



PARAS

# Pridhvi Asset Reconstruction And Securitisation Company Limited



## Board of Directors



**Sri D. Seetharamaiah**  
Chairman



**Dr. Pamidi Kotaiah**  
Director



**Sri. Vepa Kamesam**  
Director



**Ms. K. Sujatha Rao**  
Director



**Sri. M. Gopala Krishnaiah**  
Whole-time Director



**Sri M. Siva Rama Vara Prasad**  
Director



**Dr. Murali Krishna Prasad Divi**  
Director

## Senior Executives



**Sri. Ch. Rama Prasad**  
Chief Executive Officer



**Sri. J. Mallaiah**  
Vice President



**Sri. K. Ramakrishna Prasad**  
Vice President



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## Auditors

M/s. C V Ramana Rao & Co.,  
Chartered Accountants  
D.No.1-88-19, Plot No.135/4, Sector-4,  
MVP Colony, Visakhapatnam – 530 017, A.P. India  
Tel: (91-891) 2754071

## Bankers

Andhra Bank  
Corporate Finance Branch, Hyderabad  
  
HDFC Bank  
Rajbhavan Road, Hyderabad

## Registered & Corporate Office

D.No: 1-55, Raja Praasadamu, 4<sup>th</sup> Floor, Masjid Banda Road, Kondapur, Hyderabad – 500 084  
Tel: 040-41413333, Fax: 040-41413301  
Email: co@paras.org.in, Web: www.paras.org.in

## *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 stressed assets through application of 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.

## *Journey thus far*

(₹ in Lakhs)

Parameter	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Equity	5105	5739	10000	10000	10000	10000	10000	10000	10000	10000	10000
Assets Acquired	78841	9345	26630	13455	5604	157864	67410	26516	52126	39496	6801
Acquisition Cost	5148	1273	3156	3846	3101	6790	26133	9255	14870	16477	1165
SRs issued during the year	5148	-	-	1235	7349	7216	26133	9255	14870	16477	1165
SRs redeemed during the year	-	58	188	1072	1063	5771	5119	5211	3096	5714	6784
Total Income	256	1044	1951	1684	1951	2887	1943	3022	1767	1683	1879
Profit Before Tax	171	883	1778	1469	1535	2353	1395	2335	1082	823	735
Dividend %	-	9	10	10	9	11	9	10	-	-	10
Earnings per Share (₹)	4.46	10.56	14.34	9.92	10.35	15.53	8.68	15.06	6.94	5.95	5.21



## Notice

Notice is hereby given that the Twelfth Annual General Meeting of the Company will be held on Monday, the 26<sup>th</sup> August, 2019 at 12.15 p.m. at Door No.1-55, 6<sup>th</sup> Floor, 'Raja Praasadamu', Masjid Banda Road, Kondapur, Hyderabad – 500084 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet, the statement of Profit and Loss and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019 together with Directors' and Auditors' Reports thereon.
2. To declare dividend for the year 2018-19.
3. To appoint a Director in place of Sri. M. Siva Rama Vara Prasad (DIN 00170919), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the approval of the Members of the Company be and is hereby accorded for re-appointment of Sri. D. Seetharamaiah, (DIN 00005016), an Independent Non-Executive Director, whose current period of office is expiring at the conclusion of this Annual General Meeting and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013 and Rules made thereunder and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non-Executive Director of the Company, to hold office for a term of five consecutive years on the Board of the Company from this Annual General Meeting upto the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company to be held in the year 2024, whose term shall not be subject to retirement by rotation."

5. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the approval of the Members of the Company be and is hereby accorded for re-appointment of Dr. Pamidi Kotaiah, (DIN 00038420), an Independent Non-Executive Director, whose current period of office is expiring at the conclusion of this Annual General Meeting and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013 and Rules made thereunder and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non-Executive Director of the Company, to hold office for five consecutive years on the Board of the Company from this Annual General Meeting upto the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company to be held in the year 2024, whose term shall not be subject to retirement by rotation."

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the approval of the Members of the Company be and is hereby accorded for re-appointment of Sri. Vepa Kamesam, (DIN 00542329), an Independent Non-Executive Director, whose current period of office is expiring at the conclusion of this Annual General Meeting and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013 and Rules made thereunder and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non-Executive Director of the Company, to hold office for five consecutive years on the Board of the Company from this Annual General Meeting upto the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company to be held in the year 2024, whose term shall not be subject to retirement by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 196, Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, approval be and is hereby accorded for re-appointment of Sri. M. Gopala Krishnaiah (DIN 00475030) as the Whole-time Director of the Company for a period of two years with a remuneration of ₹ 1,80,000/- (Rupees One Lakh Eighty Thousand only) per month w.e.f. 27<sup>th</sup> June, 2019 till the conclusion of 14<sup>th</sup> Annual General Meeting to be held in the year 2021.”

“RESOLVED FURTHER THAT notwithstanding anything contained in the above resolution Sri. M. Gopala Krishnaiah, 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.”

## Notes:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED 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) Members are requested to intimate immediately any change in their address quoting their Registered Folio enabling the Company to address future communication.
- 5) In terms of provisions of Section 152 of the Act, Sri. M. Siva Rama Vara Prasad, Director, retire by rotation at the Meeting set out in the Notice. Nomination and Remuneration Committee and the Board of Directors of the Company recommend his re-appointment.
- 6) The requirement of ratification of appointment of statutory auditors by the Members every year is done away with in view of the amendments to the Companies Act, 2013 vide notification dated 7<sup>th</sup> May, 2018. Accordingly, no resolution is proposed for ratification of appointment of statutory auditors who were appointed in the Annual General Meeting held on 16<sup>th</sup> September, 2017.
- 7) Explanatory statement pursuant to section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
- 8) As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No.SH-13 to the Company. The said form is annexed to the Notice and also available on the Company's website.
- 9) Members holding shares in dematerialized form are requested to intimate any changes pertaining to their bank details, mandates, nominations, change of address, contact details, etc. to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, M/s. Karvy Fintech Pvt. Ltd., (erstwhile M/s. Karvy Computershare Pvt. Ltd.) to provide efficient and better services.
- 10) Attendance slip, proxy form and the route map showing directions to reach the venue of the Annual General Meeting are annexed hereto.

### Registered Office:

D.No.1-55, Raja Praasadamu,  
4<sup>th</sup> Floor, Wing-I,  
Masjid Banda Road, Kondapur,  
Hyderabad – 500 084.  
CIN: U67120TG2007PLC053327  
Website: [www.paras.org.in](http://www.paras.org.in)  
Email id: [co@paras.org.in](mailto:co@paras.org.in)

Dated: 17.06.2019

By order of the Board

**M. Gopala Krishnaiah**  
Whole-time Director  
DIN 00475030



## Statement pursuant to Section 102(1) of the Companies Act, 2013 (“Act”)

The following Statement set out all material facts relating to Item Nos. 4, 5, 6 and 7 mentioned in the accompanying Notice.

### Item Nos. 4, 5 and 6:

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, at the 7<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August, 2014, Sri. D. Seetharamaiah, Dr. Pamidi Kotaiah and Sri. Vepa Kamesam were appointed as Independent Directors of the Company for a term of 5 (five) consecutive years upto conclusion of this Annual General Meeting. Sri. D. Seetharamaiah, Dr. Pamidi Kotaiah and Sri. Vepa Kamesam will complete their initial term as Independent Directors of the Company at the conclusion of this Annual General Meeting and they are eligible for re-appointment.

The Company has received declarations from Sri. D. Seetharamaiah, Dr. Pamidi Kotaiah and Sri. Vepa Kamesam confirming the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and being eligible for re-appointment as Independent Directors for a second term provided their consent in writing to act as Directors in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended from time to time.

Sri. D. Seetharamaiah, Dr. Pamidi Kotaiah and Sri. Vepa Kamesam are not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, as amended from time to time.

In terms of Section 160 of the Companies Act, 2013, the Company has received notices in writing from a member proposing their candidatures to be re-appointed as Independent Non-Executive Directors of the Company as per the provisions of the Companies Act, 2013.

Based on their skills, rich experience, knowledge, contributions, continued valuable guidance to the management made by them during their tenure; outcome of performance evaluation of Independent Directors and as per the recommendations of the Nomination and Remuneration Committee and the Board of Directors in their meetings held on 17<sup>th</sup> June, 2019, consider that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services. Accordingly, consent of the Members is sought for passing Special Resolutions as set out in items 4, 5 and 6 of the Notice for re-appointment of Sri. D. Seetharamaiah, Dr. Pamidi Kotaiah and Sri. Vepa Kamesam as Independent Non Executive Directors of the Company. Further, they are not liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

None of the other Directors, Key Managerial Personnel of the Company or their relatives, except Sri. D. Seetharamaiah, Dr. Pamidi Kotaiah and Sri. Vepa Kamesam being appointees, and their relatives to the extent of their shareholding interest, if any, in the Company may be deemed interested in the resolutions set out at Item Nos. 4, 5 and 6 of the Notice with regard to their respective appointments.

The Board recommends the resolutions set forth in Item Nos. 4, 5 and 6 of the Notice for approval of the members.

### Item No. 7:

Pursuant to Sections 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the tenure of Sri. M. Gopala Krishnaiah as the Whole-time Director of the Company was extended for a period of two years w.e.f. 27<sup>th</sup> June, 2017 by a Special Resolution passed in the Annual General Meeting held on 16<sup>th</sup> September, 2017.



Based on the recommendations of the Nomination and Remuneration Committee, the Board opines that Sri. M. Gopala Krishnaiah'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 17<sup>th</sup> June, 2019 recommended his reappointment for a further period of two years i.e., from 27<sup>th</sup> June, 2019 till the conclusion of 14<sup>th</sup> Annual General Meeting to be held in the year 2021.

The revised remuneration would be in line with the limits provided in Sections 196 and 197 of the Companies Act, 2013 read with Schedule V.

None of the other Directors, Key Managerial Personnel of the Company or their relatives, except Sri. M. Gopala Krishnaiah is interested in the above resolution.

The Board recommends the resolution set forth in Item No. 7 of the Notice for approval of the Members.

**Registered Office:**

D.No.1-55, Raja Praasadamu,  
4<sup>th</sup> Floor, Wing-I,  
Masjid Banda Road, Kondapur,  
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CIN: U67120TG2007PLC053327  
Website: [www.paras.org.in](http://www.paras.org.in)  
Email id: [co@paras.org.in](mailto:co@paras.org.in)

Dated: 17.06.2019

By order of the Board

**M. Gopala Krishnaiah**  
Whole-time Director  
DIN 00475030

## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 12<sup>th</sup> Annual Report together with the audited statements of accounts of the Company for the financial year ended 31<sup>st</sup> March, 2019.

### Financial Results

The performance of the Company for the year ended 31<sup>st</sup> March, 2019 is summarized below:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Revenue from operations	1852.52	1677.54
Other income	26.05	5.54
Total Income	1878.57	1683.08
Total Expenditure	1143.72	859.21
Profit Before Tax and Exceptional Items (PBT)	734.85	823.87
Less: Provision for Tax	213.37	229.22
Profit after Tax (PAT)	521.48	594.65
Surplus brought forward from previous year	1104.89	510.24
Profit available for Appropriation	1626.37	1104.89
Balance carried to Balance Sheet	1626.37	1104.89
Earnings Per Share of ₹ 100 (in ₹)	5.21	5.95

The Company's gross income for the financial year ended 31<sup>st</sup> March, 2019 was ₹ 1879 Lakhs when compared to ₹ 1683 Lakhs of the previous year. Profit before Tax (PBT) of the Company was ₹ 735 Lakhs and net profit for the year was ₹ 521 Lakhs as against Rs.595 Lakhs of previous year.

The Company's net worth as on 31<sup>st</sup> March, 2019 stood at ₹ 12351 Lakhs.

### Dividend

Your Directors have recommended a dividend of ₹ 10 per equity share of face value ₹ 100 each (Previous year: Nil), aggregating to ₹ 1205.60 Lakhs (inclusive of dividend distribution tax of ₹ 205.60 Lakhs) for the financial year ended 31<sup>st</sup> March, 2019. The dividend payout is subject to the approval of the Members at the ensuing Annual General Meeting.

### Transfer to Reserves

Your Directors do not propose to transfer any amount to General Reserve out of the amount available for appropriations. The amount of ₹ 1626.37 Lakhs is retained as surplus in the Statement of Profit and Loss Account.

### Share Capital

There is no change in the capital structure of the Company during FY 2018-19.

## Performance of the Company

Your Company posted a net profit after tax of ₹ 521 Lakhs during the year. A detailed analysis of the performance of the Company is discussed in the Management Analysis.

