



6th Annual Report
2012-2013

Pridhvi Asset Reconstruction And Securitisation Company Limited



.....unlocking economic value in impaired assets through reconstruction.

Board of Directors



Sri. D. Seetharamaiah
Chairman



Sri.K. Kannan
Director



Dr. Pamidi Kotaiah
Director



Sri. Vepa Kamesam
Director



Sri. M. Gopalakrishnaiah
Whole-time Director



Sri. M.Sivarama Vara Prasad
Director



Dr. Murali Krishna Prasad Divi
Director



Sri. Rajeev Kumar Raizada
Director

Senior Executives



Sri. D. Nanha Ram
Chief Executive Officer



Sri. M.S. Hussain
Senior Vice President



Sri. K. Balakoteswara Rao
Vice President

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Registered & Corporate Office

8-2-622/5/A/3, Indira Chambers,
Road No. 10, Banjara Hills,
Hyderabad - 500 034.
Tel : 040-2331029
Fax : 040-23322326
Email : co@paras.org.in
Web : www.paras.org.in

Auditors

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

Bankers

HDFC Bank
Rajbhavan Road, Hyderabad.

Andhra Bank
Corporate Finance Branch, Somajiguda,
Hyderabad

The Philosophy....

Vision

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

Mission

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

Values

- *Efficient Management*

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

- *Service*

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

- *Transparency*

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

- *Professional Excellence*

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

- *Performance*

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

Notice

Notice is hereby given that the Sixth Annual General Meeting of the Company will be held on Tuesday, the 10th September, 2013 at 12 p.m. at Hotel Daspalla, Road No. 37, Jubilee Hills, Hyderabad – 500 033 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet and the statement of Profit and Loss for the year ended 31st March, 2013 together with Directors' and Auditors' Report thereon.
2. To declare a dividend for the year 2012-13
3. To appoint a Director in place of Dr. Pamidi Kotaiah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri. M.Sivarama Vara Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. K.S.Rao & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorize the Board of Directors to fix their remuneration.

Special Business:

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

“RESOLVED THAT Sri. Rajeev Kumar Raizada, who was appointed as an Additional Director in the meeting of the Board of Directors of the company held on 29th June, 2013 and holds office as such up to the date of ensuing Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose Sri. Rajeev Kumar Raizada as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company and shall retire by rotation.”

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

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

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

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

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

By order of the Board

Place : Hyderabad

Dated : 29.06.2013

M. Gopalakrishnaiah

Whole-time Director

Notes

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

Item No.6:

Sri Rajeev Kumar Raizada , Field General Manager nominated by M/s. Punjab National Bank as their Nominee on the Board is appointed as an additional director at the meeting of the Board of Directors of the Company held on 29th June, 2013, . As per the provisions of the Section 260 of the Companies Act, 1956 he will hold office up to the date of the ensuing Annual General Meeting. The Board felt that his experience will be of immense use to the company for effective management and recommended his appointment as Director of the company.

Sri Rajeev Kumar Raizada may be deemed interested in the resolution as it relates to his appointment. None of the other directors of the company are interested in the resolution.

Item No.7:

The Authorized capital of the company is ₹150 crores and the present paid up capital of the company is ₹100 crores. The authorization given to the Board by the Members of the company at the 5th Annual General Meeting held on 2nd August, 2012 for allotment of the balance unissued shares will expire by 1st August, 2013. It is now proposed to seek approval of the members for issue of balance number of 50 Lakhs unissued equity shares. The information on proposed private placement as required under Unlisted Companies (Preferential Allotment) Rules, 2003 is as under:

- a. The price of proposed allotment of equity shares is to be decided by the Board of Directors from time to time.
- b. The proposed Price is to be fixed in accordance with the requirements of the Unlisted Companies (Preferential Allotment) Rules, 2003, and the basis of which shall be made available for inspection to Members at the registered office.
- c. The allotment of equity shares is proposed to be made to prospective promoters, their relatives, Banks, Financial institutions NRIs, PIOs and others.

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

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

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

By order of the Board

Place : Hyderabad
Dated : 29.06.2013

M. Gopalakrishnaiah
Whole-time Director

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 6th Annual Report and the audited accounts for the financial year ended 31st March, 2013.

Financial Results

The financial performance of the Company for the year ended 31st March, 2013 is summarized below:

(₹ in Lakhs)		
Particulars	2012-13	2011-12
Interest Income	1687.70	982.80
Interest on Fixed Deposits	77.33	270.79
Gain/Surplus on redemption/sale of SRs/Financial Assets	7.41	164.20
Fee and other Income	178.28	266.34
Total Income	1950.72	1684.13
Staff Cost	164.61	125.10
Other Expenses	251.68	90.41
Profit before Tax (PBT)	1534.43	1468.62
Provision for Tax	499.61	477.06
Profit after Tax (PAT)	1034.82	991.56
Profit brought forward from previous year	55.80	276.47
Profit available for Appropriation	1090.62	1268.03
Appropriations - Transfer to General Reserve	25.00	50.00
- Proposed Dividend including tax	1052.95	1162.23
Balance carried to Balance Sheet	12.67	55.80

Earnings Per Share of ₹100	(In Rupees)	10.35	9.92
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The Company's gross income for the financial year ended 31st March, 2013 is ₹1951 Lakhs when compared to ₹1684 Lakhs in the previous year. Profit Before Tax (PBT) of the company is ₹1534 Lakhs and net profit for the year is ₹1035 Lakhs. The Company's net worth as on 31st March, 2013 stood at ₹10187.67 Lakhs.

Management Discussion and Analysis

The Global as well as the Indian economy were subjected to a lot of strain and speculation in 2012-13. The Indian economy slowed to a 10 year low of 5% and this slowdown has affected all sectors of the economy. With a high inflation and high interest rates, the industrial growth has been as low as 1% during 2012-13. The cost of borrowing remained at elevated levels and had a detrimental effect on investments, exports and project implementation. The RBI maintained tight monetary policy and only exercised some relaxation in terms of decrease of CRR in the later part of the Financial Year.

These adverse market conditions severely affected the quality of loan assets of banks resulting in an exponential increase of NPAs in banks. The gross NPAs of Scheduled Commercial Banks alone has increased by nearly ₹ 35,000 crores during the year.

But ironically the performance of ARCs on debt acquisitions remained subdued on account of poor deal closures by banks on one side and meager resources position of ARCs on the other.

Notwithstanding the above, your company could successfully deploy all the available resources. However on resolution side, the company's performance was impacted on account of delinquency in some of the restructured accounts, failure to sell the secured assets on account of legal impediments, current recessionary market conditions in general, adverse investment and political climate prevailing in Andhra Pradesh in particular.

