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Registered Office

123/3 RT, 1st Floor,
Sanjeeva Reddy Nagar
Hyderabad-500038.
Email- co@paras.org.in

Corporate Office

503, Lake Melody Apts,
Katriya Hotel lane, Raj Bhavan Road,
Somajiguda, Hyderabad-500082.
Tel. 040-23371029, Fax. 040-23322326
Email- co@paras.org.in

Auditors

M/s K.S. Rao & Co.
Chartered Accountants
Flat No.403 & 404,
Golden Green Apartments,
Irrum Manzil Colony,
Hyderabad-500082.
Tel: 040 23370002

Bankers

Andhra Bank
S.R.Nagar Branch, Hyderabad.

HDFC Bank
Rajbhavan Road, Hyderabad.



Notice

Notice is hereby given that the Second Annual General Meeting of the Company will be held on Saturday, 27th June, 2009 at 10.00 AM at Hotel Katriya, Rajbhavan Road, Hyderabad to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss account for the Year ended 31st March, 2009 together with Directors and Auditors Report thereon.
2. To appoint a Director in place of Sri. D Seetharamaiah who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. Murali Krishna Prasad Divi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s K.S. Rao & Company., Chartered Accountants, Hyderabad, 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:

5. **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 269 read with schedule XIII and other applicable provisions if any, of the Companies Act 1956, Sri.M.Gopalakrishnaiah, the Whole Time Director of the company shall continue to act as a Whole Time Director for a further period of three years from the date of this Annual General Meeting.”

“RESOLVED FURTHER THAT the remuneration payable to Sri.M.Gopalakrishnaiah, Whole Time Director of the company be revised from Rs.30, 000/- to Rs.50, 000/- per month w.e.f., 01.08.2008”.

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

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

“RESOLVED THAT subject to the provisions of section 31 of the Companies Act 1956 and other applicable provisions if any, the Articles of Association of the Company be amended by inclusion of a new Article 117A after clause 117 reading as:

117 A) Subject to the provisions of sections 255 and 256 of the Act, in the event of the Company entering into an agreement or agreements for subscribing for shares of the Company with any Bank, State Government, Central Government or any Industrial Finance and Development Corporation or Financing Institutions, Venture Capital Funds (hereinafter known as "Institutions") and if the terms of the agreement or contracts of arrangement provide for the appointment of a person or persons as a Director or Directors, such "Institutions" shall be entitled to appoint such number of Directors hereinafter referred to as Special/Corporation Directors as may be agreed upon from time to time, and to remove any such Director or Directors so appointed from time to time and to appoint others in his or their place and to fill in vacancy caused by death or resignation of such

Director or Directors or otherwise ceasing to hold office. That such Special Directors shall not be required to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company in General Meeting."

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

"RESOLVED THAT Pursuant to Section 94 (1) of the Companies Act 1956 and other applicable provisions if any, subject to provisions of Memorandum and Articles of Association, the Authorized share capital of the Company be increased from Rs.100,00,00,000 divided into 100,00,000 equity shares of Rs.100/- each to Rs.150,00,00,000 divided into 150,00,000 equity shares of Rs.100/- each ranking pari passu with the existing shares in the Company. The existing clause 5(a) of the Memorandum of Association of the Company which reads as "the Authorized share capital of the Company is Rs.100,00,00,000 divided into 100,00,000 equity shares of Rs.100/- each," shall be substituted with :

5(a) "The Authorized share capital of the Company is Rs.150,00,00,000 (Rupees One Hundred and Fifty Crores only) divided into 150, 00,000 (One Crore Fifty Lakhs) equity shares of Rs.100/-(One Hundred only) each".

"RESOLVED FURTHER THAT for the purposes of giving effect to the above resolution the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable."

8. **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, not exceeding 48,94,990 (Forty Eight Lakhs Ninety Four Thousand Nine Hundred and Ninety only) Equity shares of Rs.100/- per Equity Share 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 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."



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

“RESOLVED THAT Sri.S.Ranganathan who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 26th May 2009 and who holds office as such up to the date of ensuing Annual General Meeting and in respect of whom notices have been received from some members signifying their intention to propose Sri.S.Ranganathan as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company.”