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

(₹ in Lakhs)

Acquisitions	2018-19	2017-18
Number of seller Banks/FIs	2	5
Debt acquired	6801	39496
Cost of acquisition	1165	16477

Redemptions	2018-19	2017-18
Number of Accounts	33	23
Amount redeemed	6784	5714

## Management Discussion and Analysis

During FY 2018-19 banks have offered for sale over 66500 accounts with principal outstanding debt of ₹ 1,47,300 crores. Your Company placed bids for 57 accounts, bid amount being ₹ 295 crores. Of these only 2 accounts were allotted at an acquisition cost of ₹ 11.65 crores. The bids were placed after a careful scrutiny of the information provided in the PIMs as well as at the time of due diligence and taking into consideration the realizable value of securities, stage of litigation, etc. In spite of the bids placed by the Company being the highest in several accounts, banks have not confirmed the bids presumably since they were below the reserve prices. Often, reserve prices fixed by banks are much higher than the realizable value of securities, thereby making the acquisitions unviable at such high prices.

This apart, one other major factor which has very adversely affected acquisitions by ARCs is sale of non-performing assets on full cash basis unlike earlier years when sales were mostly on SR basis. Sale of assets on cash basis and at high reserve prices had a dual effect on acquisitions by ARCs forcing several ARCs to keep away from the bid process for acquisitions. Your Company's representation to some banks to fix reserve prices on a realistic basis taking into consideration the realizable value of securities yielded no response. Overall, during FY 2018-19 banks have put for sale debts amounting to ₹ 1.47 lakh crores, of which banks could sell and realize only ₹ 24,320 crores, which is 16.54% of debts offered for sale. Thus in spite of availability of huge stock of non-performing assets in banks FY 2018-19 has not been very encouraging for mid segment asset reconstruction companies in the area of acquisitions.

The performance of your Company in resolutions has improved compared to the previous year. Total recoveries amounted to ₹ 118 crores during the year, resulting in full closure of 5 accounts (₹ 18.49 crores) and partial recovery in 28 accounts (₹ 49.35 crores). It needs to be mentioned here that in spite of certain amendments to SARFAESI Act and introduction of IBC, there has not been much improvement in reducing the time lines for resolving litigations. Certain critical amendments in the Acts are not yet notified by the Government. For instance, the amendment to the SARFAESI Act provides for supremacy of creditors' dues over the dues to the Government but notification is yet to be issued, thereby stalling the resolution process in respect of some accounts. In spite of the odds your Company could show a record performance in resolution of assets and redemption of security receipts.



One of the major sources of revenue to asset reconstruction companies is management fee which is earned on the new acquisitions made and on outstanding value of security receipts in case of existing accounts. Higher the quantum of acquisitions, higher the management fee. However, during FY 2018-19, in spite of acquisitions being very low, your Company could book management fee of ₹ 895 lakhs as against ₹ 892 lakhs in the previous year. This was possible because of recoveries made in certain acquisitions which resulted in recognition of management fee reversed in the earlier years. The gross revenue also increased to ₹ 1879 lakhs from ₹ 1683 lakhs in FY 2017-18. The net profit before tax was ₹ 735 lakhs. The profitability would have been much higher but for the technical write off of certain assets as per RBI guidelines.

### Future Prospects

The gross NPAs of banks which was 4.3% of gross bank credit as on 31.03.2015 increased to 11.5% by March 2018. Due to the corrective steps initiated by the Government of India and the Reserve Bank of India, there has been a significant improvement in asset quality during 2018-19. The gross NPAs have shown a decline for the first time during FY 2018-19. As per a recent report of CRISIL, the gross NPAs as on 31.03.2019 has reduced to 9.3%. The main reason for decline in gross NPA is resolution / liquidation of certain accounts referred to NCLT under IBC. However there has not been any improvement in stress in non-performing assets in small and medium sectors.

The present practices being implemented by banks and trends in the industry require huge financial resources for acquiring large assets. It is for this reason that only the top few companies which have financial resources at their disposal are able to acquire new assets in large numbers and initiate steps for effective resolution. Of late several large industrial houses and overseas entities have stepped in to asset reconstruction industry. These organizations are also expected to bring their expertise in revival of large scale industrial units, which may add a new dimension to the ARC business. The scope is very much narrowed down for small and mid-segment ARCs with limited resources.

In order to cope up with the need for more funds for business requirements, your Company has mandated a financial consultant for identifying suitable investors. Several investors are showing interest and your Company is confident of mobilizing funds in the current financial year by partnering with strategic investors either through equity infusion or participation in acquisitions by subscribing to SRs / debentures / unsecured loans, etc. Your Company will also benefit from the expertise of the strategic investors in resolving large value non-performing assets.

As regards regulatory issues, the IBC was introduced with a lot of hope that it would greatly help in realization of maximum amounts to creditors within the shortest possible time frame. But the ground reality is proving otherwise. Though a few accounts are resolved, financial creditors are forced to take deep haircut and face long delays in resolution / realization of assets. Several litigations pending in various NCLTs / Supreme Court point to the fact that serious attention need to be paid to redress these issues as otherwise the IBC also may end up as another of several Acts or regulations which failed to deliver.

In the context of smaller ARCs in particular issues which are required to be attended immediately for effective functioning are: (1) permit banks for sale of assets on SR basis; (2) advise banks to fix reserve prices taking into consideration realistic values of properties; and (3) initiate urgent steps for disposal of pending cases in DRTs / DRATs and ensure strict adherence to time lines in resolving legal disputes. It is high time that the Government of India and the Reserve Bank of India address these issues immediately as otherwise the smaller ARCs may soon be out of business.

### Risk Management

In the context of Asset Reconstruction Companies the following 4 key challenges emerge, namely:

1. Availability of resources for acquisitions
2. Meeting the expectations of selling bank's price in acquisition of assets
3. Resolution of stressed assets due to delays in resolving legal issues
4. Lack of well-developed vibrant market for distressed assets





The Board of your Company is seized of the requirement of financial resources for acquisitions. A financial consultant is appointed to identify suitable investors and hopefully the required resources will be made available in the current year.

As already discussed above, presently the sale of assets by banks is on cash basis and at high reserve prices. Most often prices fixed are much higher than the realizable value of underlying securities forcing the ARCs to keep away from auctions. Your Company is exercising caution while placing bids to ensure that the prices quoted are realistic and based on the realizable value of securities.

In spite of stringent provisions under SARFAESI and IBC laws, resolutions are not taking place at the expected pace at the ground level. This is due to the attitude of the borrowers to litigate continuously by trying to take advantage of the ambiguities in the legal system. In DRTs and DRATs also even trivial legal matters are pending for a very long time impacting the performance of ARCs. On account of such delays in realisations, there is considerable erosion in the value of underlying assets resulting in lower realisations. Your Company is taking necessary steps to resolve legal issues by engaging senior counsel wherever required. The issue was brought to the notice of the Association of ARCs and they have assured to take up the matter with the Government of India and the Reserve Bank of India.

Unlike well-developed, vibrant markets for stressed assets in western countries, the scope for sale of distressed assets is very limited in our country. For this reason, the Asset Reconstruction Companies are forced to book huge losses on realisation of assets through resolution / liquidation. Your Company is taking necessary precautions at the acquisition stage by conducting a thorough due diligence of the NPA accounts proposed to be acquired, so that the risks are minimized. Your Company also has a robust mechanism of follow-up of issues in courts of law by engaging experienced and senior counsel.

### **Internal financial Control and its adequacy**

Your Company has aligned its current systems of internal financial control with the requirement of Companies Act 2013, on lines of accepted accounting principles. The internal control is intended to increase transparency and accountability in assuring achievement of an organization's objectives in operational effectiveness and efficiency.

Your Company's internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets, executing transactions with proper authorization and ensuring compliance with corporate policies. Your Company has a well-defined delegation of powers with authority. Processes for formulating and reviewing annual and long term business plans have been laid down. Your Company continues its efforts to align all its processes and controls with the best practices.

### **Corporate Governance**

Corporate governance is the system by which companies are directed and controlled to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the Company. The Board of Directors is responsible for the governance of the Company. Your Company's philosophy on corporate governance ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers and investors. Your Company has a legacy of fair, transparent and ethical governance practices.

### **Board of Directors and Committees of the Board**

The Board of your Company formulates and evaluates policies and provides strategic direction to the management in achieving corporate objectives and further ensures the statutory and regulatory compliances, safeguarding the interest of the shareholders.

The Board has constituted four committees, namely Audit Committee, Executive Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

The Board met 4 times during the year on 06.06.2018, 20.09.2018, 11.12.2018 and 15.03.2019.

Attendance of Directors at Board Meetings and at the last Annual General Meeting held on 20.09.2018 during 2018-19:

Name of the Director	Category	Attendance at meetings during 2018-19	
		Board Meetings	Last AGM
Sri. D. Seetharamaiah, Chairperson	Non-Executive Independent Director	4	Yes
Dr. Pamidi Kotaiah	Non-Executive Independent Director	4	Yes
Sri. Vepa Kamesam	Non-Executive Independent Director	4	No
Ms. K. Sujatha Rao	Non-Executive Independent Director	4	Yes
Sri. M. Siva Rama Vara Prasad	Non-Executive Promoter Director	4	Yes
Dr. Murali Krishna Prasad Divi	Non-Executive Promoter Director	1	No
Sri. Rajeev Puri*	Director nominated by M/s. Punjab National Bank	1	No
Sri. M. Gopala Krishnaiah	Executive Whole-time Director	4	Yes

\*Sri. Rajeev Puri, Nominee of Punjab National Bank was withdrawn by the Bank as Director on the Board, consequent to his transfer w.e.f. 06.10.2018.

No Director is related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 2013.

### Audit Committee

1. Dr. Pamidi Kotaiah – Chairperson, Non-Executive Independent Director
2. Sri. D. Seetharamaiah, Non-Executive Independent Director
3. Sri. Vepa Kamesam, Non-Executive Independent Director
4. Sri. M. Gopala Krishnaiah, Executive Whole-time Director

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 adequacy of internal control systems and internal audit functions.

The Audit Committee met 4 times during the financial year 2018-19 on 06.06.2018, 20.09.2018, 11.12.2018 and 15.03.2019 and all the members of the Committee were present.

### Executive Committee

1. Sri. D. Seetharamaiah – Chairperson, Non-Executive Independent Director
2. Sri. M. Siva Rama Vara Prasad, Non-Executive Promoter Director
3. Dr. Murali Krishna Prasad Divi, Non-Executive Promoter Director
4. Dr. Pamidi Kotaiah, Non-Executive Independent Director
5. Sri. Vepa Kamesam, Non-Executive Independent Director (w.e.f. 15.03.2019)
6. Sri. M. Gopala Krishnaiah, Executive Whole-time Director

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 12 times during the financial year 2018-19 on 14.04.2018, 19.05.2018, 16.06.2018, 23.07.2018, 24.08.2018, 25.09.2018, 25.10.2018, 22.11.2018, 21.12.2018, 19.01.2019, 23.02.2019 and 22.03.2019.

### Corporate Social Responsibility Committee

1. Sri. D. Seetharamaiah – Chairperson, Non-Executive Independent Director
2. Sri. Vepa Kamesam, Non-Executive Independent Director
3. Sri. M. Siva Rama Vara Prasad, Non-Executive Promoter Director
4. Sri. M. Gopala Krishnaiah, Executive Whole-time Director

Pursuant to Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility (CSR) Committee with the above mentioned Directors for carrying out CSR activities as per Schedule VII of the said Act. The CSR Committee formulated CSR policy for approval by the Board. The Committee oversees implementation of the CSR activities / programs / projects undertaken by implementing agencies and monitors the CSR policy.

The Committee met once during the financial year 2018-19 on 11.12.2018 and all the members of the Committee were present.

### Nomination and Remuneration Committee

1. Sri. M. Siva Rama Vara Prasad – Chairperson, Non-Executive Promoter Director
2. Sri. D. Seetharamaiah, Non-Executive Independent Director
3. Dr. Pamidi Kotaiah, Non-Executive Independent Director

Pursuant to Section 178 of the Companies Act, 2013, the Company has constituted a Nomination and Remuneration Committee. The Committee formulated the Nomination and Remuneration policy for approval by the Board. The Committee formulates the criteria for determining qualifications, positive attributes and independence of a director from time to time. The Committee also carries out evaluation of Directors' performance.

The Nomination and Remuneration Committee recommends to the Board of Directors regarding remuneration payable to the members of the Board and terms of employment of the senior executives of the Company and in setting a Remuneration policy. The Committee ensures that the terms of employment of employees are in line with the Remuneration Policy. The Nomination and Remuneration policy of the Company is made available on the website.