During the year, your company has raised ₹20 Crores (₹15 Crores by way of a Term Loan and ₹5 Crores by way of Cash Credit) from Andhra Bank to augment its resources for the purpose of acquisitions.

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

(₹ in Lakhs)		
Acquired	2012-13	2011-12
Number of seller Banks/FIs	3	13
Cost of acquisition	3101	3846

(₹ in Lakhs)		
Acquired	2012-13	2011-12
Number of Accounts	5	15
Amount recovered	1189	2149

Future Prospects

As per IMF, the global economy is expected to perform better during the current year. In the Indian scenario, reform measures undertaken to improve investment sentiments and fiscal situation are expected to revive growth in 2013-14. With promising monsoons the economic growth rate is expected to be between 6.1 % to 6.7% depending on the inflation rate. For the ARC industry the future looks much more promising with the FDI limit revised to 100%.The RBI mandate on compliance of BASEL III norms is expected to compel the Banks to reduce their NPA levels in the immediate future. With the recent amendments to SARFAESI Act, coupled with the slew of measures taken by RBI and Government to improve the economic situation, it is expected that the business of ARCs would grow substantially.

Report on Corporate Governance

Corporate governance refers to the system by which corporations are directed and controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stake holders) and specifies the rules and procedures for making

decisions in corporate affairs. Governance provides the structure through which corporations set and pursue their objectives, while reflecting the context of social, regulatory and market environment. Governance involves the alignment of interests among the stakeholders.

The company follows a policy on corporate governance based on fair and ethical governance practices and strives to attain high ethical standards of professionalism, honesty and integrity in all its actions.

Committees of Directors

Board

The Board of Directors is an apex body constituted by the shareholders for overseeing the overall functioning of the company. The Board advises and provides strategic direction to the company in the matters relating to its policies and their effectiveness and ensures that the long-term interests of the shareholders are served. The Chairman is assisted by the Directors and senior managerial personnel in overseeing the functional matters of the company.

Attendance of Directors at 4 Board Meetings and last Annual General Meeting held during 2012-13:

Name of Director	Category	Attendance at meetings during 2012-13	
		Board Meetings	Last AGM
Sri. D. Seetharamaiah, Chairman	Independent Director	4	Yes
Dr. Pamidi Kotaiah	Independent Director	4	Yes
Sri. K. Kannan	Independent Director	2	No
Sri. M. Siva Rama Vara Prasad	Promoter Director	4	Yes
Dr. Murali Krishna Prasad Divi	Promoter Director	2	No
Sri. M. Gopalakrishnaiah	Whole-time Director	4	Yes
Sri. S. Ranganathan	Director nominated by M/s. Punjab National Bank till 30.09.2012	2	Yes
Sri. Vepa Kamesam	Independent Director	3	Yes

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

Executive Committee

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

The Executive Committee is empowered to take decisions relating to sanction of proposals for acquisition of financial assets, investments in security receipts, reconstruction and resolution of

financial assets and matters relating to appointment of staff, fixation of their remuneration, promotions, etc. The Executive Committee also recommends policy matters to the Board.

The Committee met 6 times during the financial year 2012-13.

Audit Committee

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

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

The Audit Committee met 3 times during the financial year 2012-13.

Share Capital

There is no change in the capital structure of the company during the year 2012-13.

Dividend

Your Directors have recommended a dividend of ₹9 per equity share of ₹100 each aggregating to ₹1052.95 Lakhs (inclusive of dividend distribution tax of ₹152.95 Lakhs) for the financial year ended 31st March, 2013.

Transfer to Reserves

Your Directors propose to transfer ₹25 Lakhs to the General Reserve out of the amount available for appropriations and an amount of ₹12.67 Lakhs is proposed to be retained in the Profit and Loss Account.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association, Dr. Pamidi Kotaiah and Sri. M.Sivarama Vara Prasad retire by rotation at the ensuing General Meeting and being eligible, offer themselves for re-appointment.

Sri. S. Ranganathan, Director nominated by Punjab National Bank has retired on superannuation on 30th September, 2012 and Sri. Rajeev Kumar Raizada who has been nominated by the bank is appointed as Additional Director on 29th June, 2013. He retires at the ensuing Annual General Meeting. A member proposed his name as Director of the company. The Board recommends his appointment as Director to retire by rotation.

Auditors

M/s. K.S. Rao & Co., Chartered Accountants, Auditors of the company holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received a letter from M/s. K.S. Rao & Co., to the effect that their appointment, if made, would be within the permissible limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for appointment within the meaning of Section 226 of the said Act.

Fixed Deposits

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

Directors' Responsibility Statement

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

- (i) In the preparation of the annual accounts for the year ended 31st March, 2013, 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, 2013 and of the profit of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared the annual accounts of the Company for the year ended 31st March, 2013 on a going concern basis.

Particulars of Employees

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

Energy conservation, Technology Absorption, Foreign Exchange Earnings and Outgo

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



Acknowledgements

Your Directors would like to express their gratitude to the Shareholders, Reserve Bank of India, Banks, Financial Institutions, Government Authorities and other stake holders for the support extended.

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

For and on behalf of the
Board of Directors

Place : Hyderabad
Date : 29.06.2013

D. Seetharamaiah
Chairman





K.S. Rao & Co

CHARTERED ACCOUNTANTS

Auditors' Report

To the members of Pridhvi Asset Reconstruction And Securitisation Company Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of Pridhvi Asset Reconstruction And Securitisation Company Limited, Hyderabad (A.P.) which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and cash flow statement for the year then ended, and Summary of Significant Accounting Policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred in the sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the of Cash Flow statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance sheet, Statement of Profit and Loss, and Cash flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) on the basis of written representations received from the Directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - (f) Since the Central Government has not issued any notification as to the rate at which cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

For K.S. Rao & Co.,
Chartered Accountants.
Firms' Regn.No.003109S

(P. Govardhana Reddy)
Partner
Membership No.029193

Place : Hyderabad
Date : 29.06.2013

Annexure

Re: Pridhvi Asset Reconstruction and Securitisation Company Limited

1.
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets of the company were physically verified by the management and no material discrepancies were noticed on such verification.
 - c) During the year under report the company has not disposed of any of its fixed assets.
2. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and investments. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
3.
 - a) On the basis of our examination of the books of account and according to the information and explanations given to us, the company has entered into a transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
4. In our opinion, the company has formal internal audit system commensurate with the size and nature of its business.
5. According to the records, the company is regular in depositing with appropriate authorities all statutory dues as applicable and there were no disputed statutory dues outstanding.
6. The company has no accumulated losses at the end of the financial year and it had not incurred cash loss in the year under report and also in the preceding financial year.
7. The company has not defaulted in repayment of dues to a bank.
8. In our opinion the term loans were applied for the purpose for which the loans were obtained.
9. In our opinion and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
10. During the year, the company has not made preferential allotment of shares to the parties covered in the register maintained u/s.301 of the Act.

11. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.
12. The provisions of clauses 4(ii), 4(iii), 4(vi), 4(viii), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xix), 4(xx) of Companies (Auditor's Report) Order, 2003 are not applicable to the company for the year under report.

For K.S. Rao & Co.,
Chartered Accountants.
Firms' Regn.No.003109S

Place : Hyderabad
Date : 29.06.2013

(P. Govardhana Reddy)
Partner
Membership No.029193



Balance Sheet as at 31st March, 2013

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2013	As at 31.03.2012
Equity and Liabilities			
Share holders' funds			
Share Capital	02	10,000.00	10,000.00
Reserves and Surplus	03	187.67	193.96
		10,187.67	10,193.96
Non-current Liabilities			
Long-term borrowings	04	875.00	-
Deferred tax liability	26	3.11	2.73
Other long-term liabilities	05	623.24	974.26
		1,501.35	976.99
Current Liabilities			
Short-term borrowings	06	169.45	-
Trade Payables	07	2.00	5.54
Other current Liabilities	08	562.76	6.01
Short-term provisions	09	1,555.73	1,638.83
		2,289.94	1,650.38
Total		13,978.96	12,821.33
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	10	624.28	46.98
Intangible Assets		1.35	1.38
		625.63	48.36
Non-current investments	11	5,526.77	3,530.02
Long-term loans and advances	12	1,050.10	2,930.54
Other non-current assets	13	46.82	7.96
		6,623.69	6,468.52
Current Assets			
Current investments	11	5,079.79	781.25
Trade Receivables	14	1,020.86	347.14
Cash and bank balances	15	25.84	1,953.65
Short-term loans and advances	12	603.15	3,121.37
Other current assets	13	-	101.04
		6,729.64	6,304.45
Total		13,978.96	12,821.33
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 K.S. Rao & Co

Chartered Accountants

P. Govardhana Reddy

Partner

Place : Hyderabad

Date : 29.06.2013

For and on behalf of the Board

M.S.R.V. Prasad

Director

D. Nanha Ram

Chief Executive Officer

M. Gopalakrishnaiah

Whole-time Director

V. Vani

Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	Notes	2012-13	2011-12
Income			
Revenue from operations	16	1,871.84	1,408.07
Other income	17	78.88	276.06
Total revenue(I)		1,950.72	1,684.13
Expenses			
Employee benefits expense	18	164.61	125.10
Other expenses	19	94.74	70.81
Total (II)		259.35	195.91
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		1,691.37	1,488.22
Finance Costs	20	139.41	2.54
Depreciation	10	5.69	5.13
Preliminary expense written off		11.85	11.93
Profit before tax		1,534.42	1,468.62
Tax expenses			
Current tax		497.53	476.60
Prior period tax		1.69	
Deferred tax		0.38	0.46
Total tax expenses		499.60	477.06
Profit for the year from continuing operations		1,034.82	991.56
Earnings per equity share (Face Value ₹100/- each)	25		
Basic & Diluted		10.35	9.92

As per our report of even date
For K.S. Rao & Co
Chartered Accountants

For and on behalf of the Board

P. Govardhana Reddy
Partner

M.S.R.V. Prasad
Director

M. Gopalakrishnaiah
Whole-time Director

Place : Hyderabad
Date : 29.06.2013

D. Nanha Ram
Chief Executive Officer

V. Vani
Company Secretary

Cash flow statement for the year ended 31st March,2013

(₹ in Lakhs)

S.No	Particulars	Year ended 31.03.2013	Year ended 31.03.2012
A.	Cash flow from operating activities		
	Net Profit before tax and extraordinary items	1,534.42	1,468.62
	Adjustments for:		
	Depreciation	5.69	5.13
	Interest	(77.33)	(270.79)
	Preliminary expenses written off	11.85	11.93
	Operating profit before working capital changes	1,474.63	1,214.89
	Adjustments for:		
	Financial assets	(354.17)	(2,813.17)
	Trade and other receivable	105.50	313.50
	Trade and other payable	(292.58)	107.53
	Cash generated from operations	933.38	(1,177.25)
	Income tax paid	(556.35)	(601.48)
	Net Cash from operating activity	377.03	(1,778.73)
B.	Cash flow from investing activity		
	Purchase of fixed assets	(582.97)	(1.71)
	Interest received	178.38	268.78
	Security receipts (on redemption by trusts)	386.30	114.90
	Security Receipts-Investments	(2,831.00)	-
	Net cash used in investing activity	(2,849.29)	381.97
C.	Cash flow from financing activities		
	Secured loan from bank	1,544.45	-
	Dividend paid	(1,000.00)	(829.39)
	Net cash generated in financing activity	544.45	(829.39)
	Net increase in cash and cash equivalents (A+B+C)	(1,927.81)	(2,226.15)
	Cash and cash equivalents as at 31.03.2012	1,953.65	4,179.80
	Cash and cash equivalents as on 31.03.2013	25.84	1,953.65

As per our report of even date

For K. S. Rao & Co

Chartered Accountants

For and on behalf of the Board

P. Govardhana Reddy

Partner

M.S.R.V. Prasad

Director

M. Gopalakrishnaiah

Whole-time Director

Place : Hyderabad

Date : 29.06.2013

D. Nanha Ram

Chief Executive Officer

V. Vani

Company Secretary

Notes on financial statements for the year ended 31st March, 2013

1. Summary of significant accounting policies

a. Basis of Preparation:

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

b. Principal Accounting Policies:

Revenue Recognition:

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

c. Asset Classification and Provisioning thereon:

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

d. Fixed Assets:

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

e. Investments:

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

f. Rating of Security Receipts:

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

g. Employee Benefits:

