43,666.73	18,409.84
Other comprehensive income	5.98	3.43
Debenture redemption reserve	17,169.90	-
Closing balance	**60,842.61**	**18,413.27**

i) Retained earnings: These are the profits that the Company has earned till date, less any transfer to general reserve, statutory reserve, dividends or other distributions paid to shareholders.

ii) Other comprehensive income: This represents remeasurement of defined employee benefit plans (net of taxes).

iii) Debenture redemption reserve: The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve.

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NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

National Asset Reconstruction Company Limited
Notes to the Consolidated Financials Statement for the year ended March 31, 2025

(Rs. In lacs)

19.Fee & Other related income

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Management fees/Trusteeship fees	22,347.47	9,671.05
Recovery incentives	3,245.86	537.33
Other related income	-	2,641.36
Total	**25,593.33**	**12,849.74**

20.Interest income

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
On financial assets measured at amortised cost		
Interest on funded amount from Trust	520.95	650.00
Total	**520.95**	**650.00**

21.Net gain on fair value changes

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Fair value changes - unrealised		
On security receipts	8,780.38	10,386.33
Total	**8,780.38**	**10,386.33**

22.Other income

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Interest on deposits with banks	8,719.19	7,070.26
Interest on income tax refund	-	20.34
Unwinding of interest on financial assets	6.60	6.19
Excess provision written back & others	479.58	-
Total	**9,205.37**	**7,096.79**

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National Asset Reconstruction Company Limited

Notes to the Consolidated Financials Statement for the year ended March 31, 2025

(Rs. In lacs)

23. Finance costs

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Interest on debt securities	2,394.96	-
Commission on bank guarantee	-	57.03
Interest on lease obligations	56.89	70.54
GOI guarantee commission	2,260.92	869.51
Less : Recoverable from trust's	(2,260.92)	(869.51)
Total	**2,451.85**	**127.57**

24. Fees and commission expense

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Management fees	2,400.00	1,800.00
Recovery linked fees	1,633.27	-
Total	**4,033.27**	**1,800.00**

25. Impairment of financial instruments

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Fees and expenses	3,481.43	571.86
Total	**3,481.43**	**571.86**

26. Employee benefits expense

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Salaries and wages	1,058.86	1,198.74
Contribution to provident and other funds	84.61	91.97
Staff welfare expenses	89.51	47.70
Total	**1,232.98**	**1,338.41**

27. Depreciation, amortization and impairment

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Depreciation of tangible assets	32.63	19.77
Amortization of intangible assets	10.18	10.23
Amortization on right of use assets	147.31	147.71
Total	190.12	177.71

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Notes to the Consolidated Financials Statement for the year ended March 31, 2025

(Rs. In lacs)

28. Unrealised fees & expenses written off

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Unrealised expenses including interest on funded expenses written off	803.67	3,579.01
Total	**803.67**	**3,579.01**

29. Other expenses

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Legal and professional charges	217.97	395.05
Financial,Legal due diligence & other expenses	274.47	1,086.94
Filing fees, stamp duty & registration Expenses	11.13	28.23
Advertisement expense	12.24	1.91
Director sitting fees	68.89	67.31
Rent, taxes and energy cost	27.64	118.47
Travelling, boarding & lodging expenses	95.24	61.62
Insurance	10.05	12.05
Auditor's fees and expenses*		
- Audit fees	10.22	10.53
- Tax audit fees	1.90	1.57
- Out of pocket	0.74	-
Repairs and maintenance	21.99	20.82
Corporate social responsibility expenses	163.87	31.07
Miscellanoeus expenses	88.01	83.49
Total	**1,004.36**	**1,919.06**

*Includes Rs 1.70 lacs paid to previous auditor

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30 The major components of the tax expense for the year ended March 31, 2025 and March 31, 2024

(Rs. in lacs)

Sr. No.	Particulars	Year ended March 31, 2025	Year ended March 31, 2024
	Statement of profit & loss		
(a)	(i) Profit & loss section		
	Current income tax :		
	Current income tax charge	1,869.42	908.42
	Tax relating to earlier years	79.68	55.40
	Deferred tax:		
	Relating to originating and reversal of temporary differences	12,010.28	4,287.19
	Income tax expense reported in the statement of profit & loss	13,959.38	5,251.01
(b)	Other comprehensive income (OCI)		
	Current income tax :		
	Net gain/ (loss) on remeasurement of defined benefit plans	0.86	1.16
	Income tax expense reported in OCI	0.86	1.16

Reconciliation of tax expense and the accounting profit multiplied by India's domestic Tax rate for the year ended March 31,2025 and year ended March 31, 2024

(Rs. in lacs)

Sr. No.	Particulars	Year ended March 31, 2025	Year ended March 31, 2024
1	Profit before tax	56,386.17	21,469.24
2	Applicable tax rate	25.17%	25.17%
3	PBT * Applicable tax rate (1*2)	14,191.27	5,403.38
4	Reconciling items		
(a)	Difference in tax for items which are not allowed as deduction and effect of deferred tax items	(311.55)	(207.77)
(b)	Tax relating to earlier years	79.68	55.40
	Total	(231.87)	(152.37)
	Tax expense recognised during the year (3+4)	13,959.38	5,251.01

Components of deferred tax assets and liabilities recognised in Balance Sheet and Statement of profit & loss for year ended March 31,2025 & March 31,2024

(Rs. in lacs)