The Committee has not met during the financial year 2018-19.



### Independent Directors meeting

Pursuant to Section 149(8) read with Clause VII(3) of Schedule IV of the Companies Act, 2013, the Independent Directors met separately during the financial year 2018-19 on 15.03.2019. All the Independent Directors were present to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties and to review the performance of the Chairperson of the Company, taking into account the views of executive and non-executive directors.

### Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual directors for the financial year 2018-19, pursuant to the provisions of the Act.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information, functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on criteria such as the composition of committees, effectiveness of committee meetings, etc.

### Directors

As per the provisions of Section 149 of the Companies Act, 2013, each of the Independent Directors has submitted declaration that he / she meets the criteria of independence as provided in Section 149(6) of the Act, and there has been no change in the circumstances which may affect their status as an independent director during the year.

At the 7<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August, 2014, Sri. D. Seetharamaiah, Dr. Pamidi Kotaiah and Sri. Vepa Kamesam were appointed as Independent Directors of the Company for a term of 5 (five) consecutive years and will complete their initial term at conclusion of this Annual General Meeting and they are eligible for re-appointment.

Based on the recommendations of the Nomination and Remuneration Committee and considering their skills, rich experience, knowledge, contributions and continued valuable guidance to the management, the Board of Directors in its meeting held on 17<sup>th</sup> June, 2019 recommended to the Members for their reappointment for a term of 5 (five) years.

Sri. Rajeev Puri, Nominee of Punjab National Bank was withdrawn by the Bank as a Director on the Board of the Company w.e.f. 06.10.2018 consequent to his transfer.

As the tenure of Sri. M. Gopala Krishnaiah, Whole-time Director of the Company is up to 26.06.2019, based on recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 17<sup>th</sup> June, 2019 has recommended to Members for his reappointment for a further period of 2 years i.e., w.e.f. 27<sup>th</sup> June, 2019.

In accordance with the provisions of the Articles of Association of the Company and provisions of Section 152 of the Companies Act, 2013, Sri M. Siva Rama Vara Prasad, Non-Executive Promoter Director, retires by rotation at the ensuing General Meeting and being eligible, offers himself for re-appointment.

### Key Managerial Personnel

Tenure of Sri. M. Gopala Krishnaiah, Whole-time Director has been recommended for extension, as mentioned above in the Directors column.

There is no change in other Key Managerial Personnel - Sri. Ch. Rama Prasad, Chief Executive Officer, Sri. V. S. Ranga Rao, Chief Financial Officer and Smt. V. Vani, Company Secretary.



## Auditors

M/s. C. V. Ramana Rao & Co., Chartered Accountants who were appointed as Auditors of the Company to hold office for a term of five years from the conclusion of the Tenth Annual General Meeting of the Company held on 16<sup>th</sup> September, 2017, shall continue as Auditors till the conclusion of the Annual General Meeting to be held in the year 2022.

## Statutory Auditors' report and Secretarial Auditors' report

The reports of Statutory Auditors and Secretarial Auditors do not contain any qualifications, reservations or adverse remarks. Report of the secretarial auditor is given as Annexure I which forms part of this report.

## Particulars of loans, guarantees or investments

The Company has not granted any loans or made any investments and not extended guarantees for any individuals or corporates under Section 186 of the Act during the year 2018-19.

## Particulars of contracts or arrangements with related parties

The Company has entered into contracts or arrangements pursuant to Section 188(1) of the Act during the financial year 2018-19 with related parties, in the ordinary course of business at arm's length basis. Further, the Company had not entered into any contract or arrangement with any related party during the year not at arm's length basis. Form AOC-2 is given as Annexure II.

## Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure III of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company.

## Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of Annual Return is given in Annexure-IV in the prescribed Form MGT-9, which forms part of this Report. The same is available on the website of the Company.

## Fixed Deposits

The Company has not accepted / invited any deposits from the public in terms of section 73 of the Companies Act, 2013.

## Directors' Responsibility Statement

Pursuant to requirement under Section 134(5) of the Companies Act, 2013, 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, 2019, 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, 2019 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts of the Company for the year ended 31<sup>st</sup> March, 2019 on a going concern basis; and





- (v) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Particulars of Employees

The statement showing details of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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 134(3)(m) of the Companies Act, 2013 are not applicable to the Company.

### Acknowledgements

Your Directors would like to express their sincere gratitude to the Shareholders, Reserve Bank of India, Banks, Financial Institutions, Government Authorities and other stake holders for the continued support and faith reposed in the Company.

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

For and on behalf of the Board of Directors

Place: Hyderabad  
Date: 17.06.2019

**D. Seetharamaiah**  
Chairperson

## ANNEXURE I TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 01/04/2018 TO 31/03/2019

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

To,  
The Members  
**Pridhvi Asset Reconstruction and Securitisation Company Limited**  
Hyderabad  
Telangana

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "Pridhvi Asset Reconstruction and Securitisation Company Limited" (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the "Pridhvi Asset Reconstruction and Securitisation Company Limited" books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering from April 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- (1) I have examined the books, papers, minute books, forms and returns filed and other records maintained by "Pridhvi Asset Reconstruction and Securitisation Company Limited" for the period covering from April 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2019 according to the provisions of:
- i. The Companies Act, 1956 and the Companies Act, 2013 (the Act) and the rules and amendments made there under; The Memorandum and Articles of Association therein.
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - v. The Reserve Bank of India Act, 1934 and
  - vi. The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003.

**Note: As the Company is not listed the following regulations are NOT APPLICABLE**

- vii. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

**I have also examined compliance with the applicable clauses of the following:**

- (i) Secretarial Standards issued by "The Institute of Company Secretaries of India".

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

- (2) I further report that** the Company has, in my opinion, complied with the Provisions of the Companies Act, 1956 and the Rules made under that Act and of Companies Act, 2013 and the Memorandum and Articles of Association of the Company, with regard to:
- i. Maintenance of various statutory registers and documents and making necessary entries therein;
  - ii. Forms, Returns, Documents and Resolutions required to be filed with the Registrar of Companies;
  - iii. Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
  - iv. Notice of Board meetings and Committee meetings of Directors;
  - v. The meetings of Directors and Committees of Directors viz Audit Committee, Executive Committee, Remuneration Committee and Corporate Social Responsibility Committee including passing of resolutions by circulation;
  - vi. The 11th Annual General Meeting held on September 20<sup>th</sup>, 2018;
  - vii. Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
  - viii. Approvals of the Members, the Board of Directors, the Committees of Directors and the Government Authorities, wherever required;
  - ix. Constitution of the Board of Directors / Committee(s) of Directors.
  - x. Payment of Remuneration to Directors including the Whole-time Director;
  - xi. Appointment and Remuneration of Auditors;
  - xii. There are no investments of Company funds made and no inter-corporate loans given for the period.
  - xiii. The Company doesn't have any subsidiaries;
  - xiv. Form of Balance Sheet as prescribed under Part I, Form of Statement of Profit and Loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
  - xv. There is no allotment of securities for the period;

- xvi. The Directors' report is according to the provisions;
- xvii. Contracts, Common seal, Registered Office and Publication of Name of the Company is as per the provisions; and
- xviii. Generally, all other applicable provisions of the Act and the Rules made under the Act.
- xix. The provisions of Corporate Social Responsibility (CSR) are complied.
- xx. The provisions with regard to appointment of Woman Director are complied.

**(3) I further report that:**

- a) All the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/debenture holdings and directorships in other companies and interests in other entities;
  - b) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
  - c) The Company has obtained all necessary approvals under the various provisions of the Act; and ;
  - d) There was no prosecution initiated and no fines or penalties were imposed during the period under review under The Companies Act, 1956, Companies Act, 2013, Securities Contract Regulation Act, 1956, The Reserve Bank of India Act, 1934 and the Depositories Act, 1996 and Rules, Regulations and Guidelines framed under these Acts against/on the Company, its Directors and Officers.
- (4)** The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and with the provisions of The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 and the Rules made under that Act, with regard to :
- a) Filing of quarterly returns to RBI.
  - b) With respect to issuing of Security Receipts and
  - c) The Company has not accepted any deposits from Public.
- (5)** I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed there under by the Depositories with regard to dematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
- (6)** There is no Foreign Exchange outflow and inflow for the period, hence the Company need not comply with the provisions of Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to ODI, FDI and ECB.
- (7)** I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Devineni Sujatha & Associates**  
Company Secretaries

**Sujatha Devineni**  
Proprietor  
M. No. F8306  
CP No. 9391

**Place:** Hyderabad  
**Date:** 01/06/2019

*This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report*



## 'Annexure-A'

To  
The Members  
**Pridhvi Asset Reconstruction and Securitisation Company Limited**  
Hyderabad  
Telangana

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

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

For **Devineni Sujatha & Associates**  
Company Secretaries

**Sujatha Devineni**  
Proprietor  
M.No. F8306  
CP No. 9391

Place: Hyderabad  
Date: 01/06/2019



## ANNEXURE II TO DIRECTORS' REPORT

### FORM NO. AOC -2

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

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

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

**There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2019, which were not at arm's length basis.**

II. Details of contracts or arrangements or transactions at arm's length basis.

**The details of contracts or arrangements or transactions at arm's length basis for the year ended 31<sup>st</sup> March, 2019, are as follows.**

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances if any
M/s. Mezzequity Software Private Ltd. (Smt. M. Rajyalakshmi wife of Sri. M. Siva Rama Vara Prasad, Director is a Director on the Board)	Maintenance of office premises	3 years w.e.f 01.04.2017	Maintenance charges@ ₹8.25 / sft. On par with other occupants of the building. Transactions during the year ₹11.61 lakhs.	Executive Committee approved on 23.03.2017	-
M/s. BitKemy Ventures India Ltd. (Sri. M. Siva Rama Vara Prasad is Director in both the companies)	Maintenance of software for operations	Annual maintenance	Maintenance of ₹10 Lakhs p.a. Transactions during the year ₹17.33 lakhs.	25.05.2016	-

For and on behalf of the Board of Directors

Place: Hyderabad  
Date: 17.06.2019

**M. Gopala Krishnaiah**  
Whole-time Director

## ANNEXURE III TO DIRECTORS' REPORT

### Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19

#### 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The core theme of the Company's CSR policy is giving back to the society from which it draws its resources by extending a helping hand to the needy, the underprivileged and to contribute for activities that sustain economic development of local community at large. It is the contribution of the corporate for philanthropic and social causes like providing primary education and health, drinking water, sanitation and such other activities which would result in a better living environment.

Through CSR initiatives, the Company, in alignment with its vision and environmental concern, will continue to enhance value creation in the society, so as to promote sustained growth of the society, in fulfillment of its role as a Socially Responsible Corporate.

#### Objectives

The objectives of the Company's CSR Policy are to:

- Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To directly or indirectly take up programmes that benefit the communities over a period of time in enhancing the quality of life & economic well-being of the local populace.
- The CSR activities undertaken by the Company should create a social impact.

The CSR Policy of the Company is available on the website of the Company.

