



PARAS

Pridhvi Asset Reconstruction And Securitisation Company Limited



Rejuvenation Imperative to Stimulate Economy



Sri Devineni Seetharamaiah

(22.04.1926 -- 19.07.2020)

Sri Devineni Seetharamaiah was associated with our company as Chairperson since inception in 2007. A great visionary and an exemplary professional, has set the highest standards of Corporate Governance.

The values and legacy he has left behind will be the driving force for the company at all times ...

His memories will be ever cherished ...

Board of Directors and Staff
PRIDHVI ASSET RECONSTRUCTION AND SECURITISATION COMPANY LIMITED

Board of Directors



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



Sri. Richard B Saldanha
Director
Inducted w.e.f. 18.7.2020



Sri. Vinayak Krishna Sardeshpande
Nominee Director
Inducted w.e.f. 21.3.2020

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

Union of Bank of India (formerly Andhra Bank)
Corporate Finance Branch, Hyderabad

HDFC Bank
Rajbhavan Road, Hyderabad

Registered & Corporate Office

D.No: 1-55, Raja Praasadamu, 4th 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

Parameter	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Equity	5105	5739	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
Assets Acquired	78841	9345	26630	13455	5604	157864	67410	26516	52126	39496	6801	13039
Acquisition Cost	5148	1273	3156	3846	3101	6790	26133	9255	14870	16477	1165	8068
SRs issued during the year	5148	-	-	1235	7349	7216	26133	9255	14870	16477	1165	8068
SRs redeemed during the year	-	58	188	1072	1063	5771	5119	5211	3096	5714	6784	6745
Total Income	256	1044	1951	1684	1951	2887	1943	3022	1767	1683	1879	1628
Profit Before Tax	171	883	1778	1469	1535	2353	1395	2335	1082	823	735	145
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	0.75

Notice

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held on 19th September, 2020 at 12.15 p.m. at Door No.1-55, 6th 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 31st March, 2020 together with Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Sri. M. Siva Rama Vara Prasad (DIN No. 00170919), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT Sri. Vinayak Krishna Sardeshpande (DIN No. 08591379), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 21st March, 2020 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company nominated by Punjab National Bank and shall not be liable to retire by rotation."

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 Ms. K Sujatha Rao (DIN No. 07129022), 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 her 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 from this Annual General Meeting upto the conclusion of the 18th Annual General Meeting of the Company to be held in the year 2025, 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 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder as amended or re-enacted from time to time, read with Schedule IV to the Act, 2013, Sri.Richard B Saldanha (DIN No. 00189029), was appointed by the Board of Directors as an Additional Director of the Company on 18th July, 2020 and holds office till 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 is eligible for appointment 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 18th Annual General Meeting of the Company to be held in the year 2025, whose term shall not be subject to retirement by rotation."

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 7th May 2018. Accordingly, no resolution is proposed for ratification of appointment of statutory auditors who were appointed in the Annual General Meeting held on 16th 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. KFin Technologies 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,
4th Floor, Wing-I,
Masjid Banda Road, Kondapur,
Hyderabad – 500 084.
CIN: U67120TG2007PLC053327
Website: www.paras.org.in
Email id: co@paras.org.in

Dated: 18.07.2020

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 No.3, 4 and 5 mentioned in the accompanying Notice.

Item No. 3:

Punjab National Bank has nominated Sri. Vinayak Krishna Sardeshpande, Deputy General Manager, BO-LCB, Hyderabad on 05.09.2019 as its Nominee on the Board of the Company in the place of Sri. Rajeev Puri who was transferred on promotion.

Accordingly, the Board appointed Sri. Vinayak Krishna Sardeshpande as an Additional Director at its meeting held on 21st March, 2020. As per the provisions of Section 161(1) of the Companies Act, 2013, he holds office of Additional Director only up to the date of the forthcoming Annual General Meeting of the Company, and is eligible for appointment as Director. The company has received a notice under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company along with the requisite deposit.

None of the other Directors, Key Managerial Personnel of the company or their relatives, except Sri. Vinayak Krishna Sardeshpande and his relatives to the extent of their shareholding interest, if any, in the company may be deemed interested in the resolution set out respectively at Item No. 3 of the Notice with regard to his appointment.

The Board recommends the resolution set forth in Item No. 3 of the Notice for the approval of the Members.

Item No. 4:

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 8th Annual General Meeting held on 7th September, 2015, Ms. K Sujatha Rao was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years upto conclusion of this Annual General Meeting, will complete her initial term and is eligible for re-appointment.

The Company has received declarations from Ms. Sujatha Rao confirming the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and being eligible for re-appointment as Independent Director for the second term provided her consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended from time to time.

Ms. Sujatha Rao is 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 notice in writing from a member proposing her candidature to be re-appointed as Independent Non-Executive Director of the Company as per the provisions of the Companies Act, 2013.

Based on her skills, rich experience, knowledge, contributions, continued valuable guidance to the management made by her during her tenure; outcome of performance evaluation of the Independent Directors and as per the recommendations of the Nomination and Remuneration Committee and the Board of Directors in their meetings held on 18th July, 2020, consider that her continued association would be of immense benefit to the Company and it is desirable to continue to avail her services. Accordingly, consent of the Members is sought for passing Special Resolution as set out in item 4 of the Notice for re-appointment of Ms. K Sujatha Rao as an Independent Non Executive Director of the Company. Further, she is 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 Ms. K Sujatha Rao being appointee, and her relatives to the extent of their shareholding interest, if any, in the company may be deemed interested in the resolutions set out at Item No. 4 of the Notice with regard to her appointment.

The Board recommends the resolution set forth in Item No.4 of the Notice for approval of the members.

Item No. 5:

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, Sri Richard B Saldanha was appointed as an Additional Director of the Company by the Board in its meeting held on 18.07.2020 for a term of 5 (five) consecutive years upto conclusion of this Annual General Meeting.

The Company has received declarations from Sri Richard B Saldanha confirming the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and being eligible for appointment as an Independent Director provided his consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended from time to time.

Sri Richard B Saldanha is 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 notice in writing from a member proposing his candidature to be re-appointed as Independent Non-Executive Director of the Company as per the provisions of the Companies Act, 2013.

Considering his rich experience and knowledge in administrative positions and financial matters in several Indian and multi-national companies served at very senior positions and as per the recommendations of the Nomination and Remuneration Committee and the Board of Directors in their meetings held on 18th July, 2020, consider that his association would be of immense benefit to the Company. Accordingly, consent of the Members is sought for passing Special Resolution as set out in item 5 of the Notice for appointment of Sri Richard B Saldanha as an Independent Non Executive Director of the Company and is 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 Richard B Saldanha being appointee, and his relatives to the extent of their shareholding interest, if any, in the company may be deemed interested in the resolutions set out at Item No. 5 of the Notice with regard to his appointment.

The Board recommends the resolution set forth in Item No.5 of the Notice for approval of the members.

Registered Office:

D.No.1-55, Raja Praasadamu,
4th Floor, Wing-I,
Masjid Banda Road, Kondapur,
Hyderabad – 500 084.
CIN: U67120TG2007PLC053327
Website: www.paras.org.in
Email id: co@paras.org.in

Dated: 18.07.2020

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 13th Annual Report together with the audited statements of accounts of the Company for the financial year ended 31st March, 2020.

Financial Results

The performance of the Company for the year ended 31st March, 2020 is summarized below:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Revenue from operations	1509.38	1852.52
Other income	118.68	26.05
Total Income	1628.06	1878.57
Total Expenditure	1482.71	1143.72
Profit Before Tax and Exceptional items (PBT)	145.35	734.85
Less: Provision for Tax	70.36	213.37
Profit after Tax (PAT)	74.99	521.48
Surplus brought forward from previous year	1626.37	1104.89
Less: Dividend for FY 2018-19 with distribution tax paid	1205.56	-
Profit available for Appropriation	495.81	1626.37
Balance carried to Balance Sheet	495.81	1626.37
Earnings Per Share of Rs.100 (in Rupees)	0.75	5.21

The Company's gross income for the financial year ended 31st March, 2020 was ₹ 1628 Lakhs as against ₹ 1879 Lakhs of the previous year. Profit before Tax (PBT) of the Company was ₹ 145 Lakhs and net profit for the year was ₹ 75 Lakhs as against ₹ 735 Lakhs and ₹ 521 lakhs respectively of the previous year.

The Company's net worth as on 31st March, 2020 stood at ₹ 11220.81 Lakhs.

Dividend

Your Directors do not recommend dividend for the financial year ending 31st March, 2020.

Transfer to Reserves

Your Directors have not proposed transfer of amount to General Reserve for FY 2019-20. The net profit after tax of ₹ 74.99 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 2019-20.

