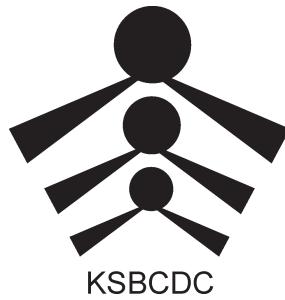


# SIXTEENTH ANNUAL REPORT

## 2010 - 2011



**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 2010 - 2011**

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## **BOARD OF DIRECTORS**

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

### **Company Secretary**

Shri. V. Rajendran

### **Auditors**

M/s. Thomas Jacob & Co.  
Chartered Accountants  
TC 13/386, Kunnukuzhy  
MRA 186  
Thiruvananthapuram - 695 037

### **Our Bankers**

State Bank of Travancore  
Kaithamukku Branch

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

No. CS/Ad.AGM 16/KSBCDC/2010-11

Dated : 18 - 02 - 2013

**NOTICE**

NOTICE is hereby given that the Sixteenth Adjourned Annual General Meeting of the Kerala State Backward Classes Development Corporation Ltd., will be held at 11 am on Saturday, the 16<sup>th</sup> March 2013 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 2011, 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 Sixteenth Annual Report on the business and operations of your Corporation together with the Audited statement of Accounts for the year ended 31st March 2011.

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 ₹.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 31 <sup>st</sup> March 2011 (₹. in lakhs)	For the year ended 31 <sup>st</sup> March 2010 (₹. in lakhs)
<b>A. INCOME</b>		
Interest Earned	2528.35	2485.75
Other Income	134.37	108.77
	<b>2662.71</b>	<b>2594.52</b>
<b>B. EXPENDITURE</b>		
Interest Expended	784.73	758.01
Payment & Provision for employees	537.38	434.48
Administrative and other Expenses	259.73	(26.13)
Depreciation	32.87	30.62
	<b>1614.71</b>	<b>1196.97</b>
Net Profit (A-B)	1048.00	1397.56

The profit earned by the Corporation during the period under report is ₹. 1048 lakhs as against ₹. 1397.56 lakhs during the previous year. The total profit was transferred to Reserves and Surplus so as to endorse the total reserve to ₹. 8070.92 lakhs (including Special Reserve of ₹. 94.10 lakhs from 'Loanees' Distress Relief Fund).

## 2. BOARD OF DIRECTORS

The appointment and cessation of Chairmanship and Directorship during the relevant accounting year 2010-2011 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. A.A. Naqvi	Director	30-12-1997	Continuing
Shri. I.A. Chakko	Managing Director	23-06-2007	31-03-2011
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
Smt. E. Ambika Amma	Director	17-09-2009	13-10-2011
Shri. Kunhu Meenadathur	Director	08-06-2010	31-05-2011
Smt. G. Rajeswari	Director	03-01-2011	13-10-2011

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. ANNUAL ACCOUNTS 2008-09 & 2009-10**

Annual Accounts 2008-09 was approved by 133<sup>rd</sup> Board Meeting held on 10-5-2011 and handed over to the Statutory Auditors M/s Ravi & Sabin, Chartered Accountants, Thiruvananthapuram for audit but the audit report is yet to receive.

The Annual Accounts for the year 2009-10 was also approved by 134<sup>th</sup> Board Meeting held on 17-11-2011 and handed over to the Statutory Auditors M/s Ravi & Sabin, Chartered Accountants, Thiruvananthapuram and the audit report is also yet to receive.

In both years the audit is long pending and the Statutory Auditors disincline to the issue the audit report. Audit report of 2008-09 is delayed by 18 months and for the year 2009-10 is delayed by 12 months and due to uncertainty on its receipt the Corporation approached C&AG, New Delhi for substitution of the audit firm. Due to non receipt of audit report, Annual Accounts 2008-09 and 2009-10 could not be placed before the AGM for adoption.

## **6. CAPITAL STRUCTURE**

During the year the Paid up Equity Share Capital was raised to ₹. 7596 lakhs from previous year's capital base of ₹. 6662 lakhs.

During the year, the loan assistance from NBCFDC, guaranteed by Government of Kerala is ₹. 3500 lakhs and from NMDFC is ₹. 2498 lakhs.

## **7. 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 21827 families belonging to Backward and Minority Communities under various projects with a total disbursement of ₹. 14053 lakhs.

## **8. PROJECTS UNDERTAKEN**

- i) As a measure to improve the working efficiency of the Corporation all its activities has been computerised with the launching of ksbcdconline.
- 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.

## **9. 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.

## **10. STATUTORY AUDITORS**

M/s. Thomas Jacob and Co., Chartered Accountants, Thiruvananthapuram was appointed by the Comptroller and Auditor General of India, New Delhi, as Statutory Auditors for the year 2010-11 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.