#### 2. The Composition of the CSR Committee

1. Sri. D. Seetharamaiah – Chairperson, Non-Executive Independent Director
2. Sri. Vepa Kamesam, Non-Executive Independent Director
3. Sri. M. Siva Rama Vara Prasad, Non-Executive Promoter Director
4. Sri. M. Gopala Krishnaiah, Executive Whole-time Director

#### 3. Average net profit of the Company for last three financial years – ₹ 1412.62 Lakhs

#### 4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) – ₹ 28.25 Lakhs

#### 5. Details of CSR spent during the financial year

- a. Total amount to be spent for the financial year – ₹ 28.25 Lakhs
- b. Amount unspent, if any – Nil

c. Manner in which the amount spent during the financial year is detailed below

(₹ in Lakhs)

S No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other(2) specify the state and district where projects or programs was undertaken	Amount outlay (Budget) project or programs-wise	Amount spent on the project or programs Sub-heads; (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative Expenditure up to the reporting period	Amount spent Direct or through implementing agency
1	Medical services, vocational training and education	Promoting education, including vocation skills and Preventive healthcare	Andhra Pradesh, West Godavari District	25.00	14.00	14.00	Implementing agency (Kovvali Development Trust)
2	Education to the poor tribal children	Promoting education	Andhra Pradesh, East Godavari District	92.80	7.86	7.86	Implementing agency (Centre for Development and Research)
3	Provision of kitchen equipment and other logistics for Akshaya Patra community kitchen	Eradicating hunger	Andhra Pradesh, West Godavari District.	250.00	5.25	5.25	Implementing agency (HKM Charitable Foundation)

So far under CSR, the Company has spent ₹156.14 Lakhs from FY 2014-15 to FY 2018-19.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report

Not applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company

We hereby declare that implementation and monitoring of CSR Policy are in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Place: Hyderabad  
Date: 17.06.2019

**M. Gopala Krishnaiah**  
Whole-time Director

**D.Seetharamaiah**  
Chairperson, CSR Committee

## ANNEXURE IV TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. Registration and other Details:

1. CIN: **U67120TG2007PLC053327**
2. Registration Date: **27<sup>th</sup> March, 2007**
3. Name of the Company: **Pridhvi Asset Reconstruction and Securitisation Company Limited**
4. Category / Sub-Category of the Company: **Public Company / Limited by shares**
5. Address of the Registered Office and contact details:  
**D.No.1-55, Raja Praasadamu,  
4<sup>th</sup> Floor, Wing-I, Masjid Banda Road, Kondapur, Hyderabad – 500 084.  
Tel: 040-41413333 Fax:040-41413301**
6. Whether listed Company: **No**
7. Name, Address and Contact details of Registrar and Transfer Agent, if any:  
**Karvy Fintech Private Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032  
Tel: 040-67161700 Fax: 040-23114087**

### II. Principal Business Activities of the Company:

All the business activities contributing 10% or more of the total turnover of the Company are given below:

S.No.	Name and Description of main products / services	NIC Code of the product/ service	% to total turnover of the Company
1	Other financial service activities, except insurance and pension funding activities	64990	100%

### III. Particulars of Holding, Subsidiary and Associate Company: NIL



#### IV. Shareholding Pattern (Equity share capital breakup as percentage of total equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	3919101	-	3919101	39.19	3919101	75000	3994101	39.94	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	150000	-	150000	1.50	150000	-	150000	1.50	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A1)</b>	<b>4069101</b>	<b>-</b>	<b>4069101</b>	<b>40.69</b>	<b>4069101</b>	<b>75000</b>	<b>4144101</b>	<b>41.44</b>	<b>-</b>
<b>(2) Foreign</b>									
a) Individual/ HUF	1189753	1795636	2985389	29.85	1189753	1795636	2985389	29.85	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A2)</b>	<b>1189753</b>	<b>1795636</b>	<b>2985389</b>	<b>29.85</b>	<b>1189753</b>	<b>1795636</b>	<b>2985389</b>	<b>29.85</b>	<b>-</b>
<b>Total shareholding of Promoter A(1+2)</b>	<b>5258854</b>	<b>1795636</b>	<b>7054490</b>	<b>70.54</b>	<b>5258854</b>	<b>1870636</b>	<b>7129490</b>	<b>71.29</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	1600000	-	1600000	16.00	1600000	-	1600000	16.00	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>1600000</b>	<b>-</b>	<b>1600000</b>	<b>16.00</b>	<b>1600000</b>	<b>-</b>	<b>1600000</b>	<b>16.00</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	150000	25000	175000	1.75	150000	25000	175000	1.75	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual share holders holding nominal share capital upto ₹1 lakh	-	10	10	-	-	10	10	-	-
ii) Individual share holders holding nominal share capital in excess of ₹ 1 lakh	376500	774000	1150500	11.51	616500	459000	1075500	10.76	-
c) Others (specify)									
Non Resident Indians	-	20000	20000	0.20	-	20000	20000	0.20	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies-D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>526500</b>	<b>819010</b>	<b>1345510</b>	<b>13.46</b>	<b>766500</b>	<b>504010</b>	<b>1270510</b>	<b>12.71</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>2126500</b>	<b>819010</b>	<b>2945510</b>	<b>29.46</b>	<b>2366500</b>	<b>504010</b>	<b>2870510</b>	<b>28.71</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>7385354</b>	<b>2614646</b>	<b>10000000</b>	<b>100.00</b>	<b>7625354</b>	<b>2374646</b>	<b>10000000</b>	<b>100.00</b>	<b>-</b>

## ii) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Sri. Motaparti Siva Rama Vara Prasad	1189753	11.89	-	1189753	11.89	-	-
2	Smt. M. Rajya Lakshmi	1519101	15.19	-	1594101	15.94	-	-
3	Sri.M.Rohit Prasad	500000	5.00	-	500000	5.00	-	-
4	Sri.Mukesh Kumar Manubhai Patel	400000	4.00	-	400000	4.00	-	-
5	Sri.Bimal Manubhai Patel	400000	4.00	-	400000	4.00	-	-
6	Sri.Manubhai Jethabhai Chhagan Bhai Patel	495636	4.96	-	495636	4.96	-	-
7	M/s.Design Tribe India Pvt. Ltd	150000	1.50	-	150000	1.50	-	-
8	Dr. Murali Krishna Prasad Divi	1570000	15.70	-	1570000	15.70	-	-
9	Smt. Swarna Latha Divi	415000	4.15	-	415000	4.15	-	-
10	Sri. Satchandra Kiran Divi	415000	4.15	-	415000	4.15	-	-
		<b>7054490</b>	<b>70.54</b>	-	<b>7129490</b>	<b>71.29</b>	-	-

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	7054490	70.54	7054490	70.54
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	75000 by way of transfer on 20.09.2018	0.75	75000	0.75
At the end of the year	<b>7129490</b>	<b>71.29</b>	<b>7129490</b>	<b>71.29</b>

iv) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Punjab National Bank				
	Opening balance:	1000000	10.00	1000000	10.00
	Transaction during the year:	-	-	-	-
	Closing balance:			1000000	10.00
2	UCO Bank				
	Opening balance:	500000	5.00	500000	5.00
	Transaction during the year:	-	-	-	-
	Closing balance:			500000	5.00
3	M/s.Zen Securities Ltd				
	Opening balance:	150000	1.50	150000	1.50
	Transaction during the year:	-	-	-	-
	Closing balance:			150000	1.50
4	Smt. Radhika Donepudi				
	Opening balance:	109000	1.09	109000	1.09
	Transaction during the year:	-	-	-	-
	Closing balance:			109000	1.09
5	Andhra Bank				
	Opening balance:	100000	1.00	100000	1.00
	Transaction during the year:	-	-	-	-
	Closing balance:			100000	1.00
6	Sri. D. Babu Rao				
	Opening balance:	100000	1.00	100000	1.00
	Transaction during the year:	-	-	-	-
	Closing balance:			100000	1.00
7	Sri. Balasubramanian M.K.				
	Opening balance:	100000	1.00	100000	1.00
	Transaction during the year:	-	-	-	-
	Closing balance:			100000	1.00
8	Smt. M. Bharathi Devi				
	Opening balance:	110000	1.10	110000	1.10
	Transaction during the year:	-	-	-	-
	Closing balance:			110000	1.10
9	Smt. B. Rajani Saritha				
	Opening balance:	100000	1.00	100000	1.00
	Transaction during the year:	-	-	-	-
	Closing balance:			100000	1.00
10	Sri. Jayaram Naidu Bavikati				
	Opening balance:	60000	0.60	60000	0.60
	Transaction during the year:	-	-	-	-
	Closing balance:			60000	0.60



### v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year:				
	<b>a) Directors:</b>				
	Sri. Motaparti Siva Rama Vara Prasad	1189753	11.89	1189753	11.89
	Sri. M. Gopala Krishnaiah	10	0.00	10	0.00
	Dr. Murali Krishna Prasad Divi	1570000	15.70	1570000	15.70
	<b>b) Key Managerial Personnel</b>	<b>Nil</b>			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change in the shareholding pattern of Directors and Key Managerial Personnel			

### vi) Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment  
(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2018)</b>				
i) Principal Amount	2306.03	-	-	2306.03
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	39.83	-	-	39.83
<b>Total (i+ii+iii)</b>	<b>2345.86</b>	<b>-</b>	<b>-</b>	<b>2345.86</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	1840.94	-	-	1840.94
<b>Net Change</b>	<b>(1840.94)</b>			<b>(1840.94)</b>
<b>Indebtedness at the end of the financial year (31.03.2019)</b>				
i) Principal Amount	475.22	-	-	475.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	29.70	-	-	29.70
<b>Total (i+ii+iii)</b>	<b>504.92</b>	<b>-</b>	<b>-</b>	<b>504.92</b>

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Sri. M. Gopala Krishnaiah, WTD	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19.50	19.50
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	-	-
5	Others: Conveyance, Medical expenditure, etc.	0.30	0.30
	<b>Total (A)</b>	<b>19.80</b>	<b>19.80</b>
	Ceiling as per the Act	5% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013	

### B. Remuneration to other directors:

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Fee for attending board committee meetings	Commission	Others, please specify	Total
1	<b>Independent Directors</b>				
	1. Sri. D. Seetharamaiah	7.90	-	-	7.90
	2. Dr. Pamidi Kotaiah	7.30	-	-	7.30
	3. Sri. Vepa Kamesam	4.90	-	-	4.90
	4. Ms. K. Sujatha Rao	2.00	-	-	2.00
	<b>Total (1)</b>	<b>22.10</b>	-	-	<b>22.10</b>
2	<b>Other Non-Executive Directors</b>				
	1. Sri. M. Siva Rama Vara Prasad	5.90	-	-	5.90
	2. Dr. Murali Krishna Prasad Divi	0.80	-	-	0.80
	3. Sri. Rajeev Puri	0.50	-	-	0.50
	<b>Total (2)</b>	<b>7.20</b>	-	-	<b>7.20</b>
	<b>Total (B)=(1+2)</b>	<b>29.30</b>	-	-	<b>29.30</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>49.10</b>	-	-	<b>49.10</b>
	Overall Ceiling as per the Act	NA			

C. Remuneration to Key Managerial Personnel other than MD /Manager / WTD:

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		Sri. Ch. Rama Prasad, CEO	Sri. V. S. Ranga Rao, CFO	Smt. V. Vani, CS	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	33.43	17.02	13.05	63.50
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others	2.79	1.30	1.03	5.12
	<b>Total</b>	<b>36.22</b>	<b>18.32</b>	<b>14.08</b>	<b>68.62</b>

VII. Penalties / Punishment / Compounding of Offence: Nil

(₹ in Lakhs)

Type	Section of the Companies Act	Brief Description]	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. Other Officers in default</b>					
Penalty					
Punishment			NIL		
Compounding					



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Pridhvi Asset Reconstruction and Securitisation Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounts) Rules, 2014, the profit and loss and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board of Directors' Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified in Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure- A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

The remuneration paid to the Directors by the Company is in accordance with the provisions of the sec.197.

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

- i. The Company does not have any pending litigations that would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred, to the “Investor Education and Protection Fund” by the Company.

For **C V Ramana Rao & Co.**,  
Chartered Accountants  
Firm Regn No. 002917S

**(G. Rajasekhar)**  
Partner  
Membership No.236023

Place: Camp: Hyderabad  
Date : 17.06.2019

## Annexure-A to the Independent Auditor's Report

The **Annexure A** referred to in our Independent Auditor's report of even date, to the members of **Pridhvi Asset Reconstruction and Securitisation Company Limited, Hyderabad** for the year ended 31<sup>st</sup> March 2019. We report that:

- i)
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets have been physically verified by the management during the year. According to the information furnished to us, no material discrepancies have been noticed on such verification.
  - c) According to the Information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds in respect of all immovable properties are held in the name of the Company.
- ii) Physical verification of inventory is not applicable to the Company due to nature of its business. Consequently, Paragraph 3(ii) of the order is not applicable to the Company.
- iii) During the year the Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv) In our opinion and according to the information and explanation given to us, the Company has neither given any loans to the directors or any other persons in whom the director(s) is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013. The investment made by the Company in an earlier year does not exceed the limits prescribed under section 186 of the Companies Act, 2013. Consequently, paragraph 3 (iv) of the Order are not applicable.
- v) The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under; do not apply to the Company.
- vi) Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the Company.
- vii)
  - a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other material statutory dues which were in arrears as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they became payable.
  - b) As at 31<sup>st</sup> March, 2019, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:



Sl. No.	Name of the Statute	Nature of the Dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax dues	32,40,240	FY 2011-12	Assessing officer, Hyderabad

- viii) According to the records of the Company examined by us and the information given to us, the Company has availed the loan facility from nationalized bank and not defaulted in repayment.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). No term loans were raised during the year under report. Consequently, the paragraph 3(ix) of the order does not apply.
- x) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, managerial remuneration has been paid or provided in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) In our opinion, the Company is not a Nidhi Company. Consequently, the paragraph 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 187 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Indian Accounting Standards are disclosed in the financial statements.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year under review. Consequently, the paragraph 3(xiv) of the order is not applicable.
- xv) The Company has not entered into any non-cash transactions with the directors or persons connected with them during the year under report. Consequently, the paragraph 3(xv) of the order is not applicable.
- xvi) According to the information and explanations given to us, the Company is exempted from registration under section 45-IA of the Reserve Bank of India Act, 1934.