Performance of the Company

Your company posted a net profit after tax of ₹ 75 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	2019-20	2018-19
Number of seller Banks/FIs	1	2
Debt acquired	13,040	6,801
Cost of acquisition	8,068	1,165

Redemptions	2019-20	2018-19
Number of Accounts	21	33
Amount redeemed	6,745	6,784

Management Discussion and Analysis

During FY 2019-20 banks have offered for sale over 83,630 accounts (including retail loans) with principal outstanding debt of ₹ 51652 crores. Your company placed bids for 58 accounts in 33 portfolios, bid amount being ₹ 232 crores. Of these, 43 accounts in 18 portfolios were allotted at an acquisition cost of ₹ 80.68 crores. The acquisitions in the previous year amounted to ₹ 11.65 crores. Most of the accounts put for sale by banks are retail and MSME loans in large baskets and large industrial advances under consortium banking. 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. Despite 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.

In the annual report of FY 2018-19 a mention was made of several regulatory issues which were adversely affecting the performance of ARCs. Notable among them are sale of assets on full cash basis and fixation of reserve prices which are much higher than the realizable values of securities. Because of these factors several ARCs kept away from the bid process for acquisitions. As representations to several banks yielded no positive response, your company sent a representation to the Ministry of Finance, Govt. of India seeking their indulgence in the matter. Further, your company had also brought these and other related issues to the notice of the Association of ARCs requesting them to take up the matter with appropriate authorities and agencies for quick redressal. The Association of ARCs had in January 2020 made a representation to the Hon'ble Prime Minister of India seeking his intervention, inter-alia on the following issues.

- i) To revisit the regulations on sale of NPAs by banks to ARCs and on provisioning norms since the existing regulations discourage banks to sell NPAs because of continued prudential provisioning even after sale, as if the asset continues to be held in the books of banks.
- ii) To reinstate SR structured sale in the place of sale on cash basis.
- iii) In cases where the seller bank does not subscribe to SRs, ARCs be permitted to have a minimum contribution of 2.5% or ₹ 5 crores whichever is lower, of the acquisition value (as against the present minimum holding of 15%) in line with the requirement for AMCs as per SEBI guidelines.
- iv) To launch a separate scheme for funding working capital needs of ARCs by banks in view of the huge capital requirement for ARCs to meet acquisition costs in view of the mounting level of NPAs.

In addition to the above the Association had also sought relief in payment of stamp duty on registration of assignment agreements, reduction of TDS to 15% on income accruing to SR holders, issue instructions to all CMMs/DMs to adhere to time lines stipulated in SARFAESI Act, rationalization of fee payable on filings with ROC, etc.

On the resolutions side the total recoveries in FY 2019-20 amounted to ₹ 80.94 crores, resulting in full redemption of 11 accounts (₹ 45.61 crores) and partial redemption in 10 accounts (₹ 21.84 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 in resolving litigations. In spite of the odds your company had shown a commendable performance in resolution of assets and redemption of security receipts.

During FY 2019-20 the company earned a gross income of ₹ 16.28 crores. During the year, your company could recover management fee reversed in a few trust accounts in earlier years resulting in recognition of management fee. The profit before tax was ₹ 1.45 crores. The profitability would have been much higher but for the technical write off and provisions made on certain assets as per the Reserve Bank of India guidelines.

Future Prospects

At the outset it should be mentioned that COVID-19 virus has completely disrupted the lives of people world over. Hundreds of thousands have lost their lives. The lock down observed in several nations has completely disrupted the economy of nations. In our country also all sectors of industry have been very badly affected due to lock down. Several people have lost their employment due to shut down of commercial and industrial establishments and GDP has fallen sharply. To give a fillip to the sagging economy, several state governments have extended support to individuals, commercial and industrial entities in monetary terms and provided reliefs in meeting payment obligations. The Government of India has also extended several concessions like deferment of instalments, permitted additional loans to overcome the crisis, reduction in the rates of TDS deductions etc. The Hon'ble Prime Minister has announced a package of ₹ 20 lakh crores to provide the much-needed relief to commercial and industrial sectors. This constitutes about 10% of the GDP. However it may be noted that the ill effects of Covid are far from over. The current financial year is expected to be no better if not worse for some sectors.

However, the silver lining is that but for the delays in recovery in a few accounts towards the end of the financial year the impact was not much on your company.

Due to corona virus it is expected that the level of NPAs in banks would almost double during FY 2020-21. The gross NPAs of banks which stood at 9.3% of gross bank credit as on 31.03.2019 is expected to touch 18% by September 2020 and further increase by March 2021. Resolution of assets is also expected to go slow during FY 2020-21 due to closure of DRTs/ Courts / NCLTs, etc on account of lock-down. However the Reserve Bank of India has issued revised guidelines to banks on declaring accounts as defaulters or NPAs. It is still to be seen what effect these factors will show on the level of non-performing assets of banks in FY 2020-21.

Bad Bank: The non-performing loans in banks have been growing every year and the Asset Reconstruction Companies in private sector do not have necessary resources to acquire bad loans of banks in sizable numbers. To reduce the burden of NPAs and to cope up with capital adequacy norms, a proposal to set up a bad bank mooted a few years back to park non-performing loans of banks was revived recently by the Indian Banks Association (IBA). The idea is to have a three-stage resolution including an Asset Reconstruction Company (ARC), Asset Management Company (AMC) and finally an Alternative Investment Fund (AIF). The IBA submitted a proposal to the Government of India and the RBI envisaging that a bad bank be established with an initial capital of ₹ 10,000 crores to be provided by the government and transfer bad loans with an outstanding book value of ₹ 70,000 crores to the bad bank. However, it appears that the proposal to set-up a bad bank is not in the serious consideration of the Government for the present.

The present practices being implemented by banks and trends in the industry require huge financial resources for acquiring large assets. 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. A break through is made and negotiations are in advanced stages. Hopefully the association of your company with new investors would give big fillip to the business in terms of acquisitions. Your company is confident of securing sizable assets from banks / FIs in the current financial year and will also benefit from the expertise of the strategic investors in resolving large value non-performing assets. Your company has already made a good beginning in the first quarter of FY 2020-21 in acquisitions.

As regards regulatory issues, it may be mentioned that the IBC which 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, has not proved effective. Even in the few accounts which were resolved financial creditors had to take a deep haircut and face long delays in resolution / realization of assets. The closure of all Courts / DRTs / NCLT proceedings for over three months due to lock down on account of Covid-19 has aggravated the problem further. Several litigations are pending in various Courts / DRTs / NCLTs, etc on account of non-availability of Presiding Officers. Your company also had to face the problem of delays in resolution of a few large assets. Hopefully the process will be completed in the current year. A serious attention needs to be paid to redress these issues as otherwise the delays will hamper the resolution process which will affect the entire financial system.

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

As mentioned above, 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.

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 Government of India and the Reserve Bank of India through the Association of ARCs.

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 behaviour 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 17.06.2019, 26.08.2019, 26.11.2019 and 21.03.2020.

Attendance of Directors at Board Meetings and at the last Annual General Meeting held on 26.08.2019 during 2019-20:

Name of the Director	Category	Attendance at meetings during 2019-20	
		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. Richard B Saldanha*	Non-Executive Independent Director	NA	NA
Sri. M. Siva Rama Vara Prasad	Non-Executive Promoter Director	4	Yes
Dr. Murali Krishna Prasad Divi**	Non-Executive Promoter Director	1	No
Sri. Vinayaka Krishna Sardeshpande***	Director nominated by M/s. Punjab National Bank	1	NA
Sri. M. Gopala Krishnaiah	Executive Whole-time Director	3	Yes

* Sri. Richard B Saldanha, Director appointed by the Board on 18.07.2020.

** Dr. Murali Krishna Prasad Divi resigned as the Director of the company w.e.f. 02.01.2020.

*** Sri. Vinayak Krishna Sardeshpande, Director nominated by Punjab National Bank appointed by the Board on 21.03.2020 in the place of Sri. Rajeev Puri.

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 2019-20 on 17.06.2019, 26.08.2019, 26.11.2019 and 21.03.2020 and all the members of the Committee were present except for Sri.M.Gopala Krishnaiah for the meeting held on 21.03.2020.

Executive Committee

1. Sri. D. Seetharamaiah – Chairperson, Non-Executive Independent Director
2. Sri. M. Siva Rama Vara Prasad, Non-Executive Promoter Director
3. Dr. Pamidi Kotaiah, Non-Executive Independent Director
4. Sri. Vepa Kamesam, Non-Executive Independent Director
5. 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 2019-20 on 24.04.2019, 21.05.2019, 24.06.2019, 17.07.2019, 19.08.2019, 27.09.2019, 28.10.2019, 22.11.2019, 27.12.2019, 25.01.2020, 22.02.2020 and 21.03.2020.

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 2019-20 on 26.11.2019 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 senior executives of the Company and in formulating 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 met twice during the financial year 2019-20 on 17.06.2019 and 19.08.2019 and all the members of the Committee were present.

Internal complaint committee (sexual harassment of women at workplace):

The Company has constituted a committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 complying with the provisions of the Act.

The Company is committed to provide a safe and conducive work environment to its employees. Your Directors further state that during the financial year, there were no complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 2019-20 on 21.03.2020. All the Independent Directors were present to assess the quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its 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

Pursuant to the provisions of the Act, the Nomination and Remuneration Committee has carried out an annual evaluation of performance of the Board, Board Committees and individual Directors for the financial year 2019-20, after seeking inputs from all the Directors on the basis of criteria such as Board composition and structure, effectiveness of Board processes, information, functioning, etc. and performance of the Committees on criteria such as composition of committees, effectiveness of committee meetings, etc.