Sr. No.	Components of deferred tax (assets)/ liabilities Particulars	Balance Sheet		Statement of Profit & Loss	
		As at March 31, 2025	As at March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2024
1	Difference in book and income tax depreciation	(3.71)	(0.21)	(3.50)	(2.63)
2	Preliminary expenes	(9.72)	(19.41)	9.71	9.71
3	Expected credit loss	(1,114.60)	(238.40)	(876.21)	(143.93)
4	Unbilled revenue taxed on billing	6,463.40	2,197.13	4,266.27	1,843.66
5	Fair valuation adjustment of security receipts	11,237.65	2,614.03	8,623.61	2,614.03
6	Others	(52.31)	(42.70)	(9.61)	(33.66)
	Deferred tax expense/ (income)			12,010.28	4,287.19
	Net deferred tax (Assets)/ Liabilities	16,520.71	4,510.44		

Reconciliation of the deferred tax expense for the year ended March 31, 2025

(Rs. in lacs)

Sr. No.	Particulars	Opening Balance as on April 01, 2024	Tax income/ (expense) during the year recognised statement of Profit/ Loss under Profit/Loss section	Tax income/ (expense) during the year recognised statement of Profit/ Loss under OCI section	Closing Balance as on March 31, 2025
1	Difference in book and income tax depreciation	(0.21)	(3.50)	-	(3.71)
2	Preliminary expenes	(19.41)	9.71	-	(9.72)
3	Expected credit loss	(238.40)	(876.21)	-	(1,114.60)
4	Unbilled revenue taxed on billing	2,197.13	4,266.27	-	6,463.40
5	Fair valuation adjustment of security receipts	2,614.03	8,623.61	-	11,237.65
6	Others	(42.70)	(9.61)	-	(52.31)
	Total	4,510.44	12,010.28	-	16,520.71

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Reconciliation of the deferred tax expense for the year ended March 31, 2024

(Rs. in lacs)

Sr. No.	Particulars	Opening Balance as on April 01, 2023	Tax income/ (expense) during the year recognised statement of Profit/ Loss under Profit/Loss section	Tax income/ (expense) during the year recognised statement of Profit/ Loss under OCI section	Closing Balance as on March 31, 2024
1	Difference in book and income tax depreciation	2.41	(2.63)	-	(0.21)
2	Preliminary expenes	(29.12)	9.71	-	(19.41)
3	Expected credit loss	(94.47)	(143.93)	-	(238.40)
4	Unbilled revenue taxed on billing	353.47	1,843.66	-	2,197.13
5	Fair valuation adjustment of security receipts	-	2,614.03		2,614.03
6	Others	(9.05)	(33.66)	-	(42.70)
	Total	223.26	4,287.19	-	4,510.44

There are no items on which deferred tax asset has not been recognised in the Balance Sheet

31 Earnings per share (EPS)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Profit / (Loss) attributable to equity shareholders for basic/ diluted earnings per share after tax (Rs. in lacs)	42,426.79	16,218.23
No. of shares	2,75,00,00,000	2,75,00,00,000
Weighted average no. of equity shares outstanding during the year for basic/ diluted earnings per share	2,75,00,00,000	1,82,12,23,790
EPS (Basic and Diluted - Rs. per share)	1.54	0.89
Nominal value per share - Rs. per share	10.00	10.00

32 Employee Benefits:

Employee benefits include Provident fund, Pension, Gratuity and Compensated absences.

i) Defined contribution plans:

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the Employees' provident fund and Pension fund . The company's payments to the defined contribution plans are reported as expenses in the year in which the employees perform the services that the payment covers. During the current year, on account of Defined contribution plans, the Company has charged Rs.73.38 lacs (Previous year: Rs.81.33 lacs) to Statement of profit & loss.

ii) Defined benefit plans:

Expenses for defined-benefit plans are calculated as at each balance sheet date by independent actuaries (except for casual leave on actuals). These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Incremental liability based on the projected unit credit method as at the reporting date, is charged to the Statement of profit and loss. The actuarial gains / losses are accounted in the Statement of profit and loss. Excess of fair value of plan assets over defined benefit obligation is not recognised on grounds of prudence.

The Company makes a provision for gratuity and compensated absences based on actuarial reports (Except provision for casual leave of Rs.14.53 lacs).

(A) Gratuity

The principal assumptions used for the purposes of the actuarial valuations were as follows.

(Rs. in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate(s)	6.80% p.a.	7.20% p.a.
Expected rate(s) of salary increase	7% p.a.	7% p.a.

Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows.

(Rs. in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Service cost:		
Current service cost	11.65	10.51
Past service cost and (gain)/loss from settlements	-	-
Net interest expense	(0.45)	0.11
Components of defined benefit costs recognised in profit or loss	11.20	10.62
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	0.09	0.24
Actuarial (gains) / losses arising from changes in financial assumptions	0.96	0.43
Actuarial (gains) / losses arising from experience adjustments	(4.46)	(5.26)
Components of defined benefit costs recognised in other comprehensive income	(3.41)	(4.59)
Total	7.79	6.03

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The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

(Rs. in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of funded defined benefit obligation	24.37	15.13
Fair value of plan assets	(24.30)	(14.96)
Net funded obligation	**0.08**	**0.17**
Present value of unfunded defined benefit obligation	-	-
Net liability arising from defined benefit obligation	**0.08**	**0.17**

Movements in the present value of the defined benefit obligation are as follows. *(Rs. in lacs)*

Particulars	As at March 31, 2025	As at March 31, 2024
Opening defined benefit obligation	15.13	8.80
Current service cost	11.65	10.51
Interest cost	1.09	0.66
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in financial assumptions	0.96	0.43
Actuarial gains and losses arising from experience adjustments	(4.46)	(5.26)
Benefits paid	-	-
Closing defined benefit obligation	**24.37**	**15.13**

