

25<sup>th</sup>

# ANNUAL REPORT

2019-20

www.ksbcdc.com



**KERALA STATE BACKWARD CLASSES  
DEVELOPMENT CORPORATION LIMITED**

(A Government of Kerala Undertaking)

CIN-U75122KL1995SGC008705

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



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**25<sup>th</sup>**  
**ANNUAL**  
**REPORT**  
**2019-20**

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## BOARD OF **DIRECTORS**

Sl No:	Name	Designation
1	Shri.T.K.Suresh	Chairman
2	Shri.K.Narayan	Director
3.	Shri.Md.Shahbhaz Ali	Director
4.	Shri.S.D.Ferold Xavier	Director
5.	Shri.Suresh Kumar P.N	Director
6.	Smt.Srividhya P.I	Director
7.	Shri. GopiKottamurickal	Director
8.	Shri.A.P.Jayan	Director
9.	Shri.A.Mahendran	Director
10.	Shri.T.Kannan	Director
11.	Shri.K.T.Balabhaskaran	Managing Director

Company Secretary  
**R.Ram Ganesh**

General Manager (Finance & Accounts)  
**Abhilash C.U**

Statutory Auditors  
**M/s R.Venkitachalam & Associates**  
Chartered Accountants,  
TC 25/85 "Ramaraj"  
Gandhari Amman Kovil Road  
Puthenchanthai  
Thiruvananthapuram-695001

Our Banker  
**State Bank of India**  
Kaithamukku Branch  
Thiruvananthapuram





## **KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED**

(A Government of Kerala Undertaking)  
CIN-U75122KL1995SGC008705

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### **NOTICE**

Notice is hereby given that the 25<sup>th</sup> Adjourned Annual General Meeting of the Shareholders of Kerala State Backward Classes Development Corporation Limited will be held on Monday, the 28<sup>th</sup> June 2021 at 11.00 a.m at the Registered Office of the Company situated at "SENTINEL" IIInd Floor, TC 27/588 (7) & (8), Pattoor, Vanchiyoar 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 31<sup>st</sup> March 2020, Auditor's Report, the comments of the Comptroller & Auditor General of India, and the replies thereon.

By the order of the Board  
For Kerala State Backward Classes Development Corporation Limited.,

18/06/2021  
Thiruvananthapuram

**R.RamGanesh**  
CompanySecretary

[www.ksbcdcdc.com](http://www.ksbcdcdc.com)



**K.T. Balabhaskaran**  
Managing Director

## Report of the Managing Director

### RISING HIGH BY CRACKING THE TURBULENCE

It gives me great pleasure to place before you the highlights of the performance of your company during the financial year 2019-20. Details of the achievements and initiatives taken by your company are provided in the enclosed Annual Report for the year 2019-20.

Incorporated in the year 1995, Kerala State Backward Classes Development Corporation (KSBCDC) has been striving for the past 25 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 2019-20.

Over the years, your company has supported more than 5.57 lakh families(as on 31<sup>st</sup> Mar 2020) 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), National SafaiKaramcharis Finance & Development Corporation (NSKFDC), budgetary support from Government of Kerala and own accruals.

#### **A new dimension**

During 2019-20, a new avenue to serve the poor and the backward, unfolded for your company. During the year, your company became the implementing agency of National SafaiKaramcharis Finance & Development Corporation (NSKFDC). With this initiative, your company is able to cater to the needs of people working in waste management sector and their dependants. Your company received Rs. 99 crore on 30-03-2020 from NSKFDC for this purpose.

#### **Disbursement**

During 2019-20, we targeted a disbursement of Rs. 500.00 Crore as against the previous years (2017-18) disbursement of 475.52Crore.

Your company cruised surpassing the target, despite the floods and landslide, unprecedented outbreak of Covid 19 pandemic, floods and landslide and the subsequent lockdown imposed to curb the disease, by achieving a disbursement of 504.12Crore during the year. 44653 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. 138.32 Crore
Loans from National Minorities Development and Finance Corporation (NMDFC)	Rs. 113.90 Crore
Loans from National Safai Karamcharis Finance & Development Corporation (NSKFDC)	Rs. 1.62 Crore
Own accruals	Rs. 250.28 Crore
Overall	Rs. 504.12 Crore

Scheme wise break up of loan disbursement is given below:

- Rs.161.63Crore to 6649 beneficiaries under Individual Self Employment Loan Schemes.
- Rs.109.90Crore to 28294 women under Micro Credit Loan Schemes.
- Rs.26.73Crore to 827 meritorious students for pursuing their higher education.
- Rs.62.27Crore to 3300 beneficiaries for the marriage of dependant girl.
- Rs.21.96Crore to 380 beneficiaries under the EnteVeedu loan scheme for constructing houses.
- Rs.86.10Crore to 3697 beneficiaries under Suvarnasree (Multi-Purpose) Loan Scheme.
- Rs.30.23Crore to 1176 beneficiaries under Personal Loan Scheme.
- Rs.5.30Crore to 330 beneficiaries under other schemes.



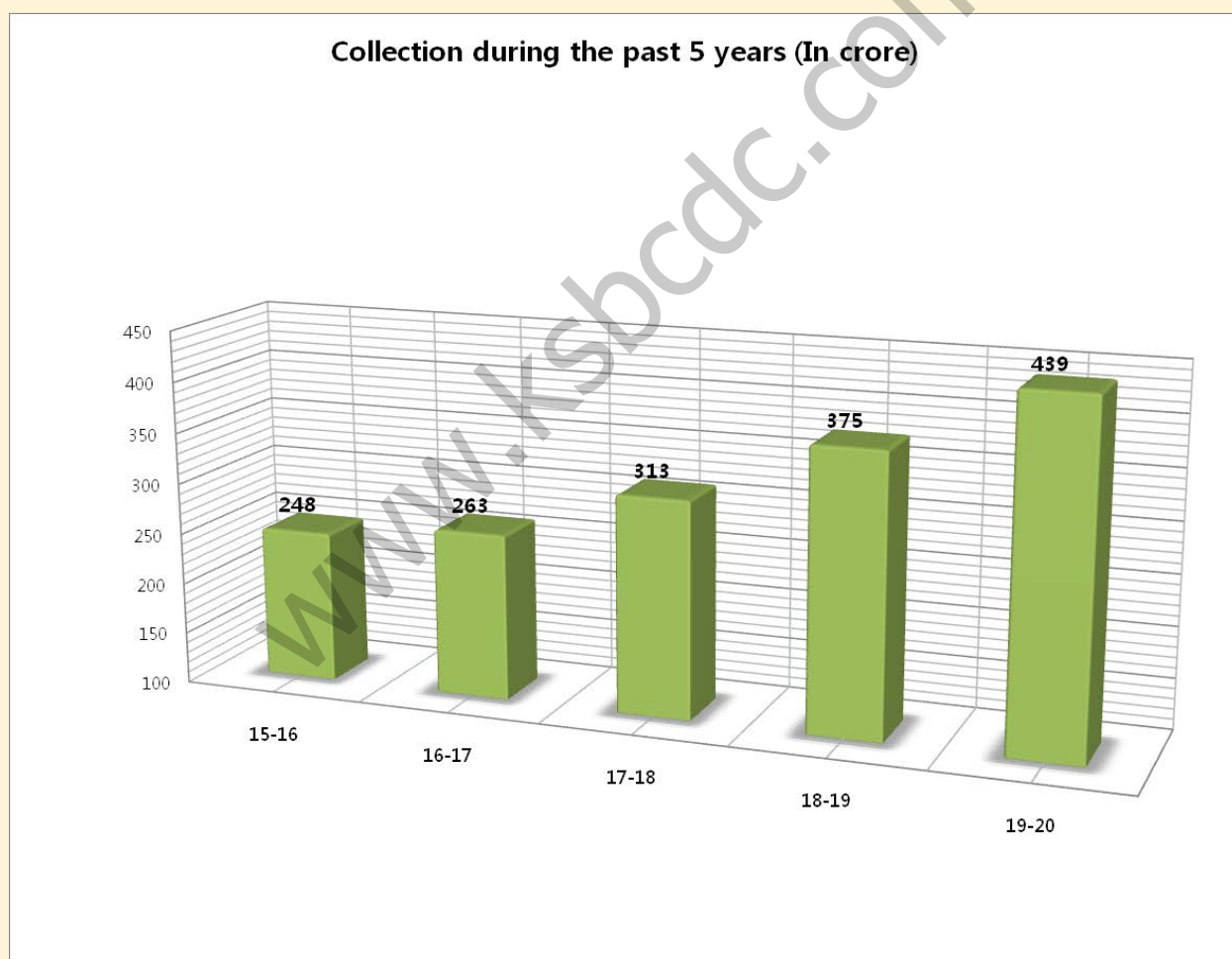
## Repayment from Beneficiaries.

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.

But the devastating flood and associated landslides that hit Kerala during August 2018 and 2019 naturally affected the recovery activities of your company. Subsequent to the floods that claimed over 400 lives and affected 5.4 million people, your company announced moratorium for all loans availed by flood affected beneficiaries. Towards the end of the financial year, lock down imposed to curb Covid 19 also affected the repayment from the beneficiaries

But your company was able to collect Rs. 438.83Crores during the year 2019-20 towards repayment of loan instalments. This is Rs. 64.25Crore more compared with previous year (Collection during 2018-19 – Rs. 374.58Crore)

Cumulative recovery as per the DCB for the month ended March 2020 is 97 %.



## 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 17 such Camps.



## Promoting Women Empowerment through Entrepreneurship

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.

During 2019-20, your company disbursed Rs. 109.90 Crore under Micro Credit Loan Scheme to assist to 28294 women. This loan disbursed at 3.00 – 4.00% interest p.a is a great help to these women to improve their livelihood.



## Spreading its wings to serve better

4 new branches sanctioned by the Government of Kerala started functioning during 2019-20. Muvattupuzha office in Ernakulam district commenced its operations on 10/08/2019. Cherthala office in Alappuzha district and Karunagapally office in Kollam district were inaugurated on 25/11/2019 and Nedumkandam office in Idukki district became operational on 01/01/2020.



## Excellence Award

Your company has always excelled in its performance and is rated highly by the National level funding agencies. NBCFDC held an exercise to evaluate the performance of its 46 implementing agencies in India based on 11 parameters such as loan disbursement, loan repayment, timely completion of annual accounts and adjudged your company as the best agency across the Nation. This prestigious award was received by the Chariman and Managing Director of your company on 13-01-2020 from the Union Minister for Social Justice and Empowerment, Sri. Thaawarchand Gehlot.