For **C V Ramana Rao & Co.**,  
Chartered Accountants  
Firm Regn No. 002917S

**(G. Rajasekhar)**  
Partner  
Membership No.236023

Place: Camp: Hyderabad  
Date : 17.06.2019

## Annexure-B to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of **Pridhvi Asset Reconstruction and Securitisation Company Limited, Hyderabad** ("the Company") as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being



made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **C V Ramana Rao & Co.,**  
Chartered Accountants  
Firm Regn No. 002917S

**(G. Rajasekhar)**  
Partner  
Membership No.236023

Place: Camp: Hyderabad  
Date : 17.06.2019

## Balance Sheet as at 31<sup>st</sup> March, 2019

(₹ In Lakhs)

Particulars	Note	As at 31.03.2019	As at 31.03.2018
<b>Equity and Liabilities</b>			
<b>i) Share holders' funds</b>			
Share Capital	02	10000.00	10000.00
Reserves and Surplus	03	2351.37	1829.89
		<b>12351.37</b>	<b>11829.89</b>
<b>ii) Non-current Liabilities</b>			
Long-term borrowings	04	0.15	75.22
Deferred tax liability	29	43.97	37.60
Other long-term liabilities	05	-	-
		<b>44.12</b>	<b>112.82</b>
<b>iii) Current Liabilities</b>			
Short-term borrowings	06	400.00	2180.06
Trade payables	07	-	-
Other current liabilities	08	2622.43	2249.01
Short-term provisions	09	38.78	2.53
		<b>3061.21</b>	<b>4431.60</b>
<b>Total</b>		<b>15456.70</b>	<b>16374.31</b>
<b>Assets</b>			
<b>1) Non-current Assets</b>			
<b>i) Property, Plant &amp; Equipment</b>			
Tangible assets	10	609.32	638.40
Intangible assets		31.41	48.41
		<b>640.73</b>	<b>686.81</b>
<b>ii) Non-current investments</b>	11	5708.60	2058.63
Long-term loans and advances	12	1.14	0.97
Other non-current assets	13	2.40	4.45
Other investments	14	1740.11	2820.22
		<b>7452.25</b>	<b>4884.27</b>
<b>2) Current Assets</b>			
Current investments	11	3803.68	9849.58
Trade receivables	15	935.63	865.98
Cash and bank balances	16	2488.49	73.99
Short-term loans and advances	12	13.60	2.23
Other current assets	13	122.32	11.45
		<b>7363.72</b>	<b>10803.23</b>
<b>Total</b>		<b>15456.70</b>	<b>16374.31</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 **C V Ramana Rao & Co**  
Chartered Accountants  
Firm Reg.No.002917S

**G. Rajasekhar**  
Partner  
Membership No.236023  
Place: Hyderabad  
Date: 17.06.2019

For and on behalf of the Board

**M. Siva Rama Vara Prasad**  
Director

**Ch. Rama Prasad**  
Chief Executive Officer

**M. Gopala Krishnaiah**  
Whole time Director

**V.S. Ranga Rao**  
Chief Financial Officer

**V. Vani**  
Company Secretary



## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

(₹ In Lakhs)

Particulars	Note	Year ended 31.03.2019	Year ended 31.03.2018
<b>Income</b>			
Revenue from operations	17	1852.52	1677.53
Other income	18	26.04	5.55
<b>Total revenue (I)</b>		<b>1878.56</b>	<b>1683.08</b>
<b>Expenses</b>			
Employee benefits expense	19	243.81	225.02
Finance cost	20	126.00	245.49
Depreciation	10	46.16	36.71
Other expenses	21	727.74	351.99
<b>Total expenses (II)</b>		<b>1143.71</b>	<b>859.21</b>
<b>Profit before tax and exceptional items (I – II)</b>		<b>734.85</b>	<b>823.87</b>
Exceptional items		-	-
<b>Profit after exceptional items and before tax</b>		<b>734.85</b>	<b>823.87</b>
<b>Tax expense</b>			
Current tax		174.73	228.79
Income Tax for earlier years		32.28	0.12
Deferred tax		6.36	0.31
<b>Total tax expense</b>		<b>213.37</b>	<b>229.22</b>
<b>Profit after tax</b>		<b>521.48</b>	<b>594.65</b>
<b>Earnings per equity share (Face Value ₹ 100/- each)</b>			
Basic & Diluted	28	5.21	5.95

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For C V Ramana Rao & Co  
Chartered Accountants  
Firm Reg.No.002917S

G. Rajasekhar  
Partner  
Membership No.236023  
Place: Hyderabad  
Date: 17.06.2019

For and on behalf of the Board

M. Siva Rama Vara Prasad  
Director

Ch. Rama Prasad  
Chief Executive Officer

V.S. Ranga Rao  
Chief Financial Officer

M. Gopala Krishnaiah  
Whole time Director

V. Vani  
Company Secretary

## Cash flow statement for the year ended 31<sup>st</sup> March, 2019

(₹ In Lakhs)

S.No.	Particulars	As at 31.03.2019	As at 31.03.2018
<b>A.</b>	<b>Cash flow from operating activities</b>		
	Profit/(Loss) for the year before Tax	734.85	823.87
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation of property, plant and equipment	46.16	36.71
	Finance costs	126.00	245.49
	Receivable from trusts written off	149.18	156.72
	Security Receipts written off	382.43	-
	Rental Income from investments	(2.98)	(4.27)
	<b>Operating profit before working capital changes</b>	<b>1435.64</b>	<b>1258.52</b>
	<b>Movement in Working Capital</b>		
	(Increase)/Decrease in Trade receivables	(69.65)	(3.03)
	(Increase)/Decrease in Current assets	(120.35)	287.80
	(Increase)/Decrease in Current liabilities	409.67	715.66
	(Increase)/Decrease in Trade and other payables	(1780.06)	(92.90)
	<b>Cash generated from operations</b>	<b>(124.75)</b>	<b>2166.05</b>
	Income tax (paid)/refund	(207.01)	(228.91)
	<b>Net Cash from operating activities</b>	<b>(331.76)</b>	<b>1937.14</b>
<b>B.</b>	<b>Cash flow from investing activity</b>		
	Sale of investments	1080.11	-
	Additions of property, plant & equipment	(0.08)	(54.75)
	Amount received from Security Receipts (on redemption by trusts)	2039.09	1085.26
	Amount paid towards Security Receipts	(174.77)	(2641.65)
	Rental Income from investments	2.98	4.27
	<b>Net cash from investing activity</b>	<b>2947.33</b>	<b>(1606.87)</b>
<b>C.</b>	<b>Cash flow from financing activities</b>		
	Secured loan from bank	(75.06)	(50.75)
	Finance Costs	(126.00)	(245.49)
	<b>Net cash/ (used in) financing activities</b>	<b>(201.06)</b>	<b>(296.24)</b>
	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>2414.51</b>	<b>34.03</b>
	Opening balance of cash and cash equivalents	73.98	39.95
	<b>Closing balance of cash and cash equivalents</b>	<b>2488.49</b>	<b>73.98</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For **C V Ramana Rao & Co**  
Chartered Accountants  
Firm Reg.No.0029175

For and on behalf of the Board

**M. Siva Rama Vara Prasad**  
Director

**M. Gopala Krishnaiah**  
Whole time Director

**G. Rajasekhar**  
Partner  
Membership No.236023  
Place: Hyderabad  
Date: 17.06.2019

**Ch. Rama Prasad**  
Chief Executive Officer

**V.S. Ranga Rao**  
Chief Financial Officer

**V. Vani**  
Company Secretary

## Notes on financial statements for the year ended 31<sup>st</sup> March, 2019

### 1. Summary of significant accounting policies

#### I. Basis of Preparation:

The accounting and reporting policies of the Company are framed to comply with the Generally Accepted Accounting Principles (GAAP) in India, the guidelines and accounting standards issued by the Reserve Bank of India from time to time and the provisions of the Companies Act, 2013. Financial statements are prepared under historical cost convention and all income and expenditure are accounted on accrual basis, except otherwise stated.

#### II. Principal Accounting Policies:

Revenue Recognition:

- i) Interest on bank deposits is recognized on accrual basis.
- ii) Interest income in respect of restructured /rescheduled financial assets which are held in the books of the Company is recognized on accrual basis as long as the asset remains performing.
- iii) Financial Assets acquired and held in trusts:
  - a) Yield is recognised after redemption of the entire principal amount of Security Receipts.
  - b) Upside income is recognised only after full redemption of Security Receipts.
- iv) Management fee in respect of accounts acquired and held in trusts is recognized initially at the time of acquisition. For subsequent periods management fee is recognized only when the fee recognized earlier is realized. Any such management fee recognised during the planning period is reversed if the same is not recovered within 180 days from the date of expiry of the planning period. Likewise, management fee recognized after the planning period is reversed if the same is not realised within 180 days from the date of recognition. Further, any unrealized management fee is reversed if before the prescribed time for realisation, NAV of the SRs fall below 50% of the face value.
- v) Sale proceeds of secured assets/OTS payments/instalments of rescheduled debts are appropriated first towards expenses relating to formation of trusts (either reversed or outstanding in recoverable from trust account), management fee (either reversed or outstanding in recoverable from trust account), other expenses, outstanding acquisition cost and the balance amount is recognized as gain.
- vi) Interest on expenses incurred on behalf of trust(s) is accounted for as and when amount is realized as per the terms of trust deed.

#### III. Asset classification and provisioning there on:

The Company shall classify the financial assets acquired and held in the books of the Company and make necessary provisions against non-performing assets, as per the guidelines issued by Reserve Bank of India from time to time.

#### IV. Rating of Security Receipts:

Security Receipts issued by the Trusts are rated by accredited Rating Agencies periodically as per guidelines of Reserve Bank of India.

**V. Investments / Valuation of Security Receipts:**

Investments in Security Receipts are aggregated for the purpose of arriving at net depreciation/ appreciation of investments under the category. Net depreciation if any, is provided for and net appreciation is ignored. Investments in SRs held by the Company are treated as "Available for Sale Category".

**VI. Property, Plant & Equipment:**

Property, Plant and Equipment are stated at cost less accumulated depreciation. Cost includes cost of purchase and all expenditure such as installation costs and professional fee incurred on the assets before it is put to use.

Depreciation is charged on straight line method in accordance with Schedule II of the Companies Act, 2013.

Intangible Assets are amortized over a period of three years.

**VII. Employee benefits:**

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

**VIII. Pre-Acquisition Expenditure on Financial Assets:**

Expenses incurred at pre-acquisition stage for performing due diligence etc., for acquiring financial assets from banks/FIs are expensed immediately by recognising the same in the statement of Profit and Loss for the period in which such costs are incurred.

**IX. Expenditure incurred after acquisition of Assets:**

Expenses incurred after acquisition of assets on the formation of trusts like stamp duty, registration etc., which are recoverable from the trusts are charged to the respective trust accounts and the same are reversed if not realised within 180 days from the planning period or down grading of Security Receipts (i.e. Net Asset Value is less than 50% of the face value of SRs) whichever is earlier.

**X. Earnings per share:**

The basic EPS is computed by dividing the net profit attributable to the equity shareholders by weighted average number of shares outstanding during the reporting year.

**XI. Operating cycle concept under schedule III:**

Liabilities due within one year are classified as "current liabilities" and assets maturing within one year along with cash and bank balances as "current assets". Investments in Security Receipts and Long-Term Deposits with banks are treated as fixed assets.

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 2. Share capital

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Authorized shares</b> 15,000,000 equity shares of ₹100/- each	15000.00	15000.00
<b>Issued, subscribed and fully paid-up shares</b> 10,000,000 equity shares of ₹100/- each	10000.00	10000.00

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

(₹ in Lakhs)

Equity Shares	As at 31.03.2019		As at 31.03.2018	
	Number	Amount	Number	Amount
At the beginning of the period	10,000,000	10000.00	10,000,000	10000.00
Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>10,000,000</b>	<b>10000.00</b>	<b>10,000,000</b>	<b>10000.00</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

Equity Shares	As at 31.03.2019		As at 31.03.2018	
	Number	% holding	Number	% holding
Dr.Murali Krishna Prasad Divi	1,570,000	15.70	1,570,000	15.70
Smt.M.Rajya Lakshmi	1,594,101	15.94	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 Employees Stock Option (ESOP), loan agreements or contracts for supply of capital goods, etc.

