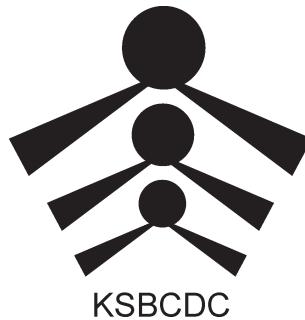


# **THIRTEENTH ANNUAL REPORT**

## **2007 - 2008**



**Kerala State Backward Classes  
Development Corporation Limited,**

“SENTINEL” 2<sup>nd</sup> Floor  
T.C. No. 27/588 (7) & (8),  
Pattoor, Vanchiyoor P.O.,  
Thiruvananthapuram - 695 035  
Phone : 2577539, 2577550

# **ANNUAL REPORT 2007 - 2008**

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## **BOARD OF DIRECTORS**

Shri. Mohan Sankar	Chairman
Shri. M.A. Francis	Director
Smt. Sabath Joseph Thoundassery	Director
Shri. Regi Varghese. P	Director
Shri. V.R. Joshi	Director
Shri. A.A. Naqvi	Director
Shri. Suresh Kumar. V.S.	Director
Shri. B. Dileepkumar	Managing Director

### **Company Secretary**

Shri. V. Rajendran

### **Auditors**

M/s. Ravi and Sabin  
Chartered Accountants  
Athira, Pallimukku  
TC 13/66(1)  
Thiruvananthapuram - 695 024

### **Our Bankers**

State Bank of Travancore  
Kaithamukku Branch

**KERALA STATE BACKWARD CLASSES  
DEVELOPMENT CORPORATION LTD.**  
(A Government of Kerala Undertaking)

No. CS/Ad.AGM 13/KSBCDC/2007-08

Dated : 23 - 06 - 2012

**NOTICE**

NOTICE is hereby given that the Thirteenth Adjourned Annual General Meeting of the Kerala State Backward Classes Development Corporation Ltd., will be held at 12 noon on Tuesday, the 17<sup>th</sup> July 2012 at the Registered Office of the Corporation at "SENTINEL" 2<sup>nd</sup> Floor, T.C. No. 27/588(7) & (8), Pattoor, Vanchiyoor P.O., Thiruvananthapuram - 695 035 to transact the following business.

"To receive, consider and adopt the Directors Report, Audited Accounts for the year ended 31<sup>st</sup> March 2008, Auditors Report, the comments of Comptroller and Auditor General of India, the comments of Principal Secretary (Finance) and the replies thereon".

By order of the Board of Directors

Sd/-  
Managing Director

Note : A member entitled to attend and vote at the time of meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.

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**Regd. Office:** "SENTINEL", 2<sup>nd</sup> Floor, T.C. 27/588(7) & (8), Pattoor,  
Vanchiyoor, P.O., Thiruvananthapuram - 695 035  
Phone: 0471-2577539, 2577550, Fax : 0471-2577539 E-mail : ksbcdd@gmail.com Web : www.ksbcdd.org.

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**"Freedom from Poverty and Backwardness"**

## THE KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LTD., PATTOOR, THIRUVANANTHAPURAM

### DIRECTORS' REPORT

Dear Shareholder,

Your Directors are pleased to present the Thirteenth Annual Report on the business and operations of your Corporation together with the Audited statement of Accounts for the year ended 31st March 2008.

As you are 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.

The Authorised share capital of the Corporation is Rs.100 crores out of which equity shares worth ₹. 82.96 crores has already been issued. The main objective of the Corporation is the upliftment of Backward Classes and Minority Communities in the State of Kerala by rendering financial assistance to set up self-employment ventures and to undertake other welfare activities.

#### I. Operational activities and working results

Financial Results	For the year ended 31st March 2008 (₹. in lakhs)	For the year ended 31st March 2007 (₹. in lakhs)
<b>A. INCOME</b>		
Interest on loan disbursed	1674.87	1556.77
Interest on Bank Deposits	316.12	154.22
Other Income	87.73	105.87
	<b>2078.72</b>	<b>1816.86</b>
<b>B. EXPENDITURE</b>		
Interest on loan received	435.42	316.39
Administrative Expenses	478.08	413.43
Other Expenses	719.58	921.29
Depreciation	22.32	16.43
	<b>1655.40</b>	<b>1667.54</b>
Net Profit (A-B)	423.32	149.32

The profit earned by the Corporation during the period under report is ₹. 423.32 lakhs as against ₹. 149.32 lakhs during the previous year. The total profit was transferred to Reserves and Surplus so as to endorse the total reserve to ₹. 5472.69 lakhs (including Special Reserve of ₹. 45.27 lakhs from 'Loanees Distress Relief Fund').

## 2. BOARD OF DIRECTORS

The appointment and cessation of Chairmanship and Directorship during the relevant accounting year 2007-2008 is as below.

Name	Designation	Date	
		Appointment	Cessation
Shri. C.T. Krishnan	Chairman	02-11-2006	10-06-2011
Shri. K. Kunhappa	Director	04-11-2006	09-11-2011
Shri. K.V. Rajendran	Director	04-11-2006	09-11-2011
Shri. A. Ramachandran	Director	17-11-2006	08-06-2010
Shri. K. Ajithkumar	Director	18-10-2006	20-07-2007
Shri. A.A. Naqvi	Director	30-12-1997	Continuing
Shri. B. Dileepkumar	Managing Director	05-01-2004	30-04-2007
Smt. K. Amritakumari	Director	16-02-2006	21-08-2007
Shri. I.A. Chakko	Managing Director	23-06-2007	31-03-2011
Shri. B. Rajendran	Director	20-07-2007	07-12-2007
Shri. P. Ananthavalli	Director	21-08-2007	18-07-2008
Smt. P. Sreedevi	Director	21-08-2007	13-08-2009
Shri. Krishnakumar	Director	21-08-2007	31-10-2011
Shri. V. Rajappan	Director	07-12-2007	13-10-2011
Shri. V. Anilkumar	Director	18-07-2008	03-01-2011

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

## 3. DIRECTORS RESPONSIBILITY STATEMENT

In pursuance of section 217 (2AA) of Companies Act 1956, we confirm :

- that in the preparation of annual accounts, the applicable accounting standards have been followed to the extent possible.
- that the Directors had selected such accounting policies and applied them consistently and made judgements 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. AUDIT COMMITTEE**

The Board of Directors in their 110<sup>th</sup> meeting held on 29-01-2009 constituted an Audit Committee with Shri. K.V. Rajendran as Chairman and Directors Shri. R. Krishnakumar, Smt. E. Ambika Amma and Shri. V. Rajappan as its members and on ceasure of the directorship of all above directors a new Audit Committee will be constituted shortly.

#### **5. CAPITAL STRUCTURE**

During the year the Paid up Equity Share Capital was raised to ₹. 5496 lakhs from previous year's capital base of ₹. 4831 lakhs.

During the year, the loan assistance from NBCFDC, guaranteed by Government of Kerala is ₹. 3427 lakhs and from NMDFC is ₹. 2700 lakhs.