Directors

- Dr. Murali Krishna Prasad Divi has resigned as Director of the company w.e.f. 02.01.2020 due to his pressing pre-occupations relating to his business operations. The Board placed on record its appreciation for the valuable guidance provided by Dr. Murali Krishna Prasad Divi during his tenure as a Director of the Company.
- 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.
- Sri. Richard B Saldanha was appointed as an Additional Director on the Board on 18.07.2020 after no objection was conveyed by Reserve Bank of India on 24.04.2020. He holds office upto the conclusion of this Annual General Meeting.

Sri. Saldanha served at very senior positions in several Indian and multi-national companies namely Hindustan Liver Ltd., Unilever Plc, Haldia Petrochemicals Ltd., Times of India Group and Blackstone Group in India. Considering his rich experience and knowledge in administrative positions and financial matters and recommendations of the Nomination and Remuneration Committee, the Board appointed Sri. Saldanha as an Additional Director on the Board of our company on 18.07.2020.

The Board of Directors in its meeting held on 18.07.2020 recommended to the Members for confirmation and appointment of Sri. Saldanha for a term of 5 (five) years. The resolution seeking approval of the Members for confirmation of appointment of Sri. Richard Saldanha as an Independent Director is incorporated in the notice of the forthcoming Annual General Meeting of the company along with explanatory statement.

- As per the provisions of Section 149(2) of the Companies Act, 2013, Ms. K. Sujatha Rao was appointed as a women director on the Board of the company under Independent Director category of the Company, for a term of 5 (five) consecutive years at the 8th Annual General Meeting held on 07.09.2015 and will complete her initial term at the conclusion of this Annual General Meeting and she is eligible for re-appointment.

Based on the recommendations of the Nomination and Remuneration Committee and considering the skills, rich experience, knowledge, contributions and continued valuable guidance to the management, the Board of Directors in its meeting held on 18.07.2020 recommended to the Members for her reappointment for a second term of 5 (five) years.

The resolution seeking approval of the Members for reappointment of Ms. K. Sujatha Rao for a second term of 5 (five) years is incorporated in the notice of the forthcoming Annual General Meeting of the company along with explanatory statement.

- During the year Punjab National Bank nominated Sri. Vinayak Krishna Sardeshpande, Deputy General Manager, BO-LCB, Hyderabad on 05.09.2019 in the place of Sri. Rajeev Puri. Accordingly, the Board has appointed Sri. Vinayak Krishna Sardeshpande as an Additional Director on 21.03.2020 after no objection was conveyed by Reserve Bank of India on 04.02.2020. He holds office till the conclusion of this Annual General Meeting.

The resolution seeking approval of the Members for confirmation of appointment of Sri. Vinayak Krishna Sardeshpande is incorporated in the notice of the forthcoming Annual General Meeting of the company along with explanatory statement.

- 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

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 16th 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 2019-20.

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 2019-20 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 31st March, 2020, 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 31st March, 2020 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 31st March, 2020 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 : 18.07.2020

M. Gopala Krishnaiah
Whole-time Director

M S R V Prasad
Director

ANNEXURE I TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 01/04/2019 TO 31/03/2020

*[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

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering from **April 01st, 2019 to March 31st, 2020** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by "**Pridhvi Asset Reconstruction and Securitisation Company Limited**" for the period covering from April 01st, 2019 to March 31st, 2020 according to the provisions of:
 - i. The Companies Act, 2013 (the Act), the rules and amendments made thereunder; The Memorandum and Articles of Association therein.
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v. The Reserve Bank of India Act, 1934;
 - vi. The Asset Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003;

Note: The Company is not listed entity. Hence, 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;

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

- i) Secretarial Standards issued by "The Institute of Company Secretaries of India" on meetings of the Board of Directors and General Meetings.
2. We further report that the Company has, in our opinion, complied with the Provisions of the 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 the Board meetings and Committee meetings of Directors.
 - v. The 12th Annual General Meeting held on August 26th, 2019.
 - vi. The meetings of Members, Directors and Committees of Directors including passing of resolutions by circulation.
 - vii. Minutes of proceedings of the Board, its Committee and General Meetings.
 - viii. Approvals of the Board of Directors, the Committees, Members 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 the 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 are no allotments of securities for the period.
 - xvi. Director's report is in accordance to the provisions.
 - xvii. Contracts, Common seal, Registered Office and Publication of Name of the Company are as per the provisions.
 - xviii. The provisions with regard to appointment of Women director are complied.
 - xix. The provisions of Corporate Social responsibility (CSR) are complied.

- xx. Transfer and Transmission of Shares.
- xxi. The provisions with regard to modification and Satisfaction of Charges.
- xxii. Generally, all other applicable provisions of the Act and the Rules made under the Act.

3. We further report that:

- i. 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;
 - ii. 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 Managerial Personnel;
 - iii. The Company has obtained all necessary approvals under the various provisions of the Act; and
 - iv. There was no prosecution initiated and no fines or penalties were imposed during the period under review under the Companies Act, 2013, The Securities Contracts (Regulation) Act, 1956, The Reserve Bank of India Act, 1934, 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 Asset 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) Issuing of Security Receipts, and
 - c) The Company has not accepted any deposits from Public.
5. We 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 dematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
6. There is no Foreign Exchange outflow and inflow during the period under review, hence, the Company need not comply with the provisions of Foreign Exchange Management Act, 1999 and the Rules and Regulations made under the Act to the extent applicable to ODI, FDI and ECB.
7. We 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.

Place : Hyderabad

Date : 06.07.2020

UDIN : A054824B000418132

Signature:

Name of Company Secretary
PHANISAI ARUNKUMAR MOGANTI
ACS: 54824 ; C.P NO: 21591
Partner
ARUN & PAVAN ASSOCIATES
Company Secretaries

This report is to be read with our letter of the 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 records 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 the management. Our examination was limited to the verification of the 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 **ARUN & PAVAN ASSOCIATES**
Company Secretaries

Place : Hyderabad
Date : 06.07.2020

PHANISAI ARUNKUMAR MOGANTI
(Partner)
ACS: 54824 : C.P NO: 21591

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 31st March, 2020, 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 31st March, 2020, 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.	25.05.2016	-

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 18.07.2020

M. Gopala Krishnaiah
Whole-time Director

ANNEXURE III TO DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-20

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 – Rs.882.06 Lakhs

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) – Rs.17.64 Lakhs

5. Details of CSR spent during the financial year

- a. Total amount to be spent for the financial year – Rs.17.64 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	15.00	14.00	14.00	Implementing agency (Kovvali Development Trust)
2	Education to the poor tribal children	Promoting education	Andhra Pradesh, East Godavari District	14.00	3.64	3.64	Implementing agency (Centre for Development and Research)

So far under CSR, the Company has spent ₹ 173.78 Lakhs from FY 2014-15 to FY 2019-20.

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 : 18.07.2020

M. Gopala Krishnaiah
Whole-time Director

M S R V Prasad
Director

ANNEXURE IV TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

[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: **27th 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,
 4th 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:
**KFin Technologies 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-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	3919101	75000	3994101	39.94	4104101	-	4104101	41.04	+1.1
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	150000	-	150000	1.50	150000	-	150000	1.50	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A1)	4069101	75000	4144101	41.44	4254101	-	4254101	42.54	+1.1
(2) Foreign									
a) Individual/ HUF	1189753	1795636	2985389	29.85	1689753	1295636	2985389	29.85	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A2)	1189753	1795636	2985389	29.85	1689753	1295636	2985389	29.85	-
Total shareholding of Promoter A(1+2)	5258854	1870636	7129490	71.29	5943854	1295636	7239490	72.39	+1.1
B. Public Shareholding									
1. Institutions									
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	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	1600000	-	1600000	16.00	1600000	-	1600000	16.00	-

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
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	0.00	-	10	10	0.00	-
ii) Individual share holders holding nominal share capital in excess of ₹ 1 lakh	616500	459000	1075500	10.76	605500	360000	966500	9.66	-1.1
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	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	766500	504010	1270510	12.71	755510	405000	1160510	11.61	-1.1
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2366500	504010	2870510	28.71	2355510	405010	2760520	27.61	-1.1
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	7625354	2374646	10000000	100.00	7625354	2374646	10000000	100.00	-

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	1594101	15.94	-	1704101	17.04	-	+1.1
3.	Sri.M.Rohit Prasad	500000	5.00	-	500000	5.00	-	-
4.	Dr. Murali Krishna Prasad Divi	1570000	15.70	-	1570000	15.70	-	-
5.	Smt. Swarna Latha Divi	415000	4.15	-	415000	4.15	-	-
6.	Sri. Satchandra Kiran Divi	415000	4.15	-	415000	4.15	-	-
7.	Sri.Manubhai Jethabhai Chhagan Bhai Patel	495636	4.96	-	-	-	-	-4.96
8.	Sri.Mukesh Kumar Manubhai Patel	400000	4.00	-	523909	5.24	-	+1.24
9.	Sri.Bimal Manubhai Patel	400000	4.00	-	523909	5.24	-	+1.24
10.	Smt. Sushilaben Patel	-	-	-	123909	1.24	-	+1.24
11.	Smt. Mina H Patel	-	-	-	123909	1.24	-	+1.24
12.	M/s.Design Tribe India Pvt. Ltd	150000	1.50	-	150000	1.50	-	-
		7129490	71.29	-	7239490	72.39	-	+1.1