Movements in the fair value of the plan assets are as follows. *(Rs. in lacs)*

Particulars	As at March 31, 2025	As at March 31, 2024
Opening fair value of plan assets	14.96	-
Employer contribution	7.89	14.65
Interest on plan assets	1.54	0.55
Return on plan assets excluding amounts included in interest income	(0.09)	(0.24)
Benefits paid	-	-
Assets distrbuted on settlements	-	-
Closing fair value of plan assets	**24.30**	**14.96**

(Rs. in lacs)

Category of assets	As at March 31, 2025	As at March 31, 2024
Policy of insurance	24.30	14.96
Total	24.30	14.96

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the following risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality Risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

Sensitivity Analysis *(Rs. in lacs)*

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Defined benefit obligation on increase in 50 bps in Discount rate	23.18	14.29
Defined benefit obligation on increase in 50 bps in Salary escalation rate	25.02	15.34
Impact of increase in 50 bps in Discount rate on DBO	-4.91%	-5.54%
Impact of increase in 50 bps in Salary escalation rate on DBO	2.67%	1.43%
Defined benefit obligation on decrease in 50 bps in Discount rate	25.66	16.03
Defined benefit obligation on decrease in 50 bps in Salary escalation rate	23.67	14.87
Impact of decrease in 50 bps in Discount rate on DBO	5.27%	5.99%
Impact of decrease in 50 bps in Salary escalation rate on DBO	-2.88%	-1.67%

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Maturity Profile of Defined Benefit Plans *(Rs. in lacs)*

Projected benefits payable in future years from the date of reporting	Year ended March 31, 2025	Year ended March 31, 2024
1st following year	0.15	0.07
2nd following year	0.14	0.08
3rd following year	0.76	0.09
4th following year	1.14	0.51
5th following year	1.15	0.75
Sum of years 6 To 10 & above	19.13	10.77

(B) Compensated absences:

a) Assets & Liabilities recognized in the Financial Statement *(Rs. in lacs)*

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current liabilities	90.90	70.99
Current liabilities	25.18	3.32
Total	116.08	74.30

b) Actuarial assumptions :

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate	6.80%	7.20%
Salary escalation rate	7.00%	7.00%
Attrition rate :		
Age - 25 & below	5.00%	5.00%
Age - 25 to 35 years	5.00%	5.00%
Age - 35 to 45 years	3.00%	3.00%
Age - 45 to 55 years	2.00%	2.00%
Age - 55 & above	2.00%	2.00%

33.1 Information about the assets acquired under IBC including type and value of assets acquired, the sector wise distribution based on business of the corporate debtor

Year of acquisition	Type	Value of assets acquired (Acquisition cost)	Sector of the business
FY 2023-24	Debt of BFSI	Rs.2400 Crores	BFSI

33.2 Implentation status of the Resolution plans approved by the adjudicating authority on a quarterly basis

In pursuance of Reserve Bank of India notification DoR.SIG.FIN.REC.75/26.03.001/2022-23 dated 11 October 2022, during FY2023, the Company applied for as a Resolution Applicant and was subsequently declared as the Successful Resolution Applicant (SRA) under the Corporate Insolvency Resolution Process (CIRP) of Srei Infrastructure Finance Limited ("SIFL") and Srei Equipment Finance Limited ("SEFL"). The resolution plan submitted by the company had approved by National Company Law Tribunal (NCLT) on 11 August 2023. SRA appointed Boards had taken over control of both the companies with effect from 26 February 2024.

SREI's admitted debt exposure under CIRP was approx Rs.32,815 Crores. The same was backed by loan assets advanced by the two NBFC entities, Srei Infrastructure Finance Limited ("SIFL") and Srei Equipment Finance Limited ("SEFL").

Recovery is progressing as per envisaged timelines under the Resolution plan. Management team at the company with board oversight is formulating strategies for maximum recoveries from the loans extended by SEFL.
•The SRs issued Rs.2,400 Cr with NCD:SR cover being 1.88 (4506/2400) with rating grade of RR1+ by CRISIL.
•The current outstanding SRs of ~Rs.1,001 Cr as on March 31,2025.
•Total recoveries for AFCs till date ~Rs.4,302 Cr
•Way forward is to ensure Redemption of balance NCDs.
•NBFC license from RBI for SIFL has been obtained on Feb 03,2025.

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(Rs. in lacs)

34 Category wise Financial Assets and Financial Liabilities

As at March 31, 2025				
Particulars	Amortised Cost	Fair value		
		FVTPL	FVTOCI	Total carrying Value
Financial Assets				
- Cash & Cash Equivalents	52,133.63	-	-	52,133.63
- Bank balance and other than Cash & Cash Equivalents	59,676.35	-	-	59,676.35
- Trade Receivable	21,973.65	-	-	21,973.65
- Investments in Security Receipts	-	4,17,230.73	-	4,17,230.73
- Deposits	109.69	-	-	109.69
- Amount Recoverable from Trusts and Others	3,962.67	-	-	3,962.67
Total	**1,37,855.99**	**4,17,230.73**	**-**	**5,55,086.72**
Financial Liabilities				
- Trade payable	0.01	-	-	0.01
- Debt Securities	2,02,155.46			2,02,155.46
- Security Deposit	2.25	-	-	2.25
- Liability for expenses	200.59	-	-	200.59
- Liability for leases	451.15	-	-	451.15
Total	**2,02,809.46**	**-**	**-**	**2,02,809.46**