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

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

By Order of the Board

Place : Hyderabad
Date : 26.05.2009

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 Register of Members of the Company will remain closed from Wednesday, June 24, 2009 to Saturday, June 27, 2009, both days inclusive, for the purpose of Annual General Meeting .
- 5) The members are requested to intimate immediately any change in their address quoting their Registered Folio enabling the Company to address future communication.
- 6) Explanatory statement pursuant to section 173 (2) of the Companies Act 1956:

Item No.5

Sri.M.Gopalakrishnaiah, Director of the Company who had attained the age of 70 years was designated as a Whole-time Director under Section 269 read with Schedule XIII of the Companies Act 1956, by a Special Resolution passed in the Extra Ordinary General Meeting held on 19th April 2007 at a remuneration of Rs.30,000/- per Month. The Board of Directors of the Company in its meeting held on 14th August 2008 has revised his terms of remuneration from Rs.30,000/- to Rs.50,000/- per Month w.e.f. 01.08.2008 subject to approval in the ensuing Annual General Meeting.

Sri.M.Gopalakrishnaiah is having rich banking experience and has held very senior positions in the Indian banking sector. He has played a key role in the formation of the Company and has been rendering valuable support and guidance in achieving the goals of the Company. Considering the above, the Board opines that his continuance as a Whole-time Director will be of immense benefit to the Company. Accordingly the Board recommends for acceptance of the above resolution in the interest of the Company.

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

Other than Sri.M.Gopalakrishnaiah none other Directors are interested in the above resolution.

Item No.6

In the process of raising Equity/Borrowings, to augment share capital/ resources your Company is approaching various Banks, Financial Institutions and NBFCs. As of now Punjab National Bank and UCO Bank have contributed to the equity of your Company. As per the prevalent investment/sanction terms, the banks may stipulate for appointment of their Nominee on the Board of your company. To meet this requirement, an enabling provision in the Articles of Association is being incorporated for your approval.

As per Section 31 of the Companies Act 1956, the Company can alter the Articles of Association only with prior approval of the shareholders.

Your Directors recommend acceptance of the aforesaid resolution in the interest of the Company.

Sri S.Ranganathan may be deemed to be 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 present Authorized Share Capital of the Company is Rs.100,00,00,000 of which Rs.51.05 Crores has been paid up. The Board opines that considering the nature of the business of the Company, the existing share capital is not adequate and needs to be augmented. Therefore the Board proposes to recommend to the members to approve for increasing the existing Authorized Share Capital to Rs.150,00,00,000 (Rupees One Hundred and Fifty Crores only) and raise further funds for the Company.

Your Directors recommend acceptance of the aforesaid resolution in the interest of the Company.

None of the Directors of the Company are interested in the aforesaid resolution.

Item No.8

The shareholders of the Company at their 1st Annual General Meeting held on 19th June 2008 had resolved to issue 70 Lakhs Equity shares of Rs.100/- each to identified class of shareholders under Unlisted Companies (Preferential Allotment) Rules, 2003. The validity of the resolution expires on 18th June 2009. From the date of passing of the said Resolution, the Board of Directors of the Company had allotted only 34, 25,000 Equity shares of Rs.100/- each to identified investors till now. To renew the currency of resolution for unallotted portion of share capital and enhance the issued capital to Rs.100 Crores, the proposed resolution is submitted to the shareholders for approval. 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 Rs.100/- each.
- b) The proposed price has been arrived based on the Audited Annual balance sheet for the year 2008-09. The Board of Directors at their meeting held on 26th May 2009 have considered the issue price of Rs.100/- per each share taking into account the market sentiments and experience of the management of the Company and the price has been considered appropriate. A copy of the valuation certificate from M/s. K.S. Rao & Co, Chartered Accountants, Hyderabad, Statutory Auditors of the Company, certifying that issue of shares is being made in accordance with the requirements of the Unlisted Companies (Preferential Allotment) Rules, 2003 shall be placed before the share holders at the AGM and is available for inspection of Members at the Registered Office.
- c) The allotment of Equity shares is proposed to be made to prospective promoters, their relatives, Banks, Financial Institutions, NRIs, PIO and Others
- d) The object of the issue of shares through private placement is to attain main object of the Company namely facilitate acquiring of Stressed and 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 12 months from the date of receipt of such approval.
- h) There is no change in the Management Control after the private placement.

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



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

Item No.9

Pursuant to the Shareholders agreement dated 5th January, 2009 Sri.S.Ranganathan the Nominee of Punjab National Bank was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 26th May, 2009. 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 Company has received notice from a member signifying his intention to propose Sri.S.Ranganathan as a Director. The Board felt that his experience will be of immense use to the Company for effective management and recommended his appointment as a Director of the Company. Sri.S.Ranganathan would be appointed as a Nominee of the Bank on non rotational basis and his appointment would be subject to Article 117A of the Articles of Association of the Company.