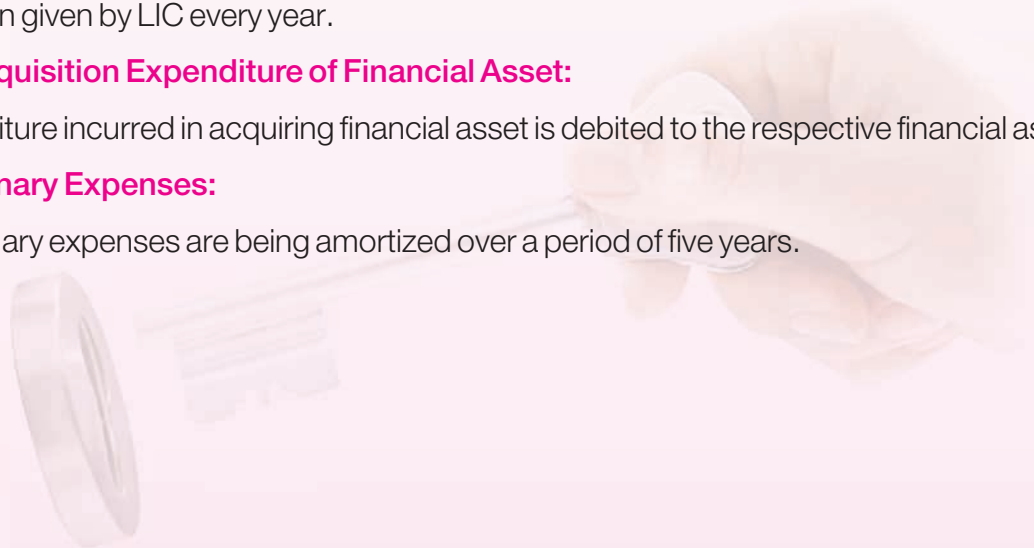
The company makes annual contribution to Gratuity Fund and Leave Encashment Fund administered by trustees and managed by Life Insurance Corporation of India based on actuarial valuation given by LIC every year.

h. Pre-Acquisition Expenditure of Financial Asset:

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

i. Preliminary Expenses:

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



Notes on financial statements for the year ended 31st March, 2013

2. Share capital

(₹ in Lakhs)

	As at 31.03.2013	As at 31.03.2012
Authorized shares 15,000,000 equity shares of ₹100/- each	15,000.00	15,000.00
Issued, subscribed and fully paid-up shares 10,000,000 equity shares of ₹100/- each	10,000.00	10,000.00

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

(₹ in Lakhs)

	As at 31.03.2013		As at 31.03.2012	
	Number	Amount	Number	Amount
At the beginning of the period	10,000,000	10,000.00	10,000,000	10,000.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	10,000,000	10,000.00	10,000,000	10,000.00

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 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 31.03.2013		As at 31.03.2012	
	Number	% holding	Number	% holding
Dr.Murali Krishna Prasad Divi	1,570,000	15.70%	1,570,000	15.70%
Smt.M.Rajya Lakshmi	1,519,101	15.19%	1,519,101	15.19%
Sri.M.Siva Rama Vara Prasad	1,189,753	11.90%	1,189,753	11.90%
Punjab National Bank	1,000,000	10.00%	1,000,000	10.00%

d. Shares reserved for issue under options

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

Notes on financial statements for the year ended 31st March, 2013

3. Reserves and Surplus

(₹ in Lakhs)

	As at 31.03.2013	As at 31.03.2012
General Reserve		
Balance as per the last financial statement	150.00	100.00
Add: Amount transferred from surplus balance in the statement of profit and loss	25.00	50.00
(A)	175.00	150.00
Surplus in the statement of profit and loss		
Balance as per last financial statements	55.80	276.47
Profit for the year	1,034.82	991.56
Less: Appropriations		
Proposed dividend on equity shares at ₹9 per share (31 st March 2012: ₹10 on equity share)	(900.00)	(1,000.00)
Tax on proposed dividend	(152.95)	(162.23)
Transfer to general reserve	(25.00)	(50.00)
Total appropriations	(1,077.96)	(1,212.23)
Net surplus in the statement of profit and loss (B)	12.67	55.80
Less: Miscellaneous expenses(to the extent not written off) (C)	-	(11.84)
Total reserves and surplus (A+B-C)	187.67	193.96

4. Long-term borrowings (Secured)

(₹ in Lakhs)

	Non-current portion		Current portion	
	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12
Term Loan from Andhra Bank	875.00	-	500.00	-

The term loan is secured by way of pledge of Security Receipts to the extent of 150% of the loan amount and hypothecation of present and future financial assets.

Rate of interest is 13.75% p.a. and repayable in 12 quarterly installments of ₹1,25,00,000 each beginning from 26th March, 2013.

5. Other long-term liabilities

(₹ in Lakhs)

	Non-current portion		Current portion	
	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12
Advance received for sale of assets	623.24	974.26	-	-

Notes on financial statements for the year ended 31st March, 2013

6. Short-term borrowings (Secured)

(₹ in Lakhs)

	As at 31.03.2013	As at 31.03.2012
Overdraft from Andhra Bank	169.45	-
Total	169.45	-

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 13.50% p.a. Over Draft limit is ₹5.00Crores and renewable every year.

7. Trade payables

(₹ in Lakhs)

	As at 31.03.2013	As at 31.03.2012
Trade payables (for services received)	2.00	5.54

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

8. Other current liabilities

(₹ in Lakhs)

	As at 31.03.2013	As at 31.03.2012
Current Maturities of Term Loan from Andhra Bank	500.00	-
Advance received from Borrowers pending Adjustment	9.00	4.50
Amounts received against sale of Assets	50.00	-
Other Payables		
(i). Statutory Remittances		
a) Tax Deducted at Source	3.29	1.49
b) Profession Tax	0.03	0.02
c) Service Tax	0.06	-
(ii). Outstanding Expenses	0.38	-
Total	562.76	6.01

9.Short term provisions

(₹ in Lakhs)

	As at 31.03.2013	As at 31.03.2012
Provision for income tax	497.53	476.60
Proposed equity dividend	900.00	1,000.00
Tax on proposed equity dividend	152.96	162.23
Audit fee	3.03	-
Group Gratuity policy premium	2.21	-
Total	1,555.73	1,638.83

Notes on financial statements for the year ended 31st March, 2013

10. Fixed Assets

I. Tangible Assets

(₹ in Lakhs)

S. No.	Description	Gross Block				Depreciation				Net Block	
		As at 31.03.12	Additions	Deletions	As at 31.03.13	Up to 31.03.12	For the year	Deletions	Up to 31.03.13	As at 31.03.13	As at 31.03.12
1	Buildings	-	571.80	-	571.80	-	-	-	-	571.80	-
2	Furniture and Fixtures	24.80	1.27	-	26.07	3.35	1.61	-	4.96	21.11	21.45
3	Data Processing Equipment	7.03	0.98	-	8.01	3.72	1.26	-	4.98	3.03	3.31
4	Office Equipment	11.35	0.62	-	11.97	1.29	0.57	-	1.86	10.11	10.06
5	Vehicles	16.04	7.90	-	23.94	3.88	1.83	-	5.71	18.23	12.16
6	Library	0.12	0.03	-	0.15	0.12	0.03	-	0.15	-	-
	Total	59.34	582.60	-	641.94	12.36	5.30	-	17.66	624.28	46.98
	Previous year	57.63	1.70	-	59.34	7.59	4.76	-	12.36	46.98	50.04

