



**KERALA STATE BACKWARD CLASSES
DEVELOPMENT CORPORATION LTD**

Annual Report

23rd

2017-18

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23rd ANNUAL REPORT

2017-18



KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED

(A Government of Kerala Undertaking)
CIN-U75122KL1995SGC008705

"SENTINEL", 2ND FLOOR,
TC 27/588(7) &(8),
PATTOOR, VANCHIYOOR P.O
THIRUVANANTHAPURAM-695035

ANNUAL REPORT 2017-18

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KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED

(A Government of Kerala Undertaking)

CIN-U75122KL1995SGC008705

NOTICE

Notice is hereby given that the 23rd Adjourned Annual General Meeting of the Shareholders of Kerala State Backward Classes Development Corporation Limited will be held on Saturday, the 30th March 2019 at 11.00 a.m at the Registered Office of the Company situated at "SENTINEL" IIInd Floor, TC 27/588 (7) & (8), Pattoor, Vanchiyoor P.O, Thiruvananthapuram-695035 to transact the following businesses.

"(1) To receive, consider, approve and adopt the Directors' Report, Audited Accounts for the year ended 31st March 2018, Auditor's Report, the comments of the Comptroller & Auditor General of India, the Comments of the Finance Department and the replies thereon.

(2) To appoint R. Venkitachalam & Associates, Chartered Accountants as the Statutory Auditors of the Company for the Financial Year 2018-19."

By the order of the Board

For Kerala State Backward Classes Development Corporation Limited.,

14/03/2019
Thiruvananthapuram

Sd/-
R.Ram Ganesh
Company Secretary



BOARD OF DIRECTORS



T.K. Suresh
Chairman



K. Narayan
MD, NBCFDC



Md. Shahbaz Ali
CMD, NMDFC



Gopi Kottamurickal
Ex. MLA



A.P. Jayan



A. Mahendran



Kannan T.



Ferold Xavier SD
Additional
Secretary, Finance



Suresh Kumar P.N.
Joint Secretary,
BCDD



Sarada S
Director, BCDD



K.T. Balabhaskaran
Managing Director

Head Office - Senior Managers



R. Ram Ganesh
Company Secretary &
General Manager (F&A)
i/c



Sabu S.
General Manager
(HRM & Admn)



B. Sherafudeen
General Manager (Projects)





Ahead of the Curve

Dear Shareholders,

It gives me great pleasure to place before you the activity report of your company during the financial year 2017-18. Details of the achievements and initiatives taken by your company are provided in the enclosed Annual Report for the year 2017-18.

Incorporated in the year 1995, Kerala State Backward Classes Development Corporation (KSBCDC) has been striving for the past 23 years to uplift the poor and the backward. Our journey so far has been marked with prompt, polite and proactive approach to the customers, going beyond the call of duty to make them feel valued. With a vision to reach greater heights, your company has taken committed efforts to better its outreach, service delivery mechanism and financial performance during the year 2017-18.

Over the years, your company has supported more than 4.66 lakh families (as on 31st Mar 2018) through various loan schemes. Your company's sources of funds are loans from National Backward Classes Finance and Development Corporation (NBCFDC) and National Minorities Development and Finance Corporation (NMDFC), budgetary support from Government of Kerala and own accruals.

Disbursement

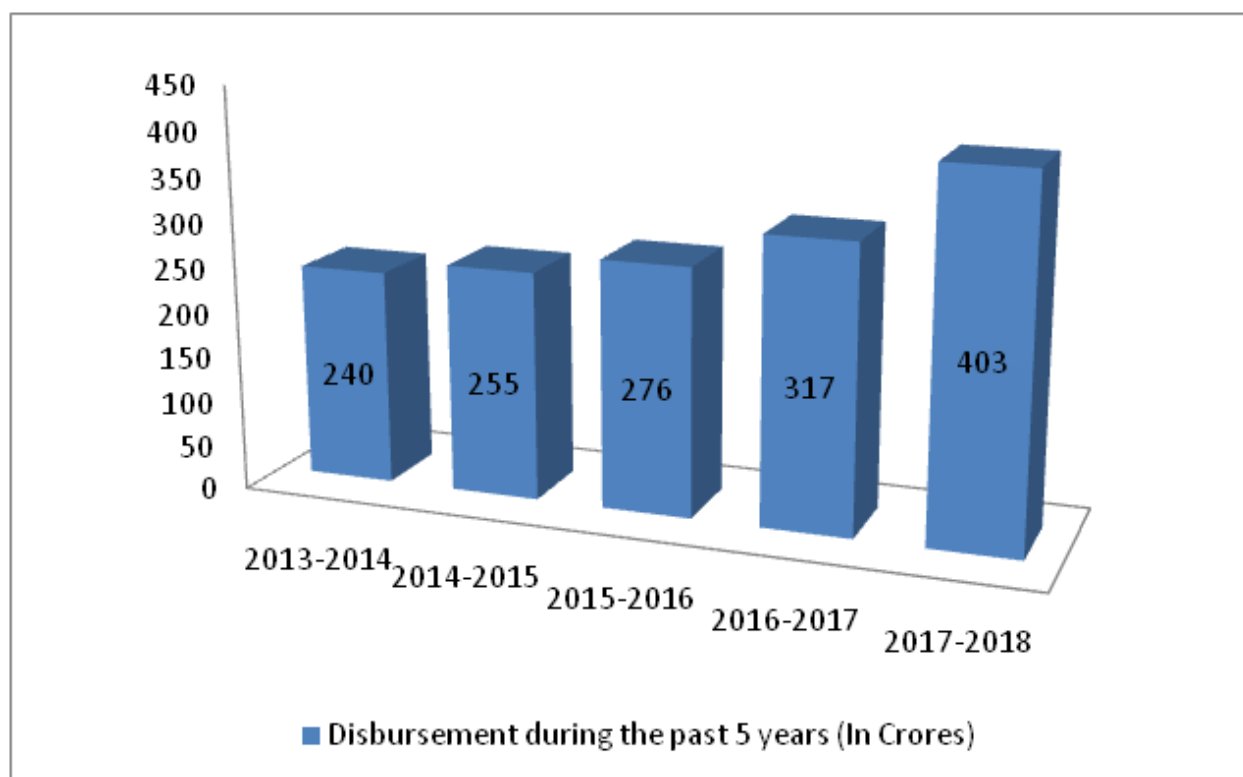
During 2017-18, we targeted a disbursement of Rs. 350.00 Crores as against the previous years (2016-17) disbursement of 317.00 Crores.

Surpassing the target, we achieved a disbursement of 402.86 Crores during the year. 45757 beneficiaries were assisted during the year.

Fund wise break of the disbursement is given below:

Loans from National Backward Classes Finance and Development Corporation (NBCFDC)	Rs. 110.00 Crore
Loans from National Minorities Development and Finance Corporation (NMDFC)	Rs. 80.00 Crore
Budgetary Support from Government of Kerala	Rs. 10.50 Crore
Own accruals	Rs. 202.36 Crore
Overall	Rs. 402.86 Crore

- Rs.135.07 Crores to 6572 beneficiaries under Individual Self Employment Loan Schemes.
- Rs.84.89 Crores to 30603 women under Micro Credit Loan Schemes.
- Rs.31.64 Crores to 796 meritorious students for pursuing their higher education.
- Rs.59.39 Crores to 3352 beneficiaries for the marriage of dependant girl.
- Rs.39.18 Crores to 2196 beneficiaries under Suvarnasree (Multi-Purpose) Loan Scheme.
- Rs.47.80 Crores to 2016 beneficiaries under Personal Loan Scheme.
- Rs.4.89 Crores to 222 beneficiaries under other schemes.



Repayment from Beneficiaries

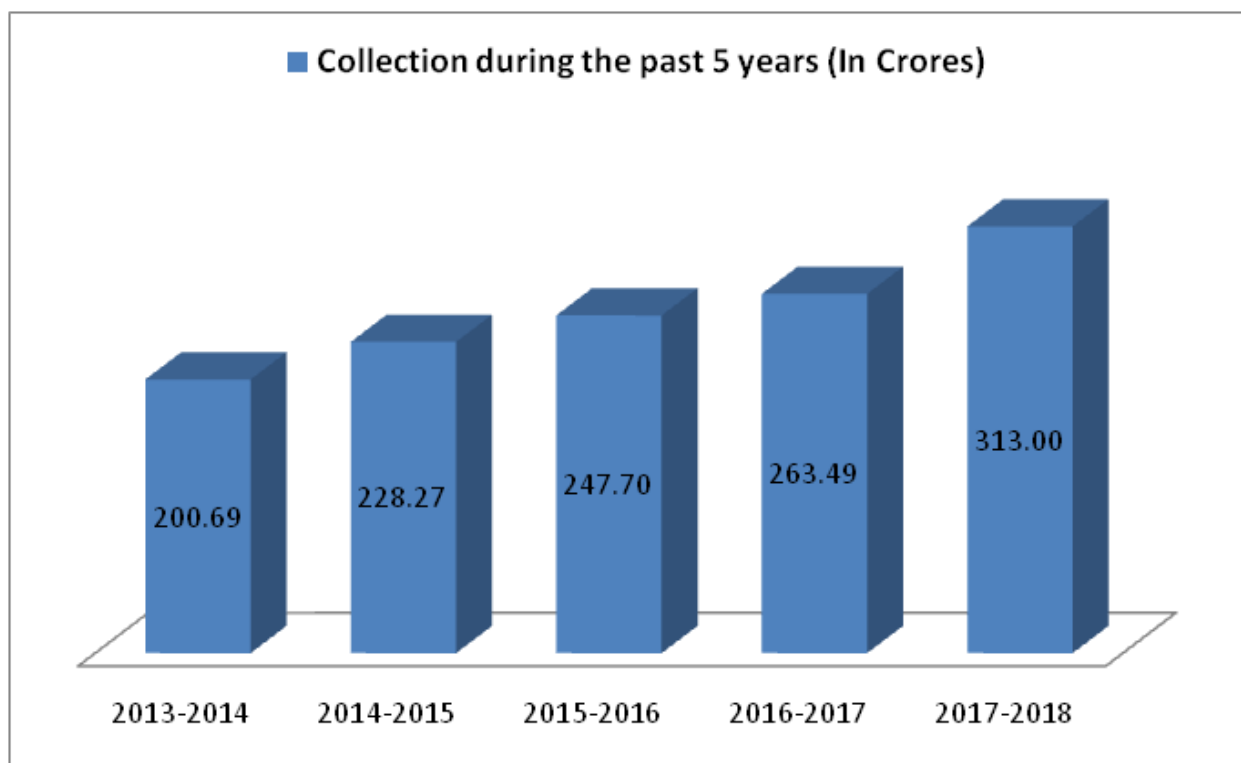
Loan Disbursement and Repayment are like two sides of a coin. Slackness in one department will affect the progress of the other. Hence your company gives prime importance to maintaining a good recovery rate.

