

PARAS

## Pridhvi Asset Reconstruction And Securitisation Company Limited



*A sick industry is a drag on nation's economy.  
PARAS supports revival*

## Board of Directors



Sri. D. Seetharamaiah  
Chairman



Sri.K. Kannan  
Director



Dr. Pamidi Kotaiah  
Director



Sri. Vepa Kamesam  
Director



Sri. M. Gopalakrishnaiah  
Whole-time Director



Sri. M.Sivarama Vara Prasad  
Director



Dr. Murali Krishna Prasad Divi  
Director



Sri. S. Ranganathan  
Director

## Senior Executives



Sri. D. Nanha Ram  
Chief Executive Officer



Sri. M.S. Hussain  
Senior Vice President



Sri. K. Balakoteswara Rao  
Vice President

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### Registered & Corporate Office

8-2-622/5/A/3, Indira Chambers  
 Road No. 10, Banjara Hills,  
 Hyderabad - 500 034.  
 Tel: 040-23371029  
 Fax: 040-23322326  
 Email: co@paras.org.in  
 Web: www.paras.org.in

### Auditors

M/s. K.S. Rao. & Co.  
 Chartered Accountants  
 # 403 & 404, Golden Green Apts.,  
 Irrum Manzil Colony, Hyderabad - 500 082.  
 Tel: 040 - 23370002 /4 Fax: 040 - 23370005

### Bankers

HDFC Bank  
 Rajbhavan Road, Hyderabad.  
 Andhra Bank  
 S.R. Nagar, Hyderabad.

## *The Philosophy.....*

### **Vision**

*To create value to the stakeholders through focused and pro-active approach in revival and reconstruction of impaired assets.*

### **Mission**

- *To foster innovation and novelty in revival and resolution of distressed assets through application of the best legal, financial and managerial skills.*
- *To contribute in developing a strong market for distressed assets.*
- *To build a strong brand, recognized for its transparency, ethical practices and efficiency in resolution of stressed assets.*
- *To grow constantly in its financial, human and intellectual capital to serve the growing demands of the industry.*

### **Values**

- **Efficient Management:**

*The Promoters, Directors and the Management team work with a deep sense of understanding and commitment in achieving company's objectives.*

- **Service:**

*To respond to clients' needs with passion; adding qualitative and quantitative value to the service.*

- **Transparency:**

*To build a strong brand recognized for its transparency, ethical practices and efficiency in resolution of stressed assets.*

- **Professional Excellence:**

*To act responsibly with high degree of honesty and integrity and to strive for personal and professional excellence.*

- **Performance:**

*To provide effective, efficient and accountable support and be responsive to change, develop and execute plans that will deliver best results.*

## Notice

Notice is hereby given that the Fifth Annual General Meeting of the Company will be held on Thursday, the 2<sup>nd</sup> August, 2012 at 12.15 PM at Hydermahal, Hotel ITC Kakatiya, 6-3-1187, Begumpet, Hyderabad - 500 016 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet and the statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012 together with Directors' and Auditors' Report thereon.
2. To declare a dividend for the year.
3. To appoint a Director in place of Sri. D. Seetharamaiah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Murali Krishna Prasad Divi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. K.S.Rao & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorize the Board of Directors to fix their remuneration.

### Special Business:

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of the Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, approval be and is hereby accorded for re-appointment of Sri. M. Gopalakrishnaiah as the Whole - time Director of the Company for a further period of three years with effect from 27<sup>th</sup> June, 2012 with a remuneration of ₹1,00,000/- (Rupees One Lakh only) per month with further annual increment of ₹12,500/- per month, the first such increment falling due on 1<sup>st</sup> August, 2012.”

“RESOLVED FURTHER THAT notwithstanding anything contained in the above resolution Sri.M. Gopalakrishnaiah, Whole-time Director of the company be entitled to minimum remuneration as above, in case of loss or inadequacy of profits in any financial year.”

7. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and subject to the approval of regulatory, government and other authorities as may be required and subject to such terms, conditions and stipulations, if any, required by them while granting such approvals, permissions and sanctions and other approvals, if any, the Board of Directors of the Company (hereinafter referred to as the “Board”, which expression shall be



deemed to include a committee of Directors duly authorized in this behalf) is hereby authorized and empowered to offer, issue and allot in one or more tranches, balance unissued number of 50 Lakhs equity shares out of the authorized 150 Lakhs equity shares of ₹100 each, duly complying with the extant Pricing Guidelines issued by the Reserve Bank of India or as amended from time to time and other statutory requirements, to one or more of the promoters and/or friends or relatives, NRIs, PIO, Banks, Financial Institutions through Private Placement as per the Provisions of Preferential Allotment by unlisted Public Companies Rules 2003, and on such terms and conditions as the Board may in its absolute discretion consider fit”.

“RESOLVED FURTHER that the equity shares to be issued shall rank pari-passu with the existing equity shares of the company except that dividend, if any, declared for the year on prorata basis, in terms of the Memorandum and Articles of Association and relevant provisions of the Companies Act, 1956”.

“RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilization of the proceeds of the issue of the securities and further to do all such acts, deeds, matters and things with respect to finalization and execution of all such deeds, documents and writings as may be necessary, desirable or expedient in this regard.”

8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and other applicable provisions if any, consent of the shareholders be and is hereby given to the Board of Directors of the Company to borrow from time to time such sum(s) of money as they may deem requisite for the purposes of the business of the Company, notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loan obtained from the Company's bankers in the ordinary course of business) shall exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount together with the money(s) already borrowed by the Company shall not exceed the sum of Rupees Three Hundred Crores.”

By order of the Board

Place : Hyderabad

Date : 24.05.2012

**M. Gopalakrishnaiah**

Whole - time Director

## Notes

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ELIGIBLE TO APPOINT A PROXY OR PROXIES WHO CAN ATTEND AND VOTE INSTEAD OF THE MEMBER AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The Proxy Form duly completed must be lodged at the Registered Office of the Company at least 48 hours before the time fixed for the Meeting.
- 3) Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- 4) The members are requested to intimate immediately any change in their address quoting their Registered Folio enabling the Company to address future communication.
- 5) Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956.

### Item No. 6:

Pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, the tenure of Sri. M. Gopalakrishnaiah as the Whole-time Director of the Company was extended for a period of three years by a Special Resolution passed in the Annual General Meeting held on 27<sup>th</sup> June, 2009 with immediate effect. The Board opines that Sri. M. Gopalakrishnaiah's continuance as a Whole-time Director will be of immense benefit to the Company. Hence, the Board of Directors of the Company in its meeting held on 26<sup>th</sup> March, 2012 has re-appointed him for a further period of three years i.e., from 27<sup>th</sup> June, 2012 to 26<sup>th</sup> June, 2015.

Accordingly, the Board recommends for acceptance of the above resolution in the interest of the Company.

The revised remuneration would be in line with the limits provided in Schedule XIII, sections 198 and 309 of the Companies Act, 1956.

None of the Directors of the Company except Sri. M. Gopalakrishnaiah is interested in the above resolution.

### Item No.7:

The Authorized capital of the Company is ₹150 crores and the present paid up capital of the Company is ₹100 crores. The authorization given to the Board by the Members of the Company at the 4<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> July, 2011 for allotment of the balance unissued shares will expire by 10<sup>th</sup> July, 2012. It is now proposed to seek approval of the members for issue of balance number of 50 Lakhs unissued equity shares. The information on proposed private placement as required under Unlisted Companies (Preferential Allotment) Rules, 2003 is as under:

- a. The price of proposed allotment of equity shares is to be decided by the Board of Directors from time to time.
- b. The proposed price is to be fixed in accordance with the requirements of the Unlisted Companies (Preferential Allotment) Rules, 2003, and the basis of which shall be made available for inspection of Members at the Registered Office.



- c. The allotment of equity shares is proposed to be made to prospective promoters, their relatives, Banks, Financial Institutions, NRIs, PIOs and others.
- d. The object of the issue of shares through private placement is to attain the main object of the Company namely facilitate acquiring Non Performing Assets from Banks and Financial Institutions.
- e. The intention of promoters /sponsor directors to subscribe to the offer is to enhance the operations of the Company and keep the investment on long term basis.
- f. Subject to approval of Reserve Bank of India, the shareholding pattern of the promoters/sponsors will change to the extent of shares offered to them.
- g. The allotment of equity shares on private placement basis shall be completed within 12 Months from the date of approval. Provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority, the allotment shall be completed within twelve months from the date of receipt of such approval.
- h. There is no change in control after the private placement.

The Board recommends for approval by way of special resolution for allotment of shares on Private Placement basis as required by section 81(1A) of the Companies Act 1956.

None of the Directors of the Company are interested or concerned in the resolution except to the extent of shares that may be offered to them.

#### **Item No.8:**

The funds at the disposal of the Company raised either through equity or attained through operational earnings are going to be fully deployed shortly. In order to meet business requirements during the financial year 2012-13, it is proposed to raise funds through borrowings by enhancement of the borrowing limits of ₹100 crores approved by the Members at the Annual General Meeting held on 27<sup>th</sup> June, 2009.

Accordingly, it is proposed to enhance the limit of borrowings to a sum not exceeding ₹300 crores either in the form of loans / debt (secured / unsecured) by way of issuing bonds / debentures or other securities from individuals / firms / body corporate.

The current paid-up capital and free reserves of the Company are at ₹101.94 crores; Under Section 293(1) (d) of the Companies Act, 1956, the Company is restricted to borrow monies not exceeding the limits specified therein without prior specific approval of the shareholders. Since, the proposed borrowing is exceeding the permissible limit, the Board recommends acceptance of the aforesaid resolution in the interest of the Company.