II. Intangible Assets

(₹ in Lakhs)

S. No.	Description	Gross Block				Depreciation				Net Block	
		As at 31.03.12	Additions	Deletions	As at 31.03.13	Up to 31.03.12	For the year	Deletions	Up to 31.03.13	As at 31.03.13	As at 31.03.12
1	Computer Software	2.21	0.36	-	2.57	0.83	0.39	-	1.22	1.35	1.38
	Total	2.21	0.36	-	2.57	0.83	0.39	-	1.22	1.35	1.38
	Previous year	2.21	-	-	2.21	0.47	0.36	-	0.83	1.38	1.74

Notes on financial statements for the year ended 31st March, 2013

11. Investments

(₹ in Lakhs)

Equity Shares	Non Current		Current	
	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12
Investment in special purpose vehicles (valued at cost unless stated otherwise)				
i) PARAS-ALIND-001 Trust 1500 (31 st March 2012:1500) SRs of ₹1,00,000 each	1,500.00	1,500.00	-	-
ii) PARAS-GSAL-002 Trust 1646 (31 st March 2012:2032) SRs of ₹1,00,000 each	468.75	1,250.00	1,177.20	781.25
iii) PARAS-DLBPF-005 Trust 52 (31 st March 2012:53) SRs of ₹1,00,000 each	-	53.00	52.00	-
iv) PARAS-PVSL-007 Trust 150 (31 st March 2012:150) SRs of ₹1,00,000 each	150.00	150.00	-	-
v) PARAS-SPCPL-008 Trust 65 (31 st March 2012:65) SRs of ₹1,00,000 each	65.00	65.00	-	-
vi) PARAS-VBL-010 Trust 415 (31 st March 2012:415) SRs of ₹1,00,000 each	415.00	415.00	-	-
vii) PARAS-VEAF-011 Trust 93 (31 st March 2012:93) SRs of ₹1,00,000 each	97.02	97.02	-	-
viii) PARAS-AAEL-012 Trust 2831 (31 st March 2012:Nil) SRs of ₹1,00,000 each	2,831.00	-	-	-
ix) PARAS-DRLL-019 Trust 600 (31 st March 2012:Nil) SRs of ₹1,00,000 each	-	-	600.00	-
x) PARAS-KIL-022 Trust 72976 (31 st March 2012:Nil) SRs of ₹1,000 each	-	-	729.76	-
xi) PARAS-LCSPL-018 Trust 380 (31 st March 2012:Nil) SRs of ₹1,00,000 each	-	-	380.00	-
xii) PARAS-MCSPL-020 Trust 430 (31 st March 2012:Nil) SRs of ₹1,00,000 each	-	-	430.00	-
xiii) PARAS-MMAL-017 Trust 400 (31 st March 2012:Nil) SRs of ₹1,00,000 each	-	-	400.00	-
xiv) PARAS-MRDI-016 Trust 51083 (31 st March 2012:Nil) SRs of ₹1000 each	-	-	510.83	-
xv) PARAS-SSHMC-021 Trust 800 (31 st March 2012:Nil) SRs of ₹1,00,000 each	-	-	800.00	-
Total	5,526.77	3,530.02	5,079.79	781.25

Notes on financial statements for the year ended 31st March, 2013

12. Loan and Advances

(₹ in Lakhs)

Description	Non-Current portion		Current Portion		Total	
	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12
Financial Assets						
Loan Assets-IDPL	-	397.75	-	-	-	397.75
Loan Assets-PPL	623.81	736.31	-	-	623.81	736.31
Loan Assets-KZIL	-	*281.25	-	*509.00	-	790.25
Loan Assets-MRDI	-	*285.00	-	*351.66	-	636.66
Loan Assets-MMAL	-	-	-	*489.36	-	489.36
Loan Assets-SPL	201.50	201.51	-	-	201.50	201.51
Loan Assets-LCPL	-	380.00	-	*21.98	-	401.98
Loan Assets-MCSL	-	*430.00	-	*30.31	-	460.31
Loan Assets-SSHC	-	-	-	*715.37	-	715.37
Loan Assets-DRLPL	-	*90.00	-	*519.38	-	609.38
Loan Assets-VRPF	146.22	123.00	111.09	21.26	257.31	144.26
Loan Assets-SBPL	-	-	115.81	-	115.81	-
(A)	971.53	2924.82	226.90	2658.32	1198.43	5583.14
Security Deposits						
Unsecured considered good	34.97	5.72	-	-	34.97	5.72
(B)	34.97	5.72	-	-	34.97	5.72
Advances recoverable in cash or kind						
Unsecured considered good	-	-	-	0.06	-	0.06
(C)	-	-	-	0.06	-	0.06
Other Loans and Advances						
Advance tax	-	-	300.00	307.00	300.00	307.00
TDS	-	-	58.56	133.50	58.56	133.50
Prepaid expenses	-	-	3.69	6.91	3.69	6.91
Service Tax(input) CENVAT credit	-	-	0.56	0.21	0.56	0.21
I.T. Refund Receivable(2009-10)	-	-	13.14	15.37	13.14	15.37
Advance For Expenses	-	-	0.30	-	0.30	-
Advance for premises	43.60	-	-	-	43.60	-
(D)	43.60	-	376.25	462.99	419.85	462.99
Total (A+B+C+D)	1050.10	2930.54	603.15	3121.37	1653.25	6051.91

* During the year the asset is transferred to trust account.