## Silver Jubilee Celebrations and BCDC Expo 2020

Your company commemorated 25 glorious years of dedicated service to the target groups during 2019-20. Silver Jubilee Celebrations were inaugurated by the Honourable Governor of Kerala, Sri.Arif Muhammad Khan on 28-02-2020 at Kottamaidan, Palakkad. As part of the celebrations an exhibition cum trade fair was also held in this venue from 24-02-2020 to 03-03-2020. The Expo2020 conducted in an AC German White Hanger pavilion, where more than 125 stalls including the stalls from other states exhibited wide range of products including Handicrafts, Garments, Bamboo Products, Coir Products, Khadi products, Spices, Pottery, Agricultural products, Ethnic food products etc. attracting large bunch of people towards the EXPO.



Several dignitaries including Ministers of the State, Shri. A. K. Balan, Shri. V. Krishnankutty, Shri. Kadannappally Ramachandran, took part in the celebrations.



## **BPE Rating**

Your company has the honour to inform that we have once again been included in the list of top 10 PSUs in terms of profitability in the report for the year 2019-20 by the Bureau of Public Enterprises, Kerala.

## **Steps to Improve Performance**

Your company sets unit wise targets annual target for loan disbursement and monthly target for recovery. Achievement of the units against the targets is reviewed on a day to day basis and is displayed in the home screen of the application software – BCDC Online. Also monthly review letters are sent to all units and Quarterly Review Meetings attended by the Managing Director, Senior Managers, all Unit Managers, Assistant Managers and concerned section heads at unit offices is held during every quarter to critically evaluate the performance of all units. This exercise also helps in improving our performance.

## **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), National Minorities Development and Finance Corporation (NMDFC) and National Safai Karamcharis Finance & Development Corporation (NSKFDC) 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.



# DIRECTORS' REPORT

Dear Shareholder,

Your Directors take pleasure in presenting the Twenty Fifth Annual Report on the business, operations and achievements of your Corporation together with the Audited Annual Accounts for the year ended 31<sup>st</sup> March 2020.

As you may be aware, your Corporation was incorporated on 28<sup>th</sup> 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 `139.92Crores has already been issued as on date. 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 31 <sup>st</sup> March 2020 (₹. In lakhs)	For the year ended 31 <sup>st</sup> March 2019 (₹. In lakhs)
<b>A. INCOME</b>		
Interest Earned	8,395.32	7,000.52
Other Income	167.89	274.97
	<b>8,563.21</b>	<b>7,275.44</b>
<b>B. EXPENDITURE</b>		
Finance Costs	2,594.42	2,123.14
Payment & Provision for Employees	1,527.46	1,590.22
Administrative and Other Expenses	2,989.56	1,728.43
Depreciation	30.42	35.42
	<b>7,141.86</b>	<b>5,477.21</b>
<b>Net Profit (A-B)</b>	<b>1,421.35</b>	<b>1,798.23</b>

The profit earned by the Corporation during the period under report is ₹1,421.35 Lakhs as against ₹1,798.23 Lakhs during the year. The Cumulative profit of the Company is ₹24,988.79 lakhs which includes Special Reserve of ₹ 480.47 lakhs in the 'Loanees' Distress Relief Fund.

## 2. BOARD OF DIRECTORS

The appointment and cessation of Chairmanship and Directorship during the relevant accounting year 2019-20.

Name	Designation	Date of Appointment	Cessation
Shri.K.Narayan	Director	07.06.2016	Continuing
Shri.K.T.Balabhaskaran	Managing Director	20.07.2016	Continuing
Shri.Md.Shahbaz Ali	Director	19.12.2016	Continuing
Shri.GopiKottamurickal	Director	03.02.2017	Continuing
Shri.A.Mahendran	Director	03.02.2017	Continuing
Shri.A.P.Jayan	Director	03.02.2017	Continuing
Shri.Suresh Kumar P.N	Director	16.09.2017	Continuing
Shri.T.Kannan	Director	09.02.2018	Continuing
Shri.T.K.Suresh	Chairman	26.11.2018	Continuing
Shri.S.D.Ferold Xavier	Director	21.02.2019	Continuing
Smt.Saradha S	Director	05.03.2019	11.11.2019
Smt.P.ISrividhya I.A.S	Director	20.11.2019	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 transferred the amount of Rs.45.54 lakhs as required as per Section 135 of the Companies Act to the Unspent CSR Account. The amount could not be expended for CSR activity during the reporting period because of the adverse situations due to outbreak of Corona Virus.

#### 6. AUDIT COMMITTEE

The Board of Directors has constituted an Audit committee with Shri.GopiKottamurickal, Director as Chairman and Directors Shri.A.P.Jayan, Shri.Suresh Kumar P.N, Shri.S.D.Ferold Xavier & 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. 139.92Crores 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 44,653 beneficiaries belonging to Backward and Minority communities under various projects with a total disbursement of ₹ 50,411.69 lakhs. The total disbursement made during the corresponding previous year was ₹47551.63 Lakhs.
- (ii) Collection and Recovery from Beneficiaries: Total recovery from the beneficiaries during the year is ₹438.83 lakhs. As per the Demand Collection Balance (DCB) statement the cumulative collection percentage during the year is 97%.

## 9. PROJECTS UNDERTAKEN

- i) During the year 2019-20 the Corporation has extended its financial assistance to the society by giving assistance in the following manner :

Sl No	Scheme	2019-20	
		No of Beneficiaries	Amount in Lakhs
1	Self-Employment Scheme-General	5667	12965.61
	Self-Employment Scheme- Re-turn	246	1402.92
	Self-Employment Scheme- Start up	25	82.62
2	Education Loan Scheme	827	2672.84
3	Micro Finance Scheme	28294	10990.43
4	Marriage Assistance Scheme	3300	6227.01
5	Swasthagriha	96	267.59
6	Working Capital Loan	597	1372.75
7	Suvarnasree	3697	8609.75
8	Business Development Loan	107	332.29
9	Vehicle Loan	41	57.3
10	New Swarnima Scheme	7	7
11	Personal Loan	1176	3023.43
12	AswasaKiranam	193	204.15
13	EnteVeedu- Housing Loan	380	2196
	<b>TOTAL</b>	<b>44653</b>	<b>50411.69</b>

## DISCLOSURE

Extract of Annual Return : In compliance to provisions of Section 134(3)(a) read with provisions of sub-section (3) of Section 92 of the Companies Act, 2013, extract of annual return will be placed at the Website of Corporation i.e. [www.ksbcd.com](http://www.ksbcd.com).

- 1) Statement on Declaration of Independent Directors : Provision of Section 134 (3) (d) read with sub-section (6) of Section 149 of the Companies Act, 2013 (requiring a statement on declaration given by independent Directors), is not applicable to the Company.
- 2) Disclosure on Company's policy on Directors' appointment and remuneration : It is to report that the requirements of disclosing Company's policy on Directors' appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013 are not applicable.
- 3) Explanations of comments by the Board on every qualification etc :The reply to Comments/Qualification of the Independent Auditor is separately attached to the report.

#### 4) **Secretarial Audit Report**

By virtue of provisions of Section 204 of the Companies Act, 2013 read with Rule 9(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2013, your Corporation is not required to obtain Secretarial Audit Report for the period under review.

- 5) Particulars of loans, guarantee or investments : Pursuant to provisions of Section 186 of Companies Act, 2013, No investments have been made by your Company and hence no disclosure required.
- 6) Particulars of contracts or arrangements with related parties :The Company has not entered into any contracts or arrangement with any of its related party.
- 7) Dividend :The Board has not recommended any Dividend for this Financial Year.
- 8) Material Changes and Commitments :The Material Changes have been separately disclosed in the notes to accounts.
- 10)Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo : The activities undertaken by your Corporation do not fall under the purview of disclosures of particulars under Section 134(3)(m) of the Companies Act, 2013, in so far as it relates to the conservation of energy, technology absorption, foreign earnings and outgo.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) read with sub - section 5 of the Section 134 of the Companies Act 2013, your Directors state that :

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from same;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis;
- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f) The directors had devised proper systems to ensure proper compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

#### **Board Committees**

- a) CSR Committee : In pursuance to the provisions of Section 135 of the Companies Act, 2013 read with rule 5 of Companies (Corporate Social Responsibility Policy) Rule, 2014, the Board of Directors

vide 191<sup>st</sup> Meeting constituted CSR Committee comprising of 5 directors, namely, Shri.T.K.Suresh, K.T.Balabhaskaran, S.D.Ferold Xavier, Suresh Kumar P.N, Srividhya P.I & Kannan T .One meeting of CSR Committee was held during the year.

- b) Audit Committee : The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings, of Board and its Powers) Rule, 2014 specifying the classes of Companies to constitute Audit Committee are not applicable on your Corporation. However, the Board of Directors of your Corporation has constituted and Audit Committee for seeing the Annual Accounts. One meeting of Audit Committee was held during the year.
- c) Nomination & Remuneration Committee and Stakeholders Relationship Committee : Provisions of Section 178 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings and Board and its Powers) Rules, 2014, your Corporation is not required to constitute a Nomination and Remuneration Committee of the Board.
- d) Vigil Mechanism : As per provisions of sub-section(9) of Section 177 of the Companies Act, 2013 read with Rule 7(1) of Companies (Meetings of Board and its Powers) Rules, 2014, your Corporation is outside the purview of formation of Vigil Mechanism. However, the employees are encouraged to report unethical behavior, actual or suspected fraud, if any, to the higher authorities.

## AUDIT & AUDITORS

- 1) Appointment of Auditors for the financial year 2019-20

M/s R.Venkitachalam & Co Chartered Accountants, Thiruvananthapuram, was appointed as Statutory Auditors by C&AG for the Financial Year 2019-20.

- 2) Auditor's Report

Auditor's Report on the financial statements for the year 2019-20 together with the notes thereon is attached. A perusal of the statement reflects that it certifies true and fair view of the state of affairs of the Company and it self-explanatory.

- 3) Observation of C&AG

The Company had submitted the financial statement for the year 2019-20 together with the report of the Auditors to the office of C&AG for their review and comment and the Comments and the reply of the Company has been included in the Annual Report.

## STATUTORY DISCLOSURE

Disclosure under Companies Act, 2013

The details of other disclosure or reporting with regard to following matters are not required, as there were no transactions on these items during the year:-

- a) Details relating to deposits as stipulated in Chapter V of the Companies Act, 2013.
- b) Issue of equity shares with differential rights to dividend, voting or otherwise.

- c) Issue of shares (including sweat equity shares) to the employees of the Corporation under any scheme.
- d) No significant material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and operations of the Corporation.

Disclosure under the Sexual harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In Compliance to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) act, 2013, citing out the requirements by every Corporation regarding disclosure in its Annual Report of any instance or case received under the Act, during the year under review, there were no cases received under this Act. The guidelines have also been forwarded to women employees of the Corporation.

### Information placed on Website

As per statutory requirements, Company is required to place various policies/ documents/ Information on its website i.e. [www.ksbcdcd.com](http://www.ksbcdcd.com). Corporation has a functional website and all the requisite information is uploaded thereat.