- e. In respect of the year ended 31<sup>st</sup> March 2019, the Board of Directors has proposed a dividend of ₹ 10/- per share (Previous year 2017-18: Nil), subject to the approval by the share-holders at the ensuing Annual General Meeting after which the dividend would be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act.



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 3. Reserves and Surplus

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>A. General Reserve</b>		
Balance as per the last financial statements	725.00	725.00
Add: Amount transferred from surplus in the statement of profit & loss	-	-
<b>Total (A)</b>	<b>725.00</b>	<b>725.00</b>
<b>B. Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	1104.89	510.24
Profit for the year	521.48	594.65
<b>Net surplus in the statement of profit and loss</b>	<b>1626.37</b>	<b>1104.89</b>
<b>Total reserves and surplus</b>	<b>2351.37</b>	<b>1829.89</b>

### 4. Long-term borrowings (Secured)

(₹ in Lakhs)

Particulars	Non-current portion		Current portion	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Term Loan from HDFC Bank	0.15	75.22	75.06	50.75
<b>Total</b>	<b>0.15</b>	<b>75.22</b>	<b>75.06</b>	<b>50.75</b>

- 1) Loan of ₹ 3,00,00,000/- availed from HDFC Bank in April 2013 is secured by mortgage of Company's office building. Rate of interest is 12.20% p.a and is repayable in 84 EMIs of ₹ 529,582/- each from June 2013. The loan was closed pre-mature on 16.04.2019.

### 5. Other Long-term liabilities & provisions

(₹ in Lakhs)

Particulars	Non-current portion		Current portion	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Nil	-	-	-	-

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 6. Short-term borrowings (Secured)

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
Overdraft from Andhra Bank	-	1780.06
Inter-corporate Loans	400.00	400.00
<b>Total</b>	<b>400.00</b>	<b>2180.06</b>

Overdraft is secured by way of pledge of Security Receipts to the extent of 150% of the overdraft amount and hypothecation of present and future Financial Assets. Rate of interest is MCLR (8.70%) + 1.65% p.a. = 10.35% p.a. Overdraft limit is ₹ 60.00 crores and renewable every year.

### 7. Trade payables

(₹ in Lakhs)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
(A) Total outstanding dues of Micro and Small Enterprises	-	-	-	-
(B) Total outstanding dues other than Micro and Small Enterprises	-	-	-	-
<b>Total</b>	-	-	-	-

Disclosure of Trade payables as required under section 22 of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, based on the confirmation and information available with the Company regarding the status of suppliers,

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Principal amount and interest due thereon remaining unpaid but not due as at year end	NIL	NIL
(b) Interest paid in terms of Section 16 of MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year not due as at year end	NIL	NIL
(c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	NIL	NIL
(d) Interest accrued and remaining unpaid at the end of the year	NIL	NIL
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 8. Other current liabilities

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
Current Maturities of Long-term debt- Term loans from Banks	75.06	50.75
Amounts received against sale of Assets/OTS	2362.17	1947.18
Amount payable to trusts *	15.00	15.00
Amounts retained for expenses	21.83	26.50
Interest due on Inter-corporate Loans	29.70	39.83
Other Payables		
i) Statutory Remittances		
a) Tax Deducted at Source	33.98	69.69
b) Profession Tax	0.03	0.03
c) Goods and Service Tax	75.26	82.72
ii) Outstanding expenses	9.40	17.31
<b>Total</b>	<b>2622.43</b>	<b>2249.01</b>

\*Note: ₹ 15 lakhs received and deposited in Bank as per Court direction in respect of PARAS-SBIKG-033 Trust.

### 9. Short term provisions

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
Provision for income tax	32.40	-
Gratuity premium payable to LIC	6.38	2.53
<b>Total</b>	<b>38.78</b>	<b>2.53</b>

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

(₹. In Lakhs)

Description	Gross Block			Depreciation			Net Block			
	As at 31.03.2018	Additions	Deletions	As at 31.03.2019	Upto 31.03.2018	For the Year	Deletions	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>A- Tangible Assets</b>										
Buildings	586.68	-	-	586.68	46.19	9.29	-	55.48	531.20	540.49
Furniture and Fixtures	137.09	0.02	-	137.11	59.04	12.81	-	71.85	65.26	78.05
Data Processing Equipment	23.64	0.06	-	23.70	18.37	2.31	-	20.68	3.02	5.27
Office Equipment	15.79	-	-	15.79	13.45	1.44	-	14.90	0.89	2.34
Vehicles	28.77	-	-	28.77	16.52	3.30	-	19.82	8.95	12.25
Library	0.22	-	-	0.22	0.22	-	-	0.22	-	-
<b>TOTAL</b>	<b>792.19</b>	<b>0.08</b>	<b>-</b>	<b>792.27</b>	<b>153.79</b>	<b>29.15</b>	<b>-</b>	<b>182.95</b>	<b>609.32</b>	<b>638.40</b>
<b>Previous year</b>	789.19	3.00	-	792.19	122.06	31.73	-	153.79	638.40	667.12

**B- Intangible Assets**

Description	Gross Block			Depreciation			Net Block			
	As at 31.03.2018	Additions	Deletions	As at 31.03.2019	Upto 31.03.2018	For the Year	Deletions	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>Computer software</b>	56.11	-	-	56.11	7.69	17.01	-	24.70	31.41	48.41
<b>Total</b>	<b>56.11</b>	<b>-</b>	<b>-</b>	<b>56.11</b>	<b>7.69</b>	<b>17.01</b>	<b>-</b>	<b>24.70</b>	<b>31.41</b>	<b>48.41</b>
<b>Previous Year</b>	4.36	51.75	-	56.11	2.72	4.98	-	7.70	48.41	1.64

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 11. Investments

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
<b>Investment in special purpose vehicles (valued at cost and fully paidup unless stated otherwise) Unquoted security receipts</b>				
1) PARAS-SPCPL-008 Trust 0 (31 <sup>st</sup> March 2018: 65) SRs of ₹1,00,000/- each	-	65.00	-	-
2) PARAS-VBL-010 Trust 159 (31 <sup>st</sup> March 2018: 159) SRs of ₹1,00,000/- each	-	-	159.00	159.00
3) PARAS-VEAF-011 Trust 93 (31 <sup>st</sup> March 2018: 93) SRs of ₹1,00,000/- each	-	97.02	97.02	-
4) PARAS-MRDI-016 Trust 37,980 (31 <sup>st</sup> March 2018: 51083) SRs of ₹1,000/- each	-	-	379.80	510.83
5) PARAS-MMAL-017 Trust 0 (31 <sup>st</sup> March 2018: 348) SRs of ₹1,00,000/- each	-	-	-	348.00
6) PARAS-DRLL-019 Trust 600 (31 <sup>st</sup> March 2018: 600) SRs of ₹1,00,000/- each	-	-	600.00	600.00
7) PARAS-MCSPL-020 Trust 0 (31 <sup>st</sup> March 2018: 430) SRs of ₹1,00,000/- each	-	-	-	430.00
8) PARAS-KIL-022 Trust 0 (31 <sup>st</sup> March 2018: 49082) SRs of ₹1,000/- each	-	-	-	490.82
9) PARAS-IOBPF-027 Trust 39 (31 <sup>st</sup> March 2018: 45) SRs of ₹1,00,000/- each	-	-	39.00	45.00
10) PARAS-VJBPF-028 Trust 4966 (31 <sup>st</sup> March 2018: 4966) SRs of ₹1,000/- each	49.66	49.66	-	-
11) PARAS-RTP-032 Trust 3575 (31 <sup>st</sup> March 2018: 3575) SRs of ₹1,000/- each	-	-	35.75	35.75
12) PARAS-SBIGK-033 Trust 2457 (31 <sup>st</sup> March 2018: 2457) SRs of ₹10,000/- each	245.70	245.70	-	-
13) PARAS-RRSPG-034 Trust 1302 (31 <sup>st</sup> March 2018: 1512) SRs of ₹10,000/- each	-	-	130.20	151.20
14) PARAS-SBH2015-035 Trust 42,735 (31 <sup>st</sup> March 2018: 45495) SRs of ₹1,000/- each	227.35	454.95	200.00	-
15) PARAS-SBH-2015-036 Trust 723 (31 <sup>st</sup> March 2018: 746) SRs of ₹10,000/- each	-	-	72.30	74.60
16) PARAS-RRSPGII-037 Trust 698 (31 <sup>st</sup> March 2018: 798) SRs of ₹10,000/- each	-	-	69.80	79.80
17) PARAS-SPML-038 Trust 3924 (31 <sup>st</sup> March 2018: 3924) SRs of ₹10,000/- each	392.40	392.40	-	-
18) PARAS-MACL-039 Trust 30105 (31 <sup>st</sup> March 2018: 30105) SRs of ₹1,000/- each	301.05	-	-	301.05
19) PARAS-SPEPL-040 Trust 3105 (31 <sup>st</sup> March 2018: 3105) SRs of ₹1,000/- each	31.05	31.05	-	-
20) PARAS-KSL-042 Trust 0 (31 <sup>st</sup> March 2018: 4275) SRs of ₹1,000/- each	-	-	-	42.75
<b>C F</b>	<b>1247.21</b>	<b>1335.78</b>	<b>1782.87</b>	<b>3268.80</b>



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
<b>B F</b>	<b>1247.21</b>	<b>1335.78</b>	<b>1782.87</b>	<b>3268.80</b>
21) PARAS-DRD-043 Trust 7530 (31 <sup>st</sup> March 2018: 11955) SRs of ₹1,000/- each	-	-	75.30	119.55
22) PARAS-ATE-044 Trust 2557 (31 <sup>st</sup> March 2018: 3075) SRs of ₹10,000/- each	-	-	255.70	307.50
23) PARAS-GKI-045 Trust 0 (31 <sup>st</sup> March 2018: 93) SRs of ₹1,00,000/- each	-	-	-	93.00
24) PARAS-MSL-046 Trust 375 (31 <sup>st</sup> March 2018: 375) SRs of ₹1,00,000/- each	375.00	-	-	375.00
25) PARAS-ATL-047 Trust 3105 (31 <sup>st</sup> March 2018: 3105) SRs of ₹1,000 /- each	-	-	31.05	31.05
26) PARAS-SPPL-049 Trust 3808 (31 <sup>st</sup> March 2018: 4127) SRs of ₹10,000/- each	330.80	-	50.00	412.70
27) PARAS-HLPL-050 Trust 108 (31 <sup>st</sup> March 2018: 108) SRs of ₹10,000/- each	-	-	10.80	10.80
28) PARAS-KGF-051 Trust 2775 (31 <sup>st</sup> March 2018: 2775) SRs of ₹10,000/- each	-	-	277.50	277.50
29) PARAS-CMI-052 Trust 17640 (31 <sup>st</sup> March 2018: 17970) SRs of ₹1000/- each	-	179.70	176.40	-
30) PARAS-SPPLOBC-053 Trust 30402 (31 <sup>st</sup> March 2018: 42102) SRs of ₹1000/- each	254.02	-	50.00	421.02
31) PARAS-VMC-054 Trust 231 (31 <sup>st</sup> March 2018: 231) SRs of ₹1,00,000/- each	231.00	231.00	-	-
32) PARAS-SOUB-055 Trust 234 (31 <sup>st</sup> March 2018: 252) SRs of ₹1,00,000/- each	234.00	252.00	-	-
33) PARAS-DB2016-056 Trust 12757 (31 <sup>st</sup> March 2018: 15457) SRs of ₹1000/- each	-	-	127.57	154.57
34) PARAS-RVS-059 Trust 229 (31 <sup>st</sup> March 2018: 229) SRs of ₹100,000/- each	-	-	229.00	229.00
35) PARAS-MLA-060 Trust 1020 (31 <sup>st</sup> March 2018: 8715) SRs of ₹1,000/- each	-	-	10.20	87.15
36) PARAS-JSL-061 Trust 44715 (31 <sup>st</sup> March 2018: 44715) SRs of ₹1,000/- each	447.15	-	-	447.15
37) PARAS-DIL-062 Trust 203 (31 <sup>st</sup> March 2018: 260) SRs of ₹1,00,000/- each	103.00	-	100.00	260.00
38) PARAS-AWL-065 Trust 480 (31 <sup>st</sup> March 2018: 480) SRs of ₹1,00,000/- each	480.00	-	-	480.00
39) PARAS-UB2017-066 Trust 0 (31 <sup>st</sup> March 2018: 1965) SRs of ₹1,000/- each	-	19.65	-	-
40) PARAS-VBI-067 Trust 4050 (31 <sup>st</sup> March 2018: 4050) SRs of ₹1,000/- each	40.50	40.50	-	-
41) PARAS-PPPL-069 Trust 84 (31 <sup>st</sup> March 2018: 120) SRs of ₹1,00,000/- each	-	-	84.00	120.00
42) PARAS-SL-070 Trust 1245 (31 <sup>st</sup> March 2018: 1350) SRs of ₹1,000/- each	-	-	12.45	13.50
43) PARAS-MAIPL-071 Trust 10784 (31 <sup>st</sup> March 2018: 14144) SRs of ₹1,000/- each	-	-	107.84	141.44
<b>C F</b>	<b>3742.68</b>	<b>2058.63</b>	<b>3380.68</b>	<b>7249.73</b>