#### **6. ACHIEVEMENTS DURING THE YEAR**

By utilizing the resources mobilized from NBCFDC, NMDFC and the equity capital contributed by Government of Kerala, financial assistance was provided to 35599 families belonging to Backward and Minority Communities under various projects with a total disbursement of ₹. 11952 lakhs.

#### **7. PROJECTS UNDERTAKEN**

- i) As a measure to improve the working efficiency of the Corporation all its activities has been computerised with the launching of ksbc dc online.
- ii) Micro credit scheme of the Corporation has been implemented through neighbourhood groups of CDS and Kudumbasree as an effort to extend the scheme to the grass root level.

#### **8. PERSONNEL**

During the year, the affairs of the Corporation were carried on by regular employees of the Corporation, employees of various Government Departments and Public Sector Undertakings hired on deputation, contract employees and by those who were engaged on daily rate basis. With regard to disclosure of particulars of employees in terms of Section 217(2A) of the Companies Act 1956, read with the Companies (particulars of employees) Rules 1975, it may report that none of the employees was in receipt of remuneration prescribed therein during the year.

#### **9. STATUTORY AUDITORS**

M/s. Ravi & Sabin, Chartered Accountants, Thiruvananthapuram was appointed by the Comptroller and Auditor General of India, New Delhi, as Statutory Auditors for the year 2007-08 in terms of Section 619(2) of the Companies Act 1956. The comments of Statutory Auditors were replied in the Addendum to the Directors Report.

#### **10. DIVIDEND**

The Directors consider it in the best interest of the Corporation to conserve its resources for strengthening the company's financial position to accomplish its objectives of better serving the target population and hence not declared any dividend during the year under report.

#### **11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

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

## **12. ACKNOWLEDGE**

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

For and on behalf of the  
Board of Directors

Thiruvananthapuram  
Dt: 23-06-2012

Sd/-  
**Chairman**



## **ADDENDUM TO DIRECTORS' REPORT**

### **Replies to the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956, on the Accounts of Kerala State Backward Classes Development Corporation Ltd., Thiruvananthapuram for the year ended 31 March 2008 - Replies thereto :**

#### **A. COMMENTS ON FINANCIAL POSITION**

##### **Balance Sheet**

##### **1. Source of Funds**

Reserves and Surplus (Schedule 02)

Grant - in - Aid utilized for acquiring Fixed Assets.

Grant from NMDFC ₹ 27.57 lakh.

This includes ₹ 25.35 lakh being grant utilized for meeting revenue expenditure. This should have been treated as other income as required in Para 15 of AS 12. This has resulted in overstatement of Reserves and surplus and understatement of profit by ₹ 25.35 lakh.

*The total amount received on Grant-in-Aid from NMDFC is ₹ 30.94 lakh out of which ₹ 25.35 is expended towards revenue expenditure and balance ₹ 2.21 lakh for capital expenditure. The amount utilized for capital and revenue expenditure is directly applied in general reserve and the balance ₹ 3.36 lakh transferred to current liabilities under the head creditors for expense. Hence there is no over statement of reserve and surplus though it was not route through Profit and Loss account.*

##### **2. Application of Funds**

Current Liabilities & Provisions

Current Liabilities (Schedule 08) ₹ 93.79 lakh

This is understated by ₹ 6.84 lakh due to non provision of liability towards expenditure on *BCDC online* software due on 26 March 2008 and paid on 04 April 2008 and Fixed Assets have also been understated to the same extent.

*The amount ₹ 6.84 lakh was paid on 6 April 2008 and the same was capitalized during the year 2008-09.*

#### **B. COMMENTS ON PROFITABILITY**

##### **Profit for the year: 631.94 lakh**

This is understated by ₹ 56.99 lakh due to non accounting of rebate pertaining to the year 2007-08 received during 2008-09 from NBCFDC (₹ 20.36 lakh) and NMDFC (₹ 36.63).

*There is no system in vogue to get the information in advance about the eligible amount under interest margin of NBCFDC, and additional interest margin NMDFC. So we are not in position to make exact provision before getting the actual communication from national funding agencies.*

**C. Comment on Cash Flow Statement**

Cash and cash equivalents as shown in the Cash Flow Statement (₹ 46000.46 lakh) have not been reconciled with Cash and Bank balances in the Balance Sheet (₹ 4440.25 lakh) as required in Para 42 of AS 3.

*Cash and Cash equivalents were not properly reconciled in the preparation of cashflow statement which caused such an omission.*

**D. General**

The nature of the security has not been specified in respect of Secured Loans as required under Part I of Schedule VI to the Companies Act 1956.

*The loans availed from NBCFDC and NMDFC are against Block Government Guarantee and no specific charge is created for individual loans. As such the loans are not under specific security for complying the requirement of schedule VI of Companies act 1956.*

**REPLIES TO COMMENTS OF PRINCIPAL SECRETARY (FINANCE)  
ON THE AUDITED ANNUAL ACCOUNTS OF KERALA STATE BACKWARD  
CLASSES DEVELOPMENT CORPORATION LTD., FOR THE YEAR 2007-08**

1. The Corporation registered a turnover of ₹ 20.79 crore during the period under review. But it has incurred a huge expenditure of ₹ 14.47 crore which was only ₹ 7.65 crore during the last year. Thus the profit has come down to ₹ 6.32 crore from 10.51 crore of the previous year.

*The profit for the year came down by ₹ 4.19 crore due to increase in expenditure and the main attributant to the increase in expenditure is the compliance of prudential norms of NBFC and making an expenditure provision of ₹ 3.75 crore.*

2. A proper system shall be put in place for the realization of dues outstanding within a definite time frame.

*The recovery cell at Head Office and Unite level are strengthened with sufficient staff, vehicle and infrastructure for proper and timely realization of outstanding dues. Periodical declarations of OTS, conducting of debt relief adalath were also help to redeem dues in time.*

**REPLIES TO COMMENTS / REMARKS OF STATUTORY AUDITORS IN THEIR  
REPORT ON THE ANNUAL ACCOUNTS OF KERALA STATE BACKWARD  
CLASSES DEVELOPMENT CORPORATION LIMITED FOR THE YEAR 2007-08**

**Comments in the Auditors' Report**

*III (f)*

- (i) The Corporation is following a system of recognising penal interest on the loans given to beneficiaries on accrual basis, which is not consistent with the accounting standard AS-9 'Revenue Recognition' issued by the Institute of Chartered Accountants of India. Such interest recognised as on the balance sheet date is ₹ 1295.93 lakhs.

*Penal interest accrued on scheme loans is also accounted on accrual basis. As per the terms of agreement with the loanees the rate of penal interest is certain. As such the Corporation has been consistently following a system of accounting penal interest on accrual basis on loans given to beneficiaries and realized accordingly, However, it is proposed that the 'revenue recognition' of penal interest would be changed in a phased manner in compliance of Accounting Standard AS-9 "Revenue Recognition" issued by the Institute of Chartered Accountants of India. Already disclosed in notes on accounts (schedule 15).*

- ii) The term deposit ₹ 3371.97 lakhs with scheduled banks and balance with Government Treasure SB Account ₹ 156.58 lakhs are subject to confirmation of balance from the bankers concerned and reconciliation, if any.