### Implementation of Right to Information Act, 2005

As per the Right to Information Act, 2005, the Corporation has nominated Public Information Officers, and also an appellate Authority. The Information required to be disclosed under clause 4(1)(b) of RTI Act has already been placed on the website, along with the Annual status of receipt and disposal of the RTI Applications and Appeals. The quarterly and Annual Reports on implementation of RTI Act are also being submitted online to the Central Information Commission.

During the year, a total number of 15 applications under RTI were received and all have been disposed off.

### Particulars of Employees U/S 134(3) of the Companies Act, 2013

None of the employees of the Corporation, was drawing a remuneration in excess of ₹ 2,00,000/- p.m. if employed for a part of the year or in excess of ₹ 2,00,000/- p.m. if employee for whole of the year 2019-20.

### Capital to Risk Weight Asset Ratio(CRAR)

Particulars	Current Year	Previous Year
CRAR %	27.66	32.03
CRAR (Tier 1 Capital %)	27.66	32.03
CRAR (Tier II Capital %)	0	0





सत्यमेव जयते

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-I) KERALA,  
THIRUVANANTHAPURAM**

**COMMENTS OF THE COMPTROLLER AND 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 LTD.,  
THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of Kerala State Backward Classes Development Corporation Ltd., Thiruvananthapuram for the year ended 31 March 2020 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 22 February 2021.

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 Ltd., Thiruvananthapuram for the year ended 31 March 2020 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: 07.06.2021

  
**ANIM CHERIAN**  
**PRINCIPAL ACCOUNTANT GENERAL (AUDIT-I),**  
**KERALA**





## **KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED**

(A Government of Kerala Undertaking)  
CIN-U75122KL1995SGC008705

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### **Replies to Comments of the Accountant General on the Audited Accounts of the Company for the year ended 31st March 2020**

\_\_\_\_\_  
Nil

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



# 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: 22-02-2021

### INDEPENDENT AUDITOR'S REPORT

To

The Members

Kerala State Backward Classes Development Corporation Limited

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Qualified Opinion

We have audited the accompanying Standalone Ind AS financial statements of Kerala State Backward Classes Development Corporation Limited (CIN - U75122KL1995SGC 008705) ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the 'Basis for Qualified Opinion' section of our report*, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

1. A nominal value of Re. 1 is shown for Leasehold property under Property, Plant and Equipment. The company is not having any documentary evidence to show that the company is holding the land as leasehold land. Government of Kerala vide GO (MS) No. 360/14/Revenue allowed to construct a building in the land at Kollam, for which an annual lease rent of Rs. 93150/- is fixed. Company has spent an amount of Rs. 3.39 lakhs for construction of a compound wall in the above property, which is shown under building in the Property, Plant and Equipments. Since the company is not having ownership/leasehold right for more than one year, the expenditure incurred on construction ought have been considered as revenue expenditure. The Surplus in profit and loss under Other Equity and also the Property, plant and Equipment under Non current assets in Balance sheet is overstated to that extent.
2. Company has shown an amount of Rs. 180.25 lakhs under Other than Cash and cash equivalents under Current Assets in Balance Sheet. The above balances are outstanding for years together without getting confirmation from the Bank. Since there is no confirmation from banks and the efforts to reconcile the same over these period has not become fruitful, provision for loss has to be created for this amount. Thus the Surplus in the Statement of Profit and Loss and the Current Assets in the Balance Sheet is overstated to that extent
3. Provision for Earned Leave Salary of contract employees has not been provided by the Company, resulting in an understatement of Employee benefits under Provisions in non-current





## **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: 22-02-2021

*liabilities to that extent and the Surplus in the Statement of Profit and Loss is overstated. The effect of this could not be quantified since the relevant data is not provided.*

4. *As per the reconciliation statement for the principal portion of the amount due to NMDFC, entries have not been passed in the accounts of KSBCDC to the tune of Rs. 4.07 lakhs and NMDFC has not accounted the payments of Rs. 27.51 lakhs. We are unable to verify by any alternative means, the correct amount payable to NMDFC included in the balance sheet. We are unable to determine whether any adjustment might have been necessary in respect of these differences.*

5. *Company has partially adopted IRAC norms of Reserve Bank of India as disclosed in the Significant Accounting Policies. [Note 1B(i)(i) and Note 1B(i)(i) of Significant Accounting Policies]. In the absence of details, the Impact of non adoption of Income recognition norms of Reserve Bank of India for NPA assets, on the net surplus of the company could not be quantified.*

6. *As per section 135 of the Companies Act, the Company is to spend 2% of the average profits of the preceeding three years for CSR activities. The company has not expended any amount on CSR expenditure during the year. The Liability towards CSR expenditure is not disclosed separately in the notes to statements. The average net profit for the last three years works out to Rs. 46 lakhs*

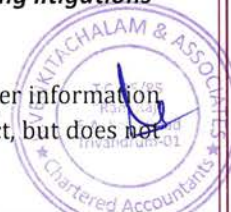
We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial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

#### **Other Information**

1. *There are totalling errors and carry forward errors in the financial statements due to rounding off, in the previous year figures. Our opinion is not qualified to this respect considering the materiality aspect.*

2. *Various service tax demands of earlier years aggregating to Rs. 2,26,91,066/- is under litigation and are pending at various forums, whereas the amount disclosed under Claims against the company not acknowledged as debts in Notes to accounts is Rs. 192.8 lakhs corresponding to the above. The Company has not disclosed the impact of pending litigations on its financial position in its financial statements.*

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report as per section 134 of the Act, but does not include the Ind AS financial statements and our auditor's report thereon.







## **R. VENKITACHALAM & ASSOCIATES**

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Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

#### **Responsibility of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

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

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





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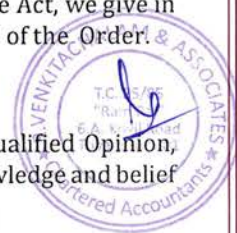
- a) Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not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

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

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

#### 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 1" 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 except for the matter described in the Basis for Qualified Opinion, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;





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Date: 22-02-2021

- (b) Except for the matter described in the Basis for Qualified Opinion, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) Except for the matter described in the Basis for Qualified Opinion, in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the Notification No.GSR 163E dated 5<sup>th</sup> June 2015, issued by Ministry of Corporate Affairs, section 164(2) of the Act 'Disqualification of Directors' is not applicable to the Company, being a Government Company;
- (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;
- (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) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements
  - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by section 143(5) of the Act, we give in Annexure 2 a statement on the compliance to the directions issued by the Comptroller and Auditor General of India as applicable to the Company for the year under audit.

Thiruvananthapuram  
22.02.2021

UDIN: 21023478AAAABT8902

R. VENKITACHALAM  
Partner (F.N - 23478)  
Firm Reg. No. 001645







## R. VENKITACHALAM & ASSOCIATES

### Chartered Accountants

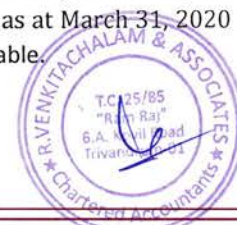
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Date: 22-02-2021

#### Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
(b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the books and the physical fixed assets have been noticed on such verification.  
(c) The Company does not own any immovable properties.
2. In our opinion and according to the information and explanations given to us, 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, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of The Companies (Audit Report) Order, 2016 is not applicable.
4. According to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or given any security or made any investments under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the Order 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, duty of customs, duty of excise, value added tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, the following undisputed amounts payable in respect of the above are in arrears as at March 31, 2020 for a period of more than six months from the date on which they become payable.

i) **Income tax TDS demand for Prior Years - Rs. 63230/-**





## R. VENKITACHALAM & ASSOCIATES

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(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 31<sup>st</sup> March 2020 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	CESTAT, Bengaluru	2011-12 to 2013-14	Rs. 12,43,260/-
Service Tax	Service tax,/interest & ineligible CENVAT Credit	CESTAT, Bengaluru	01.04.2015-31.03.2016	Rs. 37,222/-
Service Tax	Service tax,/interest & penalty	Commissioner of Central Excise, Customs & Service, Cochin	01.04.2011-31.03.2014	Rs. 24,60,922/-
Service Tax	Service tax,/interest & penalty	CESTAT, Bengaluru	01.04.2014-31.03.2015	Rs. 4,06,507/-
Service Tax	Service tax/interest & penalty on Guarantee Commission	Office of the Commissioner (Appeals), Central GST & Central Excise, Cochin	2012-13 to 2017-18	Rs. 1,75,97,816/-
Service Tax	Service tax on Processing fees etc	Office of the Commissioner (Appeals), Central GST & Central Excise, Cochin	2016 to 2017 June	Rs. 9,45,339/-
				<b>Rs. 2,26,91,066/-</b>

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, or government and has not issued any debentures. Accordingly, paragraph 3 (viii) of the Order is not applicable.





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Date: 22-02-2021

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 (including debt instruments) and has not taken any term loans during the year. 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, provisions of transactions with the related parties under section 177 and 188 of Companies Act, 2013 are not applicable to the company, being a government company.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence provisions of clause 3 (xiv) of the Order are not applicable to the Company.
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.

Thiruvananthapuram

22.02.2021

UDIN : 21023478AAAABT8902

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: 22-02-2021

#### **Annexure 2 to the Independent Auditor's Report of even date on the Ind AS financial statements of Kerala State Backward Classes Development Corporation Limited**

#### **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, 2020 in conjunction with our audit of the Standalone Ind AS 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 financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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.