Rs. 313.00 Cr was collected from beneficiaries during 2017-18 towards repayment of loan instalments. This is Rs. 49.51 Crores more compared with previous year (Collection during 2016-17 – Rs. 263.49Crores)

With the objective of strengthening the recovery activities, two training programmes for recovery staff were conducted during the year. Unit level recovery cells were strengthened and a monthly reporting system was introduced.

Special focus was given for closing the loan files wherein the repayment period has been elapsed. As a result of these strenuous efforts, 2554 such loan files out of the total 5045 files were closed during the year.

Cumulative recovery as per the DCB for the month ended March 2018 is 97.36 %.



New Loan Schemes

With the objective to serve better the target group, your company introduced 3 new loan schemes during 2017-18.

Re-Turn Loan Scheme was introduced for assisting the returned NRKs to find a reasonable steady income for their livelihood. Loan up to Rs. 20.00 lakhs is sanctioned under the scheme for starting new self employment ventures. NORKA ROOTS releases capital subsidy of 15% of the project cost, subject to a maximum of Rs. 3.00 lakhs and interest subsidy of 3% for the first 4 years, to those beneficiaries who are regular in payment.

Start-Up Loan Scheme was launched for aiding the OBC Professionals to start self employment ventures. Loan up to Rs. 20.00 lakhs is sanctioned under the scheme. Backward Communities Development Department (BCDD) releases capital subsidy of 20% subject to a maximum of Rs.2.00 lakhs to beneficiaries under this scheme.





State level inauguration of Loan Disbursement under the Re-Turn & Start-Up loan schemes was held at Mascot Hotel, Thiruvananthapuram on 19-03-2018. Honourable Chief Minister of Kerala, Sri. Pinarayi Vijayan inaugurated the schemes in the presence of Sri. A. K. Balan, Honourable Minister for Welfare of SC/ST and OBCs, Law, Culture and Parliamentary Affairs and several other dignitaries.

Your company also launched a new housing loan scheme for OBCs - ENTE VEEDU. Loan up to Rs. 10.00 Lakhs will be sanctioned under the scheme for constructing houses to beneficiaries with no house of their own.

In addition, the annual family income limit of KSBCDC loan schemes was increased and loan amount under various schemes were enhanced to benefit the customers.

Spreading Awareness

Your company is always determined to serve better the target groups. In order to reach out to the poor and downtrodden, your company gives advertisement in print and electronic media, issue press release, distribute pamphlets and other information materials and display advertisement in cinema theatres.



Another effective mechanism for spreading awareness is to conduct awareness camps across the State. Prospective beneficiaries are invited to these programs. Disbursement of loans is also done in these Camps. Inaugural functions of these camps are often attended by prominent personalities. During the year your company organised 22 such Camps.

Micro Credit Workshops for Kudumbashree CDSs

Your company has been implementing the Micro Credit Scheme through Kudumbashree CDSs since 2009. Loan sanctioned to CDSs is distributed by them to their Neighbour Hood Groups (NHGs) and the NHGs in turn give loan to its members. As details up to beneficiary level has to be submitted for availing this loan and several eligibility conditions related with the thrift of the NHGs, Caste/Religion



of the Members etc has to be satisfied, an online module is developed by your company for application submission, evaluation and loan sanctioning. This user friendly module facilitates data entry by the CDSs itself.

For imparting training in online application submission as well as to explain the loan scheme, your company has organised 7 Micro Credit Workshops during 2017-18. Representatives of local bodies and Kudumbashree CDSs who had shown interest in the scheme were invited to these workshops and detailed training in the software was imparted to them.

Promoting Women Empowerment through Entrepreneurship

During 2017-18, your company disbursed Rs. 84.89 Crores under Micro Credit Loan Scheme to assist to 30603 women belonging to 101 Kudumbashree CDSs and 12 NGOs. This loan disbursed at 2.50 – 3.50% interest p.a is a great help to these women to improve their livelihood.





Scholarship for Meritorious Students

With the objective of promoting economically backward students who have passed the +2 examination with A+ grade in all subjects, your company has instituted one time scholarship since 2013-14. The scheme is implemented as part of the Corporate Social Responsibility Scheme (CSR) of the Corporation.

During 2017-18, Rs. 95.75 lakhs was disbursed under the scheme @ 5000/- per student. State level inauguration of the scholarship distribution during the year was held on 28-10-2017 at Kozhikode.





District level functions were organised in other districts to distribute scholarship to eligible students from the respective districts.

Exhibition cum Trade Fair

With the objective to assist the beneficiaries who have availed loans under Self Employment related schemes including Micro Credit to find market for their produce, your company organises Exhibition cum Trade Fairs in various parts of the State. Stalls are allotted free of cost to the beneficiaries. In addition, TA/DA and free accommodation is provided. Exhibits are transported to the Venue and balance items, if any are also transported back at the end of the event.

In addition to beneficiaries assisted by your company, beneficiaries of other similar Corporations/ PSUs as well as beneficiaries of various State Channelizing Agencies from various parts of the Country also participate in these exhibitions.

During 2017-18, your company organised one such Exhibition at EMS Stadium, Alappuzha from 2017





December 26th to 2018 January 2nd. Wide varieties of exhibits were displayed in more than 100 stalls. More than 1 lakh people visited this exhibition and sales turnover was around Rs. 1.25Crores.

Various cultural programs were also organised as part of the event. Entry to the exhibition was free.

In addition, your company has also actively participated in the exhibitions organised in various Districts during May 2018 to commemorate the 2nd Anniversary of the present Government of Kerala. Your company has also sponsored beneficiaries for exhibitions held in other parts of the Country.



Skill upgradation and modernization of Traditional Craft

It has been noticed that the socio-economic status of OBCs in Kerala engaged in traditional occupations is pathetic. The traditional artisans constitute the vast chunk of labour in the unorganized sector. Other than inherited skill, these artisans possess neither formal education nor income-generating assets. Besides poverty, these groups are also victims of social and economic exclusion, since there is hardly any major initiative for their inclusive development.

In order to uplift such traditional communities, your company took a humble step during 2017-18. A scheme for Skill-upgradation and modernization of Traditional Craft among the Pottery workers of Kavassary in Palakkad District was taken by your company. National Backward Classes Finance and Development Corporation (NBCFDC) supported this initiative as part of their Corporate Social Responsibility (CSR) Scheme.

Total of 50 families living below the poverty level were selected for the assistance. They were provided Entrepreneurial and skill up gradation training so as to equip them to produce products with high quality standards and also to facilitate successful management of their unit. Also Pug mills





and Pottery Wheels were distributed to these families and amount to procure clay was also provided.

Implementation of this scheme in systematic and time phased manner was widely applauded. NBCFDC presented your company with the “Excellence Award” for the implementation of this project.

Your company is committed to take up such newer initiatives for improving the living standards of traditional OBC communities.

BPE Rating

Your company has the honour to inform that we have been graded 7th in terms of profitability in the report for the year 2017-18 by the Bureau of Public Enterprises, Kerala.

Steps to Improve Performance

Your company sets unit wise targets annual targetfor loan disbursement and monthly target for recovery.Achievement of the units against the targets isreviewed on a day to day basis and is displayed in thehome screen of the application software – BCDCOnline.Also monthly review letters are sent to all unitsand Quarterly Review Meetings attended by the ManagingDirector, Senior Managers, all Unit Managers,Assistant Managers and concerned section heads atunit offices is held during every quarter to criticallyevaluate the performance of all units. This exercisearso helps in improving our performance.



● Your Company also provides training to its personnel on a regular basis to maximise their output. During 2017-18, every staff have been provided at least one training. .

Also the Company has introduced PerformanceAward for the best performing unit offices. This



award which includes memento and cashaward is yet another measure which inculcates aspirit of competitiveness among all Units and therebyimproving the overall performance.

Foundation Stone for District Office, Kollam

Foundation stone for the District Office, Kollam was laid on 18-03-2018. A 7000 square feet building with all modern amenities will be constructed in the 10 cents of land allotted on lease to tyour company by the Government. Currently, all our offices are operating on rented premises and our efforts



to relocate to own premises will soon materialise in several other districts also.

Way Forward

Road ahead is expected to be challenging, as the after effects of the devastating floods puts certain constraints in the recovery side and the stringent RBI prudential norms is yet another aspect that could dig into our profit.

Yet we anticipate that the odds could be overcome with determination and tireless efforts and expect the year ahead to be more promising.

We express our profound gratitude to the Government of Kerala, National Backward Classes Finance and Development Corporation (NBCFDC) and National Minorities Development and Finance Corporation (NMDFC) for the support extended to us throughout this journey, our customers for their trust and cooperation and our employees for their tireless efforts towards achieving our goals.



KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED

(A Government of Kerala Undertaking)

CIN-U75122KL1995SGC008705

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty Second Annual Report on the business, operations and achievements of your Corporation together with the Audited Annual Accounts for the year ended 31st March 2018.

As you may be aware, your Corporation was incorporated on 28th February, 1995 under the Companies Act 1956 wholly owned by the Government of Kerala under the administrative control of the Backward Communities Development Department and is a Non-Banking Finance Company registered with RBI.

The Authorized share capital of the Corporation is Rs.150 Crores out of which equity shares worth ₹.135.35 Crores has already been issued. The main objective of the Corporation is the uplifting of the Backward Classes and Minority Communities within the State of Kerala and this is by way of rendering financial assistance, setting up self-employment ventures and also by undertaking such other welfare activities.

1. Operational activities and working results

Financial Results	For the year ended 31st March 2018 (₹. In lakhs)	For the year ended 31st March 2017 (₹. In lakhs)
A. INCOME		
Interest Earned	6749.28	5303.74
Other Income	384.94	252.99
	7134.22	5556.73
B. EXPENDITURE		
Finance Costs	1817.92	1657.20
Payment & Provision for Employees	1601.03	1171.52
Administrative and Other Expenses	955.21	510.82
Depreciation	30.82	33.05
	4404.99	3372.59
Net Profit (A-B)	2729.22	2184.14

The profit earned by the Corporation during the period under report is ₹ 2729.22 Lakhs as against ₹ 2184.14 Lakhs during the 22,032.78 lakhs which includes Special Reserve of ₹ 364.02 lakhs in the 'Loanees' Distress Relief Fund.

2. BOARD OF DIRECTORS

The appointment and cessation of Chairmanship and Directorship during the relevant accounting year 2017-18.

Name	Designation	Date of Appointment	Cessation
Shri. E.K. Prakash	Director	05.08.2014	26.10.2017
Shri.K.Narayan	Director	07.06.2016	Continuing
Shri.K.T.Balabhaskaran	Managing Director	20.07.2016	Continuing
Smt.P.Snehalatha	Director	13.10.2016	11.08.2017
Shri.SangeethChakrapani	Chairman	14.11.2016	21.11.2018
Shri.MD.Shahbaz Ali	Director	19.12.2016	Continuing
Shri.V.S.Mohammed Ibrahim	Director	17.01.2017	30.04.2017
Shri.Gopi Kottamurickal	Director	03.02.2017	Continuing
Shri.A.Mahendran	Director	03.02.2017	Continuing
Shri.A.P.Jayan	Director	03.02.2017	Continuing
Shri.P.Pughazhendhi I.F.S	Director	24.07.2017	Continuing
Shri.Suresh Kumar P.N	Director	16.09.2017	Continuing
Shri.V.Rajappan	Director	26.10.2017	13.01.2019
Shri.T.Kannan	Director	09.02.2018	Continuing

The Board would like to place on record the valuable services rendered by them during their tenure as the Board of Directors of Kerala State Backward Classes Development Corporation Ltd.

3. DIRECTORS RESPONSIBILITY STATEMENT

In pursuance of section 134(5) of Companies Act 2013, we confirm:

- that in the preparation of annual accounts, the applicable accounting standards have been followed to the extent possible along with proper explanations relating to the material departures.
- that the Directors had 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 at the end of financial year and the profit of the company for that period
- that the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities that directors had prepared the annual accounts on a going concern basis.

4. CORPORATE GOVERNANCE

Your Corporation being a Government Company has been following good Corporate Governance which involves transparency, full disclosure, independent monitoring of the state of affairs of the Corporation and the compliance of laws and regulations in accordance with the policies and guidelines of the Government from time to time.

5. CORPORATE SOCIAL RESPONSIBILITY

Your Corporation as contemplated in Schedule VII the Companies Act 2013 formed a seven member committee known as the Corporate Social Responsibility Committee with the Chairman and three independent Directors of the Corporation making the number of independent directors to four, one Director from the Kerala Government Secretariat one from the Backward Community Development Department and the Managing Director altogether forms the committee. Also it was decided that the presence of at least five of the above said members is sufficient enough to make the decisions of the sub-committee valid. During the year your Corporation has expended ₹. 95,75,000/- as CSR expenses which is 3.5% of the Corporation's total profit of the year.

6. AUDIT COMMITTEE

The Board of Directors has constituted an Audit committee with Shri.Gopi Kottamurickal as Chairman and Directors Shri.A.P.Jayan, Shri.Suresh Kumar P.N, Shri.V.Rajappan & Shri.A.Mahendran, Shri.T.Kannan as its members.

7. CAPITAL STRUCTURE

The Authorized Share Capital of the Corporation is ₹. 150 crores and the Company has allotted Shares to the Government of Kerala for Rs. 135.35 Crores as on date

8. ACHIEVEMENTS DURING THE YEAR

- (i) By utilizing the resources mobilized from NBCFDC, NMDFC and the financial assistance made by the Government of Kerala in addition to the own fund, financial assistance was provided to 45757 beneficiaries belonging to Backward and Minority communities under various projects with a total disbursement of ₹ 40285.53 lakhs. The total disbursement made during the corresponding previous year was ₹31692.37 Lakhs.
- (ii) Collection and Recovery from Beneficiaries: Total recovery from the beneficiaries during the year is ₹ 31228 lakhs against the target of ₹ 31000 lakhs. As per the Demand Collection Balance (DCB) statement the cumulative collection percentage during the year is 97.16%.

9. PROJECTS UNDERTAKEN

- i) During the year 2017-18 the Corporation has extended its financial assistance to the society by giving assistance in the following manner :

Schemes	No. of Beneficiaries	Amount
Self-employment	5750	11824.69
New Swarnima	13	12.90
Education Loan	796	3163.88
Micro Finance	21338	5735.56
Marriage Assistance	3352	5938.73
Swasthagriha	162	427.54
Working capital	734	1470.1
Suvarnasree	2193	3917.74
MahilaSamridhiYojana	9265	2752.33
Business Development Loan	67	181.4
Vehicle Loan	58	57.16
Consumer Durable	5	5.00
Personal Loan	2016	4780.2
Others	8	18.3
Total	45757	40285.53

10. PERSONNEL

During the year, the affairs of the Corporation were carried on by regular employees of the Corporation, employees of various Government Departments and Public Sector Undertakings hired on deputation, contract employees and by those who were engaged on daily rate basis. With regard to disclosure of particulars of employees in terms of Section 314 (1)B of the Companies Act 2013, it is to report that none of the employees was in receipt of remuneration in excess of what is being prescribed therein during the year.

11. STATUTORY AUDITORS

M/s R Venkitachalam & Co, Chartered Accountants, Thiruvananthapuram was appointed by the Comptroller and Auditor General of India, New Delhi, as Statutory Auditors for the year 2017-18 in terms of Section 139(5) of the Companies Act 2013. The comments of Statutory Auditors were replied in the Addendum to the Directors Report.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

As required by the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, it may be reported that Kerala State Backward Classes Development Corporation Ltd, being a non-manufacturing concern, the provisions of the said Rules have no application to the Corporation.

13. ACKNOWLEDGEMENT

The Board of Directors would like to place on record its gratitude and appreciation to Government of Kerala, NBCFDC and NMDFC for the financial support and other valuable guidance rendered during the year under report. The Board would also like to express its thanks to its innumerable beneficiaries who have actively co-operated with various schemes that were implemented by the Corporation. The Board would also express its gratitude and sincere thanks for the co-operation and enthusiastic support received from the officers and staff of the Corporation in all its endeavours.

For and on behalf of the Board of Directors

Thiruvananthapuram
Date: 14/03/2019

Sd/-
Chairman



सत्यमेव जयते

**OFFICE OF THE ACCOUNTANT GENERAL (G&SSA) KERALA,
THIRUVANANTHAPURAM**

**COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER
SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS
OF KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED,
THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2018**

The preparation of financial statements of **Kerala State Backward Classes Development Corporation Limited, Thiruvananthapuram** for the year ended **31 March 2018** in accordance with the financial reporting frame work prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **19 November 2018**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Kerala State Backward Classes Development Corporation Limited, Thiruvananthapuram** for the year ended **31 March 2018** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

*For and on behalf of
the Comptroller and Auditor General of India*

Thiruvananthapuram
Dated: 08.03.2019


S. SUNIL RAJ
ACCOUNTANT GENERAL (G&SSA), KERALA

**KERALA STATE BACKWARD CLASSES
DEVELOPMENT CORPORATION LIMITED**

(A Government of Kerala Undertaking)
CIN-U75122KL1995SGC008705

**Replies to Comments of the Accountant General on the
Audited Accounts of the Company for the year ended 31st
March 2018**

- NIL -



R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

T.C. 25/85, 'Ramaraj', Gandhari Amman Kovil Road, Puthenchanthai, Thiruvananthapuram - 695 001
Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

INDEPENDENT AUDITOR'S REPORT

To
THE MEMBERS
KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.





R. VENKITACHALAM & ASSOCIATES Chartered Accountants

T.C. 25/85, 'Ramraj', Gandhari Amman Kovil Road, Puthenchanthai, Thiruvananthapuram - 695 001
Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.18

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 qualified audit opinion on the financial statements.

BASIS FOR OPINION

I. Non-Reconciliation of Loans Outstanding with NMDFC:

The balance due to NMDFC as per accounts is Rs.269,44,79,350/- and as per their confirmation obtained is Rs. 278,51,90,020/- thereby showing a difference of Rs. 9,07,10,670/-. We are unable to verify by any alternative means, the amount payable to NMDFC included in the balance sheet. We were unable to determine whether any adjustments might have been found necessary in respect of the differences.