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	7129490	71.29	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	110000 by way of transfer on 26.11.2019	1.10	110000	1.10
At the end of the year			7239490	72.39

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. B. Rajani Saritha				
	Opening balance:	100000	1.00	100000	1.00
	Transaction during the year:	-	-	-	-
	Closing balance:			100000	1.00
9	Sri. Jayaram Naidu Bavikati				
	Opening balance:	60000	0.60	60000	0.60
	Transaction during the year:	-	-	-	-
	Closing balance:			60000	0.60
10	Sri. Satish Kantheti				
	Opening balance:	50000	0.50	50000	0.50
	Transaction during the year:	-	-	-	-
	Closing balance:			50000	0.50

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:				
	a) Directors:				
	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	Dr. Divi is resigned from the Board w.e.f. 02.01.2020, hence his shareholding is not considered at the end of the year	
	b) Key Managerial Personnel	Nil			
	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 other change in the shareholding pattern of Directors and Key Managerial Personnel			

V) 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
Indebtedness at the beginning of the financial year (01.04.2019)				
i) Principal Amount	475.22	-	-	475.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	29.70	-	-	29.70
Total (i+ii+iii)	504.92	-	-	504.92
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	504.92	-	-	504.92
Net Change	504.92	-	-	504.92
Indebtedness at the end of the financial year (31.03.2020)				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

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	21.17	21.17
	(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.	-	-
	Total (A)	21.17	21.17

B. Remuneration to other directors:

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Fee for attending board committee meetings	Commission	Others, please specify	Total
1	Independent Directors				
	1. Sri. D. Seetharamaiah	8.50	-	-	8.50
	2. Dr. Pamidi Kotaiah	8.20	-	-	8.20
	3. Sri. Vepa Kamesam	7.90	-	-	7.90
	4. Ms. K. Sujatha Rao	1.50	-	-	1.50
	Total (1)	26.10	-	-	26.10
2	Other Non-Executive Directors				
	1. Sri. M. Siva Rama Vara Prasad	7.00	-	-	7.00
	2. Dr. Murali Krishna Prasad Divi	0.50	-	-	0.50
	3. Sri. Vinayak Krishna Sardeshpande	0.50	-	-	0.50
	Total (2)	8.00	-	-	8.00
	Total (B)=(1+2)	34.10	-	-	34.10
	Total Managerial Remuneration (A+B)	55.27	-	-	55.27
	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	35.66	17.40	14.04	67.10
	(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	5.69	1.45	3.39	10.53
	Total	41.35	18.85	17.43	77.63

VII. Penalties / Punishment / Compounding of Offence: Nil

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)
A. Company					
Penalty					
Punishment			NIL		
Compounding					
B. Directors					
Penalty					
Punishment			NIL		
Compounding					
C. Other Officers in default					
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, 2020, 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, of the state of affairs of the Company as at 31st March, 2020, and its Profit 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.

Emphasis of Matters

We draw your attention to Note No.31 of the financial statements; where, in respect of NRPL Trust, the property situated at Chennai was sold in the auction held on 19.02.2020 and the prized bidder has paid 50% of sale consideration and sought time till the end of July, 2020 for payment of balance 50% amount due to the company. In view of the same, gain from the above trust amounting to Rs.1.77 Crores is recognised during the financial year 2019-20.

Our opinion is not modified in respect of the above matter.

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 statement 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, 2020 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2020 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.

Place : Visakhapatnam
Date : 18.07.2020

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

(G. Rajasekhar)
Partner
Membership No.236023
UDIN: 20236023AAAAAX6987

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 31st March 2020. 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 31st March, 2020 for a period of more than six months from the date they became payable.
- b) As at 31st March, 2020, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Goods and Services Tax, Service tax, duty of customs, duty of excise, value added tax and Cess.
- 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 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.

Place : Visakhapatnam
Date : 18.07.2020

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

(G. Rajasekhar)
Partner
Membership No.236023
UDIN: 20236023AAAAAX6987

Annexure-B to the Independent Auditor's Report

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Subsection 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 31st March, 2020 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 31st March, 2020, 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.

Place : Visakhapatnam

Date : 18.07.2020

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

(G. Rajasekhar)
Partner
Membership No.236023
UDIN: 20236023AAAAAX6987

Balance Sheet as at 31st March, 2020

(₹ In Lakhs)

Particulars	Note	As at 31.03.2020	As at 31.03.2019
Equity and Liabilities			
i) Share holders' funds			
Share Capital	02	10000.00	10000.00
Reserves and Surplus	03	1220.81	2351.37
		11220.81	12351.37
ii) Non-current Liabilities			
Long-term borrowings	04	-	0.15
Deferred tax liability	29	-	43.97
Other long-term liabilities	05	-	-
		-	44.12
iii) Current Liabilities			
Short-term borrowings	06	-	400.00
Trade Payables	07	-	-
Other current Liabilities	08	2405.85	2622.43
Short-term provisions	09	20.56	38.78
		2426.41	3061.21
Total		13647.22	15456.70
Assets			
1) Non-current Assets			
i) Property, Plant & Equipment	10		
Tangible Assets		581.96	609.32
Intangible Assets		14.85	31.41
		596.81	640.73
ii) Non-current investments	11	4949.78	5708.60
Deferred Tax Asset (Net)	29	1.35	-
Long-term loans and advances	12	2.12	1.14
Other non-current assets	13	4.72	2.40
Other Investments	14	1740.11	1740.11
		6698.08	7452.25
2) Current Assets			
Current investments	11	3605.70	3803.68
Trade Receivables	15	1170.66	935.63
Cash and bank balances	16	1289.76	2488.49
Short-term loans and advances	12	13.92	13.60
Other current assets	13	272.29	122.32
		6352.33	7363.72
Total		13647.22	15456.70
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: Visakhapatnam
Date: 18.07.2020

For and on behalf of the Board

M. Siva Rama Vara Prasad
Director

Ch. Rama Prasad
Chief Executive Officer

Place: Hyderabad
Date: 18.07.2020

V.S. Ranga Rao
Chief Financial Officer

M. Gopala Krishnaiah
Whole time Director

V. Vani
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2020

(₹ In Lakhs)

Particulars	Note	Year ended 31.03.2020	Year ended 31.03.2019
Income			
Revenue from operations	17	1509.38	1852.52
Other income	18	118.68	26.04
Total revenue(I)		1628.06	1878.56
Expenses			
Employee benefits expense	19	243.49	243.81
Finance Costs	20	86.23	126.00
Depreciation	10	42.07	46.16
Other expenses	21	1110.92	727.74
Total expenses (II)		1482.71	1143.71
Profit before tax and exceptional items (I) -(II)		145.35	734.85
Exceptional items		-	-
Profit after exceptional items and before tax		145.35	734.85
Tax expenses			
Current tax		79.94	174.73
Income Tax for earlier years		35.74	32.28
Deferred tax		(45.32)	6.36
Total tax expenses		70.36	213.37
Profit after tax		74.99	521.48
Earnings per equity share (Face Value Rs.100/- each)			
Basic & Diluted	28	0.75	5.21

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: Visakhapatnam
Date: 18.07.2020

For and on behalf of the Board

M. Siva Rama Vara Prasad
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Place: Hyderabad
Date: 18.07.2020

V.S. Ranga Rao
Chief Financial Officer

M. Gopala Krishnaiah
Whole time Director

V. Vani
Company Secretary

Cash flow statement for the year ended 31st March, 2020

(₹ In Lakhs)

S.No.	Particulars	As at 31.03.2020	As at 31.03.2019
A.	Cash flow from operating activities:		
	Profit/(Loss) for the year before Tax	145.35	734.85
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation of property, plant and equipment	42.07	46.16
	Finance costs	86.23	126.00
	Receivable from trusts written off	116.29	149.18
	Security Receipts written off	697.02	382.43
	Provision made for down grade in rating of SRs	164.11	-
	Rental Income from investments	(10.24)	(2.98)
	Operating profit before working capital changes	1240.83	1435.64
	Movement in Working Capital:		
	(Increase)/Decrease in Trade receivables	(351.32)	(218.83)
	(Increase)/Decrease in Current assets	(153.59)	(120.35)
	(Increase)/Decrease in Current liabilities	(234.79)	409.67
	(Increase)/Decrease in Trade and other payables	(400.00)	(1780.06)
	Cash generated from operations	101.13	(273.93)
	Income tax (paid)/refund	(115.68)	(207.01)
	Net Cash generated in operations	(14.55)	(480.94)
B.	Cash flow from investing activities:		
	Sale of investments	-	1080.11
	Sale of fixed assets	2.00	-
	Additions of property, plant & equipment	(0.15)	(0.08)
	Amount received from Security Receipts (on redemption by trusts)	1305.90	2188.27
	Amount paid towards Security Receipts	(1210.23)	(174.77)
	Rental Income from investments	10.24	2.98
	Net cash flows used in investing activities	107.76	3096.51
C.	Cash flow from financing activities:		
	Secured loan from bank	(0.16)	(75.06)
	Finance Costs	(86.23)	(126.00)
	Dividend and dividend distribution tax	(1205.55)	-
	Net cash/(used in) financing activities	(1291.94)	(201.06)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1198.73)	2414.51
	Opening balance of cash and cash equivalents	2488.49	73.98
	Closing balance of cash and cash equivalents	1289.76	2488.49

Note: 1. Cash and cash equivalents include a deposit of ₹ 19.23 lakhs in HDFC Bank, being amount paid by Keygien Global Ltd., in PARAS-SBIKG-033 Trust as per the order dated 04.08.2015 of DRT II, Mumbai. The deposit is placed for 91 days with auto renewal facility.