## **11. 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.

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

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

## **13. 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: 18-02-2013

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<sup>st</sup> March 2011 - Replies thereto :**

Comments in the Comptroller and Auditor General of India

*Nil Comments*

**REPLIES TO COMMENTS OF PRINCIPAL SECRETARY (FINANCE)  
ON THE AUDITED ANNUAL ACCOUNTS OF KERALA STATE BACKWARD  
CLASSES DEVELOPMENT CORPORATION LTD., FOR THE YEAR 2010-11**

1. The Company registered a Turnover of Rs. 2662.71 lakh during the year under review.

*During the year the Company registered a total income of Rs. 2662.71 lakhs and the total disbursement was Rs. 14053.00 lakhs.*

2. Income Recognition on doubtful assets should be as per the RBI guidelines.

*Being a Government Company the Corporation is exempted from complying prudential norms of NBFC's and is following the same to improve quality of Accounts.*

*Being a welfare organization it is more practicable to comply the entire prudential norms only in a phased manner.*

3. The Company should take earnest efforts to reduce the administrative expenditure

*The increase in expenditure is mainly attributable under the head interest expended which is about Rs. 3 crores.*

*The increase in administrative expenditure is mainly due to the provision made during the previous year in compliance of NBFC's Prudential Norms.*

4. The Company should try to maintain the balance in current accounts to the minimum required.

*The annual disbursement of the year was more than Rs. 140 crores and the repayment collection of everyday was recycled for loan disbursement through the current account in order to ensure the optimum utilization of fund. The balance amount in the current account shown in the Bank Statement is due to issued cheques which were not cleared.*

5. Accounts and Ledgers should be maintained and reconciled for the various loan schemes of NBCFDC as per the guidelines for the same.

*Separate ledgers are maintained for NBCFDC and NMDFC schemes and the account balances are reconciled and confirmed periodically.*

## **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 2010-11**

### **Comments in the Auditors' Report**

#### **1. Opening Balances**

The accuracy of the opening balance of balance sheet accounts cannot be commented upon as the accounts for the financial years 2008-09 and 2009-10 are not finalized and audited.

*Annual Accounts 2008-09 was approved by 133<sup>rd</sup> Board Meeting held on 10-05-2011 and handed over to the statutory Auditors M/s Ravi & Sabin Chartered Accountants, Thiruvananthapuram for audit but the audit report is yet to receive.*

*The Annual Accounts for the year 2009-10 was also approved by 134<sup>th</sup> Board Meeting held on 17/11/2011 and handed to over the statutory Auditors M/s Ravi & Sabin Chartered Accountants, Thiruvananthapuram and the audit report is also yet to receive.*

#### **2. Funds From National Agencies**

- a) As per the guidelines received from NBCDFC on Accounting /Audit, separate ledger accounts may be kept for General Loan Scheme, Education Loan Scheme and Micro Finance scheme Manila Samraidhi, to help in reconciliation with NBCFDC. It is also advised that separate bank accounts are to be opened for NBCDFC fund at HO and districts. However, during review we observed that separate bank accounts are not maintained for operating the fund received from NBCFDC at HO or at Branches.

*Books of accounts are maintained separately for General loan scheme, Microfinance Scheme and Mahila Samrudhi Yojana Scheme, duly noting all the transactions, fund received, interest accrued and repayment. Maintenance of separate Bank Account is not practicable as it may lead to idling of fund and interest loss to the corporation,*

- b) There exists a prepaid interest of Rs.69,359/- appearing in the books of NBCDFC. However, the same is not present in KSBCDC's books of accounts.

*The prepaid interest Rs.69,359/- was not intimated in advance by NBCDFC for making provision, but communicated later after accepting the utilization certificate by them and conversion of advance into loan amount.*

#### **3. Accounting of Rebate on Interest Paid**

We have found that interest paid to NBCDFC and NMDFC is shown on a net basis after adjusting rebate received for prompt repayment of interest. The rebate received is not disclosed separately in the books of accounts / notes to accounts.

*In case of NBCDFC the gross amount of demand is not shown separately for bifurcating the rebate portion for its accounting. The payment to NMDFC is also on net basis and accounted accordingly*

#### **4. Income Recognition on Doubtful Assets**

As per the RBI Order no DNBS.(PD).CC.NO. 12/02.01/99-2000 to NBFC's Income including

interest/ discount or any other charges on NPA shall be recognized only when it is actually realized. Any such income recognized before the asset became non-performing and remaining unrealized shall also be reversed. However, we have observed that the interest of the corporation for the year consists of 50% of interest due but not realized on Doubtful Revised Lending Policy (RLP) loans also. The accumulated balance of interest accrued on these loans as on March 31, 2011 is Rs. 1,78,04,947/- . This practice is not consistent with the realization concept and also it is not a prudent/conservative method of accounting.

*Being a Government company the corporation is exempted from complying the prudential norms of NBFC and the Corporation is following the same to improve the quality of accounts. Being a welfare organization it is practicable to comply the entire provisions of prudential norm only in a phased manner.*

## 5. Bank Accounts

We have verified the bank confirmation certificates and reconciliation statements and have observed that confirmation certificate for some bank accounts have not been obtained and some bank accounts are not reconciled also. Those bank accounts for which confirmation certificates were not obtained as listed below.

<b>Bank Accounts</b>	<b>Closing</b>	<b>Balance</b>
	<b>Dr.</b>	<b>Cr.</b>
C.B A/c.No. 11285	8592.00	
Syndicate Bank A/c.No. 201/40977		4926.26
Syndicate Bank A/c.No. 201/40981	6361.58	
Syndicate Bank A/c.No. 201/40996	9651.53	
VA Bank A/c.No.11664	4000.00	
IOB A/c. No. 14074	1298.00	
IOB A/c. No. 14902	1153.00	
IOB A/c. No. 14903	1128.00	
Canara Bank A/c. No. 102043	500.00	
Canara Bank A/c. No. 102194 (Recovery)	500.00	
Canara Bank A/c. No. 102194 (Admn)	500.00	
<b>TOTAL</b>	<b>33684.11</b>	<b>4926.26</b>

List of Bank Accounts which are not reconciled is given below.