Sri.S.Ranganathan 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. 10

The general down trend in the economy due to global recession and lack of enthusiasm amongst the investors has made marketing of Security Receipts difficult. In order to raise resources, it is contemplated to resort to borrowings for funding the acquisition of financial Assets.

Accordingly it is proposed to borrow loans/over draft from Banks for a sum not exceeding of Rs.100 Crores either in the form of issuance of debentures/bonds or by pledging available Security Receipts or both.

The current paid-up capital & free reserves of the Company are Rs.52.59 Crores, Under Section 293(1) (d) of the Companies Act 1956 the Company is restricted to borrow monies not exceeding the limits specified therein without a prior specific approval of the Shareholders. Since the proposed borrowing is exceeding the permissible limit, the Board recommends acceptance of the aforesaid resolution in the interest of the Company.

None of the Directors of the Company are interested in the aforesaid resolution.

By Order of the Board

Place : Hyderabad
Date : 26.05.2009

M. Gopalakrishnaiah
Whole-time Director



Directors' Report

Dear Shareholder,

Your Directors' have the pleasure in presenting the 2nd Annual Report on the business and operations of the Company together with Audited Accounts for the Financial Year ended 31st March, 2009.

Financial Results

(Rupees In Lakhs)

Particulars	2008-09
Fee Income	51.32
Interest Income from Trusts	64.85
Interest on Fixed Deposits	139.72
Total Income	255.89
Staff cost	34.27
Other Expenses	50.44
Profit Before Tax (PBT)	171.18
Provision for Tax	60.13
Profit After Tax (PAT)	111.05
Profit brought forward from previous year	43.08
Total	154.13
Appropriations-General Reserve @ 20%	22.00
Balance Carried to Balance Sheet	132.13

(In Rupees)

Earnings Per Share of Rs.100	4.46
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The company earned gross income of Rs.255.89 Lakhs for the year under review and earned a net profit after tax of Rs.111.04 Lakhs. As this is the first year of Business operations of the Company, the performance is not comparable with that of the previous year. The net owned fund as on 31st March 2009 stood at Rs.5211.51Lakhs.

Operations

The year under review saw the global economies reeling under the impact of recession and a string of bailouts and a resultant fall in the Equity indices which has vitiated the investment climate in the Country. This had an adverse effect on funding acquisition of Financial Assets. The market preference has also shifted from sale of assets on bilateral basis to sale by auction. The Banks have also developed a preference for cash exits instead of the Security Receipt route thus posing a great challenge to your Company in participating in the Cash Bids.

During the year 2008-09 your Company has acquired assets from 7 Banks with a total book value of Rs.78841.00 Lakhs at an acquisition cost of Rs.5148.17 Lakhs and issued Security Receipts to the seller Banks for Rs.495.00 Lakhs.

A summary of the Acquisitions and Resolutions is given below.

(Rupees In Lakhs)

	As at 31st March 2009
Acquisitions	
Number of Seller Banks	7
Book Value of Assets	78841
Cost of Acquisition	5148
Resolutions	
Number of Accounts	2
Cost of Acquisition	3098

Future Prospects

Your company has earned a net profit of Rs.111.04 Lakhs. The current downturn in economy is expected to result in manifold increase of Non Performing Assets (NPAs) in the near future, thus providing an opportunity to Asset Reconstruction Companies in acquiring and resolving stressed assets in a big way. In line with the prime objectives of your company, the focus would continue to be on acquisition of stressed assets meant for reconstruction/revival which would help the economy to tide over the recession while ensuring continuous cash flows to the Company. With regard to raising of resources for funding further acquisitions, your company will endeavor to:

1. Pursue Banks /Financial Institutions to invest in Security Receipts
2. Sell Security Receipts presently held by the Company
3. Issue hybrid products like Non Convertible Debentures/Bonds
4. Borrow from Banks by pledging available Security Receipts

Share Capital

The Board is happy to inform that:

- 1) The Company has received necessary approvals from the Government of India for investment in equity by Non Resident Indians up to Rs.3000 Lakhs.
- 2) Punjab National Bank and UCO Bank are participating in equity to the extent of 10% and 5% respectively after having obtained necessary approvals from RBI.
- 3) During the Year under report, 34,25,000 Equity shares of Rs.100/- each fully paid up were added to the capital of the Company. As a result, the paid up capital of the Company stands at Rs.51.05 Crores

Dividend

Considering the need for building resources to meet long term growth prospects, your Board of Directors do not recommend any dividend for the year ended 31st March, 2009.