As at March 31, 2024				
Particulars	Amortised Cost	Fair value		
		FVTPL	FVTOCI	Total carrying Value
Financial Assets				
- Cash & Cash Equivalents	93,131.85	-	-	93,131.85
- Bank balance and other than Cash & Cash Equivalents	10,199.79	-	-	10,199.79
- Trade Receivable	7,840.21	-	-	7,840.21
- Investments in Security Receipts	-	1,85,218.65	-	1,85,218.65
- Deposits	109.09	-	-	109.09
- Amount Recoverable from Trusts and Others	1,529.58	-	-	1,529.58
Total	**1,12,810.52**	**1,85,218.65**	**-**	**2,98,029.17**
Financial Liabilities				
- Trade payable	95.24	-	-	95.24
- Security Deposit	7.25	-	-	7.25
- Liability for expenses	219.79	-	-	219.79
- Liability for leases	579.63	-	-	579.63
Total	**901.91**	**-**	**-**	**901.91**

35 Fair Value measurements recognised on the Balance Sheet

As at March 31, 2025				
Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
- Investment in SRs	-	-	4,17,230.73	4,17,230.73

As at March 31, 2024				
Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
- Investment in SRs	-	-	1,85,218.65	1,85,218.65

Reconciliation of Level 3 fair value

Particulars	Investment in SRs
Balance as at March 31, 2023	**54,958.88**
Add: Net gain on fair value change included in Statement of Profit & Loss (Unrealised)	10,386.33
Add: Investment made during the year	1,25,440.25
Less: Redemption of Investments during the year	(5,576.81)
Less: Transfer out of Level 3	-
Balance as at March 31, 2024	**1,85,218.65**
Add: Net gain on fair value change included in Statement of Profit & Loss (Unrealised)	34,264.20
Add: Investment made during the year	2,33,690.64
Less: Redemption of Investments during the year	(35,942.76)
Less: Transfer out of Level 3	-
Balance as at March 31, 2025	**4,17,230.73**

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Sensitivity Analysis

For the fair values of Investment in SR's, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding euther inputs constant, would have the following effect.

Nature of Instruments	Fair value as at March 31,2025	Fair value as at March 31,2024	Significant unobservable inputs	Increase/Decrease in the unobservable input	Sensitivity impact for the year ended March 31,2025		Sensitivity impact for the year ended March 31,2024	
					Fair Value Increase	Fair Value Decrease	Fair Value Increase	Fair Value Decrease
Investment in Security Receipts	4,17,230.73	1,85,218.65	Estimated cash flow based on realisation of collaterals value , etc.	5%	18,629.01	18,629.01	8,741.62	8,741.62

This explains the judgments and estimate made in determining the Fair Value of financial instruments that are (a) recognised and measured at Fair Value (b) measured at amortised cost and for which fair values are disclosed in the financial statements. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels:

<u>Level 1</u> : Level 1 hierarchy includes financial instruments measured using quoted price. This includes listed equity shares, traded bonds, mutual funds, etc., that have quoted price.

<u>Level 2</u> : The fair value of financial instruments that are not traded in active market is determined using valuation techniques which maximise the use of observable market data and rely as little possible on entity specific estimates. If all significant inputs required for determining fair value of an financial instrument are observable, the instrument is included in Level 2.

<u>Level 3</u> : If one or more of the significant input is not based on observable market data, the instrument is included in Level 3.

Valuation Methodologies

Investments in Security Receipts: The Companies investments primarily consists of investments in SRs. Fair value of investments in Security Receipts are classified as Fair Value through Profit & loss, and are determined using NAV by Rating Agencies as specified by RBI Guidelines and are classified as Level 3. The ratings are based on recovery rating scale.

Cases which fall under planning period as defined by the RBI guidelines for SC/RC, cost of Security Receipts are considered as fair value.

Management has assessed that all financial assets and financial liabilities measured at amortised cost approximates their fair value.

36 Maturity analysis of assets & liabilities

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

(Rs. in lacs)

Particulars	March 31,2025			March 31,2024		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Financial assets						
Cash and cash equivalents	52,133.63	-	52,133.63	93,131.85	-	93,131.85
Bank balance other than cash and cash equivalents	59,676.35		59,676.35	10,199.79	-	10,199.79
Trade Receivables	17,999.24	3,974.41	21,973.65	7,741.89	98.32	7,840.21
Investments	38,617.26	3,78,613.47	4,17,230.73	59,657.39	1,25,561.26	1,85,218.65
Other financial assets	3,230.48	841.88	4,072.36	1,476.01	162.66	1,638.67
	1,71,656.96	3,83,429.76	5,55,086.72	1,72,206.94	1,25,822.24	2,98,029.17
Non-financial assets						
Current tax assets (net)	-	252.61	252.61	-	175.30	175.30
Property, plant and equipment	-	496.30	496.30	-	647.81	647.81
Other intangible assets	-	3.21	3.21	-	13.39	13.39
Other non-financial assets	134.57	-	134.57	-	762.45	762.45
	134.57	752.12	886.69	-	1,598.95	1,598.95
Total assets	1,71,791.53	3,84,181.88	5,55,973.41	1,72,206.94	1,27,421.19	2,99,628.12

Particulars	March 31,2025			March 31,2024		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Financial liabilities						
Trade payables	0.01	-	0.01	95.24	-	95.24
Debt Securities	2,155.46	2,00,000.00	2,02,155.46	-	-	-
Other financial liabilities	351.35	302.65	654.00	353.27	453.40	806.67
	2,506.82	2,00,302.65	2,02,809.47	448.51	453.40	901.91
Non-financial liabilities						
Provisions	298.76	90.98	389.74	599.02	71.16	670.18
Deferred tax liabilities (net)	-	16,520.71	16,520.71	-	4,510.44	4,510.44
Other non-financial liabilities	410.89	-	410.89	132.32	-	132.32
	709.65	16,611.68	17,321.34	731.34	4,581.60	5,312.94
Total liabilities	3,216.47	2,16,914.33	2,20,130.81	1,179.85	5,035.00	6,214.85

For the assets and liabilities mentioned above where no contractual maturity is available, the management has done an assessment to arrive at the probable maturity timeline based on some assumptions and estimates.