<b>Bank Accounts</b>	<b>Closing Dr.</b>	<b>Balance Cr.</b>
SBT A/c.No.4461	121747.00	
SBT A/c.No.5783	355773.00	
SBT A/c.No.6606	38757.00	
SBT A/c.No.67056894744	114615.00	
SBT A/c.No.813 (Collection)	26925.00	
<b>TOTAL</b>	<b>657817.00</b>	

*In respect of the above accounts other than SBT accounts there is no transaction for the last four years and steps have been taken to close the account and are kept with minimum balance.*

## 6. Loan Waiver Scheme of Converted Christians

We have verified the loan waiver scheme of converted Christians with the Government order and our observations are given below.

As per the Government order 100/2009/SCSTDD dated 12/11/2009, no interest or penal interest is collectable from a loan on which the above order is applicable after penal interest is collectable from a loan on which the above order is applicable after 01/04/2009 but we have found that in some cases the company has collected interest and /or penal interest from the loanees who are eligible under this scheme. A list of such loanees from whom the company has collected interest and/or penal interest is given below.

<b>District Name</b>	<b>Fund</b>	<b>Loan.No.</b>
Trivandrum	NMDFC	010102495
Trivandrum	KSBCDC	010103307
Pathanamthitta	NBCDFC	030100378
Kottayam	KSBCDC	050100397
Kottayam	NBCDFC	050100588
Kottayam	KSBCDC	050100698
Kottayam	KSBCDC	050101074
Kottayam	KSBCDC	050102987
Idukki	NBCFDC	060100243

We have also noticed that the maximum amount of waiver amount that can be claimed from the Government is Rs.25000/- but in the case of Loan A/c.No.010105331, the Corporation has waived an amount of Rs. 30000/- as Government Share.

*The interest and penal interest in the accounts were accrued during the period the proposal for waiver under the scheme was submitted to Government and the Government accorded sanction for its waiver.*

## 7. Asset Classification

We have verified the asset classification made by the Corporation with the accounting policies attached to final accounts. We have noticed that some accounts are not classified as doubtful assets even though they satisfy the conditions prescribed in the accounting policy. A few examples of those accounts are given below.

Loan. No	Principle Outstanding	Interest Outstanding	Penal Outstanding
060100003	387612	476766	102861
010100756	270726	404540	89884
010101151	305821	330054	160353
060100112	336330	272661	88810
040100449	250916	230968	0
010102093	175000	171107	149980
060100228	175000	169687	152477
090100365	175000	168345	153542
110100003	130384	167747	45100
080100001	118750	165841	168589
080100452	175000	163558	137545
100100406	175000	160280	138874
010100511	115847	158185	41070
110100567	173502	155496	144180
020100874	175000	153348	139118
010100114	172794	143068	8227
040101322	169750	142448	129244
010100373	91646	114148	28534

*Being a welfare organization it is not practicable to comply with all prudential norms in its entirety but shall comply in a phased manner.*

## 8. Provision For Misappropriation

We have noticed that advances Recoverable of the Corporation as on 31/03/2011 includes an amount of Rs.16,37,955.47/- misappropriated by late K.R.Mohanan at District

Office Idukki. As the maximum possible amount of recovery from the party is limited to Rs.3,07,500/-, provision on the balance amount may be made. However the same is not created during the current year.

*Proper disclosure made in Note on accounts. There is no certainty as to get the amount of Rs.307500/-. After getting the amount from the Government we shall make exact provision or Write off as the case may be.*

## **9. Short Term Deposits**

The company has fixed Deposits to the tune of Rs.25,48,01,744/- as on March 31, 2011. Out of the same, TDR short term Deposit amounts to Rs.8,70,24,586/- During review ,we observed that interest is not accounted on these TDS short-term deposits on accrual basis. Further, as the TDR short term deposit receipts and bank confirmations were held by branches, we could not verify them in the case of branches not visited by us.

*The short term Deposits are for very short period of 15 days pending scheme implementation and were redeemed as and when required for scheme and it is not practicable to compute the interest on accrual basis.*

## **1. Other Observations**

We have notice that in the given Adalath Calculation Statement, the loan particulars of the loan A/c.No.090100133 do not match with the database figures.

*Corrected.*

2. The stock of stamp in Thrissur Dist. As on 31-03-2011 as per tally is Rs.8,231/- whereas in the confirmation certificate the stock of stamp as on 31-03-2011 is Rs. 1,201.5/-, resulting in an overstatement of stamp balance by Rs.7,029.6/-.

*This amount to opening balance difference which shall be corrected.*

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



**ANNUAL ACCOUNTS  
2010-2011**



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

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011**

PARTICULARS	SCH. No.		Current Year 2010-11 ₹.	Previous Year 2009-10 ₹.
<b>I. SOURCES OF FUNDS</b>				
<b>(1) Shareholders Funds:</b>				
(a) Share Capital	01		759,600,000	666,200,000
(b) Advance for Share Capital	-		-	23,400,000
(c) Reserves & Surplus	02		807,092,302	702,640,270
<b>(2) Loan Funds :</b>				
(a) Secured Loans	03		2,548,202,321	2,385,500,778
(b) Unsecured Loans	-		Nil	Nil
<b>Total</b>			<b>4,114,894,623</b>	<b>3,777,741,048</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>	04			
(a) Gross Block			35,618,002	32,160,151
(b) Less: Depreciation			23,501,621	20,698,275
(c) Net Block			12,116,381	11,461,876
<b>(2) Investments</b>			Nil	Nil
<b>(3) Current Assets, Loans &amp; Advances</b>				
(a) Cash & Bank Balances	05	343,861,164		276,009,568
(b) Loans and Advances	06	3,937,450,629		3,656,596,606
(c) Other Current Assets	07	6,497,991		9,386,284
		<b>4,287,809,785</b>		<b>3,941,992,458</b>
4 Current Liabilities & Provisions				
(a) Current Liabilities	08	10,562,177		7,222,714
(b) Provisions	09	174,469,365		168,490,573
		<b>185,031,543</b>		<b>175,713,286</b>
Net Current Assets (3 - 4)			4,102,778,242	3,766,279,172
<b>Total</b>			<b>4,114,894,623</b>	<b>3,777,741,048</b>
5 Notes on Accounts	15			

The Schedules numbered 01 to 09 and 15 & 16 integral part of this Balance Sheet.