Directors'

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

Sri. S Ranaganathan was co-opted as Additional Director with effect from 26th May 2009 and he holds office upto the date of ensuing Annual General Meeting. The Company has received notice from members signifying their intention to propose the candidature of Sri. S.Ranganathan as a Director of the Company.

Considering the need for appointment of nominee directors by various Institutional Investors, we propose to amend the articles of association enabling the appointment of Nominee Directors on our Board on non rotational basis.

Auditors

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

Fixed Deposits

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

Directors' Responsibility Statement

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

- 1) That in the preparation of the Annual accounts for the year ended 31st March, 2009, applicable accounting standards had been followed along with proper explanations relating to material departures.
- 2) That the Directors' selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- 3) That the Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this act to safe guard the assets of the Company and to prevent and detect fraud and other irregularities.
- 4) That the Directors' prepared the Annual Accounts for year ended 31st March, 2009 on a going concern basis.

Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo

As the Company is engaged in Asset Reconstruction and Securitization 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 Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are **not** applicable to the Company.

Particulars of Employees

The employee particulars required to be furnished in accordance with provisions of 217 (2A) (a) of the companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is as follows:

Name of the Employee & Age	Qualifications	Designation	Salary & perquisites	Previous employment
D.Nanha Ram Age : 57 Years	M.Sc	President & CEO	Rs.2,00,000 Per Month	General Manager, The Dhanlakshmi Bank Ltd, Thrissur

Committees of Directors

The Board of Directors deliberate on matters relating to corporate policy, strategy, and overall performance, whereas the operational matters and other critical areas and functions are delegated to the various committees of the Board. The constitution and the main functions of various committees constituted by the Board are given below.

Executive Committee

1. Sri. D. Seetha Ramaiah
2. Sri. M. Sivarama Vara Prasad
3. Dr. Murali Krishna Prasad Divi
4. Sri. M. Gopalakrishnaiah

The Executive Committee has been 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 related thereto. The Executive Committee also recommends policy matters to the Board.

Audit Committee

1. Sri. K.Kannan
2. Sri. D. Seetha Ramaiah
3. Dr. Pamidi Kotaiah
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 determination of their remuneration, review of the quarterly and annual financial statements before submission to the Board, review of the adequacy of internal control systems and the internal audit functions.

Acknowledgements

Your Directors gratefully acknowledge and appreciate the support extended by the Share Holders, Reserve Bank of India, Banks, Financial Institutions, Government Authorities and Others for their continued support, confidence and trust reposed in the company.

We place on record our appreciation for the hard work, dedication, sincerity exhibited by the employees at all levels and the contributions made by them.

For and on behalf of the Board

Place : Hyderabad
Date : 26.05.2009

Sri.D.Seetharamaiah
Chairman



Pridhvi Asset Reconstruction And Securitisation Company Limited

K. S. RAO & Co.,
Chartered Accountants

Flat No. 403 & 404,
Golden Green Apartments,
Irrum Manzil Colony,
Hyderabad - 500 082.

Auditors' Report

To the Members of PRIDHVI ASSET RECONSTRUCTION AND SECURITISATION COMPANY LIMITED, Hyderabad.

1. We have audited the attached Balance Sheet of PRIDHVI ASSET RECONSTRUCTION AND SECURITISATION COMPANY LIMITED, Hyderabad (A.P) as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet and Profit and Loss account dealt by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith and read with the notes thereon as per Schedule "M", give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
 - b. In the case of the Profit and Loss account, of the Profit for the year ended on that date.

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

P. Govardhana Reddy
Partner - Membership No. 29193

Place: Hyderabad
Date : 26.05.2009

Annexure

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

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The fixed assets of the Company were physically verified by the management and no material discrepancies were noticed on such verification.
c) None of the fixed assets were disposed off.
- 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 investments and purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- 3) a) On the basis of our examination of the books of account and according to the information and explanation given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
b) In view of our comment in paragraph above, clause v(b) of the aforesaid Order in our opinion is not applicable.
- 4) The Company has no formal internal audit system. There are however proper Internal control procedures in different operating areas commensurate with the size and nature of the Company's Business.
- 5) According to the records, the Company is regular in depositing with appropriate authorities all statutory dues as applicable and there were no disputed statutory dues outstanding.
- 6) In our opinion and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
- 7) During the year, the Company has made preferential allotment of shares to the parties covered in the register maintained u/s.301 of the Act and the price at which shares have been issued is not prejudicial to the interest of the Company.
- 8) Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.
- 9) The provisions of the clauses 4(ii), 4(iii), 4(vi),4(viii),4(x),4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi),4(xix),4(xx) of Companies (Auditors' report) order, 2003 are not applicable to the company for the year under report.