II. Bank Accounts

Confirmations of 2 bank accounts with bank account numbers: SBI 36944774419 and UBI 336302050000027 having balance of Rs. 41,426 and Rs. 27,682 respectively as on 31.03.2018 is found. However, these balances are not incorporated in the books of accounts and hence the cash and cash equivalents is understated to the extent of Rs. 69,108/-. We are unable to determine whether any adjustments might have been found necessary in respect of the above bank balances and their corresponding income or liability as on that date.





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

T.C. 25/85, 'Ramaraj', Gandhari Amman Kovil Road, Puthenchanthai, Thiruvananthapuram - 695 001
Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

The Corporation has bank balances worth Rs.24,24,29,329 and Rs 4,399 in its current and savings bank accounts respectively. There is a difference of Rs.10,17,268/- between the bank balance confirmations and the books of accounts. We are unable to determine whether any adjustments might have been found necessary in respect of the difference.

III. Others

A: Fixed Deposits

Confirmations are not available for fixed deposits totaling to Rs. 12,13,046 in District Offices and in the case of TDR- Short Term Deposits at Head Office, Bank confirmations are not available for an amount of Rs. 1,70,24,586 (out of the total Term Deposit of Rs. 1,82,37,632/-) as on 31.03.2018. This amount is pending confirmation for the past few years. The accuracy of bank balance to the extent of Rs. 1,82,37,632 could not be verified and hence the cash and cash equivalents is overstated to that extent. We are unable to determine the effect of corresponding adjustment which is necessary, with respect to the above difference.

B: Suspense Accounts

Suspense Accounts shows a debit balance of Rs.15,41,230.42 and credit balance of Rs. 2,27,440.00/-. Out of the total debit of 15,41,230.42 an amount of Rs. 15,08,245.42 has been carried forward from previous years and out of the total credit of Rs. 2,27,440 an amount of Rs. 1,93,565 has been carried forward from previous years. These figures are outstanding from past years and hence the effect of these differences in the financial statements could not be identified.

According to the decision taken in the 178th Board Meeting of Kerala State Backward Classes Development Corporation held on 09/06/2017, Suspense accounts worth Rs. 2,68,999/- was decided to be shown as income. This has not been incorporated into books of accounts. Hence, income for current year is understated to the extent of Rs. 2,68,999 and other current assets undercurrent assets is overstated to the same extent.

C: Revision of Dearness Allowance

The Corporation has not created a provision in books of accounts for the increase in dearness allowance from 14% to 15% as per G.O.(P).no.84/2018/Fin dated 07/06/2018 for the period upto 31.03.2018. This has resulted in an understatement of current liabilities and overstatement of Net Profit. The effect of this has not been quantified.





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

T.C. 25/85, 'Ramaraj', Gandhari Amman Kovil Road, Puthenchanthai, Thiruvananthapuram - 695 001
Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects on the matters described in the Basis for Qualified Opinion paragraph, the aforesaid 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 of the state of affairs of the Company as at March 31, 2018, its Profit and its Cash Flow for the year ended on that date.

Emphasis of Matter

I. Interest calculation of EHBA loans disbursed for more than 7 Lakhs is erroneous. There is an increased allocation of EMI to the principal value from the second year of disbursement. Since the amount involved is not material, our opinion is not modified in respect of this matter.

II. Rent Payable for the month of March 2018 has not been provided for 3 districts: Haripad, Alappuzha and Malappuram with rent amount being Rs. 13,800, Rs. 18,460 and Rs. 12,000 respectively. The Corporation has not provided for Arrear rent payable in the districts of Kollam and Chelakkara of Rs. 48,228 and Rs. 22,000 whose rent agreement was renewed on 03.08.2018 and 20.04.2018. This has resulted in an understatement of current liabilities and overstatement of Net Profit to the extent of Rs. 1,14,488/-. Our opinion is not modified in respect of this matter.

III. Advertisement expense of Rs. 11,265/- and legal expenses of Rs. 29,173/- being the TDS amount, is accounted net and hence Profit for the year is overstated and current liabilities are understated to the extent of Rs. 40,438/-. Our opinion is not modified in respect of this matter.

Emphasis of Other Matter

I. Share application money received from Government of Kerala and shown as pending allotment Rs. 350 lakhs, was withdrawn by the Government vide GO No.P51/2018 FIN on 28-03-2018 and 31-03-2018. Since the amount has been returned during next year, this amount is shown under Government of Kerala Fund Receivable under Other Current assets.

II. Share application money received Rs. 700 lakhs during the year for which shares were allotted during the year itself, Government of Kerala has withdrawn the money as per above circular and hence shown under Government of Kerala Fund Receivable under Other Current assets.





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

T.C. 25/85, 'Ramraj', Gandhari Amman Kovil Road, Puthenchanthai, Thiruvananthapuram - 695 001

Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. In our opinion there are no observations or comments on the financial transactions, which may have an adverse effect on the functioning of the company.
 - f. On the basis of notification no G.S.R.163(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Section 164 (2) of the Act "Disqualification of Directors" is not applicable to the company.
 - g. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the basis for qualified opinion paragraph above.
 - h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

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Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us;
 - i. On the basis of written representation received from the management, the Company has no pending litigations which would impact its financial position in its financial statements except for those mentioned in Annexure A of this report;
 - ii. On the basis of written representation received from the management, the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. On the basis of written representation received from the management, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Thiruvananthapuram

Date: 19.11.2018

For
R. VENKITACHALAM & ASSOCIATES
Chartered Accountants

R. VENKITACHALAM
Partner (M.N.: 23478)
Firm Reg. No: 004664S





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

T.C. 25/85, 'Ramaraj', Gandhari Amman Kovil Road, Puthenchanthai, Thiruvananthapuram - 695 001

Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date;

1. (a) The Company has maintained records showing particulars, including quantitative details and situation of fixed assets.
 - (b) The Fixed Assets have been physically verified by the management and no material discrepancies between the books and the physical fixed assets have been noticed.
 - (c) The Company does not own any immovable properties.
2. There is no inventory held, in view of the nature of operations of the company. Hence, paragraph 3 (ii) of The Companies (Audit Report) Order, 2016 is not applicable.
3. According to the information and explanations given to us, the company has not granted loans to any company, firm, LLP or directors or other parties covered under the register maintained under section 189 of Companies Act, 2013.
4. According to the information and explanations given to us, the Company has not granted/made any loans, investments, guarantees, and security dealt with under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of The Companies (Audit Report) Order, 2016 is not applicable.
5. The corporation has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under, is not applicable. Accordingly, paragraph 3 (v) of The Companies (Audit Report) Order, 2016 is not applicable and is not commented upon.
6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148 (1) of the Companies Act for the services rendered by the Company. Accordingly, paragraph 3 (vi) of The Companies (Audit Report) Order, 2016 is not applicable and is not commented upon.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Cess and any other statutory dues with the





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

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Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on which they become payable.

(b) According to the information and explanation given to us, there are no material dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess which have not been deposited as on 31st March 2018 on account of dispute except the following:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates- Financial Year	Amount involved
Service Tax	Service tax,/interest & ineligible CENVAT Credit	CGST & Central Excise, North Division, Thiruvananthapuram	01.04.2015-31.03.2016	2,58,746/-
Service Tax	Service tax,/interest & penalty	Commissioner of Central Excise, Customs & Service, Cochin	01.04.2011-31.03.2014	24,60,922/-
Service Tax	Service tax,/interest & penalty	Commissioner of Central Excise, Customs & Service, Cochin	01.04.2014-31.03.2015	4,54,507/-
TOTAL				31,74,591/-

8. Based on our audit procedures and according to the information and explanations given to us and on the basis of the books of accounts and other records examined by us, the Company has not defaulted in repayment of any dues, loans or borrowings to banks, financial institution, banks or government and has not issued any debentures.





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

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Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

9. According to the information and explanations given to us and on the basis of the books of accounts and other records examined by us, The Company has not raised moneys by way of initial public offer or further public offer or term loans. Accordingly, paragraph 3 (ix) of The Companies (Audit Report) Order, 2016 is not applicable.
10. Based on our audit procedures and according to the information and explanations given to us we report that no fraud by the Company or on the Company by its officers or employees was noticed during the period of audit.
11. According to the information and explanations given to us, the provisions of Section 197 read with Schedule V of the Companies Act 2013 are not applicable to the Company since it is not a Public Company and hence paragraph 3(xi) of the Order is not applicable.
12. The Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the Company's allotment of shares during the year under review is in compliance with the provisions of Companies Act, 2013.
15. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
16. The Company is engaged in the business of Non-Banking Financial Institution and it has obtained the certificate of registration as provided in section 45-IA of the Reserve Bank of India Act, 1934.

Place: Thiruvananthapuram

Date: 19.11.2018

For
R. VENKITACHALAM & ASSOCIATES
Chartered Accountants

R. VENKITACHALAM
Partner (M.N : 23478)
Firm Reg. No: 004664S





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

T.C. 25/85, 'Ramaraj', Gandhari Amman Kovil Road, Puthenchanthai, Thiruvananthapuram - 695 001
Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of Kerala State Backward Classes Development Corporation Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

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

Auditors' Responsibility:

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





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

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Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

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

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

Meaning of Internal Financial Controls over Financial Reporting:

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that;

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are





R. VENKITACHALAM & ASSOCIATES

Chartered Accountants

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Phone: 2330078, 2331022, E-mail: rvenkit_54@yahoo.co.in

Date: 19.11.2018

subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of the Chartered Accountants of India".

Place: Thiruvananthapuram

Date: 19.11.2018

For
R. VENKITACHALAM & ASSOCIATES
Chartered Accountants

R. VENKITACHALAM
Partner (M.N.: 23478)
Firm Reg. No: 004664S





KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED

(A Government of Kerala Undertaking)
CIN-U75122KL1995SGC008705

Replies to the Qualified Opinion of the Independent Auditors on the Accounts of the Company for the year ended 31st March 2018

I. Non Reconciliation of Loans Outstanding with NMDFC.

Reply: Letter to NMDFC has been sent in this regard and reply in this context from them has not been received till date even after sending them reminders. However, efforts are being taken to reconcile by the end of this Financial Year (2018-19).