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
<b>B F</b>	<b>3742.68</b>	<b>2058.63</b>	<b>3380.68</b>	<b>7249.73</b>
44) PARAS-VHPL-072 Trust 459 (31 <sup>st</sup> March 2018: 459) SRs of ₹1,00,000/- each	459.00	-	-	459.00
45) PARAS-SIPPL-073 Trust 99 (31 <sup>st</sup> March 2018: 99) SRs of ₹1,00,000/- each	99.00	-	-	99.00
46) PARAS-ST-074 Trust 4725 (31 <sup>st</sup> March 2018: 4725) SRs of ₹1,000/- each	47.25	-	-	47.25
47) PARAS-VEAL-075 Trust 8325 (31 <sup>st</sup> March 2018: 8325) SRs of ₹1,000/- each	83.25	-	-	83.25
48) PARAS-SBPL-076 Trust 10155 (31 <sup>st</sup> March 2018: 10215) SRs of ₹1,000/- each	101.55	-	-	102.15
49) PARAS-AFP-077 Trust 795 (31 <sup>st</sup> March 2018: 2595) SRs of ₹1,000/- each	-	-	7.95	25.95
50) PARAS-PCHRL-078 Trust 990 (31 <sup>st</sup> March 2018: 3975) SRs of ₹1,000/- each	-	-	9.90	39.75
51) PARAS-APM-079 Trust 3750 (31 <sup>st</sup> March 2018: 9000) SRs of ₹1,000/- each	-	-	37.50	90.00
52) PARAS-SSDF-080 Trust 465 (31 <sup>st</sup> March 2018: 465) SRs of ₹1,000/- each	-	-	4.65	4.65
53) PARAS-SRPL-081 Trust 5760 (31 <sup>st</sup> March 2018: 6270) SRs of ₹1,000/- each	-	-	57.60	62.70
54) PARAS-DTPL-082 Trust 31500 (31 <sup>st</sup> March 2018: 31500) SRs of ₹1,000/- each	315.00	-	-	315.00
55) PARAS-AB2017-083 Trust 2040 (31 <sup>st</sup> March 2018: 6750) SRs of ₹1,000/- each	-	-	20.40	67.50
56) PARAS-MRC-084 Trust 825 (31 <sup>st</sup> March 2018: 1425) SRs of ₹1,000/- each	-	-	8.25	14.25
57) PARAS-SPKHL-085 Trust 30120 (31 <sup>st</sup> March 2018: 30375) SRs of ₹1,000/- each	201.20	-	100.00	303.75
58) PARAS-VAP-086 Trust 3525 (31 <sup>st</sup> March 2018: 3525) SRs of ₹1,000/- each	35.25	-	-	35.25
59) PARAS-KGFSBI-087 Trust 0 (31 <sup>st</sup> March 2018: 22400) SRs of ₹1,000/- each	-	-	-	224.00
60) PARAS-VLT-089 Trust 17265 (31 <sup>st</sup> March 2018: 17265) SRs of ₹1,000/- each	172.65	-	-	172.65
61) PARAS-RC-090 Trust 2925 (31 <sup>st</sup> March 2018: 2925) SRs of ₹1,000/- each	29.25	-	-	29.25
62) PARAS-CRD-092 Trust 3750 (31 <sup>st</sup> March 2018: 3750) SRs of ₹1,000/- each	-	-	37.50	37.50
63) PARAS-GS-093 Trust 3450 (31 <sup>st</sup> March 2018: 3450) SRs of ₹1,000/- each	-	-	34.50	34.50
64) PARAS-SPMPL-094 Trust 10050 (31 <sup>st</sup> March 2018: 10050) SRs of ₹1,000/- each	50.50	-	50.00	100.50
65) PARAS-NPPL-095 Trust 11700 (31 <sup>st</sup> March 2018: 11700) SRs of ₹1,000/- each	117.00	-	-	117.00
66) PARAS-DFPPL-096 Trust 13500 (31 <sup>st</sup> March 2018: 13500) SRs of ₹1,000/- each	135.00	-	-	135.00
67) PARAS-VCMPPL-097 Trust 5475 (31 <sup>st</sup> March 2018: Nil) SRs of ₹1,000/- each	-	-	54.75	-
68) PARAS-VPPL-099 Trust 12002 (31 <sup>st</sup> March 2018: Nil) SRs of ₹1,000/- each	120.02	-	-	-
<b>Total</b>	<b>5708.60</b>	<b>2058.63</b>	<b>3803.68</b>	<b>9849.58</b>

Out of the above total SRs of ₹ 95.12 crores outstanding as on 31.3.2019 (previous year ₹ 119.08 crores), SRs amounting to ₹ 69.94 crs in 26 trusts are pledged with Andhra Bank. (Previous year SRs 83.97 crores in 28 Trusts)

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 12. Loan and Advances

(₹ in Lakhs)

Particulars	Non-Current Portion		Current Portion		Total	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
<b>(A) Financial Assets (Secured considered good)</b>						
Loan Assets <b>(A)</b>	-	-	-	-	-	-
<b>(B) Security Deposits</b>						
Unsecured considered good	1.14	0.97	-	-	1.14	0.97
<b>(B)</b>	<b>1.14</b>	<b>0.97</b>	<b>-</b>	<b>-</b>	<b>1.14</b>	<b>0.97</b>
<b>(C) Other Loans and Advances</b>						
Prepaid Expenses	-	-	9.81	1.58	9.81	1.58
Advance for Expenses	-	-	3.79	0.65	3.79	0.65
<b>(C)</b>	<b>-</b>	<b>-</b>	<b>13.60</b>	<b>2.23</b>	<b>13.60</b>	<b>2.23</b>
<b>Total (A+B+C)</b>	<b>1.14</b>	<b>0.97</b>	<b>13.60</b>	<b>2.23</b>	<b>14.74</b>	<b>3.20</b>

### 13. Other Assets

(₹ in Lakhs)

Particulars	Non-Current Portion		Current Portion	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
<b>A. Unsecured and considered good Expenses recoverable from trusts managed by the Company</b>				
Over six months	2.38	3.10	-	-
Others	0.02	1.35	-	-
<b>(A)</b>	<b>2.40</b>	<b>4.45</b>	<b>-</b>	<b>-</b>
<b>B. Others items</b>				
Amount accrued on fixed deposits	-	-	0.17	0.15
Income Tax Refund Receivable	-	-	12.61	4.21
Advance Income Tax Receivable (Net of IT Provision)	-	-	109.54	7.09
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>122.32</b>	<b>11.45</b>
<b>Total (A +B)</b>	<b>2.40</b>	<b>4.45</b>	<b>122.32</b>	<b>11.45</b>

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 14. Other Investments

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
Investment in properties*	1740.11	2820.22

\*During the year one investment with a book value of ₹ 10,80,10,800/- was sold for ₹ 10,80,10,800/-.

### 15. Trade Receivables (Unsecured, considered Good)

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>A. Recoverable from Trusts managed by the Company</b>		
Over six months	271.87	487.40
Others	663.76	378.58
<b>(A)</b>	<b>935.63</b>	<b>865.98</b>
<b>B. Other Receivables</b>		
Over six months	-	-
Others	-	-
<b>(B)</b>	<b>-</b>	<b>-</b>
<b>Total (A)+(B)</b>	<b>935.63</b>	<b>865.98</b>

### 16. Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Cash and cash equivalents Balances with Banks</b>		
In current accounts	11.05	56.59
Debit balance in OD account	98.59	-
In fixed deposits *	2378.24	17.29
Cash on hand	0.61	0.11
<b>Total</b>	<b>2488.49</b>	<b>73.99</b>

\*Note: Out of the deposit amount, ₹ 15.00 lakhs received and deposited in Bank as per Court direction in respect of PARAS-SBIKG-033 Trust.

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 17. Revenue from operations

(₹ in Lakhs)

Particulars	2018-19	2017-18
Interest earned	25.07	32.40
Gain on Redemption of Security Receipts	747.64	549.14
Incentive	170.43	194.44
Income from reversal of NPA accounts	7.08	9.08
Advisory & consultancy fee	7.46	-
<b>(A)</b>	<b>957.68</b>	<b>785.06</b>
<b>Other Financial Services</b>		
Management Fee	894.84	892.47
<b>(B)</b>	<b>894.84</b>	<b>892.47</b>
<b>Total (A+B)</b>	<b>1852.52</b>	<b>1677.53</b>

### 18. Other Income

(₹ in Lakhs)

Particulars	2018-19	2017-18
Interest on FDs with Banks	23.06	1.28
Others	2.98	4.27
<b>Total</b>	<b>26.04</b>	<b>5.55</b>

### 19. Employee benefits expense

(₹ in Lakhs)

Particulars	2018-19	2017-18
Salaries and wages	230.45	212.11
Rent-Office Quarters	-	2.94
Contribution to gratuity and leave encashment fund	11.10	7.94
Staff Welfare	2.26	2.03
<b>Total</b>	<b>243.81</b>	<b>225.02</b>



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 20. Finance cost

(₹ in Lakhs)

Particulars	2018-19	2017-18
Interest expense		
Term Loan	12.80	18.69
Overdraft	42.01	160.85
Interest on Inter-corporate Loans	45.00	44.26
Bank charges	26.19	21.69
<b>Total</b>	<b>126.00</b>	<b>245.49</b>

### 21. Other Expenses

(₹ in Lakhs)

Particulars	2018-19	2017-18
Customer service expenditure	1.62	2.07
Electricity, water and house keeping	9.05	9.12
Rates and taxes, excluding taxes on income	34.71	16.10
Repairs and maintenance		
Plant and Machinery	0.04	0.43
Others*	1.18	0.29
Vehicle maintenance	2.50	3.42
Office premises maintenance	10.73	9.84
Insurance	1.65	2.06
Travelling and conveyance	6.78	9.53
Communication costs	3.44	3.35
Legal and professional charges	29.82	40.04
Directors' sitting fees	31.94	31.20
Printing and stationery	3.16	3.68
Enforcement of security interest (Notice & Publication)	4.56	8.21
Security expenses	14.71	12.77
Contributions under CSR Scheme	28.25	31.96
Reversal of amounts in recoverable from trust accounts	149.18	156.73
Security receipts written off	382.43	-
Miscellaneous expenses	6.54	6.14
Payment to Auditors		
Audit fee	5.45	5.00
Certification fee	-	0.05
<b>Total</b>	<b>727.74</b>	<b>351.99</b>

\* **Note:** Out of the above, an amount of ₹ 0.27 lakhs was spent in foreign currency (Previous Year: Nil).

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

22. The Security Receipts issued by the Trusts which are managed by the Company as managing trustee are being rated by M/s.Brickwork Ratings India Pvt. Ltd., in accordance with the guidelines issued by Reserve Bank of India for credit rating of SR's of the Trusts.
23. Differences in the number of security receipts between book of accounts and NSDL records are due to non up-dation in NSDL records.
24. Certain payables are subject to balance confirmations, reconciliation.
25. Employee benefits as per AS -15: As per actuarial valuation as on 31.03.2019 given by LIC of India and recognized in the financial statements in respect of employee gratuity and leave encashment benefit schemes.

### i. Change in present value of obligation as on 31.03.2019

(₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Present value of obligations as at the beginning of year	10.80	11.65
Interest cost	0.47	0.93
Current service cost	1.84	2.55
Benefits paid	(0.00)	(4.10)
Actuarial (gain)/loss on obligations	2.60	4.80
Present value of obligation as at end of year	15.71	15.83

### ii. Changes in the fair value of plan assets as on 31.03.2019

(₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Fair value of assets as at the beginning of year	8.27	14.23
Expected return on plan assets	1.07	1.02
Contributions made during the year	0.00	8.53
Benefits paid	(0.00)	(4.10)
Actuarial (gain)/loss on plan assets	Nil	Nil
Fair value of plan assets at end of year	9.34	19.68

### iii. Fair value of plan assets

(₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Fair value of plan assets as at the beginning of year	8.27	14.23
Actual return on plan assets	1.07	1.02
Contributions	0.00	8.53
Benefits paid	(0.00)	(4.10)
Fair value of plan assets at the end of year	14.46	19.68
Funded status	6.37	3.86
Excess of actual over estimated return on plan assets	Nil	Nil

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### iv. Actuarial Gain/Loss recognized as on 31.03.2019 (₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Actuarial (gain)/loss on obligations	2.60	(4.80)
Actuarial (gain)/loss for the year – plan assets	Nil	Nil
Actuarial (gain)/loss on obligations	2.60	4.80
Actuarial (gain)/loss recognized in the year	2.60	4.80

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

Particulars	Gratuity	Leave encashment
Present value of obligations as at the end of year	15.71	15.83
Fair value of plan assets as at the end of the year	9.34	19.68
Funded status	6.37	3.85
Net asset/(liability) recognized in balance sheet	(6.37)	3.85

Net Asset in respect of leave encashment plan is not recognized.