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

Place : Hyderabad
Date : 26.05.2009

P.Govardhana Reddy
Partner - Membership No.29193



Balance Sheet as at 31st March, 2009

Particulars	Sch. Ref.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
I. Sources of Funds			
1. Shareholders Funds			
a) Share Capital	01	510,501,000	168,001,000
b) Reserves and Surplus	02	15,413,268	4,308,392
c) Share Application Money		96,062,849	681,605
Total		621,977,117	172,990,997
II. Application of Funds			
1) Fixed Assets	03		
a) Gross Block		3,097,956	588,954
b) Less: Depreciation		192,819	26,710
c) Net Block		2,905,137	562,244
2. Investments in Security Receipts of Trusts	04	465,317,000	-
3. Current Assets, Loans and Advances			
a) Sundry Debtors	05	7,333,271	-
b) Cash and Bank balances	06	140,114,026	163,422,916
c) Loans and Advances	07	7,738,462	5,772,605
		155,185,759	169,195,521
Less: Current Liabilities and Provisions	08		
a) Liabilities		186,238	83,775
b) Provisions		6,007,836	2,639,252
		6,194,074	2,723,027
Net Current Assets		148,991,685	166,472,494
4. Miscellaneous Expenditure	09	4,763,295	5,956,259
Total		621,977,117	172,990,997
NOTES ON ACCOUNTS	12		

Per our report of even date

For and on behalf of the Board

For K.S.Rao & Co.
Chartered Accountants

M.S.R.V. Prasad
Director

M. Gopalakrishnaiah
Whole Time Director

Place : Hyderabad
Date : 26.05.2009

P. Govardhana Reddy
Partner

D. Nanha Ram
President & CEO

R. Sreenivasa Rao
Company Secretary

Profit and Loss Account for the year ended 31st March, 2009

Particulars	Sch. Ref.	Current Year Rs.	Previous Year Rs.
I. Income			
Management Fee		4,650,000	-
Advisory & Consultancy Fee		368,288	-
Interest from Trusts		6,485,312	-
Processing Fee		114,000	-
Interest from Fixed Deposits with Banks (TDS Rs.28,26,773/-)		13,971,616	8,747,281
Total Rs.		25,589,216	8,747,281
II. Expenditure			
Staff Cost	10	3,427,498	479,859
Establishment & Other Expenses	11	3,684,451	1,293,068
Depreciation	03	166,109	26,710
Preliminary Expenses written off		1,192,964	-
Total Rs.		8,471,022	1,799,637
III. Profit for the year before taxation		17,118,194	6,947,644
Less : Provision for taxation			
Previous years income tax paid		5,482	-
Current Tax Provision		5,941,914	2,632,000
Fringe Benefit Tax		65,922	7,252
IV. Profit After Taxation		11,104,876	4,308,392
Balance brought forward		4,308,392	-
		15,413,268	
Less : Transferred to General Reserve		2,200,000	-
V. Surplus Carried to Balance Sheet		13,213,268	4,308,392
		15,413,268	4,308,392
Earnings per share (Face value of Rs.100/- each)		4.46	4.05
NOTES ON ACCOUNTS	12		

Per our report of even date

For and on behalf of the Board

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

M.S.R.V. Prasad
Director

M. Gopalakrishnaiah
Whole Time Director

 Place : Hyderabad
Date : 26.05.2009

P. Govardhana Reddy
Partner

D. Nanha Ram
President & CEO

R. Sreenivasa Rao
Company Secretary



Schedules annexed to and forming part of the accounts
for the year ended 31st March 2009