# R. VENKITACHALAM & ASSOCIATES

## Chartered Accountants

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Date: 22-02-2021

~~We believe that the audit evidence we have obtained is sufficient and appropriate to provide~~  
a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

A Company's internal financial control over financial reporting with reference to these Ind AS financial statements 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 with reference to these Ind AS financial statements includes those policies and procedures that

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Basis for Qualified Opinion

1. *There is a weakness in the area of non adoption and application of the Income Recognition norms for NPA Assets which may result in variation in the net profit of the company as reported in the basis of qualified opinion paragraph in main report.*
2. *Non reconciliation/confirmation of bank balances, pending over years, which is continuously reported in the Audit report of the Company indicate material weaknesses in internal financial controls over financial reporting.*
3. *Non adoption of reconciliation entries in the amount due to NBCFDC, as reported in the main report, pending over years, which is also reported in earlier audit report of the company indicate material weakness in the internal financial controls over financial reporting.*





## R. VENKITACHALAM & ASSOCIATES

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Date: 22-02-2021

#### Qualified Opinion

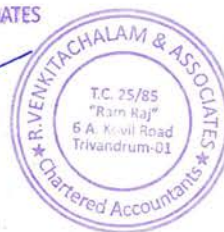
In our opinion the Company has maintained, in all material respects, *except for the matters mentioned in the Basis for Qualified Opinion paragraph*, adequate internal financial controls over financial reporting with reference to these Ind AS statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as of March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Thiruvananthapuram  
22.02.2021

UDIN : 21023478AAAABT8902

For  
R. VENKITACHALAM & ASSOCIATES  
Chartered Accountants

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







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Phone: 2330078, 2331022, E-mail: rvenkit\_54@yahoo.co.in

Date: 22-02-2021

#### ANNEXURE

#### TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF M/S. KERALA STATE BACKWARD CLASSED DEVELOPMENT CORPORATION LTD, THIRUVANANTHAPURAM

FOR THE YEAR ENDED 31.03.2020

Directions under section 143(5) of the Companies Act, 2013

Sl.No	Directions	Auditor's Comments
1	<p>Whether the company has system in place to process all the accounting transactions through IT system?</p> <p>If yes, the implications of processing of accounting transactions outside the IT system on the integrity of the accounts along with the financial implications, if any may be added.</p>	<p>The Company uses 'BCDC online' software to account its lending business transactions on cash basis throughout Kerala. Other than this, the company is using 'Tally ERP' software to record its other transactions, by adopting the transactions from the BCDC Online.</p> <p>Manual intervention by passing the adjustment entries for the transactions in the 'BCDC online' through Tally ERP is there.</p>
2	<p>Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the Company's inability to repay the loan?</p> <p>If yes, the financial impact may be stated.</p>	<p>The Company is availing loans from NBCFDC and NMDFC, NSKFDC. The Company is regularly repaying the debts. There is no restructuring of any loan or waiver/write off of loans made by the lender due to company's inability to repay the loan.</p> <p>Not applicable</p>
3	<p>Whether funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/utilised as per its terms and conditions?</p> <p>List the cases of deviation</p>	<p>The Company has received an amount of Rs. 25 lakhs as Performance Linked Grant in Aid (PLGIA) from NMDFC which has been fully utilised during the year.</p>





## 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: 22-02-2021

#### Sector Specific Sub-Directions under section 143(5) of the Companies Act, 2013

1	<p>Whether the Company has complied with the directions issued by Reserve Bank of India for</p> <ul style="list-style-type: none"> <li>* Non banking Finance Companies</li> <li>* Classification of non-performing assets; and</li> </ul> <p>* Capital adequacy norms for NBFCs.</p>	<p>The Company has generally complied with the directions issued by Reserve Bank of India, except for the matters disclosed. Company has not complied with the Income recognition norms issued by the Reserve Bank, which has been reported in the main audit report.</p> <p>The Company has not complied with the disclosure norms regarding movement in NPA assets.</p> <p>The Company has not complied with the disclosure in Balance sheet regarding CRAR, Exposure to Real Estate Sector, maturity pattern of assets and liabilities.</p>
2	<p>Whether the Company has a system to ensure that loans were secured by adequate security free from encumbrances and have first charge on the mortgaged assets. Further, instances of undue delay in disposal of seized units may be reported</p>	<p>The company has sufficient system to ensure that loans were secured by adequate security, free from encumbrances and first charge on the mortgaged assets.</p> <p>The Company has a mechanism of recovering unpaid loans through the Kerala Revenue Recovery Act, 1968.</p>
3.	<p>Whether introduction of any scheme for settlement of dues and extensions thereto are in compliance with the policy guidelines of the Company/ Government</p>	<p>The Corporation has 'One Time settlement' (OTS), BCDC Loanees Distress Relief Fund(LDRF)Special Reserve, Fishermen's Debt Relief Fund (FDRF) for settlement of dues.</p> <p>Settlements of dues is done only after approval from the Board which is in compliance with the policy guidelines.</p>
4	<p>Comment on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and Cash</p>	<p>Company does not have any trade receivables, other than loans and advances as on 31.03.20. Periodical confirmation</p>



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Phone: 2330078, 2331022, E-mail: rvenkit\_54@yahoo.co.in

Date: 22-02-2021

		<p>certificate have not been received from the Loanees.</p> <p><i>With regard to Bank account and cash, confirmations have not been received in certain cases which is specifically reported in the main report.</i></p> <p>The balance confirmation certificate has not been obtained in the case of treasury savings bank account.</p>
5	Whether the bank guarantees are revalidated in time?	<p>According to the information passed on to us, the company is not having any bank guarantees as on 31.03.2020 and hence reporting requirement does not arise.</p>

Thiruvananthapuram  
22<sup>nd</sup> February, 2021

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, 'Ramraj', Gandhari Amman Kovil Road, Puthenchanthai, Thiruvananthapuram - 695 001  
Phone: 2330078, 2331022, E-mail: rvenkit\_54@yahoo.co.in

Date: 22-02-2024

#### STATUTORY AUDITOR'S CERTIFICATE

We have examined the books of accounts and other records of Kerala State Backward Classes Development Corporation Ltd., for the financial year ending March 31, 2020 on the basis of the information submitted to us, we certify the following:

Sl. No	Particulars	Details
1	Name of the Company	Kerala State Backward Classes Development Corporation Ltd
2	Certificate of Registration No	COR No.N -16.00180 TVM
3	Registered Office	TC 27/588 (7)&(8), "Sentinel" 2 <sup>nd</sup> Floor, Pattoor, Vanchiyoar PO Thiruvananthapuram 695035
4	Corporate Office	TC 27/588 (7)&(8), "Sentinel" 2 <sup>nd</sup> Floor, Pattoor, Vanchiyoar PO Thiruvananthapuram 695035
5	The Company has been classified by RBI as (Investment company/Loan Company/AFC/NBFC-MFI/NBFC- Factor/IFC/IDF-NBFC)	Systemically Important Company – Non Deposit Taking Non-banking Financial Company (NBFC-ND-SI) (This is 100% owned by Government of Kerala)
6	Net Owned Fund (Rs in Crore) Calculation of the same is given in the Annex	387.52
7	Total Assets (Rs in Crore)	1400.60
8	Asset-Income Pattern: (in terms of RBI Press Release 1998-99/1269 dated April 8, 1999) (NBFC-Factor/NBFC-MFI/AFC/IFC may also report separately below) a) % of Financial Assets to Total Assets b) % of Financial income to Gross income	97.46% 95.04%
9	Whether the company was holding any Public Deposits, as on March 31, 2020? If yes, the amount in Crore	NA
10	Has the Company transferred a sum not less than 20% of its Net Profit for the year to Reserve Fund? (in terms of Sec 45-IC of the RBI Act, 1934)	NA







## 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: 22-02-2021

11	Has the company received any FDI? If yes, did the company comply with the minimum capitalization norms for the FDI?	NA
12	If the company is classified as an NBFC – Factor a) % of Factoring Assets to Total Assets b) % of Factoring Income to Gross Income	NA
13	If the company is classified as an NBFC-MFI % of Qualifying assets to Net Assets (refer to Notification DNBS PD No. 234 CGM (US) 2011 dated December 02, 2011)	NA
14	If the company is classified as an AFC a) % of Advances given for creation of physical/real assets supporting economic activity to Total Assets b) % of income generated out of these assets to total income	NA
15	If the company is classified as an NBFC-IFC % of infrastructure Loans to Total Assets	NA
16	Has there been any takeover/acquisition of control U change in shareholding/ Management during the year which required prior approval from RBI? (please refer to per DNBR(PD) CC No. 065/03.10.001/2015-16 dated July 09/2015 on the subject for details)	NA

In terms of paragraph 2 of Notification No. DNBS 201/DG/(VL)-2008 dated September 18, 2008, a separate report to the Board of Directors of the Company has been made.

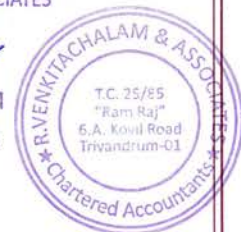
I have read and understood paragraph 5 of Notification No. DNBS.201/DG(VL)-2008 dated September 18, 2008.

Thiruvananthapuram

22<sup>nd</sup> February 2021

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: 22-02-2021

Sl.No	Capital Funds – Tier I	Rs in crores
1	Paid up Equity Capital	137.64
2	Pref. shares to be compulsorily converted into equity	0
3	Free Reserves	
	a. General Reserve	245.08
	b. Share Premium	0
	c. Capital Reserves	0
	d. Debenture Redemption Reserve	0
	e. Capital Redemption Reserve	0
	f. Credit Balance in P&L Account	0
	g. Other Free Reserves (LDRF Special Reserve)	4.80
4	Special Reserves	
	<b>Total of 1 to 4</b>	<b>387.52</b>
5	Less: i) Accumulated Balance of Loss	0
	ii) Deferred Revenue Expenditure	
	iii) Deferred Tax Assets (Net)	0
	iv) Other Intangible Assets	0
	<b>Owned Fund</b>	<b>387.52</b>
6	Investment in shares of	
	i) Companies in the same group	0
	ii) Subsidiaries	0
	iii) Wholly Owned Subsidiaries	0
	iv) Other NBFCs	0
7	Book value of debentures, bonds outstanding loans and advances, bills purchased and is counted (including HP) and lease finance made to, and deposits with:	
	i) Companies in the same group	0
	ii) Subsidiaries	0
	iii) Wholly Owned Subsidiaries/Joint Ventures Abroad	0
8	Total of 6 and 7	0
9	Amount in item 8 in excess of 10% of Owned Fund	
10	Net Owned Fund	387.52





## R. VENKITACHALAM & ASSOCIATES

### Chartered Accountants

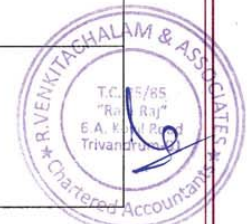
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Phone: 2330078, 2331022, E-mail: rvenkit\_54@yahoo.co.in

Date: 22-02-2024

#### STATUTORY AUDITOR'S CERTIFICATE

We have examined the books of accounts and other records of Kerala State Backward Classes Development Corporation Ltd., for the financial year ending March 31, 2020 on the basis of the information submitted to us, we certify the following:

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7	Total Assets (Rs in Crore)	1400.60
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Date: 22-02-2021

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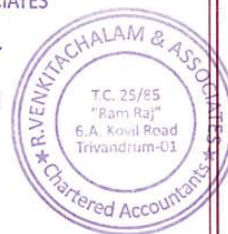
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Thiruvananthapuram

22<sup>nd</sup> February 2021

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: 22-02-2021

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3	Free Reserves	
	a. General Reserve	245.08
	b. Share Premium	0
	c. Capital Reserves	0
	d. Debenture Redemption Reserve	0
	e. Capital Redemption Reserve	0
	f. Credit Balance in P&L Account	0
	g. Other Free Reserves (LDRF Special Reserve)	4.80
4	Special Reserves	
	<b>Total of 1 to 4</b>	<b>387.52</b>
5	Less: i) Accumulated Balance of Loss	0
	ii) Deferred Revenue Expenditure	
	iii) Deferred Tax Assets (Net)	0
	iv) Other Intangible Assets	0
	<b>Owned Fund</b>	<b>387.52</b>
6	Investment in shares of	
	i) Companies in the same group	0
	ii) Subsidiaries	0
	iii) Wholly Owned Subsidiaries	0
	iv) Other NBFCs	0
7	Book value of debentures, bonds outstanding loans and advances, bills purchased and is counted (including HP) and lease finance made to, and deposits with:	
	i) Companies in the same group	0
	ii) Subsidiaries	0
	iii) Wholly Owned Subsidiaries/Joint Ventures Abroad	0
8	<b>Total of 6 and 7</b>	<b>0</b>
9	Amount in item 8 in excess of 10% of Owned Fund	
10	<b>Net Owned Fund</b>	<b>387.52</b>



## **REPLY TO THE INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR 2019-20**

### **1. Leasehold Property w.r.t Construction of Office Building in Kollam**

The Observations w.r.t Leasehold Property is noted. Necessary actions for making the Lease into a Long Term one will be taken with the Appropriate Government authorities.