By order of the Board

Place : Hyderabad  
Date : 24.05.2012

**M. Gopalakrishnaiah**  
Whole - time Director



## Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 5<sup>th</sup> Annual Report and the audited accounts for the financial year ended 31<sup>st</sup> March, 2012.

### Financial Results

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2012 is summarized below:

| Particulars                               | (₹ in Lakhs) |         |
|---|--------------|---------|
|   | 2011-12      | 2010-11 |
| Interest Income                           | 982.80       | 710.14  |
| Interest on Fixed Deposits                | 270.79       | 245.46  |
| Surplus on sale of Financial Assets       | 164.20       | 760.78  |
| Fee and other Income                      | 266.34       | 234.98  |
| Total Income                              | 1684.13      | 1951.36 |
| Staff Cost                                | 125.10       | 97.15   |
| Other Expenses                            | 90.41        | 76.04   |
| Profit Before Tax (PBT)                   | 1468.62      | 1778.17 |
| Provision for Tax                         | 477.06       | 593.38  |
| Profit After Tax (PAT)                    | 991.56       | 1184.79 |
| Profit brought forward from previous year | 276.47       | 108.62  |
| Profit available for Appropriation        | 1268.03      | 1293.41 |
| Appropriations                            |              |         |
| - Transfer to General Reserve             | 50.00        | 53.00   |
| - Proposed Dividend including tax         | 1162.23      | 963.94  |
| Balance carried to Balance Sheet          | 55.80        | 276.47  |
|   | ( in ₹ )     |         |
| Earnings Per Share of ₹100                | 9.92         | 14.34   |

The Company's gross income for the financial year ended 31<sup>st</sup> March, 2012 is ₹1684 Lakhs compared to ₹1951 Lakhs in the previous year. Profit Before Tax (PBT) of the company is ₹1469 Lakhs and net profit for the year is ₹992 Lakhs. The Company's net worth as on 31<sup>st</sup> March, 2012 stood at ₹10194 Lakhs.

## Management discussion and analysis

Despite significant increase in the acquisitions made during the year 2011-12, the gross operational income has declined marginally owing to unexpected delay and postponement in resolution of some of the financial assets intended for recovery through sale of the underlying securities.

Your company in line with its avowed objective, has been identifying potentially revivable units and nurturing them through a customized restructuring of the acquired debt and by extending additional financial support, if need be. It is heartening to note that in the process of revival, apart from recovering the dues payable to the company, long outstanding statutory dues like Sales Tax, Electricity, Wages, PF, Local body dues, etc are getting paid. Further, in almost all the cases your company has taken up for revival, majority of the employees who lost their jobs got re-employed.

A summary of the debts acquired and realized during the financial year is given below.

(₹ in Lakhs)

| Acquired                   | 2011-12 | 2010-11 |
|----------------------------|---------|---------|
| Number of Seller Banks/FIs | 13      | 14      |
| Cost of acquisition        | 3846    | 3156    |

(₹ in Lakhs)

| Recovered          | 2011-12 | 2010-11 |
|--------------------|---------|---------|
| Number of Accounts | 15      | 9       |
| Amount recovered   | 2149    | 3332    |

## Future Prospects

It is a matter of deep concern that the asset quality in India's banking sector is showing a deteriorating trend. The quality is affected amongst other reasons by high interest rates, slackened economic growth, continued uncertainty in the global environment, etc. Volatility in currency rates also adds to the pressure on sectors that are highly dependent on the overseas markets apart from affecting the Foreign Direct Investments in Indian Capital Market. Increasing trend in slippages to NPAs is expected mainly in the micro, small and medium enterprises (MSME) and mid corporate segments. The Gross NPAs are expected to increase to around 3.2% (₹2 Lakh Crores) by end of March 2013, from 2.3% (₹1 Lakh crores) as on 31<sup>st</sup> March, 2011. Further, banks are likely to restructure loans of an estimated ₹2 Lakh crores between 2011-12 and 2012-13 mainly in the large corporate accounts [source CRISIL]. Implementation of BASEL-III guidelines by banks will necessitate in maintaining higher capital adequacy ratio which in turn is likely to compel banks to reduce their NPAs. Against this backdrop, the ARCs will be required to play a greater role in resolution of NPAs.

Procedural and legal issues, lack of transparency in sale of assets by banks, lukewarm response of banks in meeting credit requirements of ARCs, restricted investment options in business, etc., still haunt the ARC industry. During 2011, a Key Advisory Group was formed to examine and suggest measures to overcome the problems faced by the ARC industry. The group has representation from

RBI, SEBI, IBA, FICCI, ASSOCHAM, Ernst & Young, prominent law firms, ARCIL and few other ARCs. The report is likely to be tabled before the Parliament for its consideration. It is hoped that some of the major issues would get resolved and regulatory framework will facilitate in effective functioning of ARCs.

### Report on Corporate Governance

Good corporate governance involves a commitment of a company to run its businesses in a legal, ethical and transparent manner - a dedication that must come from the very top and permeate throughout the organization. It is a set of systems and practices to ensure that the affairs of the company are conducted in such a way that they ensure accountability, transparency, fairness in all its transactions to meet its stake holders' aspirations.

Though not listed, the company follows a policy on corporate governance based on fair and ethical governance practices and strives to attain high ethical standards of professionalism, honesty and integrity in all its actions.

### Committees of Directors

#### Board

The Board of Directors is an apex body constituted by the shareholders for overseeing the overall functioning of the company. The Board provides and evaluates strategic direction of the company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Chairman is assisted by the Directors and Senior Managerial personnel in overseeing the functional matters of the company.

Attendance of Directors at 4 Board Meetings and last Annual General Meeting held during 2011-12:

| Name of Director               | Category  | Attendance at meetings during 2011-12 |          |
|--------------------------------|---|---------------------------------------|----------|
|                                |   | Board Meetings                        | Last AGM |
| Sri. D. Seetharamaiah          | Independent Director                            | 4                                     | Yes      |
| Dr. Pamidi Kotaiah             | Independent Director                            | 4                                     | Yes      |
| Sri. K. Kannan                 | Independent Director                            | 2                                     | Yes      |
| Sri. M. Siva Rama Vara Prasad  | Promoter Director                               | 4                                     | Yes      |
| Dr. Murali Krishna Prasad Divi | Promoter Director                               | 3                                     | Yes      |
| Sri. M. Gopalakrishnaiah       | Whole-time Director                             | 4                                     | Yes      |
| Sri. S. Ranganathan            | Director nominated by M/s. Punjab National Bank | 2                                     | No       |
| Sri. Vepa Kamesam              | Independent Director                            | 4                                     | Yes      |

No Director is related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 1956.



### **Executive Committee**

1. Sri. D. Seetharamaiah
2. Sri. M. Siva Rama Vara Prasad
3. Dr. Murali Krishna Prasad Divi
4. Dr. Pamidi Kotaiah
5. Sri. M. Gopalakrishnaiah

The Executive Committee is empowered to take decisions relating to sanction of proposals for acquisition of financial assets, investments in security receipts, reconstruction and resolution of financial assets and matters relating to appointment of staff, fixation of their remuneration, promotions, etc. The Executive Committee also recommends policy matters to the Board.

The Committee met 4 times during the financial year 2011-12.

### **Audit Committee**

1. Sri. K. Kannan
2. Sri. D. Seetharamaiah
3. Sri. Vepa Kamesam
4. Sri. M. Gopalakrishnaiah

The Audit Committee, inter-alia, oversees the financial reporting process aimed at ensuring correctness, fairness, sufficiency and credibility of financial statements, recommendation of appointment of statutory auditors and their remuneration, review of quarterly and annual financial statements before submission to the Board, review of the adequacy of internal control systems and the internal audit functions.

The Audit Committee met 3 times during the financial year 2011-12.

### **Share Capital**

There is no change in the capital structure of the company during the year 2011-12.

### **Dividend**

Your Directors have recommended a dividend of ₹10/- per equity share of ₹100 each on prorata basis, aggregating to ₹1162.23 Lakhs (inclusive of dividend distribution tax) for the financial year ended 31<sup>st</sup> March, 2012.

### **Transfer to Reserves**

Your Directors proposes to transfer ₹50 Lakhs to the General Reserve out of the amount available for appropriations and an amount of ₹55.80 Lakhs is proposed to be retained in the Profit and Loss Account.

### **Directors**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association, Dr. Murali Krishna Prasad Divi and Sri. D. Seetharamaiah retire by rotation at the ensuing General Meeting and being eligible, offer themselves for re-appointment.

### **Auditors**

M/s. K. S. Rao & Co., Chartered Accountants, Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The company has received a letter from M/s. K. S. Rao & Co., to the effect that their appointment, if made, would be within the permissible limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for appointment within the meaning of Section 226 of the said Act.

### Fixed Deposits

The Company has not accepted / invited any deposits from the public in terms of section 58A of the Companies Act, 1956.

### Directors' Responsibility Statement

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2012, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies 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 as at 31<sup>st</sup> March, 2012 and of the profit of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared the annual accounts of the Company for the year ended 31<sup>st</sup> March, 2012 on a going concern basis.

### Particulars of Employees

The statement showing details of employees as required under Section 217(2A) of the Companies Act, 1956, is not required to be appended as none of the employees are drawing salary as stipulated in the section under reference.