Sl. No.	Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
01	Share Capital		
	Authorised 100,00,000 Equity Shares of Rs.100 /- each	1,000,000,000	1,000,000,000
	Total	1,000,000,000	1,000,000,000
	Issued, Subscribed and Paid up 51,05,010 (previous year 16,80,010) Equity Shares of Rs.100 /- each fully paid up	510,501,000	168,001,000
	Total	510,501,000	168,001,000
02	Reserves and Surplus	Balance as on 31.03.2009	Balance as on 31.03.2008
	General Reserve	2,200,000	-
	Balance in Profit and Loss account	13,213,268	4,308,392
	Total	15,413,268	4,308,392
04	Investments (At Cost, Long-Term)		
	Investments in Security Receipts of Trusts		
	i) PARAS-ALIND-001 Trust 1500 SRs - Face Value of Rs.100,000 each	150,000,000	-
	ii) PARAS-GSAL-002 Trust 2500 SRs - Face Value of Rs.100,000 each	250,000,000	-
	iii) PARAS-FBTL-003 Trust 59817 SRs - Face Value of Rs.1000 each	59,817,000	-
	iv) PARAS-DLBPF-005 Trust 55 SRs - Face Value of Rs.100,000 each	5,500,000	-
	Total	465,317,000	-
05	Sundry Debtors (unsecured and considered good)		
	Debts outstanding for a period of exceeding six months	-	-
	Others debts - Recoverable from Trusts		
	PARAS - ALIND - 001	255,791	-
	PARAS - GSAL - 002	6,651,312	-
	PARAS - FBTL - 003	396,639	-
	PARAS - LVPL - 004	1,000	-
	PARAS - DLBPF- 005	28,529	-
	Total	7,333,271	-

Fixed Assets

(Amount In Rupees)

Sl. No.	Description	Gross Block			Depreciation			Net Block	
		As at 31.03.2008	Additions	As at 31.03.2009	Upto 31.03.2008	For the Year	Upto 31.03.2009	As at 31.03.2008	As at 31.03.2009
1	Furniture and Fixtures	375,272	737,994	1,113,266	11,730	46,277	58,007	363,542	1,055,259
2	Data Processing Equipment (including software)	148,930	429,582	578,512	13,152	50,559	63,711	135,778	514,801
3	Office Equipment	64,752	474,513	539,265	1,828	11,069	12,897	62,924	526,368
4	Motor Car	-	863,370	863,370	-	54,680	54,680	-	808,690
5	Library	-	3,543	3,543	-	3,524	3,524	-	19
	Total	588,954	2,509,002	3,097,956	26,710	166,109	192,819	562,244	2,905,137
	Previous Year	-	588954	588,954	-	26710	26710	-	562244



Pridhvi Asset Reconstruction And Securitisation Company Limited

Sl. No.	Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
06	Cash and Bank Balances		
	Cash in hand	8,304	12,835
	Cash with Scheduled Commercial Banks		
	i) Current Accounts	4,355,722	910,081
	ii) Fixed Deposits	135,750,000	162,500,000
	Total	140,114,026	163,422,916
07	Loans and Advances (Unsecured, Considered good recoverable in cash or in kind or for value to be received)		
	Advance for expenses	5,890	-
	Advance paid to suppliers	30,000	-
	Deposit with suppliers	5,000	-
	Accrued interest	1,981,709	4,073,684
	Prepaid expenses	9,163	-
	Advance Tax and TDS	5,526,773	1,656,921
	Rental deposit	162,000	42,000
	Refundable deposit	10,000	-
	Fringe Benefit Tax	7,927	-
	Total	7,738,462	5,772,605
08	Current Liabilities and Provisions		
	a) Current Liabilities [No outstanding dues to Micro, Small and Medium Enterprises as per the provisions of Micro Small and Medium Enterprises Development Act 2006]		
	Creditors for other finance	37,933	-
	Creditors for expenses	148,305	83,775
		186,238	83,775
	b) Provisions		
	Provision for Income Tax	5,941,914	2,632,000
	Provision for Fringe Benefit Tax	65,922	7,252
		6,007,836	2,639,252
	Total	6,194,074	2,723,027
09	Miscellaneous Expenditure (to the extent not written off or adjusted)		
	Opening balance	5956259	5956259
	Less : Written off during the year	1192964	-
		4,763,295	5,956,259

Schedules annexed to and forming part of the accounts for the year ended 31st March 2009

Sl. No.	Particulars	Current Year Rs.	Previous Year Rs.
10	Staff Cost		
	Director's Remuneration	402,000	294,000
	Salaries and Allowances	3,025,498	185,859
	Total	3,427,498	479,859
11	Establishment and Other Expenses		
	Rent	537,000	210,000
	Electricity & Water charges	55,067	-
	House keeping charges	115,815	-
	Rates and Taxes	2866	-
	Communication cost	159,842	37,068
	Insurance	2,982	2,300
	Printing and Stationery	195,575	31,680
	Directors sitting fee	260,000	190,000
	Legal and Professional charges	787,669	21,000
	ARCs Association fee	500,000	-
	Filing Expenses	4,520	5,000
	Registrar & Security Transfer agent fee	10,000	-
	Repairs and Maintenance	124,636	-
	Travelling and Conveyance	577,631	196,975
	Vehicle Maintenance	68,119	-
	Miscellaneous Expenses	170,744	531,753
	Auditors' Remuneration		
	As Auditors	110,300	56,180
	For Certification	1,685	11,112
	Total	3,684,451	1,293,068



Schedule XII

Significant Accounting Policies

1. Basis of Preparation:

The accounting and reporting policies of the Company used in preparation of financial statements conform to 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. The Company follows accrual method of accounting and historical cost convention, except in respect of debt acquisitions where there are no recoveries and resolution strategy is pending finalisation.