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37 Related Party Transactions

As per Ind AS 24 'Related Party Disclosures', the related party where control exists or where significant influence exists and with whom transactions have taken place are as below:

37.1 Name & relationship with related parties:

Associates
Srei Infrastructure Finance Limited (w.e.f Dec 27,2023)
NARCL Trust - 0007 (w.e.f Dec 08,2023)

Key managerial personnel

Mr.P Santhosh	Managing Director & CEO (w.e.f Jan 16,2024)
Mr.Natarajan Sundar	Managing Director & CEO (Up to Jan 04, 2024)
Mr.Arindam Biswas	Chief Finance Officer
Mr.Kapil Soni	Company Secretary

Other related parties

Mr.Diwakar Gupta	Independent Director (w.e.f Nov 28,2023)
Ms. Malvika Sinha	Independent Director
Mr.Ajit Krishnan Nair	Nominee Director (Up to Nov 30,2024)
Mr.Richard Mendonca	Independent Director
Mr.Kannan Sekar	Independent Director (Up to Aug 19, 2023)
Mr.Subrata Biswas	Nominee Director (Up to Sept 30, 2023)
Mr.Jetha Nand Chopra	Nominee Director (Up to Sept 21, 2023)
Mr.Rakesh Singh	Nominee Director (Up to Mar 20, 2024)
Ms. V N Maya	Nominee Director (w.e.f Dec 27,2024)
Mr.Vikram Duggal	Nominee Director (w.e.f Jan 27,2025)

Enterprise over which significant influence exercised
Srei Equipment Finance Limited (w.e.f Dec 27,2023)

Employee Benefits Trust
NARCL Employees Group Gratuity Scheme Trust

(Rs. in lacs)

Particulars	Year ended March 31, 2025			Year ended March 31, 2024		
	Associates	Enterprise over which significant influence exercised	Key managerial personnel / Other related parties/Employee Benefits Trust	Associates	Enterprise over which significant influence exercised	Key managerial personnel / Other related parties/Employee Benefits Trust
Transactions with related parties						
I.Income						
Fees billed during the year & Other related income						
NARCL Trust - 0007	5,562.62	-	-	1,821.55	-	-
Srei Equipment Finance Limited	-	-	-	-	2,043.35	-
Interest Income						
NARCL Trust - 0007	-	-	-	0.51	-	-
Other expenses recovered from						
NARCL Trust - 0007	1.40	-	-	2.99	-	-
Srei Equipment Finance Limited	-	-	-	-	3.22	-
II.Other expenses						
Remuneration / Sitting Fees (Refer note 37.2)	-	-	269.07	-	-	298.40
III.Investments made during the year						
NARCL Trust - 0007 (Security Receipts)	-	-	-	60,000.00	-	-
Srei Infrastructure Finance Limited	-	-	-	46.00	-	-
IV.Redemption during the year						
NARCL Trust - 0007 (Security Receipts)	20,406.80	-	-	4,572.60	-	-
V.Contribution to Gratuity Trust						
NARCL Employees Group Gratuity Scheme Trust			7.89			5.86
VI Balances with related parties						
Investment						
NARCL Trust - 0007	35,020.60	-	-	55,427.40	-	-
Srei Infrastructure Finance Limited	46.00	-	-	46.00	-	-
Receivables & (Payables)						
NARCL Trust - 0007	(66.27)	-	-	(174.59)	-	-
Director Sitting Fees payable	-	-	(1.82)	-	-	(3.76)
NARCL Employees Group Gratuity Scheme Trust	-	-	24.30	-	-	14.96

Notes :
a) Related party relationship is as identified by the management and relied upon by the auditors.
b) No amounts in respect of related parties have been written off/ written back during the year or has not made any provision for doubtful debts/ receivable.
c) Related party transactions have been disclosed on basis of value of transactions in terms of the respective contracts.
d) Reimbursement of expenses has not been considered for disclosure.

37.2 Transactions with key management personnel / other related parties of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the company and its employees.

The following table provides the total amount of transactions, which have been entered into with key management personnel / other related parties for the relevant financial year:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Director Sitting Fees to other related parties	54.81	62.00
Remuneration to KMPs*	199.75	216.43
Post employment benefits to KMPs	14.51	19.96
Total	269.07	298.40

* Remuneration for the year ended March 31,2025 includes variable component of previous year paid during current year.
# Remuneration excludes gratuity and leave encashment benefits as a liability is accounted for company as a whole.

38 Financial Risk Management

The Company is exposed to market risk, credit risk and liquidity risk, which may impact the fair value of its financial instruments. The Company has a risk management policy to manage and mitigate these risks.

Market Risk

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest rate risk. The Company is primarily exposed to interest rate risk.

<u>(i) Foreign Currency Risk</u>

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest exposure to the risk of changes in exchange rate as there are no off-shore business transactions.