### Energy conservation, Technology Absorption, Foreign Exchange Earnings and Outgo

As the company is engaged in Asset Reconstruction and Securitisation activities, the particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

### Acknowledgements

Your Directors would like to express their gratitude for assistance and cooperation received from the shareholders, Reserve Bank of India, Banks, Financial Institutions, Government Authorities and others during the year under review.

Your Directors also wish to place on record their deep sense of appreciation to all the staff members for their continued support and contribution to the Company's record performance.

For and on behalf of the  
Board of Directors

Place : Hyderabad

Date : 24.05.2012

**D. Seetharamaiah**  
Chairman



K.S. Rao & Co

CHARTERED ACCOUNTANTS

## Auditors' Report

To the Members of Pridhvi Asset Reconstruction and Securitisation Company Limited, Hyderabad.

1. We have audited the attached Balance Sheet of Pridhvi Asset Reconstruction and Securitisation Company Limited, Hyderabad (A.P) as at 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii) The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet and the Statement of Profit and Loss dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- a) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
  - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
  - c) in the case of cash flow statement of the cash flows for the year ended on that date.

**For K.S.RAO & CO.,**  
Chartered Accountants.  
(Regn.No.003109S)

**(P. Govardhana Reddy)**  
Partner  
Membership No. 29193

Place : Hyderabad

Date : 24.05.2012

## Annexure

Re : Pridhvi Asset Reconstruction and Securitisation Company Limited, Hyderabad.

Referred to in paragraph 3 of our report of even date,

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) The fixed assets of the Company were physically verified by the Management and no material discrepancies were noticed on such verification.  
c) During the year under report the company has not disposed of any of its fixed assets.
2. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and investments. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
3. a) On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.  
b) In view of our comment in paragraph above, clause v(b) of the aforesaid Order in our opinion is not applicable.
4. In our opinion, the Company has formal internal audit system commensurate with the size and nature of its business.
5. According to the records, the Company is regular in depositing with appropriate authorities all statutory dues as applicable and there were no disputed statutory dues outstanding.
6. In our opinion and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
7. During the year, the Company has not made preferential allotment of shares to the parties covered in the register maintained u/s.301 of the Act.
8. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.
9. The provisions of the clauses 4(ii),4(iii), 4(vi),4(viii), 4(x), 4(xi),4(xii),4(xiii),4(xiv),4(xv), 4(xvi), 4(xix), 4(xx) of Companies (Auditor's Report) Order, 2003 are not applicable to the company for the year under report.

**For K.S.RAO & CO.,**  
Chartered Accountants.  
(Regn.No.003109S)

**(P. Govardhana Reddy)**  
Partner  
Membership No. 29193

Place : Hyderabad

Date : 24.05.2012



## Balance Sheet as at 31<sup>st</sup> March, 2012

(₹ in Lakhs)

| Particulars                                | Notes | As at<br>31.03.2012 | As at<br>31.03.2011 |
|--|-------|---------------------|---------------------|
| <b>Equity and liabilities</b>              |       |                     |                     |
| <b>Share holders funds</b>                 |       |                     |                     |
| Share Capital                              | 02    | 10,000.00           | 10,000.00           |
| Reserves and Surplus                       | 03    | 193.96              | 352.70              |
| Share application money pending allotment  |       | -                   | -                   |
| <b>Non-current Liabilities</b>             |       |                     |                     |
| Deferred tax liability                     | 26    | 2.73                | 2.27                |
| Other long-term liabilities                | 04    | 974.26              | 862.22              |
| <b>Current liabilities</b>                 |       |                     |                     |
| Trade payables                             | 05    | 5.54                | 7.56                |
| Other current liabilities                  | 06    | 6.01                | 7.38                |
| Short-term provisions                      | 07    | 1,638.83            | 1,556.17            |
| <b>Total</b>                               |       | <b>12,821.33</b>    | <b>12,788.30</b>    |
| <b>Assets</b>                              |       |                     |                     |
| <b>Non-current assets</b>                  |       |                     |                     |
| Fixed Assets                               |       |                     |                     |
| Tangible assets                            |       |                     |                     |
| Tangible assets                            | 08    | 46.98               | 50.04               |
| Intangible assets                          | 08    | 1.38                | 1.74                |
| Non-current investments                    | 09    | 3,530.02            | 3,651.17            |
| Long-term loans and advances               | 10    | 2,930.54            | 2,608.14            |
| Other non-current assets                   | 12    | 7.96                | 6.59                |
| <b>Current assets</b>                      |       |                     |                     |
| Current investments                        | 13    | 781.25              | 775.00              |
| Trade receivables                          | 11    | 347.14              | 653.94              |
| Cash and bank balances                     | 14    | 1,953.65            | 4,179.80            |
| Short-term loans and advances              | 10    | 3,121.37            | 762.33              |
| Other current assets                       | 12    | 101.04              | 99.55               |
| <b>Total</b>                               |       | <b>12,821.33</b>    | <b>12,788.30</b>    |
| Summary of significant accounting policies | 1     |                     |                     |

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

**For K.S.Rao & Co.**  
Chartered Accountants

**M.S.R.V. Prasad**  
Director

**M.Gopalakrishnaiah**  
Whole-time Director

**P.Govardhana Reddy**  
Partner

Place : Hyderabad  
Date : 24.05.2012

**D. Nanha Ram**  
Chief Executive Officer

**V. Vani**  
Company Secretary

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012

(₹ in Lakhs)

| Particulars  | Notes | 2011-12         | 2010-11         |
|--|-------|-----------------|-----------------|
| <b>Continuing operations</b>   |       |                 |                 |
| <b>Income</b>  |       |                 |                 |
| Revenue from operations  | 15    | 1408.07         | 1,704.10        |
| Other income   | 16    | 276.06          | 247.26          |
| <b>Total revenue (I)</b>   |       | <b>1,684.13</b> | <b>1,951.36</b> |
| <b>Expenses</b>  |       |                 |                 |
| Employee benefits expense  | 17    | 125.10          | 97.15           |
| Other expenses   | 18    | 70.81           | 60.00           |
| <b>Total (II)</b>  |       | <b>195.91</b>   | <b>157.15</b>   |
| <b>Earnings before interest, tax, depreciation and amortization(EBITDA) (I)-(II)</b> |       |                 |                 |
|  |       | 1,488.22        | 1,794.21        |
| Finance costs  | 19    | 2.54            | 0.22            |
| Depreciation   | 08    | 5.13            | 3.89            |
| Preliminary expenses written off   |       | 11.93           | 11.93           |
| <b>Profit before tax</b>   |       | <b>1,468.62</b> | <b>1,778.17</b> |
| <b>Tax expenses</b>  |       |                 |                 |
| Current Tax  |       | 476.60          | 591.11          |
| Deferred Tax   |       | 0.46            | 2.27            |
| <b>Total tax expenses</b>  |       | <b>477.06</b>   | <b>593.38</b>   |
| <b>Profit for the year from continuing operations</b>                                |       | <b>991.56</b>   | <b>1,184.79</b> |
| <b>Earnings per equity share<br/>(Face value of ₹100/-each)</b>                      |       |                 |                 |
| Basic  |       | 9.92            | 14.34           |
| Diluted  |       | 9.92            | 14.34           |

As per our report of even date

**For K.S.Rao & Co.**  
Chartered Accountants

**P.Govardhana Reddy**  
Partner

Place : Hyderabad  
Date : 24.05.2012

For and on behalf of the Board

**M.S.R.V. Prasad**  
Director

**D. Nanha Ram**  
Chief Executive Officer

**M.Gopalakrishnaiah**  
Whole-time Director

**V. Vani**  
Company Secretary

## Cash flow statement for the year ended 31<sup>st</sup> March, 2012

(₹ in Lakhs)

| S.No      | Particulars   | Year ended<br>31.03.2012 | Year ended<br>31.03.2011 |
|-----------|---|--------------------------|--------------------------|
| <b>A.</b> | <b>Cash flow from operating activities</b>              |                          |                          |
|           | Net Profit before tax and extraordinary items           | 1,468.62                 | 1,778.17                 |
|           | Adjustments for:  |                          |                          |
|           | Depreciation  | 5.13                     | 3.89                     |
|           | Interest  | (270.79)                 | (245.46)                 |
|           | Preliminary expenses written off                        | 11.93                    | 11.93                    |
|           | Loss on sale of fixed assets                            | -                        | 1.84                     |
|           | <b>Operating profit before working capital changes</b>  | <b>1,214.89</b>          | <b>1,550.37</b>          |
|           | Adjustments for:  |                          |                          |
|           | Financial assets  | (2,813.17)               | (1,433.88)               |
|           | Trade and other receivable                              | 313.50                   | (543.23)                 |
|           | Trade and others payable                                | 107.53                   | 335.98                   |
|           | <b>Cash generated from operations</b>                   | <b>(1,177.25)</b>        | <b>(90.76)</b>           |
|           | Income tax paid   | (601.48)                 | (648.77)                 |
|           | Fringe benefit tax                                      | -                        | -                        |
|           | <b>Net cash from operating activity</b>                 | <b>(1,778.73)</b>        | <b>(739.53)</b>          |
| <b>B.</b> | <b>Cash flow from investing activity</b>                |                          |                          |
|           | Proceeds from sale of fixed assets                      | -                        | 1.87                     |
|           | Purchase of fixed assets                                | (1.71)                   | (29.53)                  |
|           | Interest received                                       | 268.78                   | 167.35                   |
|           | Security Receipts (on redemption by Trusts)             | 114.90                   | 187.50                   |
|           | <b>Net cash used in investing activity</b>              | <b>381.97</b>            | <b>327.19</b>            |
| <b>C.</b> | <b>Cash flow from financing activities</b>              |                          |                          |
|           | Proceeds from fresh issue of capital                    | -                        | 4,261.49                 |
|           | Share application money                                 | -                        | (1,054.08)               |
|           | Dividend Paid   | (829.39)                 | (495.77)                 |
|           | <b>Net cash generated in financing activity</b>         | <b>(829.39)</b>          | <b>2,711.64</b>          |
|           | <b>Net increase in cash and cash equivalents(A+B+C)</b> | <b>(2,226.15)</b>        | <b>2,299.30</b>          |
|           | Cash and cash equivalents as at 31.03.2011              | 4,179.80                 | 1,880.50                 |
|           | <b>Cash and cash equivalents as at 31.03.2012</b>       | <b>1,953.65</b>          | <b>4,179.80</b>          |