Note: 2. Cash and cash equivalents include deposits of ₹ 252.96 lakhs deposited by the company with Andhra Bank (presently Union Bank of India), SCF Branch towards cash collateral for SOD limit of ₹ 50 Crores sanctioned to the company.

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: Visakhapatnam
Date: 18.07.2020

For and on behalf of the Board

M. Siva Rama Vara Prasad
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Chief Executive Officer

Place: Hyderabad
Date: 18.07.2020

M. Gopala Krishnaiah
Whole time Director

V.S. Ranga Rao
Chief Financial Officer

V. Vani
Company Secretary

Notes on financial statements for the year ended 31st March, 2020

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 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 recognizing 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 realized 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 are treated as fixed assets.

Notes to financial statements for the year ended 31st March, 2020

2. Share capital

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Authorized shares 15,000,000 equity shares of ₹100/- each	15000.00	15000.00
Issued, subscribed and fully paid-up shares 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 31.03.2020		As at 31.03.2019	
	Number	Amount	Number	Amount
At the beginning of the period	10,000,000	10000.00	10,000,000	10000.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	10,000,000	10000.00	10,000,000	10000.00

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, if any, 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 31.03.2020		As at 31.03.2019	
	Number	% holding	Number	% holding
Dr.Murali Krishna Prasad Divi	1,570,000	15.70%	1,570,000	15.70%
Smt.M.Rajya Lakshmi	1,704,101	17.04%	1,594,101	15.94%
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%
Sri. Mukesh Kumar Manubhai Patel	523,909	5.24%	400,000	4.00%
Sri. Bimal Bhai Manubhai Patel	523,909	5.24%	400,000	4.00%

d. Shares reserved for issue under options

The Company has not reserved any shares for issue under Employees Stock Option Scheme (ESOP).

Notes to financial statements for the year ended 31st March, 2020

3. Reserves and Surplus

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
A. General Reserve		
Balance as per the last financial statement	725.00	725.00
Add: Amount transferred from surplus in the statement of profit and loss	-	-
Total (A)	725.00	725.00
B. Surplus in the statement of profit and loss		
Balance as per last financial statements	1626.37	1104.89
Profit for the year	74.99	521.48
	1701.36	1626.37
Less: Appropriations		
Dividend for FY 2018-19	1000.00	-
Dividend Distribution Tax	205.55	-
	1205.55	-
Net surplus in the statement of profit and loss	495.81	1626.37
Total reserves and surplus	1220.81	2351.37

4. Long-term borrowings (Secured)

(₹ in Lakhs)

Particulars	Non-current portion		Current portion	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Term Loan from HDFC Bank	-	0.15	-	75.06
Total	-	0.15	-	75.06

- 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 EMLs 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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Nil	-	-	-	-

Notes to financial statements for the year ended 31st March, 2020

6. Short-term borrowings (Secured)

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Overdraft from Andhra Bank (Presently Union Bank of India)	-	-
Intercompany Loans	-	400.00
Total	-	400.00

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 1-year MCLR (8.45%) + 1.65% p.a. = 10.10% p.a. Over Draft limit is ₹ 50.00 Crores and renewable every year.

7. Trade payables

(₹ in Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Details	₹	Details	₹
(A) Total outstanding dues of Micro and Small Enterprises	-	-	-	-
(B) Total outstanding dues other than Micro and Small Enterprises	-	-	-	-
Total	-	-	-	-

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 31.03.2020	As at 31.03.2019
(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 31st March, 2020

8. Other current liabilities

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Current Maturities of Long-Term Debt- Term Loans from Banks	-	75.06
Amounts received against sale of Assets/OTS	2253.54	2362.17
Amount payable to trusts *	19.23	15.00
Amounts retained for expenses	21.67	21.83
Interest due on Inter Corporate Loans	-	29.70
Other Payables		
i) Statutory Remittances		
a) Tax Deducted at Source	87.70	33.98
b) Profession Tax	-	0.03
c) Goods and Service Tax	8.68	75.26
ii) Outstanding expenses	15.03	9.40
Total	2405.85	2622.43

*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 31.03.2020	As at 31.03.2019
Provision for income tax	-	32.40
Gratuity premium payable to LIC	20.56	6.38
Total	20.56	38.78

Notes to financial statements for the year ended 31st March, 2020

10. Property, Plant & Equipment

(₹. In Lakhs)

Description	Gross Block			Depreciation			Net Block			
	As at 31.03.2019	Additions	Deletions	As at 31.03.2020	Upto 31.03.2019	For the Year	Deletions	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
A- Tangible Assets										
Buildings	586.68	-	-	586.68	55.48	9.29	-	64.77	521.91	531.20
Furniture and Fixtures	137.11	-	-	137.11	71.85	12.78	-	84.63	52.48	65.26
Data Processing Equipment	23.70	0.04	-	23.74	20.68	1.45	-	22.13	1.61	3.02
Office Equipment	15.79	-	-	15.79	14.90	0.30	-	15.20	0.59	0.89
Vehicles	28.77	-	7.89	20.88	19.82	1.58	5.89	15.51	5.37	8.95
Library	0.22	-	-	0.22	0.22	-	-	0.22	-	-
Total	792.27	0.04	7.89	784.42	182.95	25.40	5.89	202.46	581.96	609.32
Previous year	792.19	0.07	-	792.27	153.79	29.15	-	182.95	609.32	638.40

B- Intangible Assets

Description	Gross Block			Depreciation			Net Block			
	As at 31.03.2019	Additions	Deletions	As at 31.03.2020	Upto 31.03.2019	For the Year	Deletions	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
Computer software	56.11	0.11	-	56.22	24.70	16.67	-	41.37	14.85	31.41
Total	56.11	0.11	-	56.22	24.70	16.67	-	41.37	14.85	31.41
Previous Year	56.11	-	-	56.11	7.70	17.01	-	24.70	31.41	48.41
Grand Total	848.38	0.15	7.89	840.64	207.65	42.07	5.89	243.83	596.81	640.73

Notes to financial statements for the year ended 31st March, 2020

11. Investments

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Investment in special purpose vehicles (valued at cost and fully paid up unless stated otherwise)Unquoted security receipts				
1) PARAS-VBL-010 Trust 0 (31 st March 2019:159) SRs of ₹ 1,00,000/- each			-	159.00
2) PARAS-VEAF-011 Trust 0 (31 st March 2019:93) SRs of ₹ 1,00,000/- each			-	97.02
3) PARAS-MRDI-016 Trust 0 (31 st March 2019:37980) SRs of ₹ 1,000/- each			-	379.80
4) PARAS-DRLL-019 Trust 0 (31 st March 2019:600) SRs of ₹ 1,00,000/- each			-	600.00
5) PARAS-IOBPF -027 Trust 39 (31 st March 2019: 39) SRs of ₹ 1,00,000/- each			39.00	39.00
6) PARAS-VJBPF-028 Trust 4966 (31 st March 2019: 4966) SRs of ₹ 1,000/- each	-	49.66	49.66	-
7) PARAS-RTP-032 Trust 3575 (31 st March 2019: 3575) SRs of ₹ 1,000/- each			35.75	35.75
8) PARAS-SBIKG-033 Trust 2457 (31 st March 2019: 2457) SRs of ₹ 10,000/- each	245.70	245.70		
9) PARAS-RRSPG-034 Trust 1302 (31 st March 2019: 1302) SRs of ₹ 10,000/- each			130.20	130.20
10) PARAS-SBH2015-035 Trust 42,735 (31 st March 2019: 42735) SRs of ₹ 1,000/- each	-	227.35	427.35	200.00
11) PARAS-SBH-2015-036 Trust 723 (31 st March 2019: 723) SRs of ₹ 10,000/- each			72.30	72.30
12) PARAS-RRSPGII-037 Trust 698 (31 st March 2019: 698) SRs of ₹ 10,000/- each			69.80	69.80
13) PARAS-SPML-038 Trust 3924 (31 st March 2019: 3924) SRs of ₹ 10,000/- each	-	392.40	392.40	-
14) PARAS-MACL-039 Trust 30105 (31 st March 2019: 30105) SRs of ₹ 1,000/- each	301.05	301.05		
15) PARAS-SPEPL-040 Trust 3105 (31 st March 2019: 3105) SRs of ₹ 1,000/- each	31.05	31.05		
16) PARAS-DRD-043Trust 0 (31 st March 2019: 7530) SRs of ₹ 1,000/- each			-	75.30
17) PARAS-ATE-044 Trust 0 (31 st March 2019: 2557) SRs of ₹ 10,000/- each			-	255.70
18) PARAS-MSL-046 Trust 375 (31 st March 2019: 375) SRs of ₹ 1,00,000/- each	375.00	375.00		
CF	952.80	1622.21	1216.46	2113.87