*The confirmation of balance of term deposit in respect of certain banks were missed to obtain and shall be ensured in future.*

- iii) The Corporation has not classified the suppliers of goods and services as required under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 and hence we are unable to quantify and report the payments made beyond the appointed day and the interest that remain unpaid to such Enterprises as on 31.03.2008.

*Being a welfare organization, The BCDC primarily deals with welfare activities for the benefit of backward and minority communities. Business dealing with Micro, Small and Medium Enterprises for the supply of goods and services is not material to mention in accounts separately.*

(g)

- i) Note No.7 regarding absence of confirmation letters for loans given to the beneficiaries and considered good ₹ 24,751.79 lakhs.

*Individual confirmation from all the 70,000 loanees of the Corporation is not practicable. But as an initiative confirmation letters were sent to loanees of Kasargod District Office. Confirmation letters from all the Banks with respect to account balances were obtained. The balance statements of accounts of NBCFDC, NMDFC are also confirmed at the end of the year.*

- ii) Note No.8 regarding non-provision in the accounts for funds misappropriated by employees of the Corporation ₹ 16.38 lakh.

*Orders have been issued by the Government of Kerala to recover the money from the DCRG of the said employee and the amount due is only ₹ 307,500. The Board is yet to take a decision upon the balance sum due of ₹ 1330,455.47.*

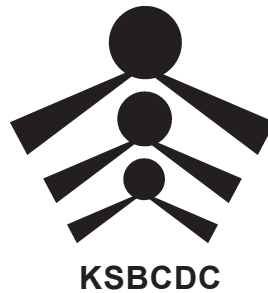
- iii) Note No. 9 regarding non-provision of the alleged fund misappropriated by one of the Watchman of the Corporation which is yet to be quantified; and

*A police and departmental enquiry are going on simultaneously against alleged forgery of records and embezzlement of cash against the watchman of the District Office, Alappuzha. But the exact impact of it on the accounts of the Corporation is yet to be ascertained as it involves money fraudulently collected directly from the loanees by the delinquent employees.*

- iv) Note No 16 regarding conversion of accounts in to digital format and related transitional book adjustment of ₹ 204.99 lakhs.

*Major portion of this amount pertains to transitional book adjustment accounted under prior period adjustment which include OTS, Adalath settled amount etc.*

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



**ANNUAL ACCOUNTS  
2007-2008**

**KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED,  
THIRUVANANTHAPURAM.**

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2008**

PARTICULARS	SCH. No.		Current Year ₹.	Previous Year ₹.
<b>I. SOURCES OF FUNDS</b>				
<b>(1) Shareholders Funds:</b>				
(a) Share Capital	1		549,600,000	483,100,000
(b) Advance for Share Capital	-		-	22,500,000
(c) Reserves & Surplus	2		547,268,852	500,047,077
<b>(2) Loan Funds :</b>				
(a) Secured Loans	3		2,005,359,251	1,654,099,381
(b) Unsecured Loans	-		Nil	Nil
<b>Total</b>			<b>3,102,228,103</b>	<b>2,659,746,458</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>	4			
(a) Gross Block			23,850,963	18,883,244
(b) Less: Depreciation			15,133,304	12,900,462
(c) Net Block			8,717,659	5,982,781
<b>(2) Investments</b>			Nil	Nil
<b>(3) Current Assets, Loans &amp; Advances</b>				
(a) Cash & Bank Balances	5	444,024,896		619,038,438
(b) Loans and Advances	6	2,724,770,247		2,034,907,328
(c) Other Current Assets	7	12,836,924		8,530,622
		<b>3,181,632,067</b>		<b>2,662,476,388</b>
4 Current Liabilities & Provisions				
(a) Current Liabilities	8	9,379,596		2,671,846
(b) Provisions	9	78,742,027		6,040,865
		<b>88,121,623</b>		<b>8,712,711</b>
Net Current Assets (3 - 4)			3,093,510,444	2,653,763,677
<b>Total</b>			<b>3,102,228,103</b>	<b>2,659,746,458</b>
5 Notes on Accounts	15			

The Schedules numbered 01 to 09 and 15 are integral part of this Balance Sheet.

For and on behalf of the Board of Directors

(Sd/-)  
**V. RAJENDRAN**  
Company Secretary

(Sd/-)  
**I.A. CHAKKO**  
Managing Director

(Sd/-)  
**C.T. KRISHNAN (Ex.MLA)**  
Chairman

Place: Thiruvananthapuram  
Date : 29-12-2010

As per Report of date  
For **RAVI & SABIN**  
Chartered Accountants

(Sd/-)  
**CA SABIN BABU. A**  
(Membership No. 203719)  
Partner

**KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED,  
THIRUVANANTHAPURAM  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2008**

	SCH. No.	Current Year ₹.	Previous Year ₹.
<b>I. INCOME</b>			
Interest Earned	10	167,486,657	158,262,066
Other Income	11	40,384,627	20,750,339
Prior Period Income	-	-	2,673,172
<b>Total</b>		<b>207,871,284</b>	<b>181,685,577</b>
<b>II. EXPENDITURE</b>			
Interest expended	12	57,060,828	42,211,463
Payment & Provision for Employees	13	33,502,876	23,913,599
Administrative and Other Expenses	14	51,880,865	8,771,817
Depreciation	04	2,232,842	1,643,028
<b>Total</b>		<b>144,677,411</b>	<b>76,539,907</b>
Profit / (Loss) for the year		63,193,873	105,145,670
<b>III. APPROPRIATION</b>			
Provision for Fringe Benefit Tax		363,900	336,715
Prior Period Adjustments		20,499,038	89,876,875
Transfer to General Reserve		42,330,935	14,932,081
		<b>63,193,873</b>	<b>105,145,671</b>
Basic Earnings per Equity Share of Rs. 100 each		8.76	3.24
Notes on Accounts	15		

The Schedules numbered 10 to 15 and 04 are integral part of this Balance Sheet.  
For and on behalf of the Board of Directors

(Sd/-)  
**V. RAJENDRAN**  
Company Secretary

(Sd/-)  
**I.A. CHAKKO**  
Managing Director

(Sd/-)  
**C.T. KRISHNAN (Ex.MLA)**  
Chairman

Place: Thiruvananthapuram  
Date : 29-12-2010

As per Report of date  
For **RAVI & SABIN**  
Chartered Accountants

(Sd/-)  
**CA SABIN BABU. A**  
(Membership No. 203719)  
Partner



**KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED,  
THIRUVANANTHAPURAM**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2008**

	Figures in ₹. Lakhs	
	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	631.94	1,051.46
Adjustments for :		
Depreciation	22.33	
Provision for doubtful advances	375.75	
	<u>398.08</u>	<u>(882.34)</u>
Operating Profit before Working Capital changes	1,030.02	169.12
Adjustment for (Increase)/Decrease in Working Capital		
Increase in Current Assets	(6,941.69)	
Increase in Current Liabilities	415.19	
Cash generated from operations	<u>(6,526.50)</u>	<u>(1,038.83)</u>
	(5,496.48)	(869.71)
Direct Taxes Paid	3.64	(3.37)
Net Cash from Operating Activities (A)	<u>(5,492.84)</u>	<u>(873.08)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(50.65)	
Proceeds from sale of assets	0.97	
	<u>(49.68)</u>	<u>(28.03)</u>
Net cash used in Investing Activities (B)	<u>(49.68)</u>	<u>(28.03)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Share Capital	440.00	
Increase in borrowings	3,512.60	
Net Cash used in Financing Activities (C)	<u>3,952.60</u>	<u>3,375.38</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>(1,589.92)</u>	<u>2,474.27</u>
Cash and Cash Equivalents at the beginning of the year	6,190.38	3,716.11
Cash and Cash Equivalents at the end of the year	4,600.46	6,190.38

## NOTES :

- The above Statement has been prepared under 'Indirect Method' as set out in AS-3 'Cash Flow Statements'.
- Previous year figures have been re-grouped and re-arranged wherever necessary.