II. Bank Account balances not incorporated in the Books of Accounts.

Reply: The observation is noted and actions will be taken to rectify the same in the ensuing Financial Year. Moreover, the reconciliation of all the bank accounts are made up-to-date and there will be no more differences between the book balance and the bank confirmation

III .Others

A. Fixed Deposits:

Reply: The observation with regard to Fixed Deposits is noted. The non-availability of confirmation of Fixed Deposits is a long pending issue and efforts were taken to trace the necessary documentation. Accordingly in the 188th Meeting of Board of Directors held on 10th August 2018, it was decided to entrust the work to a Chartered Accountant and Shri.Suresh Namboothiri, Chartered Accountant, Kannur was assigned as consultant for this task. The preliminary work on the Fixed Deposits is completed and the report is pending for the want of certain historical data from District offices which includes Fixed Deposit Registers, Cash Book etc. Once the same is submitted to the consultant, necessary entries/adjustment will be made in the books of accounts with the approval of Board of Directors. The above qualification so pointed out will be eliminated in the books of accounts of the Company for the Financial Year 2018-19.

B. Suspense Accounts:

Reply: Efforts will be taken to eliminate amounts in the Suspense Account and the decision of the 178th Meeting of the Board of Directors will be incorporated as prior period income in the Financials for the year 2018-19.

C. Revision of Dearness Allowance

Reply: The observation is noted and actions will be taken to rectify the same in the ensuing Financial Year.

ANNUAL ACCOUNTS 2017-18

KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED

CIN - U75122KL1995SGC008705

BALANCE SHEET AS AT 31ST MARCH, 2018

		(INR)	
Particulars	Note No	As at 31st March, 2018	As at 31st March, 2017
A EQUITY AND LIABILITIES			
1 Shareholders' Fund			
(a) Share Capital	2.1	1,318,500,000	1,000,000,000
(b) Reserve and Surplus	2.2	2,203,278,279	1,944,766,138
Sub-Total(1)		3,521,778,279	2,944,766,138
2 Share Application Money for Pending allotment	2.3	35,000,000	248,500,000
Sub-Total(2)		35,000,000	248,500,000
3 Non - Current Liabilities			
(a) Long - term Borrowings	2.4	5,062,433,907	4,324,274,314
(b) Long - term Provisions	2.5	54,554,051	18,939,910
Sub-Total(3)		5,116,987,958	4,343,214,224
4 Current Liabilities			
(a) Short-term Provisions	2.6	124,075,022	123,585,027
(b) Other Current Liabilities	2.7	1,301,616,413	929,121,480
Sub-Total(4)		1,425,691,435	1,052,706,507
TOTAL (1+2+3+4)		10,099,457,673	8,589,186,869
B ASSETS			
1 Non-current Assets			
(a) Fixed Asset			
(i) Tangible Asset	2.8	6,783,564	7,401,466
(ii) Intangible Asset	2.9	177,929	128,234
(iii) Capital Work in Progress		3,413,445	
(b) Long Term Loans and Advances	2.10	9,525,081,733	8,201,977,451
Sub-Total(1)		9,535,456,671	8,209,507,150
2 Current Assets			
(a) Cash and Cash Equivalents	2.11	189,414,839	359,450,988
(b) Other Current Assets	2.12	374,586,163	20,228,731
Sub-Total(2)		564,001,002	379,679,719
TOTAL(1+2)		10,099,457,673	8,589,186,869
Significant Accounting Policies	1		

See accompanying notes to the Financial Statements.


For and on behalf of the Board of Directors

As per our Report of even date

For R. Venkitachalam & Associates

CHARTERED ACCOUNTANTS

(Registration No. 0046645)



 R. Ramganes
 Company Secretary


 K. T. Balabhaskaran
 Managing Director
 (DIN : 07593504)


 Sangeetha Chakrapani
 Chairman
 (DIN: 07684400)


 Venkitachalam Ramaswamy
 Partner
 (Membership No. 023478)

 Thiruvananthapuram
 Date: 10/08/2018



KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED
CIN - U75122KL1995SGC008705

STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

		(INR)	
Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
1 Revenue from Operations	2.13	674,928,347	530,373,888
2 Other Income	2.14	38,494,526	25,298,957
3 Total Revenue (1+2)		713,422,873	555,672,845
4 Expenses:-			
(a) Employee Benefits Expenses	2.15	160,103,651	117,152,315
(b) Finance Costs	2.16	181,792,347	165,720,435
(c) Depreciation and Amortization Expenses	2.8; 2.9	3,082,252	3,305,041
(d) Other Expenses	2.17	94,228,883	43,789,842
Total Expenses		439,207,133	329,967,633
5 Profit before exceptional and extraordinary items and tax (3-4)		274,215,740	225,705,213
6 Exceptional Items (Prior Period Expenses - Net)		1,293,770	7,290,947
7 Profit before extraordinary items and tax (5-6)		272,921,970	218,414,266
8 Extraordinary Items			
9 Profit before tax (7-8)		272,921,970	218,414,266
10 Tax Expense:			
(a) Current Tax		-	-
(b) Deferred Tax		-	-
11 PROFIT FROM CONTINUING OPERATIONS (9-10)		272,921,970	218,414,266
12 PROFIT/LOSS FROM DISCONTINUING OPERATIONS			
13 Tax expense of discontinuing operations		-	-
14 Profit/Loss from Discontinuing operations (After Tax) (12-13)		-	-
15 PROFIT /(LOSS) FOR THE YEAR (11+14)		272,921,970	218,414,266
16 Earnings per Share			
(a) Basic		27.21	21.84
(b) Diluted		27.21	21.84
Significant Accounting Policies	1		

See accompanying notes to the Financial Statements.

For and on behalf of the Board of Directors

As per our Report of even date
For R. Venkitachalam & Associates
CHARTERED ACCOUNTANTS
(Registration No. 0046645)

R. Ramganesha
Company Secretary

K. T. Balabhaskaran
Managing Director
(DIN : 07593504)

Sangeeth Chakrapani
Chairman
(DIN: 07684400)

Venkitachalam Ramaswamy
Partner
(Membership No. 023478)

Thiruvananthapuram
Date: 10/08/2018



KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED

CIN - U75122KL1995SGC008705

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

		(INR)	
Particulars	As at 31st March, 2018	As at 31st March, 2017	
A CASH FLOW FROM OPERATING ACTIVITIES:	₹	₹	
Profit before extraordinary items and tax	272,921,970	218,414,266	
Adjustments for:			
Prior Period Expenses- Non Cash	-	3,394,554.59	
Provisions	35,614,141	3,137,737.00	
Depreciation	3,082,252	3,305,041	
Profit on Sale of Fixed Asset	(15,476)	(51,542)	
Loss on Sale of Fixed Asset	7,165	17,279	
Operating Profit before Working Capital Changes	311,610,052	228,217,335	
Adjustment for (Increase)/ Decrease in Working Capital:			
Other Current Assets	(354,357,432)	66,661,678	
Current Liabilities and Provision	372,984,928	152,136,463	
Cash generated from Operations	330,237,549	447,015,476	
Fund Advanced to Customers	(1,323,104,282)	(1,067,810,171)	
Net Cash from Operating Activities	(992,866,733)	(620,794,695)	
B CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Asset	(5,938,455)	(3,061,086)	
Sale of Fixed Asset	19,276	79,661	
Net cash used in Investing Activities	(5,919,179)	(2,981,425)	
C CASH FLOW FROM FINANCING ACTIVITIES:			
Increase in Share Capital	318,500,000	-	
Decrease in Reserves	(14,409,830)	-	
Share Application money received	(213,500,000)	130,000,000	
Long term Loans Availed/ (Paid) - Net	738,159,593	470,038,365	
Interim dividend paid			
Net Cash used in Financing Activities	828,749,763	600,038,365	
Net Increase in Cash and Cash Equivalents	(170,036,150)	(23,737,755)	
Cash and Cash Equivalents at the beginning of the year	359,450,988	383,188,743	
Cash and Cash Equivalents at the end of the year	189,414,839	359,450,988	

The Cash Flow Statement has been prepared under 'Indirect Method' as set out in AS-3 - Cash Flow Statements

For and on behalf of the Board of Directors

As per our Report of even date
For R. Venkitachalam & Associates
CHARTERED ACCOUNTANTS
(Registration No. 0046645)

R. Ramganesha
Company Secretary

K. T. Balabhaskaran
Managing Director
(DIN : 07593504)

Sangeeth Chakrapani
Chairman
(DIN: 07684400)

Venkitachalam Ramaswamy
Partner
(Membership No. 023478)

Thiruvananthapuram
Date: 10/08/2018

19.11.18

1 & 2:- SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018

1. A – Overview

Kerala State Backward Classes Development Corporation Ltd, herein after referred to as the Corporation is a Government Company Registered under the Companies Act, 1956 with 100% shares held by the Government of Kerala. The Corporation is formed in the year 1995 for giving loans to the people belong to Other Backward and Minority communities and thus categorized it as a Non-Banking Finance Company registered under Section 45-IA of the Reserve Bank of India Act, 1934.

1. B - Significant Accounting Policies

a) Basis of preparation of Financial Statements:

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in conformity with the Generally Accepted Accounting Principles (GAAP) in India, in relation to all the material aspects of mandatory accounting standards issued by the Institute of Chartered Accountants of India and in accordance with Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and in such criteria as set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months starting from first of April every year for meeting the current / non-current classification of assets and liabilities.