For and on behalf of the Board of Directors

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

(Sd/-)  
**B. DILEEP KUMAR**  
Managing Director

(Sd/-)  
**MOHAN SHANKAR**  
Chairman

Place: Thiruvananthapuram  
Date : 7-08-2012

As per our Report of even date  
For **CA. K. THOMAS JACOB**  
(Membership No. 20086)

(Sd/-)  
For **THOMAS JACOB & CO.**  
Chartered Accountants  
F.R. No. 044035

**KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED,  
THIRUVANANTHAPURAM  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011**

	SCH. No.	Current Year 2010-11 ₹.	Previous Year 2009-10 ₹.
<b>I. INCOME</b>			
Interest Earned	10	252,834,730	248,575,431
Other Income	11	13,436,624	10,876,930
Prior Period Income	-	-	-
<b>Total</b>		<b>266,271,354</b>	<b>259,452,361</b>
<b>II. EXPENDITURE</b>			
Interest expended	12	78,473,014	75,801,026
Payment & Provision for Employees	13	53,738,258	43,447,525
Administrative and Other Expenses	14	25,973,485	(2,613,440)
Depreciation	04	3,286,677	3,061,734
<b>Total</b>		<b>161,471,434</b>	<b>119,696,845</b>
Profit / (Loss) for the year		104,799,920	139,755,516
<b>III. APPROPRIATION</b>			
Prior Period Adjustments		1,661,303	32,685,505
Profit Transferred to General Reserve		103,138,617	107,070,011
		<b>104,799,920</b>	<b>139,755,516</b>
Basic Earnings per Equity Share of Rs. 100 each		13.58	16.07
Diluted Earnings per Equity Share of Rs. 100 each		14.67	16.94
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/-)  
**B. DILEEP KUMAR**  
Managing Director

(Sd/-)  
**MOHAN SHANKAR**  
Chairman

Place: Thiruvananthapuram  
Date : 07-08-2012

As per our Report of even date  
For **CA. K. THOMAS JACOB**  
(Membership No. 20086)

(Sd/-)  
For **THOMAS JACOB & CO.**  
Chartered Accountants  
F.R. No. 044035

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

**SCHEDULES FORMATING PART OF ANNUAL ACCOUNTS 2010-11**

	CURRENT YEAR 2010-11 ₹.	PREVIOUS YEAR 2009-10 ₹.
<b>SCHEDULE 01</b>		
<b>SHARE CAPITAL</b>		
Authorised Capital		
100,00,000 Equity shares of ₹. 100 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		
75,96,000 Equity shares of ₹. 100 each - fully paidup	759,600,000	666,200,000
(Previous year 66,62,000 Equity shares of ₹. 100 each - fully paid up)		
	<b>759,600,000</b>	<b>666,200,000</b>
<b>SCHEDULE 02</b>		
<b>RESERVES AND SURPLUS</b>		
1. General Reserve		
As per last balance sheet	694,543,605	587,473,595
Add : Credit balance in Profit and Loss Account	103,138,617	107,070,011
	<b>797,682,223</b>	<b>694,543,605</b>
2. Special Reserve :		
BCDC Loanees Distress Relief Fund	9,410,079	8,096,665
	9,410,079	8,096,665
	<b>807,092,302</b>	<b>702,640,270</b>
<b>SCHEDULE 03</b>		
<b>SECURED LOANS</b>		
a) Term Loan Schemes :		
National Backward Class Finance and Development Corporation	1,302,297,135	1,166,559,395
National Minority Development and Finance Corporation	1,086,321,831	1,005,191,364
b) Micro Finance Schemes :		
National Backward Class Finance and Development Corporation	122,500,020	164,166,684
National Mionority Development and Finance Corporation	37,083,335	49,583,335
	<b>2,548,202,321</b>	<b>2,385,500,778</b>
<b>SCHEDULE 04</b>		
<b>FIXED ASSETS</b>		
(See Next Page)		

**SCHEDULE - 04**

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

**STATEMENT OF FIXED ASSETS AS ON 31-03-2011**

*Amount in Rs.*

Sl. No.	Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION / IMPAIRMENT					NET BLOCK	
		as on 01.04.2010	Additions	Sales/ Adj.	as on 31.03.2011	Rate in %	as on 31.03.2010	Sales/ Adj.	For the Year	as on 31.03.2011	as on 31-03-2011	as on 31-03-2010
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Freehold Land	483,332	-	-	-	-	483,332	-	-	-	-	-
2	Furniture & Fixtures	6,245,371	443,094	-	6,688,465	18.1	3,751,852	-	498,813	4,250,665	2,437,800	2,493,519
3	Office Equipment	4,862,385	728,778	-	5,591,163	13.91	1,893,796	-	579,603	2,473,399	3,117,764	2,968,589
4	Electrical Fittings	891,189	46,368	-	937,557	20	514,470	-	49,137	563,607	373,950	376,719
5	Computers	9,307,576	1,298,144	-	10,605,720	40	6,531,391	-	1,101,709	7,633,100	2,972,620	2,776,185
6	Vehicles	10,370,298	1,424,799	-	11,795,097	25.89	7,523,435	-	1,057,416	8,580,851	3,214,246	2,846,863
	Total	32,160,151	3,941,183	-	35,618,002	-	20,698,276	-	3,286,677	23,501,621	12,116,381	11,461,875
	Previous Year	29,247,811	2,912,340	-	32,160,151	-	17,636,542	-	3,061,734	20,698,275	11,461,874	11,611,269