For and on behalf of the Board of Directors

(Sd/-)  
**V. RAJENDRAN**  
Company Secretary

(Sd/-)  
**I.A. CHAKKO**  
Managing Director

(Sd/-)  
**C.T. KRISHNAN (Ex.MLA)**  
Chairman

Place: Thiruvananthapuram  
Date : 29-12-2010

As per Report of date  
For **RAVI & SABIN**  
Chartered Accountants

(Sd/-)  
**CA SABIN BABU. A**  
(Membership No. 203719)  
Partner

**KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED,  
THIRUVANANTHAPURAM**

**SCHEDULES FORMATING PART OF ANNUAL ACCOUNTS 2006-07**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
<b>SCHEDULE 01</b>		
SHARE CAPITAL		
Authorised Capital		
50,00,000 Equity shares of Rs. 100 each	1,000,000,000	500,000,000
Issued, subscribed and paid up capital		
54,96,000 Equity shares of Rs. 100 each - fully paidup	549,600,000	483,100,000
(Previous year 48,31,000 Equity shares of Rs. 100 each - fully paid up)		
	549,600,000	483,100,000
<b>SCHEDULE 02</b>		
RESERVES AND SURPLUS		
1. General Reserve		
As per last balance sheet	497,653,956	482,721,875
Add : Profit as per Profit and Loss Account	42,330,939	14,932,081
	539,984,895	497,653,956
2. Special Reserve :		
BCDC Loanees Distress Relief Fund		
As per last balance sheet	2,393,121	Nil
Add: Contribution from beneficiaries	2,133,672	2,393,121
	4,526,793	2,393,121
3. Grant-in-Aid utilised for acquiring fixed assets :		
Grant from NMDFC	2,757,164	Nil
<b>Total 1+2+3</b>	<b>547,268,852</b>	<b>500,047,077</b>
<b>SCHEDULE 03</b>		
SECURED LOANS		
a) Term Loan Schemes :		
National Backward Class Finance and Development Corporation	1,137,525,142	905,487,586
National Minority Development and Finance Corporation	763,767,425	673,507,799
b) Micro Finance Schemes :		
National Backward Class Finance and Development Corporation	63,441,681	30,312,326
National Mionority Development and Finance Corporation	40,625,003	44,791,670
	<b>2,005,359,251</b>	<b>1,654,099,381</b>
<b>SCHEDULE 04</b>		
FIXED ASSETS		
(See Next Page)		

**SCHEDULE - 04**

**K.S.B.C.D.C**

**STATEMENT OF FIXED ASSETS AS ON 31-03-2008**

*Amount in Rs.*

Thirteenth Annual Report 2007-2008

Sl. No.	Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION / IMPAIRMENT					NET BLOCK	
		as on 01.04.2007	Additions	Sales/ Adj.	as at 31.03.2008	Rate in %	as at 31.03.2007	Sales/ Adj.	For the Year	as at 31.03.2008	as at 31-03-2008	as at 31-03-2007
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Freehold Land	483,332	-	-	483,332	-	483,332	-	-	483,332	-	-
2	Furniture & Fixtures	3,485,450	1,327,076	-	4,812,526	18.1	2,495,446	-	377,509	2,872,955	1,939,571	990,004
3	Office Equipment	1,255,501	1,065,315	-	2,320,816	13.91	833,841	-	81,159	915,000	1,405,816	421,660
4	Electrical Fittings	694,469	64,228	-	758,697	20	394,742	-	58,297	453,039	305,658	299,727
5	Computers	5,994,953	507,160	-	6,502,113	40	3,995,849	-	893,876	4,889,725	1,612,388	1,999,104
6	Vehicles	6,969,538	2,101,181	97,240	8,973,479	25.89	4,697,252	-	822,001	5,519,253	3,454,226	2,272,286
	<b>Total</b>	<b>18,883,243</b>	<b>5,064,960</b>	<b>97,240</b>	<b>23,850,963</b>	<b>-</b>	<b>12,900,462</b>	<b>-</b>	<b>2,232,842</b>	<b>15,133,304</b>	<b>8,717,659</b>	<b>5,982,781</b>
	<b>Previous Year</b>	<b>16,079,955</b>	<b>2,803,289</b>	<b>-</b>	<b>18,883,244</b>	<b>-</b>	<b>11,257,433</b>	<b>-</b>	<b>1,643,029</b>	<b>12,900,462</b>	<b>5,982,781</b>	<b>4,822,521</b>

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**NOTES :-**

1. The Gross Block as on 31-03-2008 do not involve any foreign exchange for its acquisition.

**SCHEDULE 05****CASH AND BANK BALANCES**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Cash on Hand	3,174,407	2,857,455
Stock of Stamps	102,591	22,262
Balance with scheduled banks :		
In Current Accounts	19,213,782	27,653,749
In Savings Bank Accounts	(16,020,957)	1,572,366
In Term Deposit Accounts	337,196,991	254,642,148
Funds in transit	84,700,000	249,000,000
Balance with Government of Kerala Treasury SB Account (The account is held as per instructions from Government of Kerala and none of the Directors are interested in this deposit Maximum balance outstanding at any time during the year Rs. 156.58 Lakhs; Previous Year Rs. 832.90 Lakh)	15,658,082	83,290,459
	444,024,896	619,038,438

**SCHEDULE 06****LOANS AND ADVANCES (Unsecured considered good)**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
a) General Term Loans :		
i) Loans out of NBCFDC Funds	959,425,609	
Add: Interest accrued and due	57,919,873	
	<u>1,017,345,482</u>	843,525,218
ii) Loans out of NMDFC Funds	778,366,843	
Add: Interest accrued and due	25,934,021	
	<u>804,300,864</u>	593,934,902
b) Micro Finance Scheme :		
i) Loans out of NBCFDC Funds	49,988,679	
Add: Interest accrued and due	45,580	
	<u>50,034,259</u>	10,005,101
ii) Loans out of NMDFC Funds	19,168,734	
Add: Interest accrued and due	13,146	
	<u>19,181,880</u>	9,596,126
c) Loans out of Own Funds	647,356,040	
Add: Interest accrued and due	25,763,294	
	<u>673,119,334</u>	430,098,872
d) Loan out of HUDCO Fund	20,773,149	
Add: Interest accrued and due	10,372,767	
	<u>31,145,916</u>	37,395,524
e) Employees Personal Loan Scheme	49,063	347,101
f) Penal interest accrued	129,593,449	110,004,484
	<u>2,724,770,247</u>	2,034,907,328