Notes to financial statements for the year ended 31st March, 2020

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
BF	952.80	1622.21	1216.46	2113.87
19) PARAS-ATL-047 Trust 3105 (31 st March 2019: 3105) SRs of ₹ 1,000 /- each			31.05	31.05
20) PARAS-SPPL-049 Trust 3808 (31 st March 2019: 3808) SRs of ₹ 10,000/- each	-	330.80	380.80	50.00
21) PARAS-HLPL-050 Trust 108 (31 st March 2019: 108) SRs of ₹ 10,000/- each			10.80	10.80
22) PARAS-KGF-051 TRUST 1378 (31 st March 2019: 2775) SRs of ₹ 10,000/- each			137.80	277.50
23) PARAS-CMI-052 Trust 17640 (31 st March 2019: 17640) SRs of ₹ 1000/- each			176.40	176.40
24) PARAS-SPPLOBC-053 Trust 30402 (31 st March 2019: 30402) SRs of ₹ 1000/- each	-	254.02	304.02	50.00
25) PARAS-VMC-054 Trust 231 (31 st March 2019: 231) SRs of ₹ 1,00,000/- each	231.00	231.00		
26) PARAS-SOUB-055 Trust 234 (31 st March 2019: 234) SRs of ₹ 1,00,000/- each	234.00	234.00		
27) PARAS-DB2016-056 Trust 12757 (31 st March 2019: 12757) SRs of ₹ 1000/- each			127.57	127.57
28) PARAS-RVS-059 Trust 229 (31 st March 2019: 229) SRs of ₹ 100,000/- each			229.00	229.00
29) PARAS-MLA-060 Trust 120 (31 st March 2019: 1020) SRs of ₹ 1,000/- each			1.20	10.20
30) PARAS-JSL-061 Trust 44715 (31 st March 2019: 44715) SRs of ₹ 1,000/- each	-	447.15	447.15	-
31) PARAS-DIL-062 Trust 92 (31 st March 2019: 203) SRs of ₹ 1,00,000/- each	92.00	103.00	-	100.00
32) PARAS-AWL-065 Trust 480 (31 st March 2019: 480) SRs of ₹ 1,00,000/- each	480.00	480.00		
33) PARAS-VBI-067 Trust 4050 (31 st March 2019: 4050) SRs of ₹ 1,000/- each	40.50	40.50		
34) PARAS-PPPL-069 Trust 0 (31 st March 2019: 84) SRs of ₹ 1,00,000/- each			-	84.00
35) PARAS-SL-070 Trust 0 (31 st March 2019: 1245) SRs of ₹ 1,000/- each			-	12.45
36) PARAS-MAIPL-071 Trust 8399 (31 st March 2019: 10784) SRs of ₹ 1,000/- each			83.99	107.84
37) PARAS-VHPL-072 Trust 459 (31 st March 2019: 459) SRs of ₹ 1,00,000/- each	459.00	459.00		
38) PARAS-SIPPL-073 Trust 99 (31 st March 2019: 99) SRs of ₹ 1,00,000/- each	99.00	99.00		
CF	2588.30	4300.68	3146.24	3380.68

Notes to financial statements for the year ended 31st March, 2020

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
BF	2588.30	4300.68	3146.24	3380.68
39) PARAS-ST-074 Trust 4725 (31 st March 2019: 4725) SRs of ₹ 1,000/- each	47.25	47.25		
40) PARAS-VEAL-075 Trust 8325 (31 st March 2019: 8325) SRs of ₹ 1,000/- each	83.25	83.25		
41) PARAS-SBPL-076 Trust 8655 (31 st March 2019: 10155) SRs of ₹ 1,000/- each	86.55	101.55		
42) PARAS-AFP-077 Trust 0 (31 st March 2019: 795) SRs of ₹ 1,000/- each			-	7.95
43) PARAS-PCHRL-078 Trust 0 (31 st March 2019: 990) SRs of ₹ 1,000/- each			-	9.90
44) PARAS-APM-079 Trust 3330 (31 st March 2019: 3750) SRs of ₹ 1,000/- each			33.30	37.50
45) PARAS-SSDF-080 Trust 465 (31 st March 2019: 465) SRs of ₹ 1,000/- each			4.65	4.65
46) PARAS-SRPL-081 Trust 4830 (31 st March 2019: 5760) SRs of ₹ 1,000/- each			48.30	57.60
47) PARAS-DTPL-082 Trust 31500 (31 st March 2019: 31500) SRs of ₹ 1,000/- each	315.00	315.00		
48) PARAS-AB2017-083 Trust 2040 (31 st March 2019: 2040) SRs of ₹ 1,000/- each			20.40	20.40
49) PARAS-MRC-084 Trust 825 (31 st March 2019: 825) SRs of ₹ 1,000/- each			8.25	8.25
50) PARAS-SPKHL-085 Trust 30120 (31 st March 2019: 30120) SRs of ₹ 1,000/- each	201.20	201.20	100.00	100.00
51) PARAS-VAP-086 Trust 3525 (31 st March 2019: 3525) SRs of ₹ 1,000/- each	35.25	35.25		
52) PARAS-VLT-089 Trust 17265 (31 st March 2019: 17265) SRs of ₹ 1,000/- each	172.65	172.65		
53) PARAS-RC-090 Trust 2625 (31 st March 2019: 2925) SRs of ₹ 1,000/- each	-	29.25	26.25	-
54) PARAS-CRD-092 Trust 3750 (31 st March 2019: 3750) SRs of ₹ 1,000/- each			37.50	37.50
55) PARAS-GS-093 Trust 3450 (31 st March 2019: 3450) SRs of ₹ 1,000/- each			34.50	34.50
56) PARAS-SPMPL-094 Trust 10050 (31 st March 2019: 10050) SRs of ₹ 1,000/- each	-	50.50	100.50	50.00
57) PARAS-NPPL-095 Trust 11700 (31 st March 2019: 11700) SRs of ₹ 1,000/- each	117.00	117.00		
58) PARAS-DFPPL-096 Trust 13500 (31 st March 2019: 13500) SRs of ₹ 1,000/- each	135.00	135.00		
59) PARAS-VCMPL-097 Trust 5475 (31 st March 2019 :5475) SRs of ₹ 1,000/- each			54.75	54.75
CF	3781.45	5588.58	3614.64	3803.68

Notes to financial statements for the year ended 31st March, 2020

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
BF	3781.45	5588.58	3614.64	3803.68
60) PARAS-VPPL-099 Trust 12002 (31 st March 2019 :12002) SRs of ₹ 1,000/- each	120.02	120.02		
61) PARAS-GTKVB-100 Trust 2445 (31 st March 2019: Nil) SRs of ₹ 10,000/- each	244.50			
62) PARAS-RTKVB-101 Trust 1725 (31 st March 2019: Nil) SRs of ₹ 1,000/- each	17.25			
63) PARAS-ATKVB-102 Trust 1155 (31 st March 2019: Nil) SRs of ₹ 10,000/- each	115.50			
64) PARAS-NTKVB-103 Trust 39573 (31 st March 2019: Nil) SRs of ₹ 1,000/- each	395.73			
65) PARAS-SNV-104 Trust 3675 (31 st March 2019: Nil) SRs of ₹ 1,000/- each	36.75			
66) PARAS-SVRTC-105 Trust 3675 (31 st March 2019: Nil) SRs of ₹ 1,000/- each	36.75			
67) PARAS-HCT-106 Trust 195 (31 st March 2019: Nil) SRs of ₹ 10,000/- each	19.50			
68) PARAS-SVCM-107 Trust 1725 (31 st March 2019: Nil) SRs of ₹ 1,000/- each	17.25			
69) PARAS-VNCT-108 Trust 342 (31 st March 2019: Nil) SRs of ₹ 10,000/- each	34.20			
70) PARAS-SLNGM-109 Trust 3525 (31 st March 2019: Nil) SRs of ₹ 1,000/- each	35.25			
71) PARAS-SAA-110 Trust 3405 (31 st March 2019: Nil) SRs of ₹ 1,000/- each	34.05			
72) PARAS-MGP-111 Trust 30 (31 st March 2019: Nil) SRs of ₹ 1,00,000/- each	30.00			
73) PARAS-CEF-112 Trust 15 (31 st March 2019: Nil) SRs of ₹ 1,00,000/- each	15.00			
74) PARAS-SKE-113 Trust 5625 (31 st March 2019: Nil) SRs of ₹ 1,000/- each	56.25			
75) PARAS-SEKVB-114 Trust 27 (31 st March 2019: Nil) SRs of ₹ 1,00,000/- each	27.00			
76) PARAS-MKS-115 Trust 135 (31 st March 2019: Nil) SRs of ₹ 10,000/- each	13.50			
77) PARAS-SSKVB-116 Trust 45 (31 st March 2019: Nil) SRs of ₹ 1,00,000/- each	45.00			
78) PARAS-KMMT-117 Trust 30 (31 st March 2019: Nil) SRs of ₹ 1,00,000/- each	30.00			
Total	5104.95	5708.60	3614.64	3803.68
Less: Provision on SRs due to down grade in rating	155.17		8.94	
Total of investments in SRs net of provisions	4949.78		3605.70	