As per our report of even date

For and on behalf of the Board

**For K.S.Rao & Co.**  
Chartered Accountants

**M.S.R.V. Prasad**  
Director

**M.Gopalakrishnaiah**  
Whole-time Director

**P.Govardhana Reddy**  
Partner

Place : Hyderabad  
Date : 24.05.2012

**D. Nanha Ram**  
Chief Executive Officer

**V. Vani**  
Company Secretary

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2012

### 1. Summary of significant accounting policies

#### a. Basis of Preparation:

The accounting and reporting policies of the Company have been framed to comply with the Generally Accepted Accounting Principles("GAAP") in India, the guidelines issued by the Reserve Bank of India (RBI) from time to time and the provisions of the Companies Act, 1956. Financial Statements are prepared under historical cost convention and all Income and Expenditure are accounted on accrual basis, except otherwise stated.

#### b. Principal Accounting Policies:

Revenue Recognition:

- (a) Interest income is recognized in respect of Financial Assets acquired and restructured for revival on accrual basis.
- (b) Income in respect of assets acquired and resolved through OTS and / or by sale of underlying securities is recognized only on realization. Proceeds are appropriated first towards debt acquisition cost and balance is recognized as income.
- (c) Income is not recognized against the financial assets during the permissible planning period meant for finalization of the resolution strategy.
- (d) Share of income in case of assets acquired through trusts is recognized as per the terms of relevant trust deed.
- (e) Management fee and other fee incomes are recognized as per the terms of the agreement/offer document.

#### c. Asset Classification and Provisioning thereon:

The Company shall classify the financial assets acquired and make the required amount of provision against non-performing assets, if any, as per the guidelines issued by Reserve Bank of India from time to time.

#### d. Fixed Assets:

- (a) Fixed Assets are stated at cost less accumulated depreciation.
- (b) Cost includes cost of purchase and all expenditure such as installation costs and professional fees incurred on the assets before it is put to use.
- (c) Depreciation is charged on straight line method in accordance with Schedule XIV of the Companies Act, 1956.

**e. Investments:**

Investment of the Company in Security Receipts of the various trusts set up by the Company is carried at cost. Diminution, if any, based on NAV declared by the respective trusts is provided by charging it to Profit & Loss Account. Investments in Security Receipts (SRs) held by the Company are treated as “Available for Sale Category”.

**f. Rating of Security Receipts:**

Credit ratings are obtained periodically for the Security Receipts issued by the trusts which are managed by the Company in the capacity of managing trustee.

**g. Employee Benefits:**

The Company makes annual contribution to Gratuity Fund and Leave Encashment Fund administered by trustees and managed by Life Insurance Corporation of India based on actuarial valuation given by LIC every year.

**h. Pre-Acquisition Expenditure of Financial Asset:**

Expenditure incurred in acquiring financial asset is debited to the respective financial asset.

**i. Preliminary Expenses:**

Preliminary expenses are being amortized over a period of five years.

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2012

### 2. Share capital

(₹ in Lakhs)

|  | As at<br>31.03.2012 | As at<br>31.03.2011 |
|--|---------------------|---------------------|
| <b>Authorized shares</b><br>1,50,00,000 ( 31 <sup>st</sup> March 2011: 1,50,00,000)<br>equity shares of ₹100/- each                          | 15,000.00           | 15,000.00           |
| <b>Issued, subscribed and fully paid-up shares</b><br>1,00,00,000 (31 <sup>st</sup> March 2011: 1,00,00,000)<br>equity shares of ₹100/- each | 10,000.00           | 10,000.00           |

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(₹ in Lakhs)

| Equity shares                               | As at 31.03.2012  |                  | As at 31.03.2011  |                  |
|---|-------------------|------------------|-------------------|------------------|
|   | Number            | Amount           | Number            | Amount           |
| At the beginning of the period              | 10,000,000        | 10,000.00        | 5,738,510         | 5,738.51         |
| Issued during the period                    | -                 | -                | 4,261,490         | 4,261.49         |
| <b>Outstanding at the end of the period</b> | <b>10,000,000</b> | <b>10,000.00</b> | <b>10,000,000</b> | <b>10,000.00</b> |

#### b. Rights attached to equity shares

The company has only one class of equity shares having a par value of ₹100/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend recommended by the Board of Directors is subject to approval of shareholders in ensuing Annual General Meeting.

#### c. Details of shareholders holding more than 5% shares in the company

|                               | As at 31.03.2012 |           | As at 31.03.2011 |           |
|-------------------------------|------------------|-----------|------------------|-----------|
|                               | Number           | % holding | Number           | % holding |
| Dr.Murali Krishna Prasad Divi | 1,570,000        | 15.70%    | 1,570,000        | 15.70%    |
| Smt.M.Rajya Lakshmi           | 1,519,101        | 15.19%    | 1,519,101        | 15.19%    |
| Sri.M.Siva Rama Vara Prasad   | 1,189,753        | 11.90%    | 1,189,753        | 11.90%    |
| Punjab National Bank          | 1,000,000        | 10.00%    | 1,000,000        | 10.00%    |

**d. Shares reserved for issue under options**

The company has not reserved any shares for issue under employee stock option (ESOP), loan agreements or contracts for supply of capital goods, etc.

**3. Reserves and surplus**

(₹ in Lakhs)

|  | As at<br>31.03.2012 | As at<br>31.03.2011 |
|--|---------------------|---------------------|
| <b>General Reserve</b>   |                     |                     |
| Balance as per the last financial statements   | 100.00              | 47.00               |
| Add: Amount transferred from surplus balance in the statement of profit and loss           | 50.00               | 53.00               |
| <b>(A)</b>   | <b>150.00</b>       | <b>100.00</b>       |
| <b>Surplus in the statement of profit and loss</b>   |                     |                     |
| Balance as per last financial statements   | 276.47              | 108.62              |
| Profit for the year  | 991.56              | 1,184.79            |
| Less: Appropriations   |                     |                     |
| Proposed dividend on equity shares<br>(31 <sup>st</sup> March 2011: ₹10 on pro rata basis) | ( 1,000.00)         | (829.39)            |
| Tax on proposed dividend   | (162.23)            | (134.55)            |
| Transfer to general reserve  | (50.00)             | (53.00)             |
| Total appropriations   | (1,212.23)          | (1,016.94)          |
| <b>Net surplus in the statement of profit and loss (B)</b>                                 | <b>55.80</b>        | <b>276.47</b>       |
| Less: Miscellaneous expenses<br>(to the extent not written off)                            | (11.84)             | (23.77)             |
| <b>(C)</b>   |                     |                     |
| <b>Total reserves and surplus (A+B-C)</b>  | <b>193.96</b>       | <b>352.70</b>       |

**4. Other long-term liabilities**

(₹ in Lakhs)

|  | As at<br>31.03.2012 | As at<br>31.03.2011 |
|--|---------------------|---------------------|
| Advance received for sale of assets (pending resolution) | 974.26              | 862.22              |

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2012

### 5. Trade payables

(₹ in Lakhs)

|  | As at<br>31.03.2012 | As at<br>31.03.2011 |
|--|---------------------|---------------------|
| Trade payables (for services received) | 5.54                | 7.56                |

There are no dues to Micro Small and Medium Enterprises as defined under the MSMED Act, 2006

### 6. Other current liabilities

(₹ in Lakhs)

|                                     | As at<br>31.03.2012 | As at<br>31.03.2011 |
|-------------------------------------|---------------------|---------------------|
| TDS payable                         | 1.49                | 2.81                |
| Profession tax payable              | 0.02                | 0.02                |
| Service tax payable                 | -                   | 0.68                |
| Credit balance in loan assets       | -                   | 1.67                |
| Amounts to be transferred to trusts | 4.50                | -                   |
| Others                              | -                   | 2.20                |
|                                     | <b>6.01</b>         | <b>7.38</b>         |

### 7. Short term provisions

(₹ in Lakhs)

|   | As at<br>31.03.2012 | As at<br>31.03.2011 |
|---|---------------------|---------------------|
| <b>Provision for employee benefits</b>        |                     |                     |
| Gratuity premium payable to LIC               | -                   | 1.12                |
| <b>Other provisions</b>                       |                     |                     |
| Provision for income tax                      | 476.60              | 591.11              |
| Proposed equity dividend                      | 1,000.00            | 829.39              |
| Provision for tax on proposed equity dividend | 162.23              | 134.55              |
|   | <b>1,638.83</b>     | <b>1,556.17</b>     |