### vi. Expenses recognized in statement of Profit and Loss (₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Current service cost	1.84	2.54
Interest cost	0.47	0.93
Expected return on plan assets	(1.06)	(1.02)
Net actuarial (gain)/loss recognized in the year	2.60	4.80
Expenses recognized in statement of Profit and Loss	3.85	7.25

### vii. Actuarial Value Assumptions

Particulars	Gratuity		Leave encashment	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Discount Rate	7.50%	8.00%	8.00%	8.00%
Salary Escalation	6.00%	6.00%	6.00%	4.00%

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

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

### 27. Related Party disclosures

Name of the Party	Nature of Relationship
Sri. M. Siva Rama Vara Prasad	Promoter Non-Executive Director
Dr. Murali Krishna Prasad Divi	Promoter Non-Executive Director
Sri. Rajeev Puri	Punjab National Bank Nominee Director
Sri. M. Gopala Krishnaiah	Whole-time Director

### Transactions with Related parties

#### (i) Remuneration to Executive Directors:

(₹ in Lakhs)

Particulars	2018-19	2017-18
<b>Whole time Director</b>		
Salary	19.50	17.57
Medical expenses reimbursed	0.06	0.36
Conveyance charges reimbursed	0.20	1.20
Telephone expenses reimbursed	0.04	0.24
<b>Total:</b>	<b>19.80</b>	<b>19.37</b>

#### (ii) Sitting fees to Non-Executive Directors:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Sri. M. Siva Rama Vara Prasad	5.90	6.20
Dr. Murali Krishna Prasad Divi	0.80	0.80
Sri. Rajeev Puri	0.50	1.50
Sri. D. Seetharamaiah	7.90	8.50
Dr. Pamidi Kotaiah	7.30	7.90
Sri. Vepa Kamesam	4.90	4.30
Ms. K. Sujatha Rao	2.00	2.00
<b>Total:</b>	<b>29.30</b>	<b>31.20</b>

#### iii) Transactions with related parties:

(a) M/s.Mezzequity Software Services Ltd.,

Nature of the transaction: Housekeeping and security services

(₹ in Lakhs)

Particulars	2018-19	2017-18
Amount outstanding at the beginning of the year	-	0.64
Amount paid during the year	11.61	11.61
Amount outstanding at the end of the year	-	-



(b) M/s. Bitchemy Ventures Pvt Ltd.,

Nature of the transaction: Software Development

(₹ in lakhs)

Particulars	2018-19	2017-18
Amount outstanding at the beginning of the year	-	-
Amount paid during the year	17.33	11.80
Amount outstanding at the end of the year	-	-

## 28. EPS Calculation

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

Particulars	2018-19	2017-18
Profit after tax (₹ in lakhs)	521.48	594.65
Weighted average number of shares (Number)	10,000,000	10,000,000
Basic EPS (Face value ₹ 100/- per share) (In ₹)	5.21	5.95
Diluted EPS (Face value ₹ 100/- per share) (In ₹)	5.21	5.95

## 29. Taxes on Income (AS – 22)

(₹ in lakhs)

Items of Deferred Tax	2018-19	2017-18
<b>Deferred Tax Liability</b>		
Timing difference in respect of book depreciation and tax depreciation	55.76	48.21
<b>Deferred Tax Asset</b>		
Items related to 43B of I.T Act	11.79	10.61
Net Deferred Tax Liability at current rate of tax	43.97	37.60

## 30. Contingent Liabilities Disclosures (To the extent not provided for)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Claims against the Company not acknowledged as debt, in respect of</b>		
1) Disputed amounts of Income Tax for the Assessment years 2009-10 to AY 2011-12 pending before assessing officer in respect of TDS mismatch. (Provision is made for ₹ 32,40,240/- for AY 2012-13)	₹ 9.80 lakhs	₹ 46.44 lakhs

31. In respect of M/s.Vensa Biotek Limited, as per the orders of the Hon'ble High Court of Telangana dt.29.04.2019, M/s.Blue Ocean Biotech Pvt. Ltd. has remitted an amount of ₹ 2.23 crores. The amount was received after 31.03.2019 before adoption of accounts and hence no provision has been made in respect of security receipts amounting to ₹ 1.59 crores outstanding beyond 8 years as on 31.03.2019 in the account of M/s.Vensa Biotek Ltd. as per Accounting Standard 4 "Contingencies and events after the balance sheet date".

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

32. In view of the change in Accounting Policy for appropriation of amounts received from Trust as stated in note No. 1.II (v), during the year an amount of ₹ 64.00 lakhs has been recognized as management fee in the books of account.

33. Previous year's figures are regrouped wherever necessary.

### 34. Additional Disclosures:

The following are the additional disclosures as required by "The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003". The amounts shown below relate to total acquisitions including shares of Investors/Banks.

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

#### Sponsors:

(₹ in lakhs)

Seller wise acquisition details till 31 <sup>st</sup> March, 2019		
Sellers	Address	Acquisition Price
Punjab National Bank	7, Bhikhajicama Place, New Delhi	4078.00

#### Non-Sponsors:

Seller wise acquisition details till 31 <sup>st</sup> March, 2019		
Sellers	Address	Acquisition Price
Andhra Pradesh State Co-operative Bank Ltd	Troop Bazar, Hyderabad-500 001	200.00
Andhra Bank	Dr. Pattabhi Bhavan, 5-9-11, Saifabad, Hyderabad – 500 004	21436.00
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	3249.75
Bank of Maharashtra	'Lokmangal' 1501, Shivajinagar, Pune-411005	5700.00
Canara Bank	112, JC Road, Bangalore-560 002	1730.00
Central Bank of India	Corporate Office, ChanderMukhi, Nariman Point, Mumbai-400 021	4819.60
Corporation Bank	Mangaladevi Temple Road, Pandeshwar, Mangalore-575 001.	600.00
Dena Bank	Dena Bank Corporate Centre, C-10, "G" Block, Bandra Kurla Complex, Mumbai-400 051	1504.00

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

Seller wise acquisition details till 31 <sup>st</sup> March, 2019		
Sellers	Address	Acquisition Price
Deutsche Bank	DB House, HazarimalSomani Marg, Fort, Mumbai-400 001	400.00
The Dhanalakshmi Bank Limited	Corporate Office, Naickanal, Thrissur-680 001.	550.00
The Federal Bank Limited	PB No.103, Federal Towers, Aluva-683 101, Ernakulam, Kerala	60.00
ICICI Bank Limited	ICICI Towers, Bandra Kurla Complex, Bandra, Mumbai-400 051	550.00
IDBI Bank Limited	IDBI Towers, WTC Complex, Cuffe Parade, Mumbai-400 005	3159.40
IFCI Limited	IFCI Tower, 61 Nehru Place, NewDelhi-110 019	512.86
Indian Bank	PB No.1384, 66, Rajaji Salai, Chennai-600 001	3768.30
Indian Overseas Bank	Central Office, PB.No.3765, 763, Anna Salai, Chennai-600 002	2067.00
ING Vysya Bank	22, M. G. Road, Bangalore-560 001	35.00
Indian Renewable Energy Development Agency Limited	Corporate Office, 3 <sup>rd</sup> 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
Oriental Bank of Commerce	Corporate Office, Plot No.5, Institutional Area, Sector-32, Gurgaon-122 001	1156.07
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	6206.17
State Bank of India	Madame Cama Road, Mumbai-400 021	14673.26
State Bank of Travancore	Head Office, Poojappura, Trivandrum-695 102, Kerala	1024.00
State Bank of Mysore	646, K.G.Road, Bangalore-560 009	3133.00
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
United Bank of India	11, HemantaBasu Sarani, Kolkata-700 001	3325.00
UCO Bank	10, BiplabiTrailokya Maharaj Sarani, (Formerly Brabourne Road) Kolkata - 700 001	131.00
Vijaya Bank	41 M.G.Road,TrintyCircle, Bangalore-560 012	1996.20
	<b>Total</b>	<b>90651.11</b>

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

b) Dispersion of various financial assets industry-wise till 31<sup>st</sup> March, 2019:

(₹ in Lakhs)

Industry	No. of borrower	Acquisition Price	% of Total
Automobiles	3	1426.20	1.57
Agriculture - Allied Activities	3	555.00	0.61
Asbestos Roofing	1	20.00	0.02
Bio-Chemical & Pesticides	7	4885.23	5.39
Cement	1	25.00	0.03
Coir	1	792.26	0.87
Cold Storage	1	380.00	0.42
Consumer Durable Loans	1	50.00	0.06
Educational Institution	2	3251.00	3.59
Food Products	8	5019.35	5.54
House Hold Appliances	2	1000.00	1.11
Hospital	2	4671.00	5.15
Hotel	1	2025.00	2.23
Iron and Steel , Other Metals	14	14550.00	16.05
Information Technology	4	237.00	0.26
Industrial Gases	3	1325.00	1.46
Infrastructure	8	4333.10	4.78
Logistics	1	600.00	0.66
Metals and Mining	3	658.00	0.73
Media	2	1928.00	2.13
NBFC	11	882.50	0.97
Pharma	5	447.40	0.49
Plastics	2	830.00	0.92
Power	4	9786.07	10.80
Paper	3	3347.00	3.69
Poultry	3	384.00	0.42
Textiles	14	6811.00	7.51
Trading	16	8088.00	8.92
Wood	1	2050.00	2.26
Oil Refineries, Vegetable Oil.	4	1836.00	2.03
Others	19	8458.00	9.33
<b>Total</b>	<b>150</b>	<b>90651.11</b>	<b>100</b>

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2019

(₹ 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	As disclosed in Note No.27 above
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	1165.10
f)	Value of financial assets fully realized during the financial year	1849.00
g)	Value of financial assets including assets acquired through Trust and outstanding for realization as at the end of the financial year	53408.42
h)	i. Value of Security Receipts redeemed partially during the financial year	4935.42
	ii. Value of Security Receipts redeemed fully during the financial year	1849.00
i)	Value of Security Receipts pending for redemption as at the end of the financial year	53408.42
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)	382.43
k)	Value of land and/or building acquired in ordinary course of business of reconstruction of assets (year wise)	FY 2015-16: 2600.20
l)	Details of assets where the value of acquisition is more than the book value (the value of assets as declared by the seller bank in the auction)	Nil
m)	Details of Assets disposed off (either by write off or by realisation) during the year at discount of more than 20% of valuation as on the previous year and reasons therefor	Nil
n)	Details of Assets where the value of the SR has declined more than 20% of below the acquisition value	Nil

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For **C V Ramana Rao & Co**  
Chartered Accountants  
Firm Reg.No.002917S

For and on behalf of the Board

**M. Siva Rama Vara Prasad**  
Director

**M. Gopala Krishnaiah**  
Whole time Director

**G. Rajasekhara**  
Partner  
Membership No.236023  
Place: Hyderabad  
Date: 17.06.2019

**Ch. Rama Prasad**  
Chief Executive Officer

**V.S. Ranga Rao**  
Chief Financial Officer

**V. Vani**  
Company Secretary



## CSR INITIATIVES

PARAS' association with voluntary organizations for rural development



Kovvali Development Trust is a charitable organisation providing exemplary service in medical, vocational training, education, etc., in rural areas of West Godavari District



## CSR INITIATIVES



Centre for Development and Research (CDR) is doing a pioneering work in Tribal areas in East Godavari District. The Centre has established over 50 schools (బాల బడి) for tribal children



**PARAS**

**Pridhvi Asset Reconstruction  
And Securitisation Company Limited**

Registered & Corporate Office

D.No: 1-55, Raja Praasadamu, 4<sup>th</sup> Floor, Masjid Banda Road, Kondapur, Hyderabad - 500 084.

Tel: 040-41413333, Fax: 040-41413301

Email: [co@paras.org.in](mailto:co@paras.org.in) Web: [www.paras.org.in](http://www.paras.org.in)