### **2 Fixed Deposits**

Since this a long pending issue w.r.t Non Availability of Confirmation of Balances, there is a need for a detailed enquiry including physical visit. However, due to lockdown and other related economic conditions due to Covid 19 pandemic, the process like scrutiny of records and physical verification was delayed. It is expected to complete the enquiry process within the completion of Finalisation of Accounts 2020-21, in this context.

### **3. Provision for Earned Leave Salary for Contract Employees**

Like in case of Regular Employees, Leave Earned by Contract Employees to the tune of 15 days per year of their Contract can be encashed. However it is submitted that the period of employment of Contract Employees need not extend upto 1 year since it depends upon the conditions prescribed in the contract executed. Hence, the completion of 1 year contract is not certain. Accordingly though determining the Earned Leave of Contract Employees as on 31<sup>st</sup> March 2021 may not be payable and provisioning need not serve the purpose in this context. Moreover, since the service is uncertain and the joining period of contract employees varies, there is no uniformity of tenure of Contract Employees and hence provision for ELS of Earned Leave Employees not been provided.

### **4.Non Reconciliation of Loans Outstanding with NMDFC**

We may submit that we have taken all efforts to reconcile the Loan Outstanding Balance with NMDFC and have sent letter seeking clarifications to submit the balances inline with the books of accounts with NMDFC. However, the reply from NMDFC is pending and once it is received, the same may be rectified accordingly.

### **5. Adoption of IRAC Norms of Reserve Bank of India**

The observation w.r.t partial adoption of IRAC norms of Reserve Bank of India is noted and it is hereby submitted that all norms as applicable for the Company will be complied accordingly in the coming years.



## 6. CSR Expenditure

Due to Covid 19 pandemic, the amount earmarked for the CSR Contribution for the Financial Year 2019-20 could not be expended before the close of the Financial Year. However, as per the Companies Amendment Act 2019 Sub Section 6, the unspent amount was transferred to a Separate Account and the expenditure subsequent to this period is being done from this account

### Other Items

#### 1. Totalling & Carry Forward Errors

Observation w.r.t Totalling & Carry Forward Errors is noted for future guidance

#### 2. Impact of Pending Litigations and Disclosure in Financial Statements

Observations w.r.t Pending Litigations and Disclosure in Financial Statements is noted for future guidance

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**KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED**  
**CIN - U75122KL1995SGC008705**  
**STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2020**

		(Rupees in Lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018	
<b>A ASSETS</b>				
1. Non-current Assets				
a) Property, Plant and Equipment	90.91	75.40	67.84	
b) Intangible Assets	0.95	1.30	1.78	
c) Financial Assets				
(i) Loans	1,13,754.13	1,00,572.94	87,072.97	
d) Other non-current assets	-	-	-	
<b>TOTAL</b>	<b>1,13,845.99</b>	<b>1,00,649.64</b>	<b>87,142.59</b>	
2. Current Assets				
a) Financial Assets				
(i) Cash and Cash Equivalents	11,176.93	2,032.17	1,712.12	
(ii) Other than (i) above	180.25	180.25	180.25	
(iii) Loans	11,398.00	11,114.34	8,194.43	
b) Other current assets	3,459.15	2,252.71	3,749.94	
<b>TOTAL</b>	<b>26,214.33</b>	<b>15,579.47</b>	<b>13,836.74</b>	
<b>Total Assets</b>	<b>1,40,060.32</b>	<b>1,16,229.11</b>	<b>1,00,979.33</b>	
<b>B EQUITIES AND LIABILITIES</b>				
3. EQUITY				
(a) Equity Share Capital	13,763.80	13,535.00	13,185.00	
(b) Other Equity	24,988.79	23,696.66	22,374.74	
<b>TOTAL</b>	<b>38,752.59</b>	<b>37,231.66</b>	<b>35,559.74</b>	
4. LIABILITIES				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	76,109.67	59,927.90	50,624.33	
(b) Provisions	272.15	465.69	545.54	
(c) Other non-current liabilities	425.19	149.36	-	
<b>TOTAL</b>	<b>76,807.01</b>	<b>60,542.95</b>	<b>51,169.87</b>	
5. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17,908.69	14,676.38	11,565.33	
(b) Other current liabilities	1,836.81	1,563.98	1,443.62	
(c) Provisions	4,755.22	2,214.14	1,240.77	
<b>TOTAL</b>	<b>24,500.72</b>	<b>18,454.50</b>	<b>14,249.72</b>	
<b>Total Equities and Liabilities</b>	<b>1,40,060.32</b>	<b>1,16,229.11</b>	<b>1,00,979.33</b>	

Accompanying notes forms part of 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. Ram Ganesh**  
Company Secretary  
(Mem No. F8633)

  
**K. T. Belabhaskaran**  
Managing Director  
(DIN : 07593504)

  
**T K Suresh**  
Chairman  
(DIN: 00449654)

  
**Venkitachalam Ramaswamy**  
Partner  
(Membership No. 023478)

Thiruvananthapuram  
Date: 12/02/2021

**KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED**

**CIN - U75122KL1995SGC008705**

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020**

**(Rupees in Lakhs)**

Particulars	Figures for the Current Reporting Period	Figures for the Previous Reporting Period
<b>Continuing Operations</b>		
1 Revenue from Operations	8,395.32	7,000.52
2 Other Income	167.89	274.92
3 Total Revenue (1+2)	<u>8,563.21</u>	<u>7,275.44</u>
4 Expenses:-		
(a) Employee Benefits Expenses	1,527.46	1,590.22
(b) Finance Costs	2,594.42	2,123.14
(c) Depreciation and Amortization Expenses	30.42	35.42
(d) Provision for Standard and Non Performing Assets	2,564.71	1,220.24
(e) Other Expenses	424.85	508.19
Total Expenses	<u>7,141.86</u>	<u>5,477.21</u>
5 Profit before exceptional and extraordinary items and tax (3-4)	<u>1,421.35</u>	<u>1,798.23</u>
6 Exceptional Items	-	-
7 Profit before extraordinary items and tax (5-6)	<u>1,421.35</u>	<u>1,798.23</u>
8 Extraordinary Items	-	-
9 Profit before tax from Continuing Operations(7-8)	<u>1,421.35</u>	<u>1,798.23</u>
10 Tax Expense:		
(a) Current Tax	-	-
(b) Deferred Tax	-	-
11 PROFIT FROM CONTINUING OPERATIONS (9-10)	<u>1,421.35</u>	<u>1,798.23</u>
12 Profit from discontinued operations	-	-
13 Profit or loss for the period (11+12)	<u>1,421.35</u>	<u>1,798.23</u>
14 Other Comprehensive Income	-	-
15 Total Comprehensive Income for the year(13+14)	<u>1,421.35</u>	<u>1,798.23</u>
16 Earnings per Share (for Continuing operations)		
(a) Basic (Rs)	10.44	13.42
(b) Diluted (Rs)	10.44	13.42
17 Earnings per Share (for Discontinued operations)		
(a) Basic (Rs)	-	-
(b) Diluted (Rs)	-	-
18 Earnings per Share (for Continuing operations and for Discontinued operations)		
(a) Basic (Rs)	10.44	13.42
(b) Diluted (Rs)	10.44	13.42


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. Ram Ganesh  
Company Secretary  
(Mem No. F8633)

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

  
T K Suresh  
Chairman  
(DIN: 00449654)

  
Venkitachalam Ramaswamy  
Partner  
(Membership No. 023478)

Thiruvananthapuram

Date: 12/02/2021

**KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED**

**CIN - U75122KL1995SGC008705**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020**

(Rupees in Lakhs)

Particulars	Figures for the Current Reporting Period	Figures for the Previous Reporting Period
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before income tax from continuing operations	1,421.35	1,798.23
Profit before income tax from discontinued operations	-	-
Profit before income tax from continuing and discontinued operations	1,421.35	1,798.23
Adjustments for:		
Non Current Provisions	-193.54	-79.85
Depreciation	30.42	35.42
Profit on Sale of Fixed Asset	-	-0.32
Loss on Sale of Fixed Asset	-	0.29
Operating Profit before Working Capital Changes	1,258.23	1,753.77
Adjustment for (Increase)/ Decrease in Working Capital:		
Current Assets	-283.66	-2,919.91
Other Current Assets	-1,206.45	1,497.23
Current Liabilities and Provision	6,041.23	4,204.78
Cash generated from Operations	5,809.35	4,535.88
Fund Advanced to Customers	-13,181.19	-13,499.97
Net Cash from Operating Activities	-7,371.84	-8,964.09
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Asset	-45.58	-42.92
Sale of Fixed Asset	-	0.44
Net cash used in Investing Activities	-45.58	-42.48
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase in Share Capital	228.80	350.00
Decrease in Reserves	-124.22	-126.31
Share Application money received	-	-350.00
Long term Loans Availed/ (Paid) - Net	16,181.77	9,303.57
Non Current liabilities	275.83	149.36
Net Cash used in Financing Activities	16,562.18	9,326.62
Net Increase in Cash and Cash Equivalents	9,144.76	320.05
Cash and Cash Equivalents at the beginning of the year	2,032.17	1,712.12
Cash and Cash Equivalents at the end of the year	11,176.93	2,032.17

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. Ram Ganesh

Company Secretary

(Mem No. F8633)

Thiruvananthapuram

Date: 12/02/2021

K. T. Balabhaskaran

Managing Director

(DIN : 07593504)

T K Suresh

Chairman

(DIN: 00449654)

Venkitachalam Ramaswamy

Partner

(Membership No. 023478)



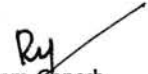
**KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED**  
CIN - U75122KL1995SGC008705  
**STATEMENT OF CHANGES IN EQUITY**

(Rupees in Lakhs)