Further, the Company follows prudential norms on Income Recognition, assets classification and such provisioning in case of Non-performing assets (NPA) abiding financial prudence which was approved by the 179th Meeting of Board of Directors and already put in place for the Audited Accounts for the year ended 31st March 2016.

b) Use of Estimates:

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles ("IGAAP") requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Fixed Assets and Depreciation:

- i) Fixed Assets are stated at cost less depreciation. Costs comprise of cost of acquisition, cost of improvements and any cost attributable for bringing the asset into the condition or situation of its intended use.

- ii) Depreciation has been provided on written down value method on all fixed assets in accordance with Schedule II of the Companies Act, 2013. In respect of assets added/ disposed of during the year, depreciation is charged on pro-rata basis with reference to the date of addition/ disposal. Expenditure on computer software is capitalized as intangible asset and depreciation is charged at the prescribed rates based on useful life as estimated by the Corporation as per AS 26.

d) Impairment of Assets:

Carrying amount of assets is reviewed at each balance sheet date based on the indications of impairment, which comprises of both internal and external factors. The assets are treated as impaired when the carrying amount of the assets exceeds its recoverable amount and such impairment loss is charged to Profit and Loss account in the year in which such impairment is identified. The impairment loss recognized in prior accounting period(s) is reversed to the extent of decrease in the impairment loss.

e) Investments:

Long term investments are carried at cost. However, provision for diminution in the value is made only if such a decline is other than temporary in the opinion of the management.

f) Revenue Recognition:

- (i) Interest on loans and advances to borrowers is recognised on accrual basis.
- (ii) Any other income such as interest on SB, Short -Term Deposits etc. are also recognized on accrual basis.
- (iii) The Company has also recognized Pre Fixed Interest i.e.:- the interest which is cumulated between installments till the date of fixing the EMI, for loans which are disbursed over multiple installments till, the date of fixing the EMI as per AS 9.

g) Grant in Aid:

Grants sanctioned by Government or the channel partners for programmes undertaken for the development of the target group are recognised and deducted from related expenses in the profit and loss account. Unspent grants and grants received in advance are taken to current liabilities. Grants receivable as compensation for expenses incurred in a previous accounting period are recognised in the profit and loss account of the period in which it becomes receivable.

h) Retirement Benefits

Retirement benefits to employees are provided for by contribution to Provident and other Funds. The accrued liability for leave encashment is ascertained under the assumption that such benefit is payable to all employees at the end of the accounting year. Every employee who has completed five years or more service receives gratuity on leaving the Corporation at 15 days last drawn salary for each completed year of service. A policy has been subscribed under Group Gratuity Insurance Scheme of LIC which covers both insurance and actuarial valuation, thus complying 'AS 15' on employee benefits issued by the Institute of Chartered Accountants of India. Contribution as is applicable to the employees on deputation is paid to the respective parent Departments. Since the Group Gratuity Insurance Scheme of LIC covers only the regular employees, the gratuity calculation for employees who are on contract basis more than 5 years are computed on actual basis as on date of the Balance Sheet as per Payment of Gratuity Act, 1972.

i) Taxation

Provision for income tax has not been made in the accounts as the income of the Corporation is exempt under section 10(26B) & 10(26BB) of the Income Tax Act, 1961. Consequently the Accounting Standard AS-22 on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India on deferred taxes is not applicable to the Corporation.

j) Provisions, Contingent Liabilities, and Contingent Assets:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed by way of notes forming part of financial statements. Provision is made in the accounts in respect of those contingencies that are likely to materialize into liabilities after the year-end, until the finalization of the accounts that have material effect on the position stated in the balance sheet. Contingent assets are recognized in the financial statements where there is certainty and documentation in support of the same.

k) Prior Period Items

Identifiable items of income and expenditure pertaining to previous years are accounted in prior period expenses/ income account.

l) Books of Accounts in electronic mode:

The Corporation has online in-house software 'BCDC Online' to monitor its lending business all over the State of Kerala. The statutory financial books of account are maintained with the aid of Tally Accounting Software in the Head Office and Branches of the Corporation. Back-up of the books of account and other books and papers of the company maintained in electronic mode are kept in servers physically located in India on a periodic basis.

m) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Corporation are segregated based on the available information. Cash comprises cash on hand and cash at banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

n) Loans:

Loans are stated at the amount advanced, as reduced by the amounts received up to the balance sheet date and loans assigned.

Amounts in the financial statements are presented in Rupees, except where other wise stated

The previous period figures have been regrouped/ reclassified, wherever necessary to confirm to the current period presentation

2.1 SHARE CAPITAL

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number	Amount	Number	Amount
Authorized Capital:				
150,00,000 Equity Shares of Rs. 100/- each	15,00,000	1,500,000,000	10000000	1,000,000,000
Issued, Subscribed and Paid Up Capital:				
131,85,000 Equity Shares of Rs. 100 each - Fully Paid Up	13,185,000	1,318,500,000	10000000	1,000,000,000
(Previous Year 10,000,000 Equity Shares of Rs. 100 each - Fully Paid Up)				

Rights Attached to Each Class of Equity Shares

The Company has issued only one class of equity shares having a par value of Rs. 100/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the No. of Shares outstanding at the beginning & at the end of the reporting period				
Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	10000000	1,000,000,000	10000000	1,000,000,000
Shares Issued during the period	3185000	318,500,000	-	-
Shares Bought back during the period	-	-	-	-
Shares Outstanding at the end of the year	13185000	1,318,500,000	10000000	1,000,000,000

Particulars of shareholders holding more than 5 Per Cent

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number	Amount	Number	Amount
Government of Kerala	13185000	1,318,500,000	10000000	1,000,000,000

Particulars of Shares Issued during the Previous 5 Years

Particulars	During the Year/ Period				
	2016-17	2015-16	2014-15	2013-14	2012-13
Equity Shares of Rs. 100/- Each					
(a) Aggregate No. of shares allotted as fully paid up pursuant to contracts without payment being received in cash	-	-	-	-	-
(b) Aggregate number & class of shares allotted as fully paid up by way of bonus shares	-	-	-	-	-
(c) Aggregate number & class of shares bought back	-	-	-	-	-
(d) Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.	-	-	-	-	-
(e) Any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.	-	-	-	-	-
(f) Calls unpaid (showing aggregate value of calls unpaid by directors and officers)	-	-	-	-	-
(g) Forfeited shares (amount originally paid-up).	-	-	-	-	-

2.2	RESERVES AND SURPLUS	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	(a) General Reserve		
	Opening Balance	1,909,611,558	1,703,780,923
	Less : Dividend	-	-
		1,909,611,558	1,703,780,923
	Add: Transfer from Surplus in Profit and Loss Statement	257,263,821	205,830,633
	Closing Balance	2,166,875,379	1,909,611,556
	(b) Special Reserve:-		
	(i) BCDC Loanees Distress Relief Fund		
	Opening Balance	35,154,582	25,732,438
	Add: Current Year Transfer	15,658,148	12,583,633
	Less: Utilization during the Current Year	14,409,830	3,161,489
	Closing Balance	36,402,900	35,154,582
	(c) Surplus in Profit and Loss Statement		
	Opening Balance	-	-
	Add: Profit for the year	272,921,969	218,414,266
	Less: Appropriation:-		
	(a) Transfer to BCDC Loanees Distress Relief Fund	15,658,148	12,583,633
	Less: Transfer to General Reserve	257,263,821	205,830,633
	Closing Balance	-	-
	TOTAL	2,203,278,279	1,944,766,138
			(₹)
2.3	SHARE APPLICATION MONEY PENDING ALLOTMENT	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	Share application money for pending allotment	35,000,000	248,500,000
	TOTAL	35,000,000	248,500,000
2.3.1	Share Allotment is pending since the amount was received on 31st March 2018		
2.3.2	An amount of Rs.14.07 Crores was withdrawn by the Government from the Treasury account vide G.O No.P51/2018 FIN on 28-03-2018 and 31-03-2018 which included the Sharecapital contribution of the Government.		
			(₹)
2.4	LONG-TERM BORROWINGS	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	Unsecured Loans:-		
	(a) Term Loan from other Parties:-		
	Term Loan Schemes:-		
	(i) National Backward Class Finance and Development Corporation	3,000,396,009	2,640,509,553
	(ii) National Minority Development and Finance Corporation	2,192,614,298	1,962,835,027
		5,193,010,307	4,603,344,580
	Micro Finance Schemes:		
	(iii) National Backward Class Finance and Development Corporation	524,091,210	370,615,007
	(iv) National Minority Development and Finance Corporation	501,865,052	265,156,511
		1,025,956,262	635,771,518
	Less:-		
	Current Maturity of Long Term Borrowings:-		
	Term Loan Schemes:		
	(i) National Backward Class Finance and Development Corporation	450,254,848	485,862,322
	(ii) National Minority Development and Finance Corporation	286,938,137	270,091,894
		737,192,985	755,954,216
	Micro Finance Schemes:		
	(iii) National Backward Class Finance and Development Corporation	308,995,894	95,596,109
	(iv) National Minority Development and Finance Corporation	110,343,783	63,291,459
		419,339,677	158,887,568
	TOTAL	5,062,433,907	4,324,274,314

- 2.4.1 All the above Loans are unsecured and Guaranteed by Government of Kerala to the tune of ₹ 748 Crores as on Balance Sheet Date.
- 2.4.2 These loans are under various schemes, the repayment of which ranges from 4 to 10 years.
- 2.4.3 Out of the above, no amounts are under default as on balance sheet date
- 2.4.4 Out of the Long Term Borrowings, the amounts due within a period of 12 months are shown under Other Current Liabilities.