**NOTES :-**

1. The Gross Block as on 31-03-2011 do not involve any foreign exchange for its acquisition.

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

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Cash on Hand	1,954,591	2,429,862
Stock of Stamps	150,474	134,840
Balance with scheduled banks :		
In Current Accounts (with fund in transit) (Sub. Sch. 1)	46,255,144	28,552,588
In Savings Bank Accounts (Sub. Sch. 2)	477,628	425,669
In Term Deposit Accounts (FD)	254,801,744	133,918,239
Balance with Government of Kerala Treasury SB (The account is held as per instructions from Government of Kerala. Maximum balance outstanding at any time during the year ₹. 1106.33 Lakhs; Previous Year ₹. 1105.48 Lakhs)	40,221,583	110,548,371
	<b>343,861,164</b>	<b>276,009,568</b>

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

			CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
a) General Term Loans :				
i) Loans out of NBCFDC Funds	1,054,598,740		1,037,024,665	
Add: Interest accrued and due	47,048,920		56,117,394	
ii) Loans out of NMDFC Funds	816,343,169	1,101,647,660	826,801,745	1,093,142,059
Add: Interest accrued and due	25,234,021		29,723,456	
		841,577,190		856,525,201
b) Micro Finance Scheme :				
i) Loans out of NBCFDC Funds	74,305,465		116,311,584	
Add: Interest accrued and due	187,717		170,602	
ii) Loans out of NMDFC Funds	27,254,813	74,493,182	34,731,864	116,482,186
Add: Interest accrued and due	33,792		47,292	
		27,288,605		34,779,156
c) Loans out of Own Funds	1,718,365,603		1,359,394,537	
Add: Interest accrued and due	30,815,941		31,517,980	
		1,749,181,544		1,390,912,517
d) Loan out of HUDCO Fund	6,720,621		12,441,157	
Add: Interest accrued and due	5,015,801		8,494,796	
		11,736,422		20,935,953
e) Employees Personal Loan Scheme				18,993
EHBA		23,141,935		16,974,653
f) Penal interest accrued		108,384,092		126,825,888
		<b>3,937,450,629</b>		<b>3,656,596,606</b>

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

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Recoverable in cash or kind for value to be received (Sub. Sch. 3)	3,006,563	2,993,487
Interest accrued on Fixed Deposits	3,242,489	3,797,000
Income tax deducted at source	-	773,567
Interest Receivable	-	1,433,655
BCDC Loanees Distress Relief Fund Receivable (less beneficiary contribution)	196,775	388,575
Rent Advance	52,164	-
	<b>6,497,991</b>	<b>9,386,284</b>

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

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Creditors for Expenses (Sub. Sch. 4)	4,936,972	6,939,329
Security Deposits (Sub. Sch. 5)	35,245	22,245
Loan repayable	21,222	49,179
Beneficiary contribution	89,167	89,167
Advance receipt training fund from NBCFDC	180,000	-
Govt. Assistance for CC Waiver	410,634	-
Other liabilities	-	122,793
Bank Accounts (SB & Current) having credit balance (Sub. schedule 5-a)	4,888,937	-
	<b>10,562,177</b>	<b>7,222,714</b>

**SCHEDULE 09****PROVISIONS**

			CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Gratuity Payable		3,558,040		-
Fringe Benefit Tax Payable		700,615		700,615
Earned Leave Salary		5,422,538		5,057,352
Provisions & Contingencies				
Provision on Loss Assets	37,530,607		23,512,783	
Provision on doubtful assets	127,257,565	164,788,172	139,219,823	162,732,606
		<b>174,469,365</b>		<b>168,490,573</b>

**SCHEDULE 10****INTEREST EARNED**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Interest on Term Loans / Micro Finance	229,479,837	190,305,966
Interest on Employees Personal Loan Scheme	-	33
Interest on EHBA	1,115,888	719,164
Interest from Banks (FD)	6,891,516	19,116,442
Interest from Short FD	2,940,938	1,681,935
Interest from SB Account	195,733	-
Penal Interest on scheme loans	12,210,818	36,751,891
	<b>252,834,730</b>	<b>248,575,431</b>

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

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Incentive Received from NBCFDC	3,177,578	2,645,759
Miscellaneous Receipts (Sub. Sch. 6)	10,259,046	8,231,171
	<b>13,436,624</b>	<b>10,876,930</b>

**SCHEDULE 12****INTEREST EXPENDED**

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
NBCFDC Fund	34,659,345	33,166,248
NMDFC Fund	23,791,604	24,337,888
Guarantee Fee to Govt. of Kerala	18,979,978	18,296,890
CC waiver	817,532	-
Green card	224,555	-
	<b>78,473,014</b>	<b>75,801,026</b>

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

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Salaries, Allowances and Bonus (Sub. Sch.-7)	48,675,773	39,486,985
Contribution to Provident and Other Funds (Sub. Sch. 8)	3,881,746	3,579,156
Staff Welfare Expenses (Sub. Sch. 9)	1,180,739	381,384
	<b>53,738,258</b>	<b>43,447,525</b>