EQUITY Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Shares outstanding at the beginning of the reporting period	13,535.00	13,185.00	13,185.00
Shares Issued during the period	228.80	350.00	-
Shares Bought back during the period	-	-	-
Shares Outstanding at the end of the reporting period	<u>13,763.80</u>	<u>13,535.00</u>	<u>13,185.00</u>
 <b>OTHER EQUITY</b> Particulars	 <b>As at 31st March, 2020</b>	 <b>As at 31st March, 2019</b>	 <b>As at 1st April, 2018</b>
(a) Share Application Money pending allotment			
(a) Balance at the beginning of Reporting Period	-	350.00	350.00
(b) Shares allotted	-	350.00	-
(c) Balance at the end of the Reporting Period	<u>-</u>	<u>-</u>	<u>350.00</u>
(b) General Reserve			
(a) Balance at the beginning of Reporting Period	23,281.75	21,660.71	19,096.12
(b) Effect of Changes in Accounting Policy	5.00	-	8.05
(c) Restated balance at the beginning of the reporting period	23,276.75	21,660.71	19,088.07
(d) Transfer from Profit and Loss Account	1,231.57	1,621.04	2,572.64
(e) Less: Utilized for dividend	-	-	-
(f) Balance at the end of the Reporting Period	<u>24,508.32</u>	<u>23,281.75</u>	<u>21,660.71</u>
(c) Surplus/(Deficit) in Statement Profit and Loss			
(a) Balance at the beginning of Reporting Period	-	-	-
(b) Add: Total Comprehensive Income for the year	1,421.35	1,798.23	2,729.22
(c) Transfer to BCDC LDRF Special Reserve	189.78	177.20	156.58
(d) Less: Transfer to General Reserve	1,231.57	1,621.04	2,572.64
(e) Balance at the end of the Reporting Period	<u>-</u>	<u>-</u>	<u>-</u>
(d) BCDC LDRF Special Reserve			
(a) Balance at the beginning of Reporting Period	414.91	364.03	351.55
(b) Add: Additions	189.78	177.20	156.58
(c) Transferred	124.22	126.31	144.10
(e) Balance at the end of the Reporting Period	<u>480.47</u>	<u>414.91</u>	<u>364.03</u>

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. Ram Ganesh  
Company Secretary  
(Mem No. F8633)

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

  
T K Suresh  
Chairman  
(DIN: 00449654)

  
Venkitachalam Ramaswamy  
Partner  
(Membership No. 023478)

Thiruvananthapuram  
Date: 12/02/2021

1(a)Property, Plant and Equipment		(Rupees in Lakhs)											
Description	Gross Block					Depreciation/Amortization/Depletion					Net Block		
	Balance as at April 1 2018	Additions during the 2018-19	Balance as at March 31 st 2019	Additions during 2019-20	Deletions during 2019-20	Balance as at March 31st 2020	Balance as at April 1 2018	Additions during the 2018-19	Balance as at March 31 st 2019	Additions during 2019-20	Deletion s during 2019-20	Balance as at April 1st 2018	Balance as at March 31st 2020
LEASEHOLD LAND	-	-	-	-	-	-	-	-	-	-	-	-	-
ASSET ACQUIRED FROM GRANT IN AID	-	-	-	-	-	-	-	-	-	-	-	-	-
BUILDING	3.39	-	3.39	-	-	3.39	0.32	0.32	0.32	0.29	0.61	3.39	2.78
MOTOR VEHICLES	21.26	-	21.26	-	-	21.26	6.87	6.87	6.87	4.64	11.51	21.26	14.39
FURNITURE AND FITTINGS	20.63	17.10	37.73	19.96	-	57.69	6.89	6.89	6.89	9.78	16.67	30.84	41.02
OFFICE EQUIPMENTS	22.56	25.40	47.96	25.62	-	73.58	20.86	20.86	20.86	15.36	36.22	22.56	37.36
Sub Total	67.84	42.50	110.34	45.58	-	155.92	34.94	34.94	34.94	30.07	65.01	67.84	90.91

Note:

- 1) Fixed Assets are physically verified at unit level.
- 2) Leasehold Land in which building is constructed in Kollam is shown at nominal value of Rs. 1.00 in books of accounts.
- 3) There are 64 Assets acquired out of Grant in Aid which are adjusted against Grant received in the current year itself and is shown at nominal value of Rs. 1.00 for each assets.
- 4) Building represents Compound wall built on Leasehold property at Kollam.

#### 1.(b) Intangible Assets

Description	Gross Block					Depreciation/Amortization/Depletion					Net Block	
	Balance as at April 1 2018	Additions during the 2018-19	Balance as at March 31 2019	Additions during 2019-20	Deletions during 2019-20	Balance as at March 31 2020	Balance as at April 1 2018	Additions during the 2018-19	Balance as at March 31 2019	Deletions during 2019-20	Balance as at April 1 2018	Balance as at March 31 2020
COMPUTER SOFTWARES	1.78	-	1.78	-	-	1.78	-	0.48	0.48	0.35	1.78	0.95
Sub Total	1.78	-	1.78	-	-	1.78	-	0.48	0.48	0.35	1.78	0.95
Total	1.78	-	1.78	-	-	1.78	-	0.48	0.48	0.35	1.78	0.95



(Rupees in Lakhs)

1.(c)(i) FINANCIAL ASSETS-NON CURRENT(LOANS)	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Particulars			
Secured Considered Good:-			
(a) General Term Loans:			
(i) Loans out of NBCFDC Funds	15,423.13	13,124.83	11,222.01
(ii) Loans out of NMDFC Funds	15,055.05	12,934.66	10,223.13
(b) Loans out of KSBCDC	32,970.91	26,498.43	21,234.97
(c) Employees House Building Advance	305.89	329.32	354.03
<b>TOTAL</b>	<b>63,754.98</b>	<b>52,887.24</b>	<b>43,034.14</b>
Unsecured Considered Good:-			
(a) General Term Loans:			
(i) Loans out of NBCFDC Funds	7,852.26	7,383.47	7,097.31
(ii) Loans out of NMDFC Funds	5,607.63	5,347.25	4,666.87
(b) Micro Finance Scheme:			
(i) Loans out of NBCFDC Funds	9,942.65	10,096.98	8,550.71
(ii) Loans out of NMDFC Funds	6,477.55	4,817.86	3,612.93
(iii) Loans out of NSKFDC Funds	180.24	-	-
(c) Loans out of KSBCDC	19,209.20	19,205.67	19,492.73
(d) Employees Personal Loan Scheme	35.80	-	-
(e) Interest Accrued but not due	693.82	834.47	618.28
<b>TOTAL</b>	<b>49,999.15</b>	<b>47,685.70</b>	<b>44,038.83</b>
<b>GRAND TOTAL</b>	<b>1,13,754.13</b>	<b>1,00,572.94</b>	<b>87,072.97</b>

- Note:
- 1) Secured loans are secured by Equitable mortgage against Land/ Property.
  - 2) Unsecured loans to individual beneficiaries are guaranteed by employee surety.
  - 3) Unsecured loans under Micro Finance schemes to CDS are guaranteed by inter se agreement between beneficiaries.
  - 4) Unsecured loans under Micro Finance schemes to NGOs are guaranteed by assets of NGO.
  - 5) Secured loans to employees under EHBA are secured by Equitable mortgage against Land/ Property.
  - 6) Unsecured loans to employees under EPLS are guaranteed by employee surety.
  - 7) Loan receivable having significant increase in credit risk - Nil
  - 8) Loan receivable credit impaired - Nil
  - 9) Loans & Advances due by Directors - Nil
  - 10) Loans & Advances due by Other Officers - Nil

2.(a).(i) CASH AND CASH EQUIVALENTS	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Particulars			
(a) Balance with Banks:-			
In Current Accounts	6,345.45	531.60	1,374.94
In Savings Bank Accounts	-	-	0.05
In Term Deposit Accounts	4,800.00	1,200.00	-
(b) Cash on hand	0.57	59.97	72.68
(c) Others:-			
Stock of Stamps	0.91	0.36	0.44
Balance with Government of Kerala Treasury SB Account	30.00	40.24	64.01
Fixed Deposit with Government of Kerala Treasury	-	200.00	200.00
<b>TOTAL</b>	<b>11,176.93</b>	<b>2,032.17</b>	<b>1,712.12</b>

More than 1 year Deposit - Nil

Cash on Hand and Stock of Stamps are physically verified and certified by Individual Unit Heads.





2.(a).(ii) Bank balance other than (i) above Particulars	(Rupees in Lakhs)		
	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
(a) Balance with Banks:- In Term Deposit Accounts	180.25	180.25	180.25
<b>TOTAL</b>	<b>180.25</b>	<b>180.25</b>	<b>180.25</b>

2.(a).(iii) FINANCIAL ASSETS-CURRENT(LOANS) Particulars			
	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
<b>Secured Considered Good:-</b>			
(a) General Term Loans:			
(i) Loans out of NBCFDC Funds	1,285.26	1,292.26	1,118.11
(ii) Loans out of NMDFC Funds	802.38	834.36	578.81
(b) Loans out of KSB CDC	3,203.18	2,848.84	2,250.50
(c) Loan out of HUDCO Fund	3.82	3.82	7.90
<b>TOTAL</b>	<b>5,294.64</b>	<b>4,979.28</b>	<b>3,955.32</b>

**Unsecured Considered Good:-**

(a) General Term Loans:			
(i) Loans out of NBCFDC Funds	840.36	1,023.79	1,075.61
(ii) Loans out of NMDFC Funds	429.30	469.53	419.35
(b) Micro Finance Scheme:			
(i) Loans out of NBCFDC Funds	1,874.18	1,594.74	441.91
(ii) Loans out of NMDFC Funds	808.42	618.63	161.97
(c) Loans out of KSB CDC	2,151.10	2,428.37	2,140.27
<b>TOTAL</b>	<b>6,103.36</b>	<b>6,135.06</b>	<b>4,239.11</b>

<b>GRAND TOTAL</b>	<b>11,398.00</b>	<b>11,114.34</b>	<b>8,194.43</b>
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- Note:**
- 1) Secured loans are secured by Equitable mortgage against Land/ Property.
  - 2) Unsecured loans to individual beneficiaries are guaranteed by employee surety.
  - 3) Unsecured loans under Micro Finance schemes to CDS are guaranteed by interse agreement between beneficiaries.
  - 4) Unsecured loans under Micro Finance schemes to NGOs are guaranteed by assets of NGO.
  - 5) Loan receivable having significant increase in credit risk - Nil
  - 6) Loan receivable credit impaired - Nil
  - 7) Loans & Advances due by Directors - Nil
  - 8) Loans & Advances due by Other Officers - Nil