**SCHEDULE 07****OTHER CURRENT ASSETS**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Recoverable in cash or kind for value to be received	712,497	2,251,974
Interest accrued but not due on deposits with Banks	8,417,865	39,823
Income tax deducted at source	718,233	531,631
Interest Receivable	2,277,596	4,956,286
BCDC Loanees Distress Relief Fund Receivable	710,733	750,908
	<b>12,836,924</b>	<b>8,530,622</b>

**SCHEDULE 08****CURRENT LIABILITIES**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Creditors for Expenses	8,748,662	1,713,706
Security Deposits	21,145	15,145
Loan repayable	609,789	848,495
Training Assistance Fund from NMDFC	Nil	94,500
	<b>9,379,596</b>	<b>2,671,846</b>

**SCHEDULE 09****PROVISIONS**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Fringe Benefit Tax Payable	700,615	336,715.00
Gratuity Payable	5,036,535	3,590,410.00
Earned Leave Salary	2,292,853	2,100,400.00
Provision for doubtful assets	70,712,024	Nil
Other Provisions	Nil	13,340.00
	<b>78,742,027</b>	<b>6,040,865.00</b>

**SCHEDULE 10****INCOME FROM OPERATIONS**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Interest on Term Loans	121,338,504	86,303,130
Interest on Employees Personal Loan Scheme	12,142	50,328
Interest Rebate from NBCFDC	1,695,243	1,714,896
Interest Rebate from NMDFC	4,738,984	870,670
Penal Interest	39,701,784	76,742,079
Interest waiver allowed in Adalath	Nil	(7,419,037)
	<b>167,486,657</b>	<b>158,262,066</b>

**SCHEDULE 11****OTHER INCOME**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Interest from Banks - Term Deposits	28,531,567	13,060,163
Interest from Banks - SB Accounts	3,080,413	2,361,735
Loan Process Fee	5,773,815	3,297,792
Miscellaneous Receipts	2,998,832	2,030,649
	<b>40,384,627</b>	<b>20,750,339</b>

**SCHEDULE 12****FINANCIAL EXPENSES**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Interest on NBCFDC Fund	24,548,166	19,190,605
Interest on NMDFC Fund	18,992,492	12,448,179
Guarantee Fee to Govt. of Kerala	13,520,170	10,572,679
	<b>57,060,828</b>	<b>42,211,463</b>

**SCHEDULE 13****PAYMENT AND PROVISION FOR EMPLOYEES**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Salaries, Allowances and Bonus	30,654,487	21,960,012
Contribution to Provident and Other Funds	2,645,293	1,778,392
Staff Welfare Expenses	203,096	175,195
	<b>33,502,876</b>	<b>23,913,599</b>

**SCHEDULE 14****ADMINISTRATION AND OTHER EXPENSES**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Rent	1,970,696	1,465,080
Rates and Taxes	722,036	10,550
Insurance	84,632	64,240
Printing & Stationery	1,594,373	1,263,148
Postage and Telephone Charges	1,789,775	1,461,394
Travelling & Conveyance	721,697	722,280
Vehicle Expenses	1,233,221	880,161
Loan Mela and Awareness Programme Expenses	425,081	176,191
Scholarships	310,000	330,000
Audit Fee	55,000	46,000
Fee for Professional Services	662,568	305,818
Registration and Filing Fee	2,535,956	11,350
Electricity and Water Charges	398,606	279,448
Advertisements	373,911	689,679
Maintenance & Up-keep	327,053	347,246
General Expenses	1,100,869	719,232
Provision for doubtful assets	37,575,391	Nil
	<b>51,880,865</b>	<b>8,771,817</b>

## **SCHEDULE-15**

### **NOTES ON ACCOUNTS**

#### **I. Significant Accounting Policies**

##### **a Accounting Concepts:**

The financial statements have been prepared under historical cost convention, on an accrual basis of accounting, in conformity with the accounting principles generally accepted in India and the applicable mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956. However, taxes, other Government levies, income, and expenses that cannot be identified with certainty are accounted for on cash basis.

##### **b. Fixed Assets and Depreciation**

- i) Fixed Assets are stated at cost less depreciation. Costs comprise of cost of acquisition, cost of improvements and any cost attributable for bringing the asset to the condition of its intended use. Interest on loans, if any, taken for procurement of specific assets accrued up to the date of acquisition / installation of the said asset is capitalized along with the cost of the asset.
- ii) Depreciation has been provided on written down value method on all fixed assets in accordance with Schedule XIV of the Companies Act, 1956. In respect of assets added/ disposed off during the year, depreciation is charged on pro-rata basis with reference to the date of addition / disposal. Individual assets costing less than 5000 rupees is fully written off in the year of purchase.
- iii) Expenditure on computer software is capitalized along with computers and depreciation is charged at the prescribed rates.
- iv) Impairment: At each balance sheet date, the Corporation reviews the carrying value of tangible and intangible assets for any possible impairment. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount

##### **c. Impairment of Assets:**

Carrying amount of assets is reviewed at each balance sheet date, if there is indication of impairment, based on the 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 recognised in prior accounting period(s) is reversed to the extent of decrease in the impairment loss.

##### **d. Investments**

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

##### **e. Revenue Recognition**

- i) Interest on loans and advances to borrowers is recognised on accrual basis.
- ii) Penal interest accrued on scheme loans is also accounted on accrual basis. As per the terms of agreement with the loanees the rate of penal interest is certain revenue. As such the Corporation has been consistently following a system of accounting penal interest on accrual basis on loans given to beneficiaries and realised accordingly. However, it is proposed that the revenue recognition of penal interest would be changed in a phased



manner in compliance of Accounting Standard AS-9 "Revenue Recognition" issued by the Institute of Chartered Accountants of India.

iii) Any other income is recognized as and when it is received.

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

**g. 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. Contribution as is applicable to the employees on deputation is paid to the respective parent Departments.

**h. Taxation**

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

**i. Contingent Liabilities**

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 materialise into liabilities after the year-end, until the finalisation of the accounts that have material effect on the position stated in the balance sheet.

**j. Prior Period Items**

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

**II. Notes on Account:**

1. Pursuant to Government of Kerala Order G.O (M/S)No.65/07/SCSTDD dated 05/11/2007 the authorized share capital of the Corporation was increased from Rs. 50 Crores to Rs. 100 Crores at the meeting of the Members held on 18 March 2008.
2. Secured Loan represent loan availed from National Backward Classes Finance and Development Corporation, and National Minority Development and Finance Corporation, bearing interest as determined by the said agencies from time to time and are repayable in four quarterly installments. A penal interest is payable for default, if any. The loans have been fully covered under a block guarantee given by the Government of Kerala.
3. 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 decided by the Corporation from time to time, and out of possible contributions from Related

Parties. The reserve is not represented by any earmarked investments. During the year, 65 numbers of loan accounts were settled under the scheme, by granting a relief of ₹.10,33,306.