<u>(ii) Interest Rate Risk</u>

Interest Rate Risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed deposits and security receipts issued by trusts. The Company's exposure to the risk of changes is market rates relates primarily to the Company's debt obligations with fixed interest rates. Hence the Company is not significantly exposed to interest rate risk.

Credit Risk

Financial Instruments that potentially subject the Company to concentration of Credit risk consist principally of trade receivables, unbilled revenue, investment securities and other recoverable from trusts. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties i.e. trusts. However, the Company being trustee of all the trusts managed by it, the priority of receivables/ outstanding is a priority as per the waterfall mechanism defined Trust Deed/ Offer Document. Hence, the Company is not significantly exposed to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. Although the investments in security receipts are not tradable in market, the Company consistently generates sufficient cash flows from operations and has access to other sources of funding to meet the financial obligations and maintain adequate liquidity for use.

Reconciliation of gross carrying amount

A) Trade receivables

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Gross carrying amount (Opening balance)	8,729.87	1,404.44
Add: Origination of the trade receivables during the year	25,593.33	10,208.37
Less: Recoveries from trade receivables during the year	8,638.93	2,882.94
Less: Trade receivables written-off/ (write-back)	-	-
Gross carrying amount (Closing balance)	**25,684.27**	**8,729.87**

B) Funded interest - clubbed under recoverable from trusts

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Gross carrying amount (Opening balance)	580.06	1.61
Add: Assets originated	468.85	585.01
Less: Net recoveries from trusts	14.89	6.56
Less: Net assets written-off/ (write-back)	435.51	-
Gross carrying amount (Closing balance)	**598.51**	**580.06**

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C) Funded Expenses - clubbed under Recoverable from Trusts

Particulars	As at March 31, 2025	As at March 31, 2024
Gross carrying amount (Opening balance)	1,006.86	206.07
Add: Assets originated	5,120.73	5,547.85
Less: Net recoveries from trusts	1,677.53	1,168.05
Less: Net assets written-off/ (write-back)	368.16	3,579.01
Gross carrying amount (Closing balance)	**4,081.90**	**1,006.86**

Reconciliation of expected credit loss (ECL)

A) Trade receivables

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Impairment loss allowance (Opening balance)	889.66	374.88
Changes in impairment loss allowance due to -		
Add: Origination of the trade receivables during the year	2,822.08	516.32
Less: Recoveries from trade receivables during the year	1.12	1.54
Change in estimates	-	-
Impairment loss allowance (Closing balance)	**3,710.62**	**889.66**

B) Funded Interest - clubbed under recoverable from trusts

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Impairment loss allowance (Opening balance)	57.56	0.47
Changes in loss allowance due to -		
Add: Assets originated	29.26	57.09
Less: Net recoveries from trusts	0.34	0.00
Less: Net assets written-off/ (write-back)	-	-
Change in estimates	-	-
Impairment loss allowance (Closing balance)	**86.48**	**57.56**

C) Funded Expenses - clubbed under recoverable from trusts

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Impairment loss allowance (Opening balance)	-	-
Changes in loss allowance due to -		
Add: Assets originated	631.55	-
Less: Net recoveries from trusts	-	-
Less: Net assets written-off/ (write-back)	-	-
Change in estimates	-	-
Impairment loss allowance (Closing balance)	**631.55**	-

Operational Risk

The Company controls operational risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Company.

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Reputational Risk

The Company protects is reputation from material damage by ensuring that any business activity is satisfactorily assessed and managed by the appropriate level of management and governance oversight.

Compliance Risk

The Company has no appetite for breaches in laws and regulation, while recognising that, regulatory non-compliance cannot be entirely avoided, the Company strives to reduce this to an absolute minimum.

39 Corporate social responsibility

The Company has constituted a CSR committee as required under Section 135 of the Companies Act 2013, together with relevant rules as prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR rules'). The Company has framed the CSR policy and has identified the CSR initiatives and the methodology for spending the same to ensure appropriate end use of funds so spent.

(Rs. in lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
a) Amount required to be spent by the company during the year	163.87	31.07
b) Amount of expenditure incurred	163.87	31.07
c) Shortfall at the end of the year	-	-
d) Total of previous years shortfall	-	-
e) Reason for shortfall	-	-
f) Nature of CSR activities	Healthcare,Social Issues	Healthcare,Social Issues
g) details of related party transactions	-	-
h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

40 Revenue from contracts with customers

Disaggregated revenue

The table below represents disaggregated revenues from contracts with customers by type of services, geographical market and timing of revenue recognition. The Management believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

(Rs. in lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Type of Services		
Fees & other income	25,593.33	12,849.74
Total revenue from contract with customers	**25,593.33**	**12,849.74**
Geographical Markets		
India	25,593.33	12,849.74
Outside India	-	-
Total revenue from contract with customers	**25,593.33**	**12,849.74**
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	25,593.33	12,849.74
Total revenue from contract with customers	**25,593.33**	**12,849.74**

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Contract balance

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Receivables	25,684.27	8,729.87

41 Contingent Liability, Commitments and lease arrangements

41.1 Legal claims

There are no legal claims against the company as on March 31, 2025 & as on March 31,2024.

41.2 Contingent liabilities

There are no contingent liabilities as on March 31, 2025 and As on March 31, 2024.

41.3 Lease commitments - Company as a lessee

The company has entered into commercial leases for premises . Future minimum lease payments under non–cancellable leases as at 31 March are, as follows:

(Rs. In lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Within 1 year	192.28	185.40
After one year but not more than five years	326.25	518.53
More than 5 years	-	-

This note provides information for leases where the company is a lessee.