			(₹)
2.5	LONG-TERM PROVISIONS		
	Particulars	As at 31st March, 2018	As at 31st March, 2017
	(a) Provision for Employee Benefits:		
	Earned Leave Salary	21,033,811	18,939,910
	(b) Provision for Repayment Over Due NBCFDC	32,932,039	
	(c) Gratuity Payable for Contract employees	588,201	
	TOTAL	54,554,051	18,939,910
			(₹)
2.6	SHORT-TERM PROVISIONS		
	Particulars	As at 31st March, 2018	As at 31st March, 2017
	(a) Group Gratuity Premium Payable	2,472,450	3,197,732
	(b) Provisions & Contingencies		
	Provision on Loss Assets	110,602,572	120,387,295
	(c) Provision for Repayment Over Due NBCFDC	11,000,000	
	TOTAL	124,075,022	123,585,027
			(₹)
2.7	OTHER CURRENT LIABILITIES		
	Particulars	As at 31st March, 2018	As at 31st March, 2017
	(a) Current Maturities of Long Term Borrowings:-		
	Term Loan Schemes:		
	(i) National Backward Class Finance and Development Corporation	450,254,848	485,862,322
	(ii) National Minority Development and Finance Corporation	286,938,137	270,091,894
		737,192,985	755,954,216
	Micro Finance Schemes:		
	(iii) National Backward Class Finance and Development Corporation	308,995,894	95,596,109
	(iv) National Minority Development and Finance Corporation	110,343,783	63,291,459
		419,339,677	158,887,568
	(b) Creditors for Expenses	34,471,600	7,796,666
	(c) Security Deposits	171,622	171,622
	(d) Earned Money Deposit	286,756	261,974
	(e) Loan repayable	67,474	67,474
	(f) Beneficiary contribution	89,167	89,167
	(g) Advance for CSR	-	800,937
	(h) Govt. assistance for CC Waiver	410,634	410,634
	(i) Fishermen Debt Relief Loan Repayable	1,197,984	3,819,556
	(j) Fishermen Debt Relief Fund	877,996	861,666
	(k) NMDFC Repayment Due	104,626,518	
	(l) Start Up Subsidy from BCDD	2,884,000	
	TOTAL	1,301,616,413	929,121,480

2.8. Tangible Assets

Sl. No.	Asset	FOR BALANCE AS ON 01.04.2017				FOR ADDITIONS DURING THE PERIOD				BALANCE AS ON 31.03.2018	
		WDV as on 01.04.2017	Sale/Adj.	Depreciation (A)	Residual Value	Cost	Sale/Adj.	Depreciation (B)	Residual Value	Net Depreciation for the year (A+B)	WDV as on 31.03.2018
I	BUILDING	374,024	-	35,520	21,399.45	-	-	-	-	35,520	338,504
II	MOTOR VEHICLES	3,143,543	-	1,017,072	346,641	-	-	-	-	1,017,072	2,126,471
III	COMPUTERS	435,794	-	227,968	160,968	1,520,479	-	528,521	76,024	756,489	1,199,784
IV	FURNITURE AND FITTINGS	2,209,865	-	604,315	245,445	527,652	-	70,016	26,383	674,332	2,063,185
V	ELECTRICAL FITTINGS	64,822	2,800	16,952	6,768	73,332	-	11,487	3,667	28,439	106,916
VI	OFFICE EQUIPMENTS	783,162	8,165	349,988	167,764	214,347	-	60,265	10,717	410,252	579,092
VII	ELECTRICAL EQUIPMENTS	390,256	-	109,611	50,304	102,300	-	13,332	5,115	122,942	369,614
	TOTAL	7,401,466	10,965	2,361,426	999,288	2,438,110		683,620	121,906	3,045,046	6,783,564

2.9. Intangible Assets

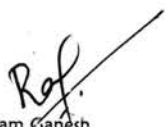
Sl. No.	Asset	FOR BALANCE AS ON 01.04.2016				FOR ADDITIONS DURING THE PERIOD				BALANCE AS ON 31.03.2017	
		WDV as on 01.04.2016	Sale/Adj.	Depreciation (A)	Residual Value	Cost	Sale/Adj.	Depreciation (B)	Residual Value	Net Depreciation for the year (A+B)	WDV as on 31.03.2017
I	SOFTWARES	128,234	-	33,100	12,563	86,900	-	4,106	4,345	37,206	177,929
	TOTAL	128,234	-	33,100	12,563	86,900	-	4,106	4,345	37,205.88	177,929
	GRAND TOTAL (2.8, 2.9)	7,529,700	10,965	2,394,526	1,011,851	2,525,010	-	687,726	126,251	3,082,252	6,961,493

		(₹)	
2.10	LONG-TERM LOANS AND ADVANCES	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	Unsecured Considered Good:-		
	(a) General Term Loans:		
	(i) Loans out of NBCFDC Funds	2,423,836,039	1,885,845,465
	(ii) Loans out of NMDFC Funds	1,766,479,209	1,224,698,160
	(b) Micro Finance Scheme:		
	(i) Loans out of NBCFDC Funds	525,973,432	526,308,554
	(ii) Loans out of NMDFC Funds	199,928,653	200,037,299
	(c) Loans out of KSBCDC	4,510,901,719	4,264,333,951
	(d) Loan out of HUDCO Fund	732,186	3,280,654
	(e) Employees Personal Loan Scheme EHBA	35,402,945	33,585,397
	(f) Interest Accrued but not receivable	61,827,550	63,887,971
	TOTAL	9,525,081,733	8,201,977,451
2.10.1	Loans & Advances due by Directors - Nil		
2.10.2	Loans & Advances due by Other Officers - ₹ 2,98,690		
		(₹)	
2.11	CASH AND CASH EQUIVALENTS	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	(a) Balance with Banks:-		
	In Current Accounts (With fund in Transit)	137,429,329	218,925,728
	In Savings Bank Accounts	4,399	326,480
	In Term Deposit Accounts	18,237,633	58,526,137
	In Fixed Deposit Accounts	20,000,000	70,000,000
	(b) Cash on hand	7,267,783	2,584,915
	(c) Others:-		
	Stock of Stamps	44,290	56,128
	Balance with Government of Kerala Treasury SB Account	6,431,406	9,031,601
	TOTAL	189,414,839	359,450,988
		(₹)	
2.12	OTHER CURRENT ASSETS	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	(a) Recoverable in cash or kind for value to be received	5,422,016	5,989,671
	(b) Interest accrued on Fixed Deposits	172,186	209,495
	(c) BCDC Loanees Distress Relief Fund Receivable	163,935	163,935
	(d) Advance for expenses	864,232	1,713,042
	(e) Govt share on OTS interest waiver receivable	11,213,843	11,213,843
	(f) Chief Ministers DRF	315,853	291,807
	(g) Training Fund Receivable	3,237,761	646,938
	(h) Government of Kerala Fund Receivable	140,777,756	-
	(i) Interest Accrued on Scheme Loans	133,919,615	-
	(j) Penal Interest Accrued on Scheme Loans	64,571,565	-
	(k) Pre Fixed Interest Accrued and Receivable	13,914,440	-
	(l) Franking Machine Stock	12,960	-
	TOTAL	374,586,162	20,228,731

2.13	REVENUE FROM OPERATIONS	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	(a) Interest Income:-		
	(i) Interest on Term Loans/Micro Finance	541,415,570	483,638,330
	(ii) Interest on EHBA	2,257,702	1,934,380
	(iii) Penal Interest on Scheme Loans	31,502,537	25,490,728
	(iv) Pre Fixed Interest	75,741,990	
	(b) Other Financial Services:-		
	(i) Processing Fee Collected	24,010,548	19,310,450
	TOTAL	674,928,347	530,373,888
			(₹)
2.14	OTHER INCOME	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	(a) NMDFC Grant in Aid	2,500,000	2,042,000
	(b)NBCFDC PLGIA	1,000,000	-
	(c) Interest from Banks (Long FD)	6,244,836	6,986,659
	(d) Interest from Banks (Short FD)	17,309,615	6,564,920
	(e) Interest from SB Account	8,131	16,111
	(f) Reimbursement from NBCFDC	-	305,277
	(g) Reimbursement from NMDFC	-	875,623
	(h) Miscellaneous Income	11,431,944	8,508,367
	TOTAL	38,494,526	25,298,957
			(₹)
2.15	EMPLOYEE BENEFIT EXPENSES	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	(a) Salaries, Allowances and Bonus	147,330,572	105,051,556
	(b) Contribution to Provident and Other Funds	11,985,919	11,587,864
	(c) Staff Welfare Expenses	787,159	512,895
	TOTAL	160,103,651	117,152,315
			(₹)
2.16	FINANCE COSTS	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	(a) Interest Expense:-		
	(i) Interest on NBCFDC Fund	79,231,792	73,850,236
	(ii) Interest on NMDFC Fund	58,496,826	53,760,827
	(b) Other Financial Services:-		
	(i) Green Card	4,770,358	3,398,426
	(ii) Guarantee Fee to Govt. of Kerala	39,293,371	34,710,946
	TOTAL	181,792,347	165,720,435

		(₹)	
2.17	OTHER EXPENSES	As at 31st March, 2018	As at 31st March, 2017
	Particulars		
	(a) Rent, Rates, Taxes and Insurance	9,888,561	8,208,910
	(b) Printing & Stationery	2,160,742	3,825,686
	(c) Postage and Telephone Charges	3,137,238	2,903,264
	(d) Travelling & Conveyance	3,694,736	1,705,976
	(e) Loan Mela and Awareness and EXPO Programme Expenses	3,439,073	2,820,140
	(f) Audit Fee	130,000	110,000
	(g) Fee for Professional Services	4,583,466	2,848,322
	(h) Filing Fee	3,886,102	103,820
	(i) Electricity and Water Charges	837,110	828,525
	(j) Advertisements	3,827,635	1,453,155
	(k) Maintenance & Up-keep	4,668,508	3,357,295
	(l) General Expenses	3,392,930	2,886,043
	(m) Revenue Recovery Charges	481,103	454,352
	(n) CSR Expenditure	9,575,000	5,260,309
	(o) Adjustment on NBFC Provision (RBI Prudential Norms)	(3,469,025)	6,874,982
	(p) NBCFDC CSR Expenses	-	149,063
	(q) Repayment Over Due -NBCFDC	43,995,704	
	TOTAL	94,228,883	43,789,842