Out of the above total SRs of ₹ 85.55 crores outstanding as on 31.3.2020 (₹ 95.12 crores as on 31.03.2019), SRs amounting to ₹ 57.25crs in 42 trusts are pledged with Andhra Bank (presently Union Bank of India). (SRs of value ₹ 69.94 crores in 26 Trusts as on 31.03.2019)

Notes to financial statements for the year ended 31st March, 2020

12. Loan and Advances

(₹ in Lakhs)

Particulars	Non-Current Portion		Current Portion		Total	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
(A) Financial Assets (Secured considered good)						
Loan Assets (A)	-	-	-	-	-	-
(B) Security Deposits						
Unsecured considered good	1.53	1.14	-	-	1.53	1.14
(B)	1.53	1.14	-	-	1.53	1.14
(C) Other Loans and Advances						
Prepaid Expenses	-	-	13.92	9.81	13.92	9.81
Advance for Expenses	0.59	-	-	3.79	0.59	3.79
(C)	0.59	-	13.92	13.60	14.51	13.60
Total (A+B+C)	2.12	1.14	13.92	13.60	16.04	14.74

13. Other Assets

(₹ in Lakhs)

Particulars	Non-Current Portion		Current Portion	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
A. Unsecured and considered good Expenses recoverable from trusts managed by the Company				
Over six months	4.56	2.38	-	-
Others	0.16	0.02	-	-
(A)	4.72	2.40	-	-
B. Others items				
Interest accrued on fixed deposits	-	-	0.29	0.17
Income Tax Refund Receivable	-	-	-	12.61
Advance Income Tax Receivable (Net of IT Provision)	-	-	271.14	109.54
GST Input Tax Receivable	-	-	0.86	-
(B)	-	-	272.29	122.32
Total (A +B)	4.72	2.40	272.29	122.32

Notes to financial statements for the year ended 31st March, 2020

14. Other Investments

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Investment in properties	1740.11	1740.11

15. Trade Receivables (Unsecured, considered Good)

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
A. Recoverable from Trusts managed by the Company		
Over six months	526.65	271.87
Others	643.75	663.76
(A)	1170.40	935.63
B. Other Receivables		
Over six months	-	-
Others – Hackett India	0.26	-
(B)	0.26	-
Total (A)+(B)	1170.66	935.63

16. Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Cash and cash equivalents		
Balances with Banks		
In current accounts	1.33	11.05
Debit balance in OD account	32.05	98.59
In fixed deposits *	1256.19	2378.24
Cash on hand	0.19	0.61
Total	1289.76	2488.49

*Note: Deposit of ₹ 15 lakhs (present value ₹ 19.23 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 31st March, 2020

17. Revenue from operations

(₹ in Lakhs)

Particulars	2019-20	2018-19
Interest earned	3.42	25.07
Gain on Redemption of Security Receipts	805.25	747.64
Incentive	77.57	170.43
Income from reversal of NPA accounts	87.93	7.08
Advisory & consultancy fee	30.00	7.46
(A)	1004.17	957.68
Other Financial Services		
Management Fee	505.21	894.84
(B)	505.21	894.84
Total (A+B)	1509.38	1852.52

18. Other Income

(₹ in Lakhs)

Particulars	2019-20	2018-19
Interest on FDs with Banks	108.44	23.06
Others	10.24	2.98
Total	118.68	26.04

19. Employee benefits expense

(₹ in Lakhs)

Particulars	2019-20	2018-19
Salaries and wages	212.50	230.45
Contribution to gratuity and leave encashment fund	28.54	11.10
Staff Welfare	2.45	2.26
Total	243.49	243.81

Notes to financial statements for the year ended 31st March, 2020

20. Finance cost

(₹ in Lakhs)

Particulars	2019-20	2018-19
Interest expense		
Term Loan	0.78	12.80
Overdraft	0.28	42.01
Interest on Inter Corporate Loans	23.24	45.00
Bank charges	61.93	26.19
Total	86.23	126.00

21. Other Expenses

(₹ in Lakhs)

Particulars	2019-20	2018-19
Customer service expenditure	0.99	1.62
Electricity, water and house keeping	8.69	9.05
Rates and taxes, excluding taxes on income	5.44	34.71
Repairs and maintenance		
Plant and Machinery	-	0.04
Others	1.34	1.18
Vehicle maintenance	2.99	2.50
Office premises maintenance	10.73	10.73
Staff recruitment expenses	0.05	-
Insurance	1.27	1.65
Travelling and conveyance	7.52	6.78
Communication costs	3.20	3.44
Legal and professional charges	11.92	29.82
Directors' sitting fees	37.17	31.94
Printing and stationery	3.09	3.16
Enforcement of security interest (Notice & Publication)	1.52	4.56
Security expenses	4.19	14.71
Contributions under CSR Scheme	17.64	28.25
Reversal of amounts in recoverable from trust accounts	116.29	149.18
Provision made for SRs	164.11	-
Amount of Security Receipts written off	697.02	382.43
Miscellaneous expenses	10.19	6.54
Payment to Auditors		
Audit fee	5.45	5.45
Other Services	0.11	-
Total	1110.92	727.74

Notes to financial statements for the year ended 31st March, 2020

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 books of accounts and NSDL records are due to non updation 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 31.03.2020 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 31.03.2020

(₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Present value of obligations as at the beginning of year	15.72	15.83
Interest cost	0.81	1.19
Current service cost	2.53	3.29
Benefits paid	(10.00)	(13.34)
Actuarial (gain)/loss on obligations	16.78	7.80
Present value of obligation as at end of year	25.84	14.77

ii. Changes in the fair value of plan assets as on 31.03.2020

(₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Fair value of assets as at the beginning of year	9.34	19.68
Expected return on plan assets	0.82	0.86
Contributions made during the year	5.12	9.18
Benefits paid	(10.00)	(13.34)
Actuarial (gain)/loss on plan assets	Nil	Nil
Fair value of plan assets at end of year	5.28	16.38

iii. Fair value of plan assets

(₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Fair value of plan assets as at the beginning of year	9.34	19.68
Actual return on plan assets	0.82	0.86
Contributions	5.12	9.18
Benefits paid	(10.00)	(13.34)
Fair value of plan assets at the end of year	5.28	16.38
Funded status	(20.56)	1.61
Excess of actual over estimated return on plan assets	Nil	Nil

Notes to financial statements for the year ended 31st March, 2020

iv. Actuarial Gain/Loss recognized as on 31.03.2020

(₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Actuarial (gain)/loss on obligations	(16.78)	(7.80)
Actuarial (gain)/loss for the year – plan assets	Nil	Nil
Actuarial (gain)/loss on obligations	16.78	7.80
Actuarial (gain)/loss recognized in the year	16.78	7.80

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	25.84	14.77
Fair value of plan assets as at the end of the year	5.28	16.38
Funded status	(20.56)	1.61
Net asset/(liability) recognized in balance sheet	(20.56)	1.61

vi. Expenses recognized in statement of Profit and Loss

(₹ in Lakhs)

Particulars	Gratuity	Leave encashment
Current service cost	2.53	3.29
Interest cost	0.81	1.19
Expected return on plan assets	(0.82)	(0.86)
Net actuarial (gain)/loss recognized in the year	16.78	7.80
Expenses recognized in statement of Profit and Loss	19.30	11.42

vii. Actuarial Value Assumptions

Particulars	Gratuity		Leave encashment	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Discount Rate	7.25%	7.50%	7.25%	8.00%
Salary Escalation	6.00%	6.00%	6.00%	6.00%

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 31st March, 2020

27. Related Party disclosures

Name of the Party	Nature of Relationship
Sri. M. Siva Rama Vara Prasad	Promoter Non-Executive Director
Sri. Vinayak Krishna Sardeshpande	Punjab National Bank Nominee Director
Sri.M. Gopalakrishnaiah	Whole-time Director
M/s. Mezzequity Software Services Ltd	Entity controlled by director
M/s. Bitchemy Ventures Pvt Ltd	Entity controlled by director

Transactions with Related parties

(i) Remuneration to Executive Directors:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Whole time Director		
Salary	21.17	19.50
Medical expenses reimbursed	-	0.06
Conveyance charges reimbursed	-	0.20
Telephone expenses reimbursed	-	0.04
Total:	21.17	19.80

(ii) Sitting fees to Non-Executive Directors:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Sri. M. Siva Rama Vara Prasad	7.00	5.90
Dr. Murali Krishna Prasad Divi*	0.50	0.80
Sri. Rajeev Puri **	-	0.50
Sri. Vinayak Krishna Sardeshpande **	0.50	-
Sri. D. Seetharamaiah	8.50	7.90
Dr. Pamidi Kotaiah	8.20	7.30
Sri. Vepa Kamesam	7.90	4.90
Ms. K. Sujatha Rao	1.50	2.00
Total:	34.10	29.30

Note * : Dr. Murali Krishna Prasad Divi resigned as Director w.e.f. 02.01.2020.