The preparation of financial statements require that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities as on the date of financial statements, and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

2. Income & Expenses:

- (a) The Company sets up trusts as Special Purpose Vehicles (SPV) for acquisition of Financial Assets from Banks and Financial Institutions and acts as a management trustee and receives fee income (management fee, consultancy & advisory fee, incentive fee, processing fee, etc.) from such trusts. Such fees and the expenses incurred towards the cost of acquisition, resolution, protection, preservation, inspection, insurance, etc. of the assets acquired are recognized as per the provisions of respective trust deed/offer document. Such fees and expenses are recovered, on priority, out of any recoveries made by the trusts.
- (b) Interest income on deposits is accounted as per the contracted rates of interest with the concerned banks.
- (c) Interest income in respect of assets acquired, is not recognized in respect of such cases where the permissible planning period is not complete and/or the resolution strategy is not finalized.
- (d) Interest income in respect of assets acquired for revival/ reconstruction is recognized on accrual basis in accordance with the resolution strategy.

3. Asset Classification & Provisioning norms:

The company shall classify the assets 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.

4. Fixed Assets:

- (a) Fixed Assets are stated at cost less accumulated depreciation.
- (b) Depreciation is charged on straight line basis as per Schedule XIV of Companies Act, 1956.

5. Investments:

All investments are valued at lower of cost or realizable value, Investment of the Company in Security Receipts of the various trusts set up by the Company is carried at cost. Diminution, if any, based on NAV declared by the respective trusts shall be provided by charging it to Profit & Loss Account.

6. Preliminary Expenses:

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

Notes on Accounts

1. Reserve Bank of India granted certificate of Registration on 09.04.2008 to the Company to commence/carry on the business. Therefore, current year figures are not directly comparable with those of the previous year.
2. For the Current Year the trusts have not declared any NAVs since the trusts were in operation for a period of less than six months. However, in the opinion of the management the intrinsic value of the Security Receipts at the year end is more than the face value of the Security Receipts.
3. The Company has operation in single business segment and hence there are no requirements to be disclosed under AS 17 "Segment Reporting".
4. There are no related party transactions during the year ended March 31, 2009 which requires to be disclosed under AS 18 "Related Party Disclosures".
5. Director's Remuneration

(Amount In Rupees)

Particulars	Current Year	Previous Year (for part of the year)
Salary	3,72,000	2,76,000
Perquisites (Medical expenses reimbursed)	30,000	18,000
Total	4,02,000	2,94,000

6. EPS Calculation

The Company has raised additional capital of Rs.34.25 Crores during the financial year and the EPS calculation based on effective capital is as under:

Particulars	F.Y.2008-09	F.Y.2007-08
Capital at the beginning	Rs.16.80 Crores	
Effective Additional capital	Rs.34.25 Crores	Rs.16.80 Crores
Total Effective Capital	Rs.51.05 Crores	Rs.16.80 Crores
Weighted average number of share	2481517	1062093
PAT	Rs.1.11 Crores	Rs.0.43 Crores
EPS (Face value Rs.100/- per share) (In Rupees)	4.46	4.05

7. Previous year's figures are regrouped wherever necessary

8. Additional Disclosures:

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

- a) Name and addresses of the Bank/Financial Institutions from whom financial assets were acquired and the value at which such assets were acquired from each such Bank/Financial Institutions.