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

	CURRENT YEAR ₹.	PREVIOUS YEAR ₹.
Rent, Rates, Taxes and Insurance (Sub. Sch. 10)	4,248,332	3,147,698
Printing & Stationery	2,001,599	1,393,080
Postage and Telephone Charges (Sub. Sch. 11)	2,795,300	2,623,720
Travelling & Conveyance (Sub. Sch. 12)	1,087,399	1,034,786
Loan Mela and Awareness Programme Expenses (Sub. Sch. 13)	317,840	138,425
Audit Fee	55,000	55,000
Fee for Professional Services (Sub. Sch. 14)	1,479,406	1,125,037
Filing Fee	31,985	4,500
Electricity and Water Charges	663,365	540,890
Advertisements	1,842,959	1,171,813
Maintenance & Up-keep (Sub. Sch. 15)	2,289,607	2,390,509
General Expenses (Sub. Sch. 16)	1,875,460	1,781,903
Merit Scholarships	10,000	110,000
Adjustment on NBFC Provision (RBI prudential norms)	7,275,234	(18,130,801)
	<b>25,973,485</b>	<b>(2,613,440)</b>



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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011**

		Figures in ₹. Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year		1,031.39
Adjustments for :		
Depreciation	32.87	
		32.87
Operating Profit before Working Capital changes		1,064.25
Adjustment for (Increase)/Decrease in Working Capital		
Current Assets	(2,779.66)	
Current Liabilities and Provision	93.18	
Cash generated from operations		(2,686.48)
		(1,622.22)
Direct Taxes Paid	Nil	
Net Cash from Operating Activities	(A)	(1,622.22)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(39.41)	
Sale of Fixed Assets	Nil	(39.41)
Net cash used in Investing Activities	(B)	(39.41)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Share Capital	700.00	
Share Application money received	-	
Increase in Reserves	13.13	
Long term Loans Availed / (Paid) - Net	1,627.02	
Net Cash used in Financing Activities		2,340.15
	(C)	2,340.15
Net Increase in Cash and Cash Equivalents	(A+B+C)	678.52
Cash and Cash Equivalents at the beginning of the year		2,760.10
Cash and Cash Equivalents at the end of the year		3,438.61

## NOTES :

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

For and on behalf of the Board of Directors

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

(Sd/-)  
**B. DILEEP KUMAR**  
Managing Director

(Sd/-)  
**MOHAN SHANKAR**  
Chairman

Place: Thiruvananthapuram  
Date : 07-08-2012

As per our Report of even date  
For **CA. K. THOMAS JACOB**  
(Membership No. 20086)

(Sd/-)  
For **THOMAS JACOB & CO.**  
Chartered Accountants  
F.R. No. 044035

## **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**

- a) 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.
- b) 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 of 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.
- c) Expenditure on computer software is capitalized along with computers and depreciation is charged at the prescribed rates.
- d) 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**

- a) Interest on loans and advances to borrowers is recognised on accrual basis.
  - b) Any other income such as interest on SB, Short-Term Deposits etc. are 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. Every employee who has completed five years or more service receives gratuity on leaving the Corporation at 15 days last drawn salary for each completed year of service. A policy has been subscribed under Group Gratuity Insurance Scheme of LIC which covers both insurance and actuarial valuation, thus complying 'AS 15' on employee benefits issued by the Institute of Chartered Accountants of India. Contribution as is applicable to the employees on deputation is paid to the respective parent Departments.

**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)& 10(26BB)of the Income Tax Act, 1961. Consequently the Accounting Standard AS-22 on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India on deferred taxes is not applicable to the Corporation.

**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. 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 Penal interest is payable for default, if any. The loans have been fully covered under a block guarantee given by the Government of Keraia.
2. 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.

3. The Corporation was in possession of 80.5 cents of freehold land in Thiruvananthapuram which has been surrendered to Government of Kerala for the development of the Trivandrum international Airport. Though there were promises to provide alternate immovable property, in lieu of monetary consideration, the matter is still pending before the Government. However, the asset has been written off in accordance with the accounting standard AS-28 'impairment of Assets' issued by the Institute of Chartered Accountants of India.
4. 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.
5. The Corporation is holding registration as a Non-Banking Financial Company with Reserve Bank of India. In view of the Notification No. DNBC (PD) CC No. 12/02-01/99-2000 dated 13-01-2000, being a Government Company, the Corporation is exempted from following the prudential norms applicable to non-banking financial institutions. However, the Corporation is in the process of formulating its own norms for making provisions on certain overdue loans since the business carried on has been categorized as 'financial institution'. To improve the quality of accounts, the NBFC prudential norms as per RBI notification No.DFC.119/DG(SPT)/98 is complied to the maximum extent possible as noted below:

**a. Asset Classification:**

- i. Loss Asset: In respect of loss asset, 100% provision has been made. Under this category, All loans viz; loans issued prior to 31/03/2001; against personal security on which no collection has been made and the realisability is so remote are included and an amount of ₹143.07 lakhs has been provided for.
- ii. Doubtful Asset:
  1. All OLP (Old lending policy) loans disbursed against personal security where collection was not forthcoming for past 24 months other than included under (i) above are classified under the category, and 50% provision has been made, amounting to ₹ 2.47lakhs.  
  