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2012

### 8. Fixed Assets

#### I. Tangible Assets

(₹ in Lakhs)

| S. No | Description               | Gross Block      |             |           |                  | Depreciation    |              |           |                 | Net Block        |                  |
|-------|---------------------------|------------------|-------------|-----------|------------------|-----------------|--------------|-----------|-----------------|------------------|------------------|
|       |                           | As at 31.03.2011 | Additions   | Deletions | As at 31.03.2012 | Upto 31.03.2011 | For the year | Deletions | Upto 31.03.2012 | As at 31.03.2012 | As at 31.03.2011 |
| 1     | Furniture and Fixtures    | 23.38            | 1.42        | -         | 24.80            | 1.82            | 1.53         | -         | 3.35            | 21.45            | 21.56            |
| 2     | Data Processing Equipment | 6.96             | 0.07        | -         | 7.03             | 2.58            | 1.14         | -         | 3.72            | 3.31             | 4.38             |
| 3     | Office Equipment          | 11.17            | 0.18        | -         | 11.35            | 0.75            | 0.54         | -         | 1.29            | 10.06            | 10.42            |
| 4     | Vehicles                  | 16.04            | -           | -         | 16.04            | 2.36            | 1.52         | -         | 3.88            | 12.16            | 13.68            |
| 5     | Library                   | 0.09             | 0.03        | -         | 0.12             | 0.09            | 0.03         | -         | 0.12            | 0.00             | 0.00             |
|       | <b>Total</b>              | <b>57.64</b>     | <b>1.70</b> | <b>-</b>  | <b>59.34</b>     | <b>7.60</b>     | <b>4.76</b>  | <b>-</b>  | <b>12.36</b>    | <b>46.98</b>     | <b>50.04</b>     |
|       | Previous year             | 32.46            | 29.44       | 4.27      | 57.63            | 4.61            | 3.54         | 0.56      | 7.59            | 50.04            | 27.85            |

#### II. Intangible Assets

(₹ in Lakhs)

| S. No | Description       | Gross Block      |           |           |                  | Depreciation    |              |           |                 | Net Block        |                  |
|-------|-------------------|------------------|-----------|-----------|------------------|-----------------|--------------|-----------|-----------------|------------------|------------------|
|       |                   | As at 31.03.2011 | Additions | Deletions | As at 31.03.2012 | Upto 31.03.2011 | For the year | Deletions | Upto 31.03.2012 | As at 31.03.2012 | As at 31.03.2011 |
| 1     | Computer Software | 2.21             | -         | -         | 2.21             | 0.47            | 0.36         | -         | 0.83            | 1.38             | 1.74             |
|       | <b>Total</b>      | <b>2.21</b>      | <b>-</b>  | <b>-</b>  | <b>2.21</b>      | <b>0.47</b>     | <b>0.36</b>  | <b>-</b>  | <b>0.83</b>     | <b>1.38</b>      | <b>1.74</b>      |
|       | Previous year     | 2.12             | 0.09      | -         | 2.21             | 0.12            | 0.35         | -         | 0.47            | 1.74             | 2.00             |

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2012

### 9. Non-current investments

(₹ in Lakhs)

|   | As at<br>31.03.2012 | As at<br>31.03.2011 |
|---|---------------------|---------------------|
| <b>Investment in special purpose vehicles<br/>(valued at cost unless stated otherwise)<br/>Unquoted security receipts</b> |                     |                     |
| i) PARAS-ALIND-001 Trust 1,500 (31 <sup>st</sup> March 2011: 1,500)<br>SRs of ₹1,00,000/- each                            | 1,500.00            | 1,500.00            |
| ii) PARAS-GSAL-002 Trust 1,250 (31 <sup>st</sup> March 2011:1,875)<br>SRs of ₹1,00,000/- each                             | 1,250.00            | 1,875.00            |
| iii) PARAS-FBTL-003 Trust Nil (31 <sup>st</sup> March 2011: 22,317 )<br>SRs of ₹1,000/- each                              | -                   | 223.17              |
| iv) PARAS-DLBPF-005 Trust 53 (31 <sup>st</sup> March 2011: 53 )<br>SRs of ₹1,00,000/- each                                | 53.00               | 53.00               |
| v) PARAS-PVSL-007 Trust 150 (31 <sup>st</sup> March 2011: Nil)<br>SRs of ₹1,00,000/- each                                 | 150.00              | -                   |
| vi) PARAS-SPCPL-008 Trust 65 (31 <sup>st</sup> March 2011: Nil)<br>SRs of ₹1,00,000/- each                                | 65.00               | -                   |
| vii) PARAS-VBL-010 Trust 415 (31 <sup>st</sup> March 2011: Nil)<br>SRs of ₹1,00,000/- each                                | 415.00              | -                   |
| viii) PARAS-VEAF-011 Trust 93 (31 <sup>st</sup> March 2011: Nil)<br>SRs of ₹1,00,000/- each                               | 97.02               | -                   |
|   | <b>3,530.02</b>     | <b>3,651.17</b>     |

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2012

### 10. Loans and advances

(₹ in Lakhs)

|   | Non-current portion |                     | Current portion     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | As at<br>31.03.2012 | As at<br>31.03.2011 | As at<br>31.03.2012 | As at<br>31.03.2011 |
| <b>Financial assets</b>                     |                     |                     |                     |                     |
| Loan assets-CITL                            | -                   | 87.57               | -                   | 36.17               |
| Loan assets-IDPL                            | 397.75              | 397.76              | -                   | -                   |
| Loan assets-WWP                             | -                   | 57.44               | -                   | -                   |
| Loan assets-PPL                             | 736.31              | 486.81              | -                   | -                   |
| Loan assets-KZIL                            | 281.25              | 709.56              | 509.00              | 131.38              |
| Loan assets-VBTL                            | -                   | 455.00              | -                   | -                   |
| Loan assets-GATL                            | -                   | 191.36              | -                   | -                   |
| Loan assets-PVSL                            | -                   | 151.93              | -                   | -                   |
| Loan assets-SPCL                            | -                   | 65.00               | -                   | -                   |
| Loan assets-MRDI                            | 285.00              | -                   | 351.66              | -                   |
| Loan assets-MMML                            | -                   | -                   | 489.36              | -                   |
| Loan assets-SPL                             | 201.51              | -                   | -                   | -                   |
| Loan assets-LCPL                            | 380.00              | -                   | 21.98               | -                   |
| Loan assets-MCSL                            | 430.00              | -                   | 30.31               | -                   |
| Loan assets-SSHC                            | -                   | -                   | 715.37              | -                   |
| Loan assets-DRLPL                           | 90.00               | -                   | 519.38              | -                   |
| Loan assets-VRPF                            | 123.00              | -                   | 21.26               | -                   |
| <b>(A)</b>                                  | <b>2,924.82</b>     | <b>2,602.43</b>     | <b>2,658.32</b>     | <b>167.55</b>       |
| <b>Security deposits</b>                    |                     |                     |                     |                     |
| Unsecured considered good <b>(B)</b>        | 5.72                | 5.71                | -                   | 10.00               |
| <b>Advances recoverable in cash or kind</b> |                     |                     |                     |                     |
| Unsecured considered good <b>(C)</b>        | -                   | -                   | 0.06                | 1.80                |
| <b>Other loans and advances</b>             |                     |                     |                     |                     |
| Advance tax and TDS                         | -                   | -                   | 455.87              | 580.04              |
| Prepaid expenses                            | -                   | -                   | 6.91                | 2.73                |
| Service tax(input)CENVAT credit             | -                   | -                   | 0.21                | 0.21                |
| <b>(D)</b>                                  |                     |                     | <b>462.99</b>       | <b>582.98</b>       |
| <b>Total (A+B+C+D)</b>                      | <b>2,930.54</b>     | <b>2,608.14</b>     | <b>3,121.37</b>     | <b>762.33</b>       |

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2012

### 11. Trade receivables

(₹ in Lakhs)

|  | Current portion     |                     |
|--|---------------------|---------------------|
|  | As at<br>31.03.2012 | As at<br>31.03.2011 |
| <b>Unsecured and considered good</b>                         |                     |                     |
| <b>Amount recoverable from trusts managed by the company</b> |                     |                     |
| <b>Other receivables</b>                                     |                     |                     |
| i) PARAS-GSAL -002 Trust                                     | 237.63              | 109.02              |
| ii) PARAS-FBTL -003 Trust                                    | 0.01                | 27.57               |
| iii) PARAS-DLBPF -005 Trust                                  | -                   | 16.55               |
| <b>(A)</b>   | <b>237.64</b>       | <b>153.14</b>       |
| Secured considered good                                      | 109.50              | 500.80              |
| <b>(B)</b>   | <b>109.50</b>       | <b>500.80</b>       |
| <b>Total (A+B)</b>   | <b>347.14</b>       | <b>653.94</b>       |

### 12. Other assets

(₹ in Lakhs)

|  | Non-current portion |                     | Current portion     |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | As at<br>31.03.2012 | As at<br>31.03.2011 | As at<br>31.03.2012 | As at<br>31.03.2011 |
| <b>Unsecured and considered good</b>                         |                     |                     |                     |                     |
| <b>Amount recoverable from trusts managed by the company</b> |                     |                     |                     |                     |
| PARAS -ALIND -001 Trust                                      | 2.28                | 2.28                | -                   | -                   |
| PARAS -DLBPF -005 Trust                                      | -                   | -                   | -                   | 4.73                |
| PARAS -VIPL -006 Trust                                       | -                   | 0.11                | -                   | -                   |
| PARAS -PVSL -007 Trust                                       | 2.04                | -                   | -                   | -                   |
| PARAS -SPCPL -008 Trust                                      | 1.91                | -                   | -                   | -                   |
| PARAS -GATIL -009 Trust                                      | 0.10                | -                   | -                   | -                   |
| PARAS -VBL -010 Trust  | 1.63                | -                   | -                   | -                   |
| <b>(A)</b>   | <b>7.96</b>         | <b>2.39</b>         | <b>-</b>            | <b>4.73</b>         |
| <b>Others</b>  |                     |                     |                     |                     |
| Interest accrued on fixed deposits                           | -                   | 4.20                | 101.04              | 94.82               |
| <b>(B)</b>   | <b>-</b>            | <b>4.20</b>         | <b>101.04</b>       | <b>94.82</b>        |
| <b>Total (A+B)</b>   | <b>7.96</b>         | <b>6.59</b>         | <b>101.04</b>       | <b>99.55</b>        |