Notes on financial statements for the year ended 31st March, 2013

13. Other Assets

(₹ in Lakhs)

	Non-current portion		Current portion	
	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12
A. Unsecured and considered good Amount recoverable from trusts managed by the company				
Over six months	8.19	7.84	-	-
Others	38.63	0.12	-	-
(A)	46.82	7.96	-	-
B. Others items				
Over six months	-	-	-	-
Interest accrued on fixed deposits	-	-	-	101.04
(B)	-	-	-	101.04
Total (A +B)	46.82	7.96	-	101.04

14. Trade Receivables (Unsecured, considered Good)

(₹ in Lakhs)

	As at 31.03.13	As at 31.03.12
A. Amount recoverable from trusts managed by the company		
Over six months	-	-
Others	980.76	237.64
(A)	980.76	237.64
B. Other Receivables		
Over six months	36.50	-
Others	3.60	109.50
(B)	40.10	109.50
Total (A)+(B)	1020.86	347.14

15. Cash and Bank Balances

(₹ in Lakhs)

	As at 31.03.2013	As at 31.03.2012
Cash and cash equivalents		
Balances with Banks:		
in current accounts	25.69	178.41
in fixed deposits	-	1775.10
Cash on hand	0.15	0.14
Total	25.84	1953.65

Notes on financial statements for the year ended 31st March, 2013

16. Revenue from operations

(₹ in Lakhs)

	2012-13	2011-12
Interest earned	1,687.70	982.80
Gain on Redemption of Security Receipts	7.41	65.64
(A)	1,695.11	1048.44
Other Financial Services		
Management Fee	141.44	220.42
Advisory & Consultancy Fee	33.01	25.00
Processing Fee	2.28	15.65
Surplus on sale of financial assets	-	98.56
(B)	176.73	359.63
Total (A+B)	1,871.84	1,408.07

17. Other non-operating income

(₹ in Lakhs)

	2012-13	2011-12
Interest on FDs with Banks (TDS: ₹898,845/-)	77.33	270.79
Others	1.55	5.27
Total	78.88	276.06

18. Employee benefits expense

(₹ in Lakhs)

	2012-13	2011-12
Salaries, wages and bonus	149.23	118.56
Contribution to gratuity and leave encashment fund	15.38	6.54
Total	164.61	125.10

Notes on financial statements for the year ended 31st March, 2013

19. Other expenses

(₹ in Lakhs)

	2012-13	2011-12
Customer service expenditure	1.46	1.32
Electricity, water and house keeping	4.19	3.40
Rent	10.92	10.92
Rates and taxes, excluding taxes on income	3.49	1.26
Repairs and maintenance		
Plant and Machinery	1.23	0.81
Others	3.21	2.52
Vehicle maintenance	3.01	2.27
Insurance	3.60	4.48
Bid expenses	0.25	0.50
Sale/Possession Notice publication expenses	12.58	4.25
Travelling and conveyance	11.62	4.79
Communication costs	2.37	2.06
Legal and professional fees	13.95	11.61
Director's sitting fees	7.00	6.20
Board meeting expenses	2.55	1.34
Security expenses	6.09	6.19
Filing expenses	0.16	0.14
Printing and stationery	2.39	1.87
Enforcement of security interest expenses	0.34	-
Miscellaneous expenses	1.32	1.82
Payment to Auditors		
Audit fee	3.00	3.00
Certification fee	0.01	0.06
Total	94.74	70.81

20. Finance costs

(₹ in Lakhs)

	2012-13	2011-12
Interest expense	-	-
Term Loan	104.93	-
Overdraft	15.90	0.83
Interest on shortfall in payment of advance tax	2.90	1.57
Bank charges	15.68	0.14
Total	139.41	2.54

Notes on financial statements for the year ended 31st March, 2013

21. The Security Receipts issued by the trusts which are managed by the company as managing trustee are being rated by CARE and 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.
22. Employee benefits as per AS -15: As per actuarial valuation as on 31.03.2013 given by LIC of India and recognized in the financial statements in respect of employee gratuity and leave encashment benefit schemes.

i. Changes in present value of obligation as on 31.03.2013.

(₹ in Lakhs)

	Gratuity	Leave encashment
Present value of obligations at beginning of the year	3.44	8.59
Interest cost	0.28	0.68
Current service cost	1.19	4.36
Benefits paid	Nil	(10.36)
Actuarial (gain)/loss on obligations	3.37	3.87
Present value of obligations as at the end of year	8.28	7.14

ii. Changes in the fair value of plan assets as on 31.03.2013.

(₹ in Lakhs)

	Gratuity	Leave encashment
Fair value of assets at beginning of the year	2.63	13.52
Expected return on plan assets	0.44	1.11
Contributions	2.18	8.65
Benefits paid	Nil	(10.36)
Actuarial (gain)/loss on plan assets	Nil	Nil
Fair value of plan assets at end of the year	5.25	12.92

Notes on financial statements for the year ended 31st March, 2013

iii. Fair value of plan assets

(₹ in Lakhs)

	Gratuity	Leave encashment
Fair value of plan assets at beginning of the year	2.63	13.52
Actual return on plan assets	0.44	1.11
Contributions	2.18	8.65
Benefits paid	Nil	(10.36)
Fair value of plan assets at end of the year	5.25	12.92
Funded status	(3.03)	5.78
Excess of actual over estimated return of plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 st March)	Nil	Nil

iv. Actuarial Gain/Loss recognized as on 31.03.2013

(₹ in Lakhs)

	Gratuity	Leave encashment
Actuarial (gain)/loss on obligation	(3.37)	(3.87)
Actuarial (gain)/loss for the year – plan assets	Nil	Nil
Actuarial (gain)/loss on obligation	3.37	3.87
Actuarial (gain)/loss recognized in the year	3.37	3.87

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

(₹ in Lakhs)

	Gratuity	Leave encashment
Present value of obligations as at end of the year	8.28	7.14
Fair value of plan assets as at end of the year	5.25	12.92
Funded status	(3.03)	5.78
Net asset/(liability) recognized in balance sheet	(3.03)	(5.78)

Notes on financial statements for the year ended 31st March, 2013

vi. Expenses recognized in statement of Profit and Loss

(₹ in Lakhs)

	Gratuity	Leave encashment
Current service cost	1.19	4.36
Interest cost	0.28	0.68
Expected return on plan assets	(0.44)	(1.11)
Net actuarial (gain)/loss recognized in the year	3.37	3.87
Expenses recognized in statement of Profit and Loss	4.39	7.80

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

24. Related party disclosures

Name of the Party	Nature of Relationship
Sri. M. Sivarama Vara Prasad	Promoter Non-Executive Director
Dr. Murali Krishna Prasad Divi	Promoter Non-Executive Director
Sri. S. Ranganathan	Punjab National Bank Nominee Director
Sri.M.Gopalakrishnaiah	Whole time Director

Transactions with Related parties

(i) Remuneration to Directors

(₹ in Lakhs)

Particulars	2012-13	2011-12
Whole time Director		
Salary	11.20	9.70
Medical expenses reimbursed	0.36	0.36
Conveyance charges reimbursed	1.20	1.20
Telephone expenses reimbursed	0.24	0.24
Total	13.00	11.50

(ii) Purchase of Immovable Property (Office Premises)

(₹ in Lakhs)