2.(b) OTHER CURRENT ASSETS Particulars			
	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
(a) Recoverable in cash or kind for value to be received	120.66	78.15	69.00
(b) Interest accrued on Fixed Deposits	-	9.31	1.42
(c) Govt share on OTS interest waiver receivable	112.14	112.14	112.14
(d) Chief Ministers DRF	3.72	3.72	3.16
(e) Training Fund Receivable	9.62	-	32.38
(f) Government of Kerala Fund Receivable	29.18	0.78	1,407.78
(g) Interest Accrued on Scheme Loans	2,140.14	1,547.44	1,339.20
(h) Penal Interest Accrued on Scheme Loans	876.65	375.11	645.72
(i) Pre Fixed Interest Accrued and Receivable	165.02	125.49	139.14
(j) Fisherman Debt Relief Fund	2.02	0.57	-
<b>TOTAL</b>	<b>3,459.15</b>	<b>2,252.71</b>	<b>3,749.94</b>



(Rupees in Lakhs)

**3. (a)** 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

**SHARE CAPITAL**

	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
Particulars	Number	Amount	Number	Amount	Number	Amount
Authorized Capital: (1,50,00,000 Equity shares of Rs. 100 each)	150.00	15000.00	150.00	15000.00	150.00	15000.00
Issued, Subscribed and Paid Up Capital:						
	137.64	15000.00	135.35	15000.00	131.85	15000.00
		13763.80		13535.00		13185.00
		13763.80		13535.00		13185.00

**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, 2020		As at 31st March, 2019		As at 1st April, 2018	
	Number	Amount	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	135.35	13,535.00	131.85	13,185.00	131.85	13,185.00
Shares Issued during the period	2.29	228.80	3.50	350.00		
Shares Bought back during the period	-	-	-	-		
Shares Outstanding at the end of the year	137.64	13,763.80	135.35	13,535.00	131.85	13,185.00

**Particulars of shareholders holding more than 5 Per Cent**

Particulars	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	Number	Amount	Number	Amount	Number	Amount
Government of Kerala	137.64	13763.80	135.35	13535.00	131.85	13185.00

**Particulars of Shares Issued during the Previous 5 Years**

Particulars	During the Year/ Period				
	2018-19	2017-18	2016-17	2015-16	2014-15
<b>Equity Shares of Rs. 100/- Each</b>					
(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.	-	-	-	-	-

[illegible]



(Rupees in Lakhs)			
3.(b) OTHER EQUITY	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Particulars			
(a) Share Application Money pending allotment			350.00
(b) General Reserve			
(a) Opening balance	23,281.74	21,660.71	19,088.07
(b) Add : Transfer from statement of Profit or Loss	1,231.57	1,621.03	2,572.64
(c) Less: OB adjusted for Grant in Aid	5.00		
(d) Less: Utilized for dividend			
(e) Closing balance	24,508.31	23,281.74	21,660.71
© Surplus/(Deficit) in Statement Profit and Loss			
(a) Opening Balance			
(b) Add: Profit for the year	1,421.35	1,798.23	2,729.22
(c) Transfer to BCDC LDRF Special Reserve	189.78	177.20	156.58
(d) Less: Transfer to General Reserve	1,231.57	1,621.03	2,572.64
(e) Closing balance			
(d) BCDC LDRF Special Reserve			
(a) Opening Balance	414.92	364.03	351.55
(b) Add: Additions	189.78	177.20	156.58
(c) Transferred	124.22	126.31	144.10
(d) Closing balance	480.48	414.92	364.03
<b>TOTAL</b>	<b>24,988.79</b>	<b>23,696.66</b>	<b>22,374.74</b>

Note: BCDC LDRF Special Reserve is maintained for addressing the loanes in distress due to death/ incapacitation of loanes. During the current year, Rs.124.22 lakhs were adjusted against the dues of 185 loanes (Previous year Rs. 126.31 lakhs for 179 loanes).

4.(a) NON-CURRENT FINANCIAL LIABILITIES	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Particulars			
Unsecured Loans:-			
(a) Term Loan from other Parties:-			
Term Loan Schemes:-			
(i) National Backward Class Finance and Development Corporatic	32,779.59	34,658.23	30,003.96
(ii) National Minority Development and Finance Corporation	28,230.12	25,172.25	21,926.14
	61,009.71	59,830.48	51,930.10
Micro Finance Schemes:			
(i) National Backward Class Finance and Development Corporatic	13,239.47	6,190.19	5,240.91
(ii) National Minority Development and Finance Corporation	9,869.18	8,583.61	5,018.65
(v) National Safai Karmachari Financial Development Corporatio	9,900.00		
	33,008.65	14,773.80	10,259.56
Less:-			
Current Maturity of Long Term Borrowings:-			
Term Loan Schemes:			
(i) National Backward Class Finance and Development Corporatic	7,497.21	5,411.25	4,502.55
(ii) National Minority Development and Finance Corporation	4,209.58	3,963.43	2,869.38
	11,706.79	9,374.68	7,371.93
Micro Finance Schemes:			
(i) National Backward Class Finance and Development Corporatic	3,350.03	3,760.36	3,089.96
(ii) National Minority Development and Finance Corporation	2,851.87	1,541.34	1,103.44
	6,201.90	5,301.70	4,193.40
<b>TOTAL</b>	<b>76,109.67</b>	<b>59,927.90</b>	<b>50,624.33</b>

All the above Loans are unsecured and Guaranteed by Government of Kerala to the tune of ` 940 Crores as on Balance Sheet Date.

(i) National Backward Class Finance and Development Corporatic	460.19
(ii) National Minority Development and Finance Corporation	380.99
(iii) National Safai Karmachari Financial Development Corporatio	99.00

These loans are under various schemes, the repayment of which ranges from 4 to 10 years.

Out of the above, no amounts are under default as on balance sheet date

Out of the Long Term Borrowings, the amounts due within a period of 12 months are shown under Other Current Liabilities.



4.(b) PROVISIONS-NON CURRENT	As at 31st March, 2020	As at 31st March, 2019	As at 1st April 2018
Particulars			
(a) Provision for Employee Benefits:			
Earned Leave Salary	264.82	239.89	210.34
(b) Provision for Repayment Over Due NBCFDC	-	219.32	329.32
(c) Gratuity Payable for Contract employees	7.33	6.48	5.88
<b>TOTAL</b>	<b>272.15</b>	<b>465.69</b>	<b>545.54</b>

4.(c) OTHER NON CURRENT LIABILITIES	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Particulars			
(a) Capital Subsidy received from NORKA	425.19	149.36	-
<b>TOTAL</b>	<b>425.19</b>	<b>149.36</b>	<b>-</b>

Note: Capital Subsidy received from NORKA under Re Turn Scheme will be credited to the loanes account on last year of repayment period.

5.(a) CURRENT FINANCIAL LIABILITIES	As at 31st March, 2020	As at 31st March, 2019	As at 1st April 2018
Particulars			
(a) Current Maturities of Long Term Borrowings:-			
Term Loan Schemes:			
(i) National Backward Class Finance and Development Corporat	7,497.21	5,411.25	4,502.55
(ii) National Minority Development and Finance Corporation	4,209.58	3,963.43	2,869.38
	<b>11,706.79</b>	<b>9,374.68</b>	<b>7,371.93</b>
Micro Finance Schemes:			
(iii) National Backward Class Finance and Development Corporat	3,350.03	3,760.36	3,089.96
(iv) National Minority Development and Finance Corporation	2,851.87	1,541.34	1,103.44
	<b>6,201.90</b>	<b>5,301.70</b>	<b>4,193.40</b>
	<b>17,908.69</b>	<b>14,676.38</b>	<b>11,565.33</b>
5.(b) OTHER CURRENT LIABILITIES			
(b) Creditors for Expenses	66.60	118.43	341.12
(c) Security Deposits	4.37	3.05	2.52
(d) Govt.assistance for CC Waiver	-	4.11	4.11
(f) Fishermen Debt Relief Loan Repayable	13.43	13.43	11.98
(g) Fishermen Debt Relief Fund	-	-	8.78
(h) NMDFC Repayment Due	1,739.33	1,408.81	1,046.27
(i) Start Up Subsidy from BCDD	13.08	16.15	28.84
<b>TOTAL</b>	<b>1,836.81</b>	<b>1,563.98</b>	<b>1,443.62</b>

Note: NMDFC Repayment Due represents the repayment for the fourth quarter made in the first week of April.

5.(c) PROVISIONS-CURRENT	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Particulars			
(a) Group Gratuity Premium Payable	31.69	54.64	24.72
(b) Provisions & Contingencies			
Provision on Standard Assets	427.53	405.38	-
Provision on Sub Standard Assets	1,243.43	774.04	-
Provision of Doubtful Assets	2,943.25	870.08	-
Provision on Loss Assets	-	-	1,106.05
(c) Provision for Repayment Over Due NBCFDC	109.32	110.00	110.00
<b>TOTAL</b>	<b>4,755.22</b>	<b>2,214.14</b>	<b>1,240.77</b>

Note: Provisions on Assets are computed as per the RBI Prudential Norms.



1 REVENUE FROM OPERATIONS		(Rupees in Lakhs)	
Particulars	As at 31st March, 2020	As at 31st March, 2019	
(a) Interest Income:-			
(i) Interest on Term Loans/Micro Finance	7,214.12	6,397.65	
(ii) Interest on EHBA	19.89	17.58	
(iii) Penal Interest on Scheme Loans	740.81	93.62	
(iv) Pre Fixed Interest	163.94	206.70	
(b) Other Financial Services:-			
(i) Processing Fee Collected	256.56	284.97	
<b>TOTAL</b>	<b>8,395.32</b>	<b>7,000.52</b>	

2 OTHER INCOME			
Particulars	As at 31st March, 2020	As at 31st March, 2019	
(a) NBCFDC Grant in Aid	5.00	10.00	
(b) NMDFC PLGIA	25.00	-	
(c) Interest from Banks (Long FD)	5.86	15.72	
(d) Interest from Banks (Short FD)	91.13	151.10	
(e) Interest from SB Account	0.09	0.02	
(h) Miscellaneous Income	40.81	98.08	
<b>TOTAL</b>	<b>167.89</b>	<b>274.92</b>	

4.(a) EMPLOYEE BENEFIT EXPENSES			
Particulars	As at 31st March, 2020	As at 31st March, 2019	
(a) Salaries, Allowances and Bonus	1,391.92	1,429.26	
(b) Contribution to Provident and Other Funds	126.90	157.52	
(c) Staff Welfare Expenses	8.64	3.44	
<b>TOTAL</b>	<b>1,527.46</b>	<b>1,590.22</b>	