4. The Corporation was in possession of 80.5 cents of freehold land in Thiruvananthapuram City which has been surrendered to Government of Kerala for the development of the Trivandrum International Airport. Though there is promise to provide alternate immovable property, in lieu of monetary consideration, the matter is still pending before the Government.
5. 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.
6. The Corporation is holding registration as a Non-Banking Financial Company with Reserve Bank of India and that being a Government Company as defined in Section 617 of the Companies Act, 1956 the provisions of NBFC Prudential Norms (Reserve Bank) Directions 2007 is not applicable to the Corporation. However, the Corporation is in the process of implementing the directions contained in the said Prudential Norms and the assets are being classified and formulating its own norms for making provisions on certain overdue loans since the business carried on has been categorized as 'financial institution'. Based on the analysis of accounts made as on date a provision of ₹. 375.75 Lakhs on re-classification of assets and ₹. 331.37 lakhs recognition of income. As and when the Corporation adheres to the NBFC Prudential Norms (Reserve Bank) Directions 2007, the provisions made for the current year under Doubtful Income/ Assets shall form part of such compliance.
7. Loans & Advances:
  - a. Loans and Advances of ₹. 2,47,51,79,053 (Previous Year ₹. 1,81,95,57,076 ) consists of 64,181 loan accounts. Necessary steps have been taken for getting confirmation by issuing statement of accounts to each and every loanee and to begin with the process, it has been issued to entire loanees of Kasargod District Office.
  - b. During the year 3737 loan accounts were closed through OTS by providing penal interest waiver of ₹. 1,33,92,245/-
  - c. Further 102 loans were settled by conducting 'Adalaths' and providing a total waiver of ₹. 36,97,408/-; of interest and penal interest.
8. Advances Recoverable include Rs. 1637,955.47 misappropriated by the late K R Mohanan at District Office, Idukki. Orders have been issued by the Government of Kerala to recover the money from the DCRG due to the employee; amounting to ₹. 3,07,500/- The Board is yet to take a decision upon the balance sum due of ₹. 1330,455.47. No provision has been made in this respect in the books of account.
9. Certain beneficiaries who availed loans from the Alappuzha District Office has raised an allegation that the then watchman of the said District Office has collected repayments made by them against the loan accounts and marked entries in loan pass books. However, the Corporation is yet to quantify the money fraudulently collected by the delinquent employee, and the extent of possible forgery he has made on the loan records. No provision has been made in this respect in the books of account.
10. Interest accrued but not due represent interest accrued on term deposits with scheduled banks.

11. Payment to Directors of the Company:

Sl.No.	Particulars	Current Year ₹.	Previous Year ₹.
a.	Salaries & Allowances (Managing Director)	2,24,365	395,589
b.	Honorarium to Chairman	24,000	11,867
c.	Travelling Expenses (Managing Director)	33,425	149,020
d.	Travelling Expenses (Directors)	1,60,514	72,007
e.	Leave Travel Concession	NIL	NIL
f.	Sitting Fee	27,000	12,000
g.	Value of Perquisites in cash or in kind	NIL	NIL

12. Debit due by Directors or other Officers of the Company and the maximum amount outstanding at any time during the year.

	Maximum amount due at Any time during the year	Amount due at the close of the year
Directors	Nil (Previous Year Nil)	Nil (Previous Year Nil)
Officers	Nil (Previous Year Nil)	Nil (Previous Year Nil)

13. The remuneration to statutory auditors for statutory audit of accounts (net of service tax) for the year was fixed as ₹ 55,000 (Previous year is Rs. 46,000), for other services Rs. NIL (Previous Year Rs. NIL).

14. 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. The present value of obligation is determined on arithmetical basis on the assumption that such benefits are payable to all employees at the end of the accounting year. Provision for earned leave salary has been provided for based on the eligible leaves of each employee as at the balance sheet date.

15. The Corporation has been registered as an assessee to Service Tax in file No. AABCK1609HSD001, with the Central Excise Department and the entire dues as per the Show Cause notices was remitted on 17-12-2010, including the provision made for the year 2007-08 amounting to ₹. 7,15,151/-

16. The Corporation has switched over to the in-house software 'BCDC Online' from the financial year 2006-07 in order to monitor its lending business all over Kerala State. The adjustments that were required in the accounts for transition into 'BCDC Online' is Rs. 204,99,038 (Previous Year Rs. 898,76,875) that has been charged to Prior Period Adjustments and adjusted in the Profit and Loss Account. The statutory financial books of account are maintained with the aid of Tally Accounting Software in the head office and branches of the Corporation. The strength and reliability of software put to use have been vetted thoroughly by the System Administrator of the Corporation as fool-proof, and has been relied upon by the statutory auditors.

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

18. As per Accounting Standard AS-18 on Related Party disclosures issued by the Institute of Chartered Accountants of India, the disclosure of transactions with related party as defined in the Accounting Standard are given below:

- a) Nature of relationship of related parties as identified by the Corporation and relied upon by the Auditors:

Nature of Relationship	Nature of Related Party
Entities having significant influence in the enterprise	a. National Backward Classes Finance and Development Corporation (NBCFDC)
	b. National Minority Development and Finance Corporation (NMDFC)
Key Management Personnel	Sri. I.A. Chakko, Managing Director

- b) Transactions with related parties during the year :

Transactions with NBCFDC and NMDFC	NBCFDC		NMDFC	
	Term Loan Scheme	Micro Fin. Scheme	Term Loan Scheme	Micro Fin. Scheme
Opening balance	90,54,87,586 <i>(759,182,043)</i>	3,03,12,326 <i>(46,248,189)</i>	67,35,07,799 <i>(519,565,893)</i>	4,47,91,670 <i>(39,791,669)</i>
Funds Received during the year	29,27,00,000 <i>(270,000,000)</i>	5,00,00,000 <i>(Nil)</i>	26,50,00,000 <i>(230,000,000)</i>	2,00,00,000 <i>(15,000,000)</i>
Repayment during the year	15,06,62,444 <i>(123,694,457)</i>	1,68,70,645 <i>(15,935,863)</i>	8,47,40,374 <i>(76,058,094)</i>	2,50,00,000 <i>(9,999,999)</i>
Closing Balance	1,04,75,25,142 <i>(905,487,586)</i>	6,34,41,681 <i>(30,312,326)</i>	76,37,67,425 <i>(673,507,799)</i>	3,97,91,670 <i>(44,791,670)</i>
Interest due and paid	2,39,99,867 <i>(18,379,824)</i>	5,48,299 <i>(810,781)</i>	187,22,595 <i>(12,201,412)</i>	2,69,897 <i>(246,767)</i>

Note : Previous year figures are shown in italics

Key Management Personnel Remuneration Paid	Rs. 2,24,365 (Previous Year Rs. 3,95,589)
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19. The disclosure required by Accounting Standard 19 - "Leases": The Corporation has taken various offices and residential premises under operating lease or license agreements. These are generally not non-cancelable and range between 11 months to 3 years and are renewable by mutual consent on mutually agreeable terms. The Corporation has given refundable, interest free security deposits under these agreements. Lease payments are recognised in the Profit and Loss Account under 'Rent' in Schedule 14.