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2012

### 13. Current investments

(₹ in Lakhs)

|   | As at<br>31.03.2012 | As at<br>31.03.2011 |
|---|---------------------|---------------------|
| <b>Current portion of long-term investments(valued at cost)</b>                             |                     |                     |
| <b>Unquoted security receipts</b>   |                     |                     |
| <b>Investment in special purpose vehicles</b>   |                     |                     |
| i) PARAS-GSAL-002 Trust 782 (31 <sup>st</sup> March 2011:625)<br>SRs of ₹1,00,000/- each    | 781.25              | 625.00              |
| ii) PARAS-FBTL-003 Trust Nil (31 <sup>st</sup> March 2011: 15,000 )<br>SRs of ₹1,000/- each | -                   | 150.00              |
|   | <b>781.25</b>       | <b>775.00</b>       |

### 14. Cash and Bank balances

(₹ in Lakhs)

|   | As at<br>31.03.2012 | As at<br>31.03.2011 |
|---|---------------------|---------------------|
| <b>Cash and cash equivalents</b>  |                     |                     |
| <b>Balances with banks:</b>   |                     |                     |
| in current accounts   | 178.41              | 87.67               |
| in fixed deposits   | 1,775.10            | 2,916.00            |
| Cash on hand  | 0.14                | 0.13                |
| <b>Other bank balances</b>  |                     |                     |
| Deposit with original maturity of more than 12 months<br>(include fixed deposit ₹ Nil (31 <sup>st</sup> March 2011: ₹50 Lakhs)<br>pledged as security towards bank guarantee) | -                   | 1,176.00            |
|   | <b>1,953.65</b>     | <b>4,179.80</b>     |

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

### 15. Revenue from operations

(₹ in Lakhs)

|   | 2011-12         | 2010-11         |
|---|-----------------|-----------------|
| Interest earned on loan assets (TDS - ₹88.04 Lakhs) | 982.80          | 710.14          |
| Management Fee (TDS - ₹15.61 Lakhs)                 | 220.42          | 208.18          |
| Advisory & Consultancy Fee (TDS - ₹2.75 Lakhs)      | 25.00           | 25.00           |
| Gain on Sale of Financial Asset                     | 98.56           | 760.78          |
| Gain on Redemption of Security Receipts             | 65.64           | -               |
| <b>(A)</b>  | <b>1,392.42</b> | <b>1,704.10</b> |
| <b>Other Financial Services</b>                     |                 |                 |
| Processing fee                                      | 15.65           | -               |
| <b>(B)</b>  | <b>15.65</b>    | <b>-</b>        |
| <b>Total (A+B)</b>                                  | <b>1,408.07</b> | <b>1,704.10</b> |

### 16. Other non operating income

(₹ in Lakhs)

|   | 2011-12       | 2010-11       |
|---|---------------|---------------|
| Interest on FDs with Banks (TDS - ₹27.10 Lakhs) | 270.79        | 245.46        |
| Others  | 5.27          | 1.80          |
|   | <b>276.06</b> | <b>247.26</b> |

### 17. Employee benefits expense

(₹ in Lakhs)

|  | 2011-12       | 2010-11      |
|--|---------------|--------------|
| Salaries, wages and bonus                          | 118.56        | 95.67        |
| Contribution to gratuity and leave encashment fund | 6.54          | 1.48         |
|  | <b>125.10</b> | <b>97.15</b> |

**18. Other expenses**

(₹ in Lakhs)

|  | 2011-12      | 2010-11      |
|--|--------------|--------------|
| Business development expenses              | 1.32         | 0.88         |
| Electricity, water and house keeping       | 3.40         | 3.36         |
| Rent                                       | 10.92        | 9.42         |
| Rates and taxes, excluding taxes on income | 1.26         | -            |
| Repairs and maintenance                    |              |              |
| Plant and machinery                        | 0.81         | 2.05         |
| Others                                     | 2.52         | 0.72         |
| Vehicle maintenance                        | 2.27         | 2.53         |
| Insurance                                  | 4.48         | 0.56         |
| Bid expenses                               | 0.50         | 1.60         |
| Advertisement                              | 4.25         | 0.60         |
| Travelling and conveyance                  | 4.79         | 7.77         |
| Communication costs                        | 2.06         | 2.68         |
| Legal and professional fees                | 11.61        | 7.23         |
| Director's sitting fees                    | 6.20         | 8.20         |
| Board meeting expenses                     | 1.34         | 1.21         |
| Security expenses                          | 6.19         | 1.03         |
| Filing expenses                            | 0.14         | 0.22         |
| Printing and stationery                    | 1.87         | 2.35         |
| Payment to auditor (refer details below)   | 3.06         | 2.00         |
| Miscellaneous expenses                     | 1.82         | 5.59         |
|  | <b>70.81</b> | <b>60.00</b> |
| Payment to auditor                         |              |              |
| As auditor:                                |              |              |
| Audit fee                                  | 3.00         | 2.00         |
| Certification fee                          | 0.06         | -            |
|  | <b>3.06</b>  | <b>2.00</b>  |

**19. Finance costs**

(₹ in Lakhs)

|   | 2011-12     | 2010-11     |
|---|-------------|-------------|
| Interest expense                                | 0.83        | -           |
| Interest on shortfall in payment of advance tax | 1.57        | -           |
| Bank charges                                    | 0.14        | 0.22        |
|   | <b>2.54</b> | <b>0.22</b> |

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2012

### 20. Contingent Liabilities not provided for (₹ in Lakhs)

| Particulars                  | 2011-12 | 2010-11 |
|------------------------------|---------|---------|
| On account of bank guarantee | Nil     | 14.25   |

21. The Security Receipts issued by the Trusts which are managed by the Company as managing trustee are being rated by CARE in accordance with the guidelines issued by Reserve Bank of India for credit rating of SR's of the Trusts.

22. Employee benefits as per AS-15: As per actuarial valuation as on 31.03.2012 given by LIC of India and recognized in the financial statements in respect of employee gratuity and leave encashment benefit schemes.

### i. Changes in present value of obligation as on 31.03.2012 (₹ in Lakhs)

|   | Gratuity | Leave encashment |
|---|----------|------------------|
| Present value of obligations at the beginning of year | 1.64     | 3.21             |
| Interest cost   | 0.13     | 0.26             |
| Current service cost                                  | 0.81     | 0.26             |
| Benefits paid   | Nil      | Nil              |
| Actuarial (gain) / loss on obligations                | 0.86     | 4.86             |
| Present value of obligations as at end of year        | 3.44     | 8.59             |

### ii. Changes in the fair value of plan assets as on 31.03.2012 (₹ in Lakhs)

|  | Gratuity | Leave encashment |
|--|----------|------------------|
| Fair value of assets at beginning of year    | 0.74     | 4.93             |
| Expected return on plan assets               | 0.18     | 0.58             |
| Contributions                                | 1.71     | 8.01             |
| Benefits paid                                | Nil      | Nil              |
| Actuarial gain/(loss) on plan assets         | Nil      | Nil              |
| Fair value of plan assets at the end of year | 2.63     | 13.52            |



## iii. Fair value of plan assets

( ₹ in Lakhs)

|   | Gratuity | Leave encashment |
|---|----------|------------------|
| Fair value of plan assets at beginning of year        | 0.74     | 4.93             |
| Actual return on plan assets                          | 0.18     | 0.58             |
| Contributions   | 1.71     | 8.01             |
| Benefits paid   | Nil      | Nil              |
| Fair value of plan assets at the end of year          | 2.63     | 13.52            |
| Funded status   | (0.82)   | 4.94             |
| Excess of actual over estimated return of plan assets | Nil      | Nil              |

## iv. Actuarial Gain/Loss recognized as on 31.03.2012

( ₹ in Lakhs)

|   | Gratuity | Leave encashment |
|---|----------|------------------|
| Actuarial (gain)/ loss on obligation              | (0.86)   | (4.86)           |
| Actuarial (gain)/ loss for the year – plan assets | Nil      | Nil              |
| Actuarial (gain)/ loss on obligation              | 0.86     | 4.86             |
| Actuarial (gain)/ loss recognized in the year     | 0.86     | 4.86             |

## v. The amounts to be recognized in the balance sheet and statement of profit and loss.

( ₹ in Lakhs)

|   | Gratuity | Leave encashment |
|---|----------|------------------|
| Present value of obligations as at the end of year  | 3.44     | 8.59             |
| Fair value of plan assets as at the end of the year | 2.62     | 13.52            |
| Funded status                                       | (0.82)   | 4.94             |
| Net asset/(liability) recognized in balance sheet   | (0.82)   | 4.94             |

## vi. Expenses recognized in statement of Profit and Loss

( ₹ in Lakhs)

|   | Gratuity | Leave encashment |
|---|----------|------------------|
| Current service cost                                | 0.81     | 0.26             |
| Interest cost                                       | 0.13     | 0.26             |
| Expected return on plan assets                      | (0.17)   | (0.58)           |
| Net actuarial (gain) / loss recognized in the year  | 0.86     | 4.86             |
| Expenses recognized in statement of Profit and Loss | 1.63     | 4.80             |

23. The Company has only one line of business and as such has no separate reportable segment to be disclosed under AS-17 “Segment Reporting”.