Other OLP loans, secured by landed property, on which collection is not forthcoming for more than 24 months are also classified under doubtful assets and 50% provision has been made amounting to ₹ 52,08 lakhs,
  2. Further, RLP (Revised lending policy) loans with personal surety towards which no collection has been made for past 24 months is also considered doubtful and provided 50% amounting to ₹ 255.27 lakhs,  
  
Other RLP loans towards which no collection has been forthcoming for past 24 months are also considered doubtful and 30% provision amounting to ₹ 201.76 lakhs has been made.

**b. Income Recognition:**

The interest and penal interest due but not realised on 'loss assets' are not recognised as income during the period. Interest and penal interest due but not realised on OLP loans are not recognised as income during the period. Interest due but not realized on RLP loans 50% are not recognised as income during the period. Penal interest due but not realized or RLP loans are not recognized as income during the period.

6. Loans and Advances of ₹. 3,69,75,88,411 (Previous Year Rs.3,38,67,05,552), 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
7. 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 said individual; however, the possible amount of recovery is limited to Rs 3,07,500. The Board is yet to take a decision upon the fate of the balance sum due Rs. 13,30,455.47. No provision has been made in this respect in the books of account.
8. Certain beneficiaries who availed loans from the Alappuzha District Office has raised an allegation that the watchman of the said District Office has collected repayments made by them against the loan account 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.
9. Interest accrued but not received represent interest accrued on term deposits one year and above with scheduled banks / sub-treasury.

10. Payment to Directors of the Company:

Sl.No.	Particulars	Current Year ₹.	Previous Year ₹.
a.	Salaries & Allowances (Managing Director)	3,60,362	2,85,980
b.	Honorarium to Chairman	60,000	24,000
c.	Travelling Expenses (Managing Director)	1,22,356	1,18,000
d.	Travelling Expenses (Directors)	1,17,790	1,46,635
e.	Leave Travel Concession	NIL	NIL
f.	Sitting Fee	38,400	38,000
g.	Value of Perquisites in cash or in kind	NIL	NIL

11. Debt 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)

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

14. 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

15. 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 group gratuity scheme with LIC of India subscribed by the Corporation which covers both insurance and actuarial valuation, thus complying 'AS 15' on 'Employee Benefits' issued by the Institute of Chartered Accountants of India.

Provision for earned leave salary has been provided for based on the eligible leaves of each employee as at the balance sheet date.

16. The Corporation has switched over to the in-house software 'BCDC Online' to monitor its lending business all over Kerala State. The adjustments that were required in the accounts for transition into 'BCDC Online' have been charged to Prior Period Adjustments and adjusted in the Profit and Loss Account for the year. 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 the software's have been vetted as fool-proof by the system administrator.

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

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. B. Dileep Kumar, 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	1,16,65,59,395	16,41,66,684	1,00,51,91,364	4,95,83,335
Funds Received during the year	28,02,50,000	9,00,00,000	23,48,00,000	1,50,00,000
Repayment during the year	23,45,12,260	4,16,66,664	16,86,69,533	1,25,00,000
Closing Balance	1,21,22,97,135	21,25,00,020	1,07,13,21,831	5,20,83,335
Interest due and paid	3,15,94,525	30,64,820	2,35,25,981	2,65,623

Key Management Personnel Remuneration Paid	Rs. 3,60,362 (Previous Year Rs. 2,85,980)
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19. The disclosure required by Accounting Standard 19 - "Leases" : The Corporation has taken various office and residential premises under operating lease or license agreement. 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. 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	10,31,38,617	10,70,70,011
(b)	Weighted average number of equity shares in Nos.	70,30,800	63,21,756
(c)	Basic Earnings per share (Face Value ₹ 100 each)	13.58	16.07
(d)	Diluted Earnings per share (Face Value ₹ 100 each)	14.67	16.94

21. Claim against the company not acknowledged as debt Rs. NIL (Previous Year NIL)

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

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

(Sd/-)  
**B. DILEEP KUMAR**  
Managing Director

(Sd/-)  
**MOHAN SHANKAR**  
Chairman

Place: Thiruvananthapuram  
Date : 07-08-2012

As per our Report of even date  
For **CA. K. THOMAS JACOB**  
(Membership No. 20086)

(Sd/-)  
For **THOMAS JACOB & CO.**  
Chartered Accountants  
F.R. No. 044035



**Schedule - 16**

Balance Sheet Abstract and Company's Business Profile.

I. Registration Details

Registration Number	CIN	U75122KL1995SGC008705	
State Code	09	Balance Sheet Date	31-03-2011

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	4114895	Total Assets	4114895
<i>Source of Funds</i>			
Paid up Capital	759600	Reserve and Surplus	807092
Secured Loans	2548202	Unsecured Loans / deposits	Nil
<i>Application of funds :</i>			
Net Fixed Assets	12116	Investments	Nil
Net Current Assets	4102778	Miscs. Expenditure	Nil
Accumulated Losses	Nil		

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

Turnover	266271	Total Expenditure	163138
Profit/(Loss) before Tax	103139	Earnings per share	13.58
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/-)  
**B. DILEEP KUMAR**  
Managing Director

(Sd/-)  
**MOHAN SHANKAR**  
Chairman

Place: Thiruvananthapuram  
Date : 07-08-2012

As per our Report of even date  
For **CA. K. THOMAS JACOB**  
(Membership No. 20086)

(Sd/-)  
For **THOMAS JACOB & CO.**  
Chartered Accountants  
F.R. No. 044035





## GOVERNMENT OF KERALA

**Finance (PU. C) Department**

No. 92370/PU.C3/12/Fin.