Right of use assets

(Rs. In lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Opening	541.62	689.33
Addition	-	-
Deletion/Adjustment	(6.85)	-
Depreciation expense	(147.31)	(147.71)
Closing	**387.46**	**541.62**

Lease Liability

(Rs. In lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Opening	579.63	694.48
Addition	-	-
Deletion/Adjustment	(6.85)	
Accretion of interest	56.89	70.54
Payments	(178.52)	(185.40)
Closing	**451.15**	**579.63**

The statement of profit or loss shows the following amounts relating to leases

(Rs. In lacs)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Depreciation on right of use assets	147.31	147.71
Interest on lease liability	56.89	70.54
Total	**204.20**	**218.25**

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42 Capital management

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

The company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payme… to shareholders, return capital to shareholders or issue capital securities.

The Company's strategy is to maintain optimum gearing ratio. The gearing ratios are as follows:

(Rs in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash/ Bank balance as per Books	52,133.63	93,131.85
Bank balance other than Cash and Cash Equivalents	59,676.35	10,199.79
Borrowings (Debt Securities)	2,02,155.46	-
Net Debt	1,50,021.84	-
Total Equity	3,35,842.61	2,93,413.27
Debt/ Equity Ratio	0.60	-

43 There are no foreign currency transactions during year ended on March 31, 2025 & year ended on March 31, 2024.

44 The Company has operation in single business segment and hence there are no separate reportable segments to be disclosed under Ind … 108 - "Operating Segments"

45 There are no subsequent events between the year ended March 31, 2025 and signing of the Financial Statements as on June 13, 2025 whic… have material impact on the financials of the Company.

46 Other additional regulatory information

46.1 Title deeds of immovable properties not held in name of the Company

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

46.2 Loans and advances

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

(a) repayable on demand or

(b) without specifying any terms or period of repayment

46.3 Details of benami property held

The Company do not have any benami property, where any proceeding has been initiated or pending against the company for holding an… Benami property.

46.4 Security of current assets against borrowings

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

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NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED NARCL MUMBAI

46.5 **Wilful defaulter**

The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.

46.6 **Relationship with struck off Companies**

The Company do not have any transactions with companies struck off.

46.7 **Registration of charges or satisfaction of charges with Registrar of Companies (ROC)**

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

46.8 **Ratios**

Particulars	As at March 31, 2025	As at March 31, 2024
Capital to risk-weighted assets ratio (CRAR)	74.84%	142.93%
Tier I CRAR	74.84%	142.93%
Tier II CRAR	NA	NA
Liquidity Coverage Ratio	18284.67%	23098.31%
Debt Equity Ratio	0.60	NA
Debt Service Coverage Ratio	3.29	NA

CRAR = Total Capital / Risk Weighted assets
Tier I CRAR = Tier I Capital / Risk Weighted assets
Tier II CRAR = Tier II Capital / Risk Weighted assets
Liquidity Coverage Ratio = High Quality Liquid Assets/Short-term obligations for next 30 days
Debt Equity Ratio : Debt Securities/Net Worth
Debt Service Coverage Ratio : Profit before Interest & Tax /(Interest expense+ Principal Repayment in next 12 months)

46.9 **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 (Intermediaries) 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)
(ii) provide any guarantee, security or the like to or on behalf of the 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 persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

46.10. **Undisclosed income**

The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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46.11 **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.

47 The Company has complied with the number of layers prescribed under the Companies Act, 2013.

48 The Company does not have entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

49 The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets during the current previous year.

50 The Financial Statement is prepared in accordance with Division III to Schedule III of the Companies Act, 2013.The line items as per prescribed format are not applicable to company and items which are applicable to company but having nil balance in the current a previous reporting period are not disclosed in this financial statements.

51 **Investor Education and Protection Fund**

There is no amount required to be transferred to Investor Education and Protection Fund by the Company.

52 The financial statements were approved for issue by the Board of Directors on June 13, 2025.

53 **Previous year's comparatives**

Previous years figures have been regrouped and reclassified wherever necessary,to conform to the current year's presentation.

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54 Interest in Associates:

Below are the Associates of the Group, which, in the opinion of the Management, are material to the Group, which have been accounted as per equity method of accounting.

Name of Entity	Principal place of business /Country of Incorporation	Proportion of ownership interest and voting power held by the Group		Principal Activity
		March 31,2025	March 31,2024	
Srei Infrastructure Finance Limited	India	46.00%	46.00%	Infrastructure Finance
NARCL Trust - 0007	India	25.00%	25.00%	Asset reconstruction

Summarised financial information in respect of the Group's, material associates are set out below:

1. Financial Information of Srei Infrastructure Finance Limited

(a) Summarised Consolidated Balance Sheet

(Rs in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Financial Assets	2,97,661.00	4,38,477.00
Non Financial Assets	73,605.00	1,07,526.00
Financial Liabilities	2,18,883.00	3,16,342.00
Non Financial Liabilities	84,453.00	1,35,146.00
Non controlling Interest	11,69,171.00	11,69,171.00
Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:		
Net assets	(11,01,241.00)	(10,74,656.00)
Proportion of the Group's ownership interest in the associates	46.00%	46.00%
Share in Net Assets of the Company	(5,06,570.86)	(4,94,341.76)
Group' Share of loss recognised	-	46
Group' Share of loss unrecognised till date	58,035.90	45,406.34

The Company has accounted its share of loss to the extent of carrying value of the investments aggregating to Rs. 46 lacs in accordance with "Indian Accounting Standard (Ind AS) 28 – Investments in Associates and Joint Ventures".