	2012-13	2011-12
M.Sivarama Vara Prasad	531.19	-

Notes on financial statements for the year ended 31st March, 2013

25. EPS Calculation

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

(₹ in Lakhs)

Particular	2012-13	2011-12
Profit after tax	1,034.82	991.56
Weighted average number of shares	10,000,000	10,000,000

(In Rupees)

Basic EPS (Face value ₹100/- per share)	10.35	9.92
Diluted EPS	10.35	9.92

26. Taxes on Income (AS – 22)

(₹ in Lakhs)

Items of Deferred Tax Liability	2012-13	2011-12
Depreciation	9.60	8.41
Items of deferred tax assets	Nil	Nil
Deferred Tax Liability at current rate of tax	3.11	2.73

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

28. Additional Disclosures.

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

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

Sponsors:

(₹ in Lakhs)

Seller wise acquisition details as at 31 st March, 2013		
Sellers	Address	Acquisition Price
	Nil	

Notes on financial statements for the year ended 31st March, 2013

Non-Sponsors:

(₹ in Lakhs)

Seller wise acquisition details as at 31 st March, 2013		
Sellers	Address	Acquisition Price
Andhra Pradesh State Co-operative Bank Ltd.	Dr.Y.S.R. Shankara Bhavan, D.No.4-1-441& 512, Troop Bazar,Hyderabad-500 001	200.00
Axis Bank Limited	Corporate Office, Bombay Dyeing Mills Compound, PandurangBudhkarMarg,Worli, Mumbai - 400 025	700.00
Bank of Baroda	Baroda Corporate Centre, Plot No.26, G-26, BandraKurla Complex, Bandra (East), Mumbai-400 051	1726.00
Bank of India	Star House, C-5, "G" Block, BandraKurla Complex, Bandra (East), Mumbai-400 051	882.75
Central Bank of India	Corporate Office, ChanderMukhi, Nariman Point, Mumbai-400 021	144.00
Dena Bank	Dena Bank Corporate Centre, C-10, "G" Block, BandraKurla Complex, Mumbai-400 051	440.00
Deutsche Bank	DB House, HazarimalSomaniMarg, Fort, Mumbai-400 001	400.00
The Dhanalakshmi Bank Limited	Corporate Office, Naickanal, Thrissur-680 001.	550.00
The Federal Bank Ltd.	PB No.103, Federal Towers, Aluva-683101, Eanakulam, Kerala	60.00
ICICI Bank Limited	ICICI Towers, BandraKurla Complex, Bandra (E), Mumbai-400 051	550.00
IDBI Bank Limited	IDBI Towers, WTC Complex, Cuffe Parade, Mumbai-400 005	2509.40
IFCI Limited	IFCI Tower, 61 Nehru Place, New Delhi-110 019	512.86
Indian Bank	PB No.1384, 66, RajajiSalai, Chennai-600 001	676.20
Indian Overseas Bank	Central Office, PB.No.3765, 763, Anna Salai, Chennai-600 002	1152.00
ING Vysya Bank	22, M. G. Road, Bangalore-560 001	35.00
Indian Renewable Energy Development Agency Limited	Corporate Office, 3rd Floor, August KrantiBhawan, BhikaijiCama Place, New Delhi-110 066	653.00
Karur Vysya Bank	Erode Road, Karur-639 002	15.00
Kotak Mahindra Bank	36-38A, Nariman Bhavan,227, Nariman Point, Mumbai-400 021	380.00
The Lakshmi Vilas Bank Limited	Administrative Office, Salem Main Road, Karur-639 006	600.00
Oriental Bank of Commerce	Corporate Office, Plot No.5, Institutional Area, Sector-32, Gurgaon-122001	56.00

Notes on financial statements for the year ended 31st March, 2013

Non-Sponsors:

(₹ in Lakhs)

Seller wise acquisition details as at 31 st March, 2013		
Sellers	Address	Acquisition Price
Stressed Assets Stabilization Fund	IDBI Towers, WTC Complex, Cuffe Parade, Colaba, Mumbai-400 005	350.00
State Bank of Hyderabad	Hyderabad Bank Towers, Gun Foundry, Hyderabad-500 001	553.17
State Bank of India	Madame Cama Road, Mumbai-400 021	2688.26
State Bank of Travancore	Head Office, Poojappura, Trivandrum-695 102, Kerala	448.00
State Bank of Mysore	646, K.G.Road, Bangalore-560 009	80.00
ShikshakSahakari 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
	Total	16524.14

b) Dispersion of various financial assets industry-wise and sponsor-wise as at 31st March, 2013:

(₹ in Lakhs)

Industry	No. of borrowers	Acquisition Price	% of Total
Bio-chemical & pesticides	5	2758.23	16.69
Iron & Steel	2	2720.00	16.46
Power generation equipments, etc	3	4406.00	26.66
House hold appliances	2	1000.00	6.05
NBFC	11	882.50	5.34
Coir	1	792.26	4.80
Food products	2	977.75	5.92
Trading of House hold goods	2	700.00	4.24
Logistics	1	600.00	3.63
Textiles	4	535.00	3.24
Cold Storage	1	380.00	2.30
Pharma	3	256.40	1.55
Information Technology	3	187.00	1.13
Poultry Farm	1	144.00	0.87
Metals and mining	1	65.00	0.40
Plastics	1	50.00	0.30
Consumer durable loans	1	50.00	0.30
Asbestos roofing	1	20.00	0.12
Total	45	16524.14	100.00

(₹ in Lakhs)

c) Details of related parties as per Accounting Standard and guidance notes issued by the Institute of Chartered Accountants of India and the amounts due to and from them	Nil
d) A statement clearly charting therein the migration of financial assets from standard to non-performing	Nil
e) Value of financial assets acquired during the financial year either on the books of the company or in the books of the trusts	3101.00
f) Value of financial assets fully realized during the financial year	597.75
g) Value of financial assets including assets acquired through trust and outstanding for realization as at the end of the financial year	12077.31
h) i. Value of Security Receipts redeemed partially during the financial year	465.30
ii. Value of Security Receipts redeemed fully during the financial year	597.75
i) Value of Security Receipts pending for redemption as at the end of the financial year	11352.54
j) Value of Security Receipts which could not be redeemed as a result of non-realization of the financial asset as per the policy formulated by the Securitization company or Reconstruction company under Paragraph 7(6) (ii) or 7(6)(iii)	Nil
k) Value of land and/or building acquired in ordinary course of business of reconstruction of assets (year wise)	Nil