Sponsors

Seller wise acquisition details as at March 31st, 2009		
Sellers	Address	Acquisition Price (Rs. In lakhs)
Sponsors		NIL

Non-Sponsors

Seller wise acquisition details as at March 31, 2009		
Bank of Baroda	Star House, C-5, G Block, Bandra Kurla Complex, Bandra (E) Mumbai-400051	1500.00
IDBI Bank	IDBI Towers, Cuffe Parade, Mumbai-400 005.	1950.00
ICICI Bank	ICICI Towers, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051.	550.00
Deutsche Bank	DB House, Hazarimal Somani Marg, Fort, Mumbai – 400 001.	400.00
State Bank of India	Madame Cama Road, Mumbai	137.00
State Bank of Hyderabad	Hyderabad Bank Towers, Gun Foundry, Hyderabad – 500 001.	61.17
The Dhanalakshmi Bank Ltd.	Corporate Office, Naickanal, Thrissur-680001.	550.00
	Total	5148.17

b) Industry wise Acquisition of Financial Assets as at 31st March, 2009:

Industry	Number of Borrowers	Acquisition Price Rs. In Lakhs	% to Total
Diversified industry in power generation equipments, steel & material handling etc.,	1	1500.00	29.14
Iron & Steel	2	2720.00	52.83
Bio-chemical pesticides	1	598.17	11.62
NBFCs	11	125.00	2.43
Textiles	1	10.00	0.19
Asbestos Roofing	1	20.00	0.39
Pharma	1	2.00	0.34
Plastics	1	50.00	0.97
Heavy duty boiler	1	5.00	0.10
Information Technology	2	27.00	0.52
Chemicals	1	20.00	0.39
Others	4	71.00	1.38
Total		5148.17	100.00

c) Summary of Acquisitions and Resolutions

(Rs. In lakhs)

Particulars	During the Year		Upto the Year	
	Acquisition	Resolution	Acquisition	Resolution
Aluminium Industries Ltd.	1500	Under Planning Period	1500	Under Planning Period
Fortune Biotech Ltd.	598	598	598	598
GSAL (India) Ltd.	2500	2500	2500	2500
Dhanalakshmi Bank Ltd. (Portfolio of NPAs)	550	Under Planning period	550	Under Planning period
Total	5148	3098	5148	3098

d) Seller wise acquisition particulars

(Rs. In Lakhs)

Particulars	Seller	Dues Acquired	Acquisition Price
Aluminium Industries Ltd.	Bank of Baroda	20014	1500
Fortune Biotech Ltd.	Deutsche Bank, SBI & SBH.	2120	598
GSAL (India) Ltd.	IDBI & ICICI	43219	2500
Dhanalakshmi Bank Ltd. (Portfolio of NPAs)	Dhanalakshmi Bank Ltd.	13488	550
Total		78841	5148

e) Net Asset Value (NAV) position of the Financial Assets

Particulars	Rating	Face Value of SR	Net Asset value
Aluminium Industries Ltd.		Rs.1,00,000	Rs.15.00 Crores (Under Planning period)
Fortune Biotech Ltd.	Not rated	Rs.1,000	Rs.5.98 Crores
GSAL (India) Ltd.	NR 1 by Fitch Ratings (Chances of Recovery > 150%)	Rs.1,00,000	Rs.25.00 Crores
Dhanalakshmi Bank Ltd. (Portfolio of NPAs)		Rs.1,00,000	Rs.5.50 Crores (Under Planning period)

f) For the year 2008-2009; the Company has no accounts classified under Non Performing category.

Per our report of even date

For and on behalf of the Board

For K.S.Rao & Co.
Chartered Accountants

M.S.R.V. Prasad
Director

M. Gopalakrishnaiah
Whole Time Director

Place : Hyderabad
Date : 26.05.2009

P. Govardhana Reddy
Partner

D. Nanha Ram
President & CEO

R. Sreenivasa Rao
Company Secretary



(Amount in 000's)

Balance Sheet Abstract and Company's General Business Profile

1) Registration Details			
Registration No	53327	State Code	1
Balance sheet Date	31-03-2009		
2) Capital Raised During the Year			
Public issue	NIL	Bonus Issue	NIL
Rights issue	NIL	Private Placement	342500
3) Position of Mobilisation and Deployment of Funds			
Total liabilities	628170	Total assets	628170
Sources of Funds			
Paid-up Capital	510501	Reserves and Surplus	15413
		Secured loans	NIL
Application of Funds			
Net Fixed Assets	2905	Loans and Investments	465317
Net Current Assets & Advances	148992	Miscellaneous Expenditure	4763
4) Performance of the Company			
Turnover (Gross Income)	25589	Total Expenditure	8471
Profit Before Tax	17118	Profit After Tax	11105
Earnings Per share in Rupees	4.46	Dividend Rate %	NIL
5) Generic names of Principal Products/Services of the Company			
Item code	Acquisition of Non Performing Assets		
	Asset Reconstruction/ Securitisation		

Per our report of even date

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