20. Earnings per share:

Earnings per equity share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. However, the fresh issue of equity shares made by the Corporation on 26th March 2008 has not been considered. 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	42,330,939	14,932,081
(b)	Number of equity shares (for diluted EPS)	48,31,000	48,31,000
(c)	Basic Earnings per share (Face Value ₹ 100 each)	8.76	3.24

21. Claim against the company not acknowledged as debt Rs. NIL (Previous Year NIL)
22. The previous year figures have been recast / regrouped wherever necessary to suit current year's groupings. Current year figures have been rounded off to the nearest rupee, wherever applicable.
23. The information required as per item 4C of Part II of Schedule VI to the Companies Act about licensed capacity, installed capacity and quantitative particulars of the consumption of raw material, turn over etc are not applicable to the Corporation.
24. 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 |

25. Information pursuant to the provisions of Part IV of Schedule VI of the Companies Act, 1956  
Balance Sheet Abstract and Company's Business Profile.

I. Registration Details

Registration Number	CIN	U75122KL1995SGC008705	
State Code	09	Balance Sheet Date	31-03-2008

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	66,500

III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	3,190,349	Total Assets	3,190,349
<i>Source of Funds</i>			
Paid up Capital	549,600	Reserve and Surplus	547,269
Secured Loans	2,005,359	Unsecured Loans / deposits	Nil
<i>Application of funds :</i>			
Net Fixed Assets	8,718	Investments	Nil
Net Current Assets	3,093,510	Miscs. Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	207,871	Total Expenditure	144,677
Profit/(Loss) before Tax	63,194	Earnings per share	8.76
Dividend rate	Nil		

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

Item Code No. (ITC Code)  
Product Description

For and on behalf of the Board of Directors,

Sd/-  
**V. RAJENDRAN**  
Company Secretary

Sd/-  
**I.A. CHAKKO**  
Managing Director

Sd/-  
**C.T. KRISHNAN (Ex. MLA)**  
Chairman

Place: Thiruvananthapuram

Date : 29-12-2010

As per our Report of date  
For **RAVI & SABIN**  
Chartered Accountants  
(Sd/-)  
**CA SABIN BABU. A**  
(Membership No. 203719)  
Partner



## GOVERNMENT OF KERALA

**Finance (PUC) Department**

No. 22539/PU.C3/12/Fin.

Dated: 26-04-2012

From

The Principal Secretary (Finance)

To

The Managing Director  
Kerala State Backward Classes Development Corporation Limited,  
T.C. 27/588 (7) & (8)  
"SENTINEL", 2nd Floor,  
Pattoor, Vanchiyoor. P.O.  
Thiruvananthapuram

Sir,

*Sub:- Audited Annual Accounts of Kerala State Backward Classes Development Corporation Ltd. for the year 2007-08*

*Ref:- Your Letter No. A2/2007-08/KSBCDC Ltd. dated : 29-02-2012*

I am to forward herewith the comments of Principal Secretary (Finance) on the Audited Annual Accounts of the KSBCDC Ltd. for the year 2007-08. The Corporation is advised to update the audit and accounts urgently as required in the Companies Act, 1956 and forwarded 5 printed copies of Annual Report incorporating the above comments to this department. Receipt of the same may be acknowledged.

Yours faithfully

**V. KUSUMAKUMARY**  
Under Secretary  
for Principal Secretary (Finance)

Approved for Issue  
Sd/-  
**Section Officer**



## GOVERNMENT OF KERALA

NO. 22539 / PUC3 / 12 / FIN.

FINANCE (PUC) DEPARTMENT

### COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON THE AUDITED ANNUAL ACCOUNTS OF KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED FOR THE YEAR 2007 - 2008

1. The Corporation registered a turnover of ₹ 20.79 crore during the period under review. But it has incurred a huge expenditure of ₹ 14.47 crore which was only ₹ 7.65 crore during the last year. Thus the profit has come down to ₹ 6.32 crore from 10.51 crore of the previous year.
2. A proper system shall be put in place for the realisation of dues outstanding within a definite time frame.

Sd/-  
**V.P. JOY**  
Principal Secretary (Finance)

Thiruvananthapuram  
Dated : 24-04-2012



## **RAVI & SABIN**

### **CHARTERED ACCOUNTANTS**

33/66(1), Kannamoola Road, Near Pallimukku Jn., Thiruvananthapuram-695 024, Kerala State, India  
Phone : 91-471-2742352, 2743196 Fax : 2742462  
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### **AUDITORS' REPORT**

**TO THE MEMBERS OF  
KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LTD.**

- I. We have audited the attached Balance Sheet of **KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED** as at 31<sup>st</sup> March 2008, and the Profit and Loss Account and the Cash Flow Statement of the Corporation for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Corporation. Our responsibility is to express an opinion on these financial statements based on our audit.
- II. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- III. We report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit
  - b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account, and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section 3(C) of section 211 of the Companies Act, 1956.
  - e) It being a Government Company, pursuant to the Notification No. GSR 829 (E) dated 21-10-2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the Corporation;
  - f) On the basis of the audit as indicated above, attention is drawn to the following :
    - i) The Corporation is following a system of recognising penal interest on the loans given on accrual basis, which is not consistent with the accounting standard AS-9 'Revenue Recognition' issued by the institute of Chartered Accountants of India. Such interest recognised as on the balance sheet date is ₹. 1295.93 Lakhs.

- ii) The term deposit ₹ 3371.97 Lakhs with scheduled banks and balance with Government Treasury SB Account ₹ 156.58 Lakhs are subject to confirmation of balance from the bankers concerned and reconciliation, if any.
  - iii) The Corporation has not classified the suppliers of goods and services as required under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 and hence we are unable to quantify and report the payments made beyond the 'appointed day' and the interest that remain unpaid to such Enterprises as on 31-03-2008.
- (g) On the basis of the audit as indicated above, and without qualifying our opinion, attention is drawn to the following Notes of Schedule 15 relating to certain accounting and other matters:
- i. Note No. 7 regarding absence of confirmation letters for loans given to the beneficiaries and considered good ₹. 24,751.79 Lakhs;
  - ii. Note No. 8 regarding non-provision in the accounts for funds misappropriated by employees of the Corporation ₹16.38 Lakhs;
  - iii. Note No. 9 regarding non-provision of the alleged fund misappropriated by one of the Watchman of the Corporation which is yet to be quantified; and
  - iv. Note No. 16 regarding conversion of accounts in to digital format and related transitional book adjustment of ₹. 204.99 Lakhs.
- (h) In our opinion, and to the best of our information and according to the explanations given to us, and subject to paragraph III (f) above, the said accounts read with the Significant Accounting Policies and Notes on Accounts thereon in Schedule 15, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of Balance Sheet, of the state of affairs of the Corporation as at 31 March 2008;
  - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date: and
  - iii. in the case of Cash Flow Statement, of the cash flows of the Corporation for the year ended on that date.
- IV As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order 2004 issued by the Government of India in terms of section 227 (4A) of the Companies Act, 1956, we set out below a statement on the matters specified in paragraph 4 and 5 of the said Order.
- 1. Having regard to the nature of the business/ activities/ result/ transactions, etc., of the Corporation, Clauses (ii), (iii), (v), (vi), (viii), (xii), (xiii), (xiv), (xviii), (xix), and (xx) of the Order is not applicable.
  - 2. a) The Corporation has generally maintained proper records in digital format showing full particulars including quantitative details and situation of fixed assets.
  - b) The management is conducting periodical physical verification of fixed assets, which in our opinion is considered reasonable having regard to the size and nature of its assets. No material discrepancies were noticed on such verification
  - c) The Corporation has not disposed off substantial part of fixed assets during the year.

3. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Corporation and nature of its business for purchase of fixed assets and for realization of its income. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
4. On the basis of information furnished to us, the Corporation is in the process of implementing a full-fledged internal audit system that commensurate with the size and nature of its business; however, the said internal audit system did not apply to the financial year covered by our audit.
5. a) Undisputed statutory dues including income tax, sales tax, wealth tax, Cess provident fund, and other statutory dues have generally been regularly deposited within a period of six months from the date they became payable with appropriate authorities except Fringe Benefit Tax due for financial years 2006-07 ₹. 336,715 and 2007-08 ₹. 363,900.  

We are informed that the provisions related to income tax, excise duty, customs duty investors' education and protection fund, employees' state insurance, etc., along with related provisions of clause (ix) (b) are not applicable to the Corporation.
- b) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty, and cess, which have not been deposited on account of any dispute.
6. The Corporation has no accumulated losses as at 31 March 2008 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
7. In our opinion and according to the information and explanation given to us, the Corporation has not defaulted in repayment of dues to a financial institution, or bank. The Corporation has no debenture holders.
8. The Corporation has not given any guarantee for loans taken by others from banks or financial institutions.
9. To the best of our knowledge and belief and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
10. The Corporation has not used funds raised on short term basis for long-term investment. No long-term funds have been used to finance short-term assets, except permanent working capital.
11. During the course of our examination of the books of account and records of the Corporation, we have not come across any instance of fraud on or by the Corporation, noticed or reported during the year, nor have we been informed of such case by the management.

(Sd/-)

**CA SABIN BABU. A**  
(Membership No. 203719)  
Partner

For **RAVI & SABIN**  
Chartered Accountants

Thiruvananthapuram  
27-02-2012



भारतीय लेखा तथा लेखापरीक्षा विभाग,  
**INDIAN AUDIT AND ACCOUNTS DEPARTMENT**  
प्रधान महालेखाकार (सिविल एवं वाणिज्यिक लेखापरीक्षा)  
का कार्यालय  
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL  
(CIVIL & COMML. AUDIT)  
केरल, तिरुवनन्तपुरम - 695 001  
KERALA, THIRUVANANTHAPURAM - 695 001

No. CA IV/C/12- 6679/17

Dated : 06-06-2012

To

The Managing Director  
Kerala State Backward Classes Development Corporation Ltd.,  
T.C. 27/588 (7) & (8), "SENTINEL",  
2<sup>nd</sup> Floor, Pattoor, Vanchiyoor. P.O.  
Thiruvananthapuram - 695 035.

Sir,

Sub:- Comments under Section 619(4) of the Companies Act, 1956 on the accounts of  
**Kerala State Backward Classes Development Corporation Ltd.,**  
**Thiruvananthapuram** for the year ended 31<sup>st</sup> March 2008.

I am to forward herewith the Comments under section 619(4) of the Companies Act, 1956 on the accounts of **Kerala State Backward Classes Development Corporation Ltd., Thiruvananthapuram** for the year ended 31st March 2008.

The Comments may be placed before the Annual General Meeting complying with the provisions of Section 619(5) of the Act *ibid*.

Six copies of the printed Annual Report and Accounts of the Company for the year 2007-08 duly incorporating the comments may be forwarded to this Office at the earliest.

Yours faithfully

Sd/-

**P. ANNIE HELEN**

Deputy Accountant General (ES-I)



महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा) का कार्यालय, केरल,  
तिरुवनन्तपुरम

**OFFICE OF THE ACCOUNTANT GENERAL (E&RSA)  
KERALA, THIRUVANANTHAPURAM**

31 मार्च 2008 को समाप्त वर्ष के लिए केरला स्टेट बकवार्ड क्लासेस डेवलपमेन्ट कारपोरेशन लिमिटेड, तिरुवनन्तपुरम के लेखाओं पर कम्पनी अधिनियम 1956 की धारा 619(4) के अधीन भारत के नियंत्रक - महालेखापरीक्षक की टिप्पणियाँ

**COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER  
SECTION 619(4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF  
KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LTD.,  
THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2008.**

The preparation of financial statements of **Kerala State Backward Classes Development Corporation, Ltd. Thiruvananthapuram** for the year ended 31st March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 619 (2) of the Companies Act 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **27 February 2012**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of **Kerala State Backward Classes Development Corporation, Ltd. Thiruvananthapuram** for the year ended **31 March 2008**. 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

**A. COMMENTS ON FINANCIAL POSITION**

**BALANCE SHEET**

**1. Source of Funds**

**Reserves and Surplus (Schedule 02).**

**Grant-in-Aid utilized for acquiring Fixed Assets**

**Grant from NMDFC ₹ 27.57 lakh**

This includes ₹ 25.35 lakh being grant utilized for meeting revenue expenditure. This should have been treated as other income as required in Para 15 of AS 12. This has resulted in overstatement of Reserves and Surplus and understatement of profit by ₹ 25.35 lakh

**2. Application of Funds**

**Current Liabilities & Provisions**

**Current Liabilities (Schedule 08)- ₹ 93.79 lakh.**

This is understated by ₹ 6.84 lakh due to non provision of liability towards expenditure on 'BCDC online' software due on 26 March 2008 and paid on 04 April 2008 and Fixed Assets have also been understated to the same extent.

**B. COMMENT ON PROFITABILITY**

**Profit for the year: ₹ 631.94 lakh**

This is understated by ₹ 56.99 lakh due to non accounting of rebate pertaining to the year 2007-08 received during 2008-09 from NBCFDC (₹ 20.36 lakh) and NMDFC (₹ 36.63 lakh).

**C. COMMENT ON CASH FLOW STATEMENT**

Cash and cash equivalents as shown in the Cash Flow Statement (₹ 4600.46 lakh) have not been reconciled with Cash and Bank balances in the Balance Sheet (₹ 4440.25 lakh) as required in Para 42 of AS 3.

**D) GENERAL**

The nature of the security has not been specified in respect of Secured Loans as required under Part 1 of Schedule VI to the Companies Act 1956.

For and on behalf of  
The Comptroller & Auditor General of India

Sd/-

**डॉ. बिजु जेकब**

**Dr. BIJU JACOB**

महालेखाकार (आ.एवं.रा.क्षे.ले.प.), केरल  
ACCOUNTANT GENERAL (E & RSA)  
KERALA

तिरुवनन्तपुरम  
Thiruvananthapuram  
Date : 06-06-2012