As per our report of even date

For K. S. Rao & Co

Chartered Accountants

For and on behalf of the Board

P. Govardhana Reddy

Partner

M.S.R.V. Prasad

Director

M. Gopalakrishnaiah

Whole-time Director

Place : Hyderabad

Date : 29.06.2013

D. Nanha Ram

Chief Executive Officer

V. Vani

Company Secretary

Accolades



Steel Exchange India Limited

Regd. Office : 303, My Home Laxminivas Apartments, Greenlands, Ameerpet, Hyderabad-500 016. A.P.
Phone : +91-40-23403725, Fax : +91-40-23413267
Corp. Office : 103, Vizag profile Towers, Kurmannapalem, Visakhapatnam-530 046. A.P.
Phone : +91-891-2587175, 2587573, Fax : +91-891-2766892, 2749218

URL : www.seil.co.in

E-mail : info@seil.co.in

Date : 11th March, 2013

Mr.Nanha Ram Devineni
Chief Executive Officer
Pridhvi Asset Reconstruction & Securitisation Company Ltd.,
Hyderabad

Dear Mr.Nanha Ram,

We are happy to inform you that we will soon be paying the amounts due to PARAS and closing our accounts with you, as the consortium of banks led by SBI have in principle agreed to sanction the required credit facilities to meet our growing operations of the newly acquired unit at Srirampuram, Visakhapatnam. At this juncture I would like to recall the immense support extended by you at every stage of our journey from the time we were associated with GSAL as strategic investors.

It was in the year 2009 when we approached you with a request to support us in our endeavor to revive the closed sponge iron unit of M/s GSAL (India) Ltd. Accordingly you had acquired the debts of the company from IDBI & ICICI banks. Subsequently we were inducted as strategic investors and because of your initiative and the strategy adopted by you in resolving legal issues, matters relating to DRT, BIFR, etc, we could overcome all the hurdles and stumbling blocks which cropped up before a 'Rehabilitation Scheme' was finally approved by the BIFR, which is now being implemented. Your understanding of the complex issues involved and the guidance and support extended by you at every stage provided the much needed comfort and relief to us in acquiring such a huge project.

The positive stand taken by PARAS before the BIFR in

- 1) Consenting to allow the GSAL to reverse huge accumulated loss in order to make the net worth positive, by agreeing to a steep reduction of your claim in the acquired debts.
- 2) Consenting to forego your rights on substantial part of equity pledged with the original lenders
- 3) In granting a comfortable repayment programme for payment of the acquisition cost

were the most critical factors which have undoubtedly influenced the smooth acquisition of GSAL by Steel Exchange India Ltd.



WORKS

Re-Rolling Division : Simhadri TMT Steels, Plot No. 1, I.D.A., J.N. Pharma City, Paravada Mandalam, Visakhapatnam - 531 021, Phone : +91-8924-247055, Fax : +91-8924-247685
Power Plant & Steel : Opp. Manadapalli New Bridge, Kothapeta, E.G. Dist. - 533 223. Telefax : +91-8855-244406
Melting Division : Plot No. 17 & 18, 'E' Block, IDA Autonagar, Visakhapatnam - 530 012. Telefax : 0891-2766437
Factory Unit - II : Srirampuram (Village), L. Kota Mandal, Kothavalsa, Vizianagaram District.
Integrated Steel : Phone +91-08966-277139, 277218, Fax : 08966-277134, 277144
Plant

Accolades



Steel Exchange India Limited

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URL : www.seil.co.in

E-mail : info@seil.co.in

You may recall that this case has been pending with BIFR since 1999. We are happy that SEIL has taken the responsibility of reviving the sick unit.

I am proud to claim that today this enterprise which was just a sponge iron unit when it was closed years back, is now on the verge of becoming an Integrated Steel Plant. After its acquisition by us we have added Steel Melting Shop, Rolling Mill and a 60MW power plant with the able support of our bankers. Here again such expansions could not have been possible if you had not given your consent for release of your charge on the corresponding landed properties.

I am glad to inform you that the power plant was successfully commissioned in the shortest possible time and inaugurated by Smt.D.Purandheswari, Hon.Minister, Govt. of India, in January 2013. The plant has been supplying power to our beloved state of Andhra Pradesh at a time the state was reeling under heavy power shortages.

In the process of revival we have settled all the statutory dues. More than anything else, it gives us immense satisfaction that we could re employ/provide additional direct and indirect employment to as many as 2000, majority of whom are locals.

All this would not have been possible but for your able support and professional guidance. I feel PARAS has truly justified the very purpose for which the ARCs are set up. I am sure PARAS under your leadership will continue to pursue its noble objectives in supporting the cause of viable sick units.

The Management and Staff of Steel Exchange India Ltd., join me in expressing our profound gratitude to the Management of PARAS and to you personally.

With regards

Yours sincerely



(Bandi Suresh Kumar)
Joint Managing Director

WORKS

Re-Rolling Division : Simhadri TMT Steels, Plot No. 1, I.D.A., J.N. Pharma City, Paravada Mandalam, Visakhapatnam - 531 021, Phone : +91-8924-247055, Fax : +91-8924-247685
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.... Value unlocked



Sponge iron unit of M/s. GSAL (India) Limited at Srirampuram, Vishakapatnam when sick and closed

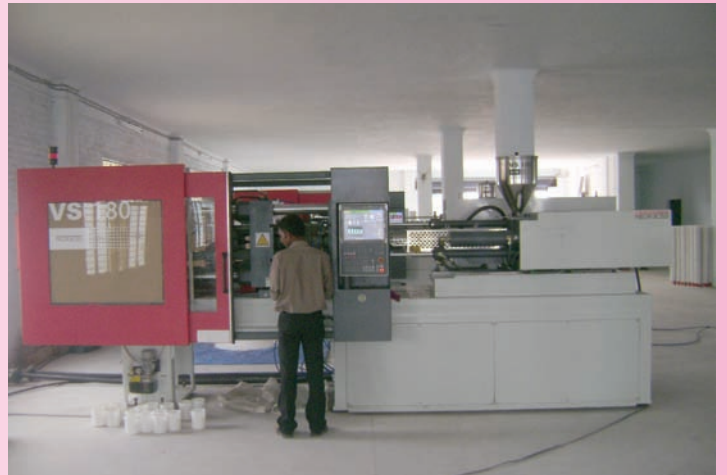


After revival by M/s. Steel Exchange India Limited with further addition of Rolling Mill & 60 MW Power Plant

.....Value unlocked



Pharma unit of M/s. World Wide Pharma Limited at Ghatkesar when sick and closed



After acquiring by M/s. Symbio Plast India Pvt. Limited manufactures of high grade plastics



PARAS

**Pridhvi Asset Reconstruction
And Securitisation Company Limited**

Registered & Corporate Office

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