Dated: 05-02-2013

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 KSBCDC (2010-11) Comments of Principal Secretary (Finance) - forwarding of - reg.*

*Ref:- Your Letter No. A2/2010-11/KSBCDC dated : 13-08-2012*

Comments of Principal Secretary (Finance) on the Audited Accounts of Kerala State Backward Classes Development Corporation Ltd. for the year 2010-11 is forwarded herewith. You are requested to forward 5 printed copies of Annual Report incorporating the above comments, to this Department. Receipt of the Comments Certificate may be acknowledged.

Yours faithfully

**P.A. SHYLA**  
Joint Secretary  
for Principal Secretary (Finance)

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



## GOVERNMENT OF KERALA

No. 92370 / PUC3 / 12 / FIN.

FINANCE (PUC) DEPARTMENT

### **COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON THE AUDITED ACCOUNTS OF KERALA STATE BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED FOR THE YEAR 2010 - 2011**

1. The profit of the Company for the period ended on 31-03-2011 is Rs.10.47 Crore.
2. The Company registered a turn over of Rs.2662.71 lakh during the year under review.
3. Income recognition on doubtful assets should be as per the RBI guidelines.
4. The company should take earnest efforts to reduce the administrative expenditure.
5. The Company should try to maintain the balance in current accounts to the minimum required.
6. Accounts and Ledgers should be maintained and reconciled for the various loan schemes of NBCFDC as per the guidelines for the same.

Sd/-

Principal Secretary (Finance)

Thiruvananthapuram  
Dated : 01-02-2013

# THOMAS JACOB & CO.

## CHARTERED ACCOUNTANTS

TC 13/386, Kunnukuzhy, MRA-186, Trivandrum-695 037, Kerala, India  
Phone : 0471-2303137, 2302194, Mob: 9847062392 Res: 0471-2435589  
E-mail : thomasjacobandco@gmail.com

### AUDITOR'S REPORT

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

1. We have audited the attached Balance Sheet of **Kerala State Backward Classes Development Corporation** {'the Company') as at March 31, 2011 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in Annexure-I, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. As per circular number 02/12/Fin dt. 03.01.2012 from Principal Secretary(Finance), the accounts of the company for the financial year 2010-11 is finalized and audited pending statutory audit for the financial years 2008-09 and 2009-10 based on the guidelines issued by Secretary Ministry of Corporate Affairs, Government of India, New Delhi vide D.O. No 17/202/2010-CLV dt. 11-11-2011.
5. Further to our comments in Annexure I referred to above, we report that:
  - a. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
  - b. In our opinion, proper books of accounts 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, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of accounts.

- d. During the audit, we have come across certain qualifications in the preparation of financial statements. These have been incorporated in Annexure II.
- e. Since the Company is a government company, pursuant to circular No.8/2002 dated March 22, 2002 (para 5), issued by the Government of India, the provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the Company.
- f. 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 (3C) of section 211 of the Companies Act, 1956 subject to the qualifications mentioned in Annexure II.
- g. In our opinion and to the best of our information and according to the explanations given to us, subject to the effect on the financial statements of the matter referred to in Annexure II, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date;
- (iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

(Sd/-)  
For **THOMAS JACOB & CO.**  
Chartered Accountants  
(Registration No. 04403S)

**CA. K. THOMAS JACOB** FCA, DISA  
Partner (Membership No. 20086)

Thiruvananthapuram  
07-08-2012

## **ANNEXURE-1 REFERRED TO IN 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) As certified by the management, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verifications.  
c) Since there is no disposal of substantial part of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected.
2. There are no inventories for the company during the year. Accordingly, paragraphs 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable.
3. a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable.  
b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
5. According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act that needs to be entered into the register maintained under section 301. Therefore, provision of clause 4(v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
6. The Company has not accepted any public deposits. Accordingly, clause 4(vi) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. Maintenance of cost records has not been prescribed under section 209(1)(d) of the Companies Act, 1956 by the Central Government. Accordingly, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
9. a) According to the information and explanation given to us and on the basis of our examination of the books of accounts, the company has been regular in depositing with appropriate authorities undisputed statutory dues.  
b) There are no undisputed statutory dues payable as on March 31, 2011 which were outstanding for a period of more than six months from the date they became payable.  
c) According to the information and explanation given to us, the company does not have any outstanding statutory dues on account of any dispute

10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks and financial institutions. The Company has no outstanding dues in respect of debenture holder.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. Based on information and explanations given to us by the management and on the basis of our examination of documents, the term loans taken during the year have been applied for the purpose for which they were raised.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 in the current financial year.
19. The company has not issued any debentures. Accordingly, provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
20. The company has not raised any money through a public issue during the year. Accordingly, provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

(Sd/-)

For **THOMAS JACOB & CO.**  
Chartered Accountants  
(Registration No. 04403S)

**CA. K. THOMAS JACOB** FCA, DISA  
Partner (Membership No. 20086)

Thiruvananthapuram  
07-08-2012

## **ANNEXURE-II REFERRED TO IN OUR REPORT OF EVEN DATE**

### **1. OPENING BALANCES**

The accuracy of the opening balance of balance sheet accounts cannot be commented upon as the accounts for the financial years 2008-09 and 2009-10 are not finalized and audited.

### **2. FUNDS FROM NATIONAL AGENCIES**

- a) As per the guidelines received from NBCFDC on Accounting / Audit, separate ledger accounts may be kept for General Loan Scheme, Education Loan Scheme and Micro Finance scheme Manila Samraidhi, to help in reconciliation with NBCFDC. It is also advised that separate bank accounts