(b) Summerised Consolidated Statement of Profit & Loss

(Rs in lacs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Total revenue (including other income)	89,001.00	23,282.00
Profit after tax	(19,212.00)	(95,950.00)
Other Comphrensive Income	(7,374.00)	(3,729.00)
Total Comprehensive Income	(26,586.00)	(99,679.00)

(c) The statutory auditors of Associate Company have stated that the consolidated loss is without considering the financial impact of three step down subsidiaries of the Associate Company as they have not received the financial statement of three step down subsidiaries.

2. Financial Information of Trust 0007

(a) Summarised Balance Sheet

(Rs in lacs)

Particulars	As at March 31, 2025	As at March 31, 2024
Financial Assets	2,02,205.16	2,21,709.71
Non Financial Assets	67.25	200.27
Financial Liabilities	188.03	17.44
Non Financial Liabilities	66.70	182.94
Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:		
Net assets	2,02,017.69	2,21,709.60
Proportion of the Group's ownership interest in the associates	25.00%	25.00%
Share in Net Assets of the Trust	50,504.42	55,427.40
Group' Share of profit recognised	25,483.82	-

(b) Summarised Statement of Profit & Loss

(Rs in lacs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Total revenue (including other income)	1,01,935.29	-
Profit after tax	1,01,935.29	-
Other Comphrensive Income	-	-
Total Comprehensive Income	-	-

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Chartered Accountants

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED
NARCL
MUMBAI

National Asset Reconstruction Company Limited

Notes to Consolidated Financial Statements as at March 31, 2025

Additional information as required under schedule III to the Companies Act 2013 of enterprises consolidated as associates

As on March 31,2025

(Rs in lacs)

Name of the Entity	Net assets i.e. Total assets minus Total Liabilities		Share in Profit or Loss		Share in Other comprehensive income		Share in Total comprehensive income	
	%	Amount	%	Amount	%	Amount	%	Amount
Parent								
National Asset Reconstruction Company Limited	84.96%	2,85,338.18	39.93%	16,942.97	100.00%	2.55	39.94%	16,945.52
Associates (Investment as per Equity method)								
Srei Infrastructure Finance Limited	-	-	-	-	-	-	-	-
NARCL Trust - 0007	15.04%	50,504.42	60.07%	25,483.82	-	-	60.06%	25,483.82
Total	100.00%	3,35,842.60	100.00%	42,426.79	100.00%	2.55	100.00%	42,429.34

As on March 31,2024

(Rs in lacs)

Name of the Entity	Net assets i.e. Total assets minus Total Liabilities		Share in Profit or Loss		Share in Other comprehensive income		Share in Total comprehensive income	
	%	Amount	%	Amount	%	Amount	%	Amount
Parent								
National Asset Reconstruction Company Limited	81.11%	2,37,985.86	100.28%	16,218.23	100.00%	3.43	100.28%	16,221.65
Associates (Investment as per Equity method)								
Srei Infrastructure Finance Limited	-	-	-0.28%	(46.00)	-	-	-0.28%	(46.00)
NARCL Trust - 0007	18.89%	55,427.40	-	-	-	-	-	-
Total	100.00%	2,93,413.26	100.00%	16,172.23	100.00%	3.43	100.00%	16,175.66

Signature to note no. 1 to 54

For and on behalf of the Board of Directors of
National Asset Reconstruction Company Limited

Diwakar Gupta

Diwakar Gupta
Chairman
DIN: 01274552

P Santhosh
MD & CEO
DIN: 08515964

Arindam Biswas
Chief Financial Officer

Kapil Soni
Company Secretary

LODHA & CO. LLP
MUMBAI-01
Chartered Accountants

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED
NARCL
MUMBAI

Place: Mumbai
Date: June 13, 2025

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	-
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	-
4.	Share capital	-
5.	Reserves & surplus	-
6.	Total assets	-
7.	Total Liabilities	-
8.	Investments	-
9.	Turnover	-
10.	Profit before taxation	-
11.	Provision for taxation	-
12.	Profit after taxation	-
13.	Proposed Dividend	-
14.	% of shareholding	-

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations - NA
2. Names of subsidiaries which have been liquidated or sold during the year. - NA

NATIONAL ASSET RECONSTRUCTION COMPANY LIMITED * NARCL MUMBAI

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. In Lakhs)

Name of associates/Joint Ventures	**SREI Infrastructure Finance Limited**
1. Latest audited Balance Sheet Date	31st March 2025
2. Date on which the Associate or Joint Venture was associated or acquired	19th December 2023
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	4.60
Amount of Investment in Associates/Joint Venture	46.00
Extend of Holding%	46%
3. Description of how there is significant influence	Control of more than 20% of total paid up share capital
4. Reason why the associate/joint venture is not consolidated	Associate Company -Srei Infrastructure Finance Limited has been consolidated
5. Net worth attributable to shareholding as per latest audited Balance Sheet	(11,01,242)
6. Profit/Loss for the year	
i. Considered in Consolidation	-
ii. Not Considered in Consolidation	(19,212)

1. Names of associates or joint ventures which are yet to commence operations. N.A
2. Names of associates or joint ventures which have been liquidated or sold during the year. N.A

For and on behalf of the Board of Directors of National Asset Reconstruction Company Limited

Diwakar Gupta

Diwakar Gupta
Chairman
Din: 01274552

P Santhosh
MD & CEO
Din: 08515964

Arindam Biswas

Arindam Biswas
Chief Financial Officer

Kapil Soni
Company Secretary

Date: June 13, 2025
Place: Mumbai

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