Note** : Sri Rajeev Puri resigned as Nominee Director on 06.10.2018.

Note***: Sri Vinayak Krishna Sardeshpande was inducted as Nominee Director on 21.03.2020.

iii) Transactions with related parties:

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

Nature of the transaction: Housekeeping and security services

(₹ in Lakhs)

Particulars	2019-20	2018-19
Amount outstanding at the beginning of the year	-	-
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	2019-20	2018-19
Amount outstanding at the beginning of the year	-	-
Amount paid during the year	-	17.33
Amount outstanding at the end of the year	10.00	-

28. EPS Calculation

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

(₹ in lakhs)

Particulars	2019-20	2018-19
Profit after tax	74.99	521.48
Weighted average number of shares	10,000,000	10,000,000
Basic EPS (Face value ₹ 100/- per share)	0.75	5.21
Diluted EPS (Face value ₹ 100/- per share)	0.75	5.21

29. Taxes on Income (AS – 22)

(₹ in lakhs)

Items of Deferred Tax	2019-20	2018-19
Deferred Tax Liability		
Timing difference in respect of book depreciation and tax depreciation	53.18	55.76
Deferred Tax Asset		
Items related to 43B of I.T Act	54.53	11.79
Net Deferred Tax Liability/(Asset)at current rate of tax	(1.35)	43.97

Note 29A: Pursuant to Taxation Law (Amendment) Ordinance, 2019 issued by the Ministry of Law and Justice (Legislative Department) on 20 September 2019, which is effective 1 April 2019, domestic companies have the option to pay corporate income tax at 22% plus applicable surcharge and cess (New tax rate) as permitted under section 115BAA of the Income Tax Act subject to certain conditions. The company has decided to opt for the new tax rate from the financial year 2019-20.

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

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Claims against the company not acknowledged as debt, in respect of		
Disputed amounts of income Tax (AY 2009-10) (PY: AY 2009-10, AY 2010-11 & AY 2011-12)	₹ 2.52 lakhs	₹ 9.80 lakhs

31. In respect of IDBIPF Trust, the IBBI liquidator has sold the fixed assets of Maruti Textiles Ltd. in the auction held on 17.02.2020 and confirmed having received full sale consideration and that the amount will be distributed among the creditors including the company after completion of required formalities in accordance with Insolvency and Bankruptcy Code, 2016. In view of the certainty of the company's share of income, gain from the above trust amounting to ₹1.13 Crores is recognised during the financial year 2019-20.

In respect of NRPL Trust, the property at Chennai was sold in auction held on 19.02.2020 and the prized bidder has paid 50% sale consideration and sought time till the end of July, 2020 for payment of balance 50% amount due to outbreak of pandemic Covid-19 resulting into continuous lock down conditions in Chennai. In view of the certainty of realization of balance amount, gain from the above trust amounting to ₹ 1.77 Crores is recognised during the financial year 2019-20.

Notes to financial statements for the year ended 31st March, 2020

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

33. 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 st March, 2020		
Sellers	Address	Acquisition Price
Punjab National Bank	7, Bhikhajicama Place, New Delhi	4078.00

Non-Sponsors:

Seller wise acquisition details till 31 st March, 2020		
Sellers	Address	Acquisition Price
Andhra Pradesh State Co-operative Bank Ltd	Troop Bazar, Hyderabad-500 001	200.00
Union Bank of India (formerly 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	800.00
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, Shivaji Nagar, 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
Union Bank of India (formerly Corporation Bank)	Mangaladevi Temple Road, Pandeshwar, Mangalore-575 001.	600.00
Bank of Baroda (formerly Dena Bank)	Dena Bank Corporate Centre, C-10, "G" Block, Bandra Kurla Complex, Mumbai-400 051	1504.00
Deutsche Bank	DB House, Hazarimal Somani Marg, Fort, Mumbai-400 001	400.00

Notes to financial statements for the year ended 31st March, 2020

Seller wise acquisition details till 31 st March, 2020		
Sellers	Address	Acquisition Price
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 Kurala 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, New Delhi - 110 019	512.86
Indian Bank	PB No.1384, 66, Rajaji Salai, Chennai-600001	3779.10
Indian Overseas Bank	Central Office, PB.No.3765, 763, Anna Salai, Chennai-600 002	2067.00
Kotak Mahindra Bank (formerly ING Vysya Bank)	22, M. G. Road, Bangalore-560 001	35.00
IREDA Limited	3 rd Floor, August Kranti Bhawan, Bhikaiji Cama Place, New Delhi-110 066	653.00
Karur Vysya Bank	Erode Road, Karur-639 002	8083.20
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
Punjab National Bank (formerly Oriental Bank of Commerce)	Corporate Office, Plot No.5, Institutional Area, Sector-32, Gurgaon-122001	1156.07
Stressed Assets Stabilization Fund	IDBI Towers, WTC Complex, Cuffe Parade, Colaba, Mumbai-400 005	350.00
State Bank of India (formerly State Bank of Hyd)	Hyderabad Bank Towers, Gun Foundry, Hyderabad - 500 001	6337.00
State Bank of India	Madame Cama Road, Mumbai-400 021	14610.76
State Bank of India (formerly State Bank of Travancore)	Head Office, Poojappura, Trivandrum-695 102, Kerala	1024.00
State Bank of India (formerly 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, Hemanta Basu Sarani, Kolkata - 700001	3325.00
UCO Bank	10, Biplabi Trailokya Maharaj Sarani, (Formerly Brabourne Road) Kolkata - 700 001	131.00
Bank of Baroda (formerly Vijaya Bank)	41 M.G. Road, Trinty Circle Bangalore-560012	1996.20
Total		98898.44

Notes to financial statements for the year ended 31st March, 2020

b) Dispersion of various financial assets industry-wise till 31st March, 2020:

(₹ in Lakhs)

Industry	No. of borrower	Acquisition Price	% of Total
Automobiles	3	1426.20	1.44
Agriculture - Allied Activities	3	555.00	0.56
Asbestos Roofing	1	20.00	0.02
Bio-Chemical & Pesticides	7	4896.03	4.95
Cement	1	25.00	0.03
Coir	1	729.76	0.74
Cold Storage	1	380.00	0.38
Consumer Durable Loans	1	50.00	0.05
Educational Institution	3	3351.00	3.39
Food Products	8	5150.18	5.21
House Hold Appliances	2	1000.00	1.01
Hospital	2	4671.00	4.72
Hotel	1	2025.00	2.05
Iron and Steel, Other Metals	14	14550.00	14.71
Information Technology	4	237.00	0.24
Industrial Gases	3	1325.00	1.34
Infrastructure	8	4333.10	4.38
Logistics	1	600.00	0.61
Metals and Mining	3	658.00	0.67
Media	2	1928.00	1.95
NBFC	11	882.50	0.89
Pharma	5	447.40	0.45
Plastics	2	830.00	0.84
Power	4	9786.07	9.89
Paper	3	3347.00	3.38
Poultry	3	384.00	0.39
Textiles	14	6811.00	6.89
Trading	29	15101.20	15.27
Wood	1	2050.00	2.07
Oil Refineries, Vegetable Oil	4	1836.00	1.86
Others	23	9513.00	9.62
Total	168	98898.44	100.00

Notes to financial statements for the year ended 31st March, 2020

(₹ 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	8068.20
f)	Value of financial assets fully realized during the financial year	3586.23
g)	Value of financial assets including assets acquired through Trust and outstanding for realization as at the end of the financial year	54854.02
h)	i. Value of Security Receipts redeemed partially during the financial year	2184.00
	ii. Value of Security Receipts redeemed fully during the financial year	4561.23
i)	Value of Security Receipts pending for redemption as at the end of the financial year	54854.02
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)	975.00
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	1. PARAS-RTP-032 Trust: NAV per SR reduced from ₹ 1000 to ₹ 750/- 2. PARAS-SBIG-033 Trust: NAV per SR reduced from ₹ 10,000 to ₹ 7,500/- 3. PARAS-MSL-046 Trust: NAV per SR reduced from ₹ 1,00,000/- to ₹ 75,000/-

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: Visakhapatnam
Date: 18.07.2020

For and on behalf of the Board

M. Siva Rama Vara Prasad
Director

Ch. Rama Prasad
Chief Executive Officer

Place: Hyderabad
Date: 18.07.2020

V.S. Ranga Rao
Chief Financial Officer

M. Gopala Krishnaiah
Whole time Director

V. Vani
Company Secretary

“EXCELLENCE
IS A CONTINUOUS PROCESS
AND NOT AN
ACCIDENT”.

Dr. A.P.J. Abdul Kalam



PARAS

**Pridhvi Asset Reconstruction
And Securitisation Company Limited**

Registered & Corporate Office

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

Tel: 040-41413333, Fax: 040-41413301

Email: co@paras.org.in Web: www.paras.org.in