#### 24. Related party disclosures

Remuneration to key managerial personnel:

( ₹ in Lakhs)

| Particulars                                | 2011-12      | 2010-11     |
|--|--------------|-------------|
| Mr.M.Gopalakrishnaiah, Whole-time Director |              |             |
| Salary                                     | 9.70         | 7.20        |
| Medical expenses reimbursed                | 0.36         | 0.36        |
| Conveyance charges reimbursed              | 1.20         | 1.20        |
| Telephone expenses reimbursed              | 0.24         | 0.24        |
| <b>Total</b>                               | <b>11.50</b> | <b>9.00</b> |

#### 25. EPS Calculation

The basic and diluted EPS calculation based on effective capital is as under:

( ₹ in Lakhs)

| Particulars                            | 2011-12     | 2010-11   |
|--|-------------|-----------|
| Profit after tax                       | 991.56      | 1,184.79  |
| Weighted average number of shares      | 1,00,00,000 | 82,61,364 |
| Basic EPS (Face value ₹100/-per share) | 9.92        | 14.34     |
| Diluted EPS (In rupees)                | 9.92        | 14.34     |

#### 26. Taxes on Income (AS-22)

( ₹ in Lakhs)

| Items of deferred tax liability               | 2011-12 | 2010-11 |
|---|---------|---------|
| Depreciation                                  | 8.41    | 6.84    |
| Items of deferred tax assets                  | Nil     | Nil     |
| Deferred tax liability at current rate of tax | 2.73    | 2.27    |

27. Previous year’s figures are regrouped wherever necessary.

#### 28. Additional Disclosures

The following are the additional disclosures as required by “The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003”.

- The Names and addresses of banks/financial institutions from whom financial assets were acquired and the value at which such assets were acquired from each such bank/financial institutions.

**Sponsors:**

( ₹ in Lakhs)

| Seller wise acquisition details as at 31 <sup>st</sup> March, 2012 |         |                   |
|--|---------|-------------------|
| Sellers  | Address | Acquisition Price |
|  | Nil     |                   |

**Non - Sponsors:**

( ₹ in Lakhs)

| Seller wise acquisition details as at 31 <sup>st</sup> March, 2012 |   |                   |
|--|---|-------------------|
| Sellers  | Address   | Acquisition Price |
| Axis Bank Limited  | Corporate Office, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025 | 700.00            |
| Bank of Baroda   | Baroda Corporate Centre, Plot No.26, G-26, Bandra Kurla Complex, Bandra (East), Mumbai-400 051  | 1726.00           |
| Bank of India  | Star House, C-5, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051                 | 882.75            |
| Central Bank of India  | Corporate Office, Chander Mukhi, Nariman Point, Mumbai-400 021                                  | 144.00            |
| Dena Bank  | Dena Bank Corporate Centre, C-10, "G" Block, Bandra Kurla Complex, Mumbai-400 051               | 440.00            |
| Deutsche Bank  | DB House, Hazarimal Somani Marg, Fort, Mumbai-400 001   | 400.00            |
| The Dhanalakshmi Bank Ltd  | Corporate Office, Naickanal, Thrissur-680 001.  | 550.00            |
| The Federal Bank Limited   | PB No.103, Federal Towers, Aluva-683 101, Eanakulam, Kerala                                     | 60.00             |
| ICICI Bank Limited   | ICICI Towers, Bandra Kurla Complex, Bandra (E), Mumbai-400 051                                  | 550.00            |
| IDBI Bank Limited  | IDBI Towers, WTC Complex, Cuffe Parade, Mumbai-400 005  | 2509.40           |
| IFCI Limited   | IFCI Tower, 61 Nehru Place, New Delhi-110 019   | 512.86            |
| Indian Bank  | PB No.1384, 66, Rajaji Salai, Chennai-600 001   | 676.20            |
| Indian Overseas Bank   | Central Office, PB.No.3765, 763, Anna Salai, Chennai-600 002                                    | 52.00             |
| ING Vysya Bank   | 22, M. G. Road, Bangalore-560 001   | 35.00             |
| Indian Renewable Energy Development Agency Ltd                     | Corporate Office, 3rd Floor, August Kranti Bhawan, Bhikaiji Cama Place, New Delhi-110 066       | 653.00            |
| Karur Vysya Bank   | Erode Road, Karur-639 002   | 15.00             |
| Kotak Mahindra Bank  | 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai-400 021                                      | 380.00            |
| The Lakshmi Vilas Bank Limited                                     | Administrative Office, Salem Main Road, Karur-639 006   | 600.00            |

Non - Sponsors (Contd.)

( ₹ in Lakhs)

| Seller wise acquisition details as at 31 <sup>st</sup> March, 2012 |  |                   |
|--|--|-------------------|
| Sellers  | Address  | Acquisition Price |
| Oriental Bank of Commerce  | Corporate Office, Plot No.5, Institutional Area, Sector-32, Gurgaon-122001 | 56.00             |
| Stressed Assets Stabilization Fund                                 | IDBI Towers, WTC Complex, Cuffe Parade, Colaba, Mumbai-400 005             | 350.00            |
| State Bank of Hyderabad  | Hyderabad Bank Towers, Gun Foundry, Hyderabad-500 001                      | 553.17            |
| State Bank of India  | Madame Cama Road, Mumbai-400 021   | 887.26            |
| State Bank of Travancore   | Head Office, Poojappura, Trivandrum-695 102, Kerala                        | 448.00            |
| State Bank of Mysore   | 646, K.G.Road,Bangalore-560 009  | 80.00             |
| Shikshak Sahakari Bank Limited                                     | Registered Office, Opposite Gandhi Sagar Lake, Mahal, Nagapur-440 018      | 112.50            |
| Standard Chartered Bank  | 90, Mahatma Gandhi Road, Fort, Mumbai-400 001                              | 50.00             |
|  | <b>Total</b>   | <b>13423.14</b>   |

b) Dispersion of various financial assets industry-wise and sponser-wise as at 31<sup>st</sup> March, 2012:

( ₹ in Lakhs)

| Industry                         | No. of borrower | Acquisition Price | % of Total    |
|----------------------------------|-----------------|-------------------|---------------|
| Bio-chemical & pesticides        | 5               | 2758.23           | 20.55         |
| Iron & Steel                     | 2               | 2720.00           | 20.26         |
| Power generation equipments, etc | 2               | 1505.00           | 11.21         |
| House hold appliances            | 2               | 1000.00           | 7.45          |
| NBFC                             | 11              | 882.50            | 6.58          |
| Coir                             | 1               | 792.26            | 5.90          |
| Food products                    | 2               | 777.75            | 5.79          |
| Trading of House hold goods      | 2               | 700.00            | 5.22          |
| Logistics                        | 1               | 600.00            | 4.47          |
| Textiles                         | 4               | 535.00            | 3.99          |
| Cold Storage                     | 1               | 380.00            | 2.83          |
| Pharma                           | 3               | 256.40            | 1.91          |
| Information Technology           | 3               | 187.00            | 1.39          |
| Poultry Farm                     | 1               | 144.00            | 1.07          |
| Metals and mining                | 1               | 65.00             | 0.49          |
| Plastics                         | 1               | 50.00             | 0.37          |
| Consumer durable loans           | 1               | 50.00             | 0.37          |
| Asbestos roofing                 | 1               | 20.00             | 0.15          |
| <b>Total</b>                     | <b>44</b>       | <b>13423.14</b>   | <b>100.00</b> |

|    |  | ( ₹ in Lakhs) |
|----|--|---------------|
| c) | Details of related parties as per Accounting Standard and guidance notes issued by the Institute of Chartered Accountants of India and the amounts due to and from them  | -- Nil        |
| d) | A statement clearly charting therein the migration of financial assets from standard to non-performing   | -- Nil        |
| e) | Value of financial assets acquired during the financial year either on the books of the Company or in the books of the Trusts  | -- 3846.10    |
| f) | Value of financial assets fully realized during the financial year   | -- 1004.17    |
| g) | Value of financial assets including assets acquired through Trust and outstanding for realization as at the end of the financial year  | -- 10151.86   |
| h) | i. Value of Security Receipts redeemed partially during the financial year   | -- 508.75     |
|    | ii. Value of Security Receipts redeemed fully during the financial year  | -- 563.17     |
| i) | Value of Security Receipts pending for redemption as at the end of the financial year  | -- 5066.25    |
| j) | 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) | -- Nil        |
| k) | Value of land and/or building acquired in ordinary course of business of reconstruction of assets (year wise)  | -- Nil        |

As per our report of even date

**For K.S.Rao & Co.**  
Chartered Accountants

**P.Govardhana Reddy**  
Partner

Place : Hyderabad  
Date : 24.05.2012

For and on behalf of the Board

**M.S.R.V. Prasad**  
Director

**D. Nanha Ram**  
Chief Executive Officer

**M.Gopalakrishnaiah**  
Whole-time Director

**V. Vani**  
Company Secretary

## Success Stories

*In the normal course of business we take several decisions which apart from meeting the commercial objectives of the company also benefit the entrepreneurs in turnaround of the Non Performing Assets. But some transactions are beyond monetary terms-The process of revival of impaired assets is an opportunity with a challenge and we derive immense satisfaction when we find that the NPAs have regained good health and started re-performing. Such success stories are intangible assets to the company and make us feel proud! We submit that the counseling and financial support provided by us are a small part; the perseverance, commitment and desire of entrepreneurs to recoup play a vital role. We present few such cases:*