4.(b) FINANCE COSTS			
Particulars	As at 31st March, 2020	As at 31st March, 2019	
(a) Interest Expense:-			
(i) Interest on NBCFDC Fund	1,013.67	900.67	
(ii) Interest on NMDFC Fund	910.71	688.98	
(b) Other Financial Services:-			
(i) Green Card	106.22	66.92	
(ii) Guarantee Fee to Govt. of Kerala	559.53	466.42	
(iii) Ashwasakiranam Scheme	4.29	0.15	
<b>TOTAL</b>	<b>2,594.42</b>	<b>2,123.14</b>	





4.(e) OTHER EXPENSES

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Rent, Rates, Taxes and Insurance	96.26	122.63
(b) Printing & Stationery	22.94	47.33
(c) Postage and Telephone Charges	27.64	27.56
(d) Travelling & Conveyance	53.90	44.00
(e) Loan Mela and Awareness and EXPO Programme Expenses	65.94	5.88
(f) Audit Fee	1.45	1.45
(g) Fee for Professional Services	8.93	54.25
(h) Filing Fee	0.61	0.98
(i) Electricity and Water Charges	10.41	10.19
(j) Advertisements	32.85	25.56
(k) Maintenance & Up-keep	62.30	45.17
(l) General Expenses	41.62	59.39
(m) CSR Expenditure	-	50.42
(n) NBCFDC CSR Expenses	-	1.40
(o) Ineligible Input Tax Credit	-	11.98
<b>TOTAL</b>	<b>424.85</b>	<b>508.19</b>



# CONTINGENT LIABILITIES

(Rupees in Lakhs)

Claims against the Company not acknowledged as debt:


As at 31st March, 2020      As at 31st March, 2019

(a)	The Corporation has filed Service Tax appeal No. ST/20438/2019-DB against the Order No.TVM-EXCUS-000-APP-07-2019 dtd 16/01/2019 with CESTAT, Bengaluru on 09/04/2019 ,where decision still pending .	4.07	4.07
(b)	The Corporation has filed Service Tax appeal No. ST/20439/2019-DB against the Order No.TVM-EXCUS-000-APP-1151-2019 dtd 03/01/2019 with CESTAT, Bengaluru on 09/04/2019 ,where decision still pending .	12.43	12.43
(c)	The Corporation has filed Service Tax Appeal No.78/ST/TVM/2019 against the Order No.89/ST/DC/DIV/2018-19 dtd 21/01/2019 with The Commissioner [Appeals], Cochin on 02/04/2019 ,where decision still pending .	0.32	0.32
(d)	Showcause Notice No. 05/2019-2020 ST (KoZu) dtd 13/04/2019 received from Directorate General Of GST Intelligence towards the Payment of Service Tax on Guarantee Commission Paid to the Govt of Kerala from 2012-13 to 2016-17	175.98	175.98
(e)	ID No.34/2020 before the Hon'ble Labour Court, Kollam between KSBCDC and Shri. Sanjeevan K K & 5 others, Shri. Alexander J & 5 others (Daily wage employees)	Not Quantifiable	
(f)	Koppara Enterprises before Hon'ble High Court of Kerala	6.00	6.00

**Note:** In case of occurrence of acceptance of claims against the company, the net surplus of the company will be reduced to the extent of Rs. 198.80 lakhs plus interest thereof and the liability will be increased to such extent.

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. Ram Ganesh  
Company Secretary  
(Mem No. F8633)

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

  
T K Suresh  
Chairman  
(DIN: 00449654)

  
Venkitachalam Ramaswamy  
Partner  
(Mem No. 023478)

Thiruvananthapuram  
Date: 12/02/2021



## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020**

### **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 of the company have been prepared in accordance with Ind AS notified under the companies (Indian Accounting Standards) Rules, 2015 and with companies ( Indian Accounting Standards) (Amendment) Rules, 2016 and comply in all material aspects with the relevant provisions of the Companies Act, 2013. Up to the year ended March 31, 2018, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

The company adopted Ind AS w.e.f. April 01, 2019. The date of transition to Ind AS is April 1, 2018.

The financial statements have been prepared on accrual basis and are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The financial statements are presented in Lakhs of Rupees and all values are rounded to the nearest Lakhs and decimals.

#### **b. Classification of Assets and Liabilities as Current and Non Current**

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 Assets classification and such provisioning in case of Non-performing assets (NPA) on the basis of the Master Directions issued by Reserve Bank of India dated 31<sup>st</sup> May 2018.





c. Use of estimates:

The preparation of financial statements in conformity with Ind AS 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.

d. Property, Plant and Equipment:

- i) Property, Plant and Equipment 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) The Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2018 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date as per Ind AS 16.
- iii) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.
- iv) Depreciation has been provided on written down value method on all Property, plant and equipment 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.
- v) The Company has elected to continue with the carrying value of all of its intangible assets recognized as of April 1, 2018 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date. Expenditure on computer software used along with computers is capitalized along with computers and, depreciation is charged at the prescribed rates based on useful life as estimated by the Corporation as per Ind AS 38. Expenditure on separate software is capitalized as intangible assets and depreciation provided at prescribed rate.
- vi) Assets acquired out of Grant in Aid which are adjusted against Grant received in the current year itself and is shown at nominal value of Rs. 1.00 for each assets and no depreciation is charged in respect of these assets.

e. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental expense on operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Lease rental income is accounted on accrual basis. The determination of whether an arrangement is, or contains, a lease is based on the substance of

the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

f. Impairment of Non-Financial 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.

g. Financial Asset

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

h. Effective Interest Method

Interest revenue shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

The entity does not have any such Assets and therefore Effective Interest Rate is not applicable.

i. 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 ie:- the interest which is cumulated between installments, for loans which are disbursed over multiple installments till the date of fixing the EMI as per Ind AS 18.





j. Grant in Aid

Grants sanctioned by Government or the channel partners for programmes undertaken for the development of the target group are recognized in the Profit and Loss Account as income and matching expenses are disclosed separately 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.

k. 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 'Ind AS 19' 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. There are no contract employees having a contract period of more than 1 year and hence, no provision for gratuity is made in respect of these employees.

l. 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 Indian Accounting Standard 12 on Income Taxes issued by the Institute of Chartered Accountants of India on deferred taxes is not applicable to the Corporation.

m. 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 to the balance sheet. 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.



n. 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.

o. 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, 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.

p. Loans:

Loans are stated at fair value i.e., the amount advanced, as reduced by the amounts received up to the balance sheet date.


q. Earnings per share:

Basic Earnings per equity share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares (calculated on a monthly basis). Diluted Earnings per equity share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding (calculated on a monthly basis).

For and on behalf of the Board of Directors

As per our Report of even date

For **R.Venkitachalam & Associates**  
CHARTERED ACCOUNTANTS  
(Registration No.004664S)

  
**R. Ram Ganesh**  
Company Secretary  
(Mem No. F8633)

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

  
**T.K. Suresh**  
Chairman  
(DIN: 00449654)

  
**Venkitachalam Ramaswamy**  
Partner  
(Membership No. 023478)

Thiruvananthapuram  
Date: 12/02/2021

## Explanatory Notes to Financial Statements:

- a. Loan availed from National Backward Classes Finance and Development Corporation, National Minority Development and Finance Corporation and National Safai Karmachari Financial Development Corporation, bearing interest as determined by the said agencies from time to time and are repayable in four quarterly installments. Penal interest is payable for default, if any. The loans have been fully covered under a 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 31<sup>st</sup> March of the preceding year, as Guarantee Commission to the Government of Kerala (GO(MS) No. 487/04/Fin. Dated Thiruvananthapuram 16<sup>th</sup> October 2004).
- b. 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.
- c. In the opinion of the Directors, the Current Assets, Loans & Advances have the value as stated in the balance sheet if realised in the ordinary course of business.
- d. Interest accrued but not received include interest accrued on short term fixed deposits, other term deposits with maturity one year and above with scheduled banks.

### 2. Payment to Directors of the Company:

Sl.No.	Particulars	Current Year	Previous Year
a.	Salaries & Allowances (Managing Director).	17,55,600	16,31,430
b.	Honorarium to Chairman	2,40,000	2,27,333
c.	Traveling Expenses (Managing Director)	1,40,564	1,64,322
d.	Traveling Expenses (Directors)	1,22,008	1,99,580
e.	Leave Travel Concession	NIL	NIL
f.	Sitting Fee	72,000	91,200

3. The remuneration to statutory auditors for statutory audit of accounts for the year is ₹1,45,000/-.



4. Corporate social Responsibility:

The Corporation has expended Rs. NIL 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.

5. Information required as per item 4D of Part II of Schedule VI to the Companies Act.:

a) Value of Imports calculated on CIF basis	NIL	Previous Year	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

6. 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 'Ind AS 19' 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.

7. 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 Ind AS-108 "Operating Segments" issued by the Institute of Chartered Accountants of India.

8. As per Ind AS-24, Related Party Transactions, disclosures issued by the Institute of Chartered Accountants of India is not applicable to the Company.

9. The disclosure required by Ind AS 116 - "Leases": The Corporation has taken various offices and residential premises under operating lease. 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'.

10. 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.



11. Earnings per share:

Basic Earnings per equity share are calculated by dividing the profit attributable to the equity shareholders by the number of equity shares outstanding at the end of the year. Diluted Earnings per equity share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding (calculated on a monthly basis). Since there are no discontinued operations, EPS of continuing operation is same as total EPS. 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	14,21,35,751	17,98,23,229
(b)	Weighted average number of equity shares outstanding	1,36,20,800	1,34,03,750
(c)	Basic Earnings per share (Face Value ` 100 each)	10.44	13.42
(d)	Diluted Earnings per share (Face Value ` 100 each)	10.44	13.42

12. 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. The construction of the office building has been started and the amount spent for the same is disclosed as Advance under Current Assets for Rs. 34.50 lacs.

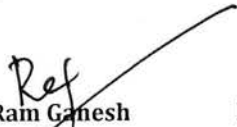
13. The previous year's figures have been recast/and regrouped wherever necessary to suit current year's groupings. Current year figures have been rounded off to the nearest lakhs of rupees and decimals.

14. Financial Statements as per INDAS including Standalone Balance Sheet, Standalone Profit & Loss Account, Cash Flow Statement, Statement of Changes in Equity, Significant Accounting Policy and Notes thereon has been approved by the Board of Directors in its meeting held on 12-02-2021.

For and on behalf of the Board of Directors

As per our Report of even date

For **R.Venkitachalam & Associates**  
CHARTERED ACCOUNTANTS  
(Registration No.004664S)

  
**R. Ram Ganesha**  
Company Secretary  
(Mem No. F8633)

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

  
**T K Suresh**  
Chairman  
(DIN: 00449654)

  
**Venkitachalam Ramaswamy**  
Partner  
(Membership No. 023478)

Thiruvananthapuram  
Date: 12/02/2021

www.ksbcdcd.com



**KERALA STATE BACKWARD CLASSES  
DEVELOPMENT CORPORATION LIMITED**

(A Government of Kerala Undertaking)  
CIN-U75122KL1995SGC008705

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