For and on behalf of the Board of Directors


R. Ram Ganesh
Company Secretary

Thiruvananthapuram
Date: 10/08/2018


K. T. Balabhaskaran
Managing Director
(DIN : 07593504)


Sangeeth Chakrapani
Chairman
(DIN: 07684400)

As per our Report of even date
For R. Venkitachalam & Associates
CHARTERED ACCOUNTANTS
(Registration No. 0046645)


Venkitachalam Ramaswamy
Partner
(Membership No. 023478)



2.18. Explanations:

- a) The Authorized share Capital of the Corporation as on date of the Balance Sheet (31/03/2018) was ₹ 150 Crores which was enhanced vide GO (Ms) No: 1/2018 BCDD dated 03/01/2018. The Corporation during the year under audit received ₹ 10.5 Crs. from the Government of Kerala during the year viz: - ₹ 7 Crores on 19/03/2018 and ₹ 3.5 Crores on 31/03/2018 in its Treasury Savings Bank Account. The Company allotted the shares for ₹ 7 Crores as well as shares for ₹ 24,85,00,000 which was pending during the last financial year on 28/03/2018. The Company could not allot shares for ₹ 3.5 Crores in Financial Year 2017-18 since it was received only on 31/03/2018.
- b) Loan availed from National Backward Classes Finance and Development Corporation, and National Minority Development and Finance Corporation, bearing interest as determined by the said agencies from time to time and is repayable in four quarterly installments. Penal interest is payable for default, if any. The loans have been fully covered under a block guarantee given by the Government of Kerala. The Corporation is paying 0.75 percentage of the total actual loan, including interest penal interest etc., which remain outstanding as on 31st March of the preceding year, as Guarantee Commission to the Government of Kerala (GO(MS) No. 487/04/Fin. Dated Thiruvananthapuram 16th October 2004).
- c) The Corporation has set up a fund styled 'BCDC Loanees Distress Relief Fund' which is considered adequate to meet any future contingencies that may arise out of death or accidental disablement of the loanees. The Fund is raised out of one-time marginal contribution from the beneficiaries, appropriation of a certain portion of the annual profits of the Corporation as determined by the Board of Directors of the Corporation from time to time, and out of possible contributions from Related Parties. The reserve is not represented by any earmarked investments.
- d) The Corporation was in possession of 80.5 cents of freehold land in Thiruvananthapuram which has been surrendered to Government of Kerala for the development of the Trivandrum International Airport. The Government has identified the alternative land and steps are being taken for the assignment of the land in the name of the Corporation. However, the asset has been written off in accordance with the accounting standard AS-28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India.
- e) In the opinion of the Directors, the Current Assets, Loans & Advances have the value as stated in the balance sheet if realized in the ordinary course of business.
- f) Interest accrued but not received represent interest accrued on term deposits one year and above with scheduled banks/ sub-treasury.

2.19. Payment to Directors of the Company:

Sl. No.	Particulars	Current Year ₹	Previous Year ₹
a.	Salaries & Allowances (Managing Director).	14,07,574	11,65,494
b.	Honorarium to Chairman	2,40,000	1,14,839
c.	Traveling Expenses (Managing Director)	1,48,802	60,596
d.	Traveling Expenses (Directors)	3,03,027	23,191
e.	Leave Travel Concession	NIL	NIL
f.	Sitting Fee	21,400	61,930

2.20. The remuneration to statutory auditors for statutory audit of accounts (net of GST) for the year is ₹ 1,30,000/-.

2.21. Corporate social Responsibility:

The Corporation has expended ₹ 95,75,000/- as its CSR expenses during the year, on the decision made by the Board based on the recommendations of the Sub-Committee so constituted in this regard in accordance with the relevant sections and schedule of the Companies Act, 2013.

2.22. Information required as per item 5(viii)(a) of Part II of Schedule III of the Companies Act, 2013:-

Sl. No.	Particulars	Current Year ₹	Previous Year ₹
a.	Value of Imports calculated on CIF basis	Nil	Nil
b.	Expenditure in foreign currency	Nil	Nil
c.	Amount remitted in foreign currency towards dividends	Nil	Nil
d.	Earning in Foreign exchange	Nil	Nil
e.	Value imported and indigenous raw material, spare parts and Components, consumed and % of each to total consumption	Nil	Nil

2.23. Every employee who completes five years or more service receives gratuity at leaving the Corporation based on 15 days last drawn salary for each completed year of service. The Corporation is subscribing for the group gratuity scheme of LIC of India which covers both insurance and actuarial valuation. The compliance of 'AS 15' relating to 'Employee Benefits' issued by the Institute of Chartered Accountants of India is ensured thus. Provision for earned leave salary has been provided for based on the eligible leaves of each employee as at the balance sheet date.

2.24. The Corporation has only one reportable business segment which is providing finances at concessional rate of interest to eligible persons belonging to the backward classes and minority communities of Kerala State. Accordingly, no separate disclosures of segment information have been made as per Accounting Standard AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

2.25. Related Party Disclosures issued by the Institute of Chartered Accountants of India is not applicable to the Company as per clause 9 and 10.13 of Accounting Standard AS 18.

2.26. The disclosure required by Accounting Standard 19 – “Leases”: The Corporation has taken various offices and residential premises under operating lease or license agreements. These are generally not non-cancelable and range between 11 months to 3 years and are renewable by mutual consent on mutually agreeable terms. The Corporation has given refundable, interest free security deposits under these agreements. Lease payments are recognized in the Profit and Loss Account under ‘Rent’ in Schedule 14.

2.27. In case of such loanees, where the Corporation receives an amount in excess than what is required at the time when such loan is closed, then the Corporation, after scrutinizing such payment so received, being satisfied, intimate the concerned person to collect such excess payment from the company within a stipulated period and even in cases where they become late for such collection, the company releases the payment to them as and when they made the demand. However after considering the diversity in each case of settlement, and the materiality of such amount remained unpaid as well as from the previous experience on the demand, the unclaimed amount is brought under the revenue head, after making necessary adjustments on the amount so demanded.

2.28. Earnings Per Share:

Earnings per equity share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings per equity share are as stated below:

Sl. No	Description	Current year	Previous Year
(a)	Net Profit available for equity shareholders in Rupees	27,29,21,970	21,84,14,266
(b)	Weighted average number of equity shares in Nos.	10029822	10000000
(c)	Basic Earnings per share (Face Value ₹ 100 each)	27.21	21.84
(d)	Diluted Earnings per share (Face Value ₹ 100 each)	27.21	21.84

2.29. The Corporation, vide Order GO (MS) No. 360/14/Revenue dated Thiruvananthapuram 20.08.2014, holds 4.05 Ares of lease hold Government land at Kollam Village (Resurvey 2), in Kollam Taluk of Kollam District for constructing its Kollam District Office by paying rent of ₹ 93,150/- per annum for 3 years. The construction of the office building had started and the amount spent for the same

2.30. There is a disputed service tax liability of ₹ 0.29 Cr, pending before the Addl. Commissioner of Central Excise Appeal), Kochi, the decision to which is still pending.

2.31. The previous year's figures have been recast/and regrouped wherever necessary to suit current year's groupings. Current year figures have been rounded off to the nearest rupee, wherever applicable.

2.32. Writ Petition filed by Koppara Enterprises for ₹ 6,00,000, before High Court of Kerala.


2.33. The amount of ₹ 8,77,996 reflected in the Current Liabilities pertains to the balance of Fishermen's Debt Relief settlement and actions are being taken to determine whether the same has to be disbursed among the beneficiaries or to be refunded to the government.

For and on behalf of the Board of Directors

As per our Report of even date

For R. Venkitachalam & Associates
CHARTERED ACCOUNTANTS

(Registration No. 0046645)


R. Ramganesh
Company Secretary


K. T. Balabhaskaran
Managing Director
(DIN : 07593504)


Sangeeth Chakrapani
Chairman
(DIN: 07684400)


Venkitachalam Ramaswamy
Partner
(Membership No. 023478)

Thiruvananthapuram
Date: 10/08/2018



Balance Sheet Abstract and Company's Business Profile

I. Registration Details:

Registration Number	CIN	U75122KL1995SGC008705		
State Code	09		Balance Sheet Date	31-03-2018

II. Capital raised during the year (Amount in ₹ Thousands):

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilization & Deployment of Funds (Amount in ₹ Thousands):

Total Liabilities	1,00,99,457	Total Assets	1,00,99,457
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Equity and Liabilities:

Paid up Capital	13,18,500	Reserves and Surplus	22,03,278
Share application	35,000		
Non-current liabilities	51,16,988	Current Liabilities	14,25,691

Assets:

Net Fixed Assets	10,375	Loans and advances	95,25,081
Current Assets	5,64,001		

IV. Performance of the Company (Amount in ₹ Thousands):


Turnover	7,13,422	Total Expenditure	4,40,501
Profit/ (Loss) before Tax	2,72,921	Earnings per share	27.21

V. Generic Names of Three Products/ Services of the Company (As per monetary terms):

For and on behalf of the Board of Directors

As per our Report of even date

For R. Venkitachalam & Associates
CHARTERED ACCOUNTANTS
(Registration No. 0046645)


R. Ramganesha
Company Secretary


K. T. Balabhaskaran
Managing Director
(DIN : 07593504)


Sangeetha Chakrapani
Chairman
(DIN: 07684400)


Venkitachalam Ramaswamy
Partner
(Membership No. 023478)

Thiruvananthapuram
Date: 10/08/2018







KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LTD

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