### **GSAL (India) Limited**

*Resolution of GSAL (India) Limited(GSAL), is a classic case of transforming an unproductive asset to a vibrant performing asset. A listed company with a capital outlay of ₹190 crore set up a sponge iron manufacturing unit with technical collaboration of a German company. The unit commenced production in 1992 but was running in losses due to low capacity utilization; became a sick company by 1998 and referred to BIFR. The asset was classified as a loss asset in the books of the lenders. BIFR also ordered disposal of the properties of the company in 2002. However, on a reference made by the company, AAIFR felt there was a fair chance of revival and ordered for submission of DRS in 2005.*

*The asset was acquired by PARAS from all the secured creditors by Mar '2009. Steel Exchange India Ltd., (SEIL) entered as a strategic investor with the consent of GSAL. A revival package involving merger of GSAL with SEIL was approved by BIFR.*



*Sensing the market potential SEIL created additional facilities viz., a steel melting shop, rerolling mill and a 60 MW power plant, with financial assistance from banks, based on a 'No Objection' given by PARAS. The unit is able to generate cash flows and the company is servicing our debt without any default.*

*It is gratifying to note that the company which was on the verge of being wound up could be revived in less than two years; the asset put to productive use and over 300 employees of the company were re-employed apart from providing additional employment to more than 600 persons; the exchequer benefited by way of settlement of taxes and duties; etc.*

*Though sorting out the legal issues took considerable time and effort, it yielded positive result and we at PARAS feel proud with the role played.*

### **Fortune Bio-Tech Limited**

*Fortune Bio-Tech Ltd., is a company established in 1993. A unit in medium scale, is engaged in manufacture of neem seed extracts used in organic pesticides. Due to crisis in overseas markets, the unit became sick; classified as NPA in the books of the lenders in 2006 and referred to BIFR in 2008.*

*Sensing the potential in the product, the technology and the commitment of the promoters, PARAS acquired the debt from lenders in 2009 and gave a totally customized resolution strategy. PARAS also took initiative in arranging for technical support and advice in critical areas from senior R & D personnel from one of the leading pharma companies in the country.*



*With consent from PARAS, the company filed an application for discharge from the purview of SICA, since the net worth of the company turned positive notionally. Accordingly BIFR ordered for discharge of the company.*

*The promoters lived up to the expectations in overcoming the problems and are running the unit on profitable lines. It is a matter of pride that the company prepaid the debt and switched over to a financial institution on sanction of regular credit facilities.*

*Sometimes the little support and guidance provided at a time when they are needed most enable people to show their mettle and work out wonders. We at PARAS*

*believe in understanding the capabilities of the promoters and support them with passion.*

### **Vensa Biotek Limited**

*Vensa Biotek was incorporated in 1984 and set up a unit for manufacture of liquid glucose, starch along with a 4 MW biomass power plant. The project was funded by IREDA, IFCI, IDBI (SASF), Standard Chartered Bank, with a debt of ₹25 crore and equity of ₹9 crore. Working capital facilities were provided by SBI.*

*The power plant was commissioned in 2003. However due to shortage of raw material and cost escalation, the unit could not run properly and ultimately closed*





down in 2005. The account became non performing in Sept 2006. A case was filed in DRT in 2008 and possession taken in 2009.

PARAS acquired the debt from the lenders in September 2010. Since the promoters did not evince interest to revive the unit, PARAS decided to sell the unit. However huge arrears of statutory dues were dampening the interests of prospective buyers.

PARAS took the initiative and negotiated with the concerned Government Authorities, Labor unions, creditors, etc and in its capacity as the secured creditor

could facilitate a steep reduction in the statutory dues which helped in quick sale of the unit within 6 months from the date of acquisition. PARAS ensured full payment of the negotiated statutory dues by the buyer. The unit is now buzzing with activity and running successfully.

Vensa Biotek is a case involving multiple lenders and multiple effected agencies. Problems and legal issues encountered though unique, were ably handled paving way for successful revival of the unit. Valuable assets kept closed for several years are brought back to life- A proud achievement indeed!.

### Power Control & Appliances Company

This is a proprietary concern belonging to M/s.Sumeet Research Holdings Pvt.Ltd., owners of the famous 'SUMEET' brand home appliances. The unit was doing exceedingly well between 1963 to 1997. But quite unfortunately, because of certain family problems the unit became sick and the corresponding debt turned NPA. Bank filed a case in DRT, Chennai in 2003. In November 2009 the bank agreed for an 'OTS' of the debt.



PARAS acquired the debt from the bank in January

2010 on payment of the agreed OTS amount. In order to make way for sale of the underlying securities, PARAS settled all outstanding statutory dues like sales tax, excise duty, PF and wage arrears of workmen, unsecured

creditors dues (who moved for winding up of the company) etc., through additional funding. Thereafter within 3 months from the date of acquisition PARAS sold away one property and recovered all its dues. All other properties forming part of collateral securities were returned to the promoters.



A win win situation for all the stake holders- the debt selling bank, the debt buying ARC, the government agencies, the workmen, the unsecured creditor, the promoters etc.



### *Mahesh Rice & Dall Industries*

*Mahesh Rice & Dall Industries is a partnership of family members in small scale sector, established in 2004, with a meager capital of ₹125 lacs and financial assistance from a bank. Increase in support price of paddy necessitating in heavy investment in inventory, coupled with non-realization of debtors resulted in the unit becoming sick and the account was classified as NPA in March 2011.*



*After analyzing the reasons for poor performance of the unit and determination of the partners in reviving the unit in spite of adverse conditions, PARAS took up the case for revival. The asset was acquired in September 2011 and as a part of resolution strategy a need based working capital was provided to the firm. The unit is now brimming with activity showing definite signs of regaining good health.*

*Thorough understanding of the various critical factors facilitate in formulation of a totally customized resolution strategy, which coupled with the will and determination of the promoters to overcome the challenges, lead to successful revival. We are glad our model is working.*

*.....Hoping to script more such stories*

## Accolades



### FORTUNE BIO-TECH LIMITED

Regd. Office : 6-6-125, Annam Gardens, Kavadiguda,  
SECUNDERABAD - 500 380 (A.P.) INDIA.  
OFF TEL No : 2753 4867, 2753 1888, Fax : +91-40-2753 6089  
E-mail : info@fortunebiotech.com, Website : www.fortunebiotech.com

09.04.2012

To,  
The Chief Executive Officer,  
Pridhvi Asset Reconstruction and Securitisation Co. Ltd.  
Indira Chambers, Road No.10,  
Banjara Hills, Hyderabad - 500034

Dear Sir,

We place on record our deep sense of gratitude to you for the unflinching and timely support extended to us at a time when we were going through a great distress.

We approached you with a request to fund the One Time Settlement (OTS) that was accepted by our bankers and further to allow us to repay the same from out of income to be generated from operations. Your prompt response in acquiring the debt and giving us a comfortable repayment programme extending to a near 5 years has provided a great relief to us whereby we could fully focus on our business.

At a time, when our accounts with various banks became 'Non Performing' and restructuring of the same could not resuscitate us, it was your deep understanding of the critical issues involved and the belief in our capability to recover from the distress, which have contributed to a total turnaround of the company. We also appreciate your support in enabling the company to come out of the purview of BIFR, by allowing us to reverse huge portion of the acquired debt in excess of the acquisition cost, which resulted in the company's net worth becoming positive.

We are also thankful to you for providing advisory services of Mr. P. Sreenivas Rao, technical expert from M/s Divi Laboratories Ltd., whose suggestions have immensely helped the company in reducing the operational costs.

We are proud to state that the company has regained its normal health and we have been paying our quarterly installments in time. The company is poised for exponential growth in the immediate future and we have already provided additional employment to 70 persons.

This remarkable recovery has further enabled us to go back to banking institutions for supporting our credit requirements to save on interest costs. Here again you were very magnanimous in allowing us to exit from your fold with all the good wishes.

We once again express our sincere gratitude to your company and wish that you should continue this noble work to benefit more and more distressed companies.

For Fortune Biotech Ltd.



Annam Dilip Kumar  
Managing Director

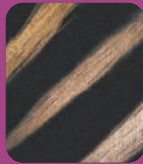
The latest development in advanced technology : Back to Nature

# *The Team - In pursuit of the mission*



**Sitting from Left** : Mr. P. Hanmantha Rao, Mr. M.S. Hussain, Mr. D. Nanha Ram, Mr. K. BalaKoteswara Rao,  
Mr. V.S. Ranga Rao

**Standing from Left** : Mrs.L.Saritha, Mr.B.Sreenivasa Rao, Mr. M. Srinivas Rao, Mr. K. Dayanand, Mr. T. Madhu Mohan Tej,  
Mr. K. Hari Krishna, Mr. Dibyajyoti Palit, Mrs.V. Vani



**PARAS**

Pridhvi Asset Reconstruction  
And Securitisation Company Limited

Registered & Corporate Office

8-2-622/5/A/3, Indira Chambers, Road No.10, Banjara Hills, Hyderabad - 500 034. A.P. INDIA

Ph: +91 40-2337 1029, Fax: +91 40-2332 2326

e-mail: [co@paras.org.in](mailto:co@paras.org.in)      [www.paras.org.in](http://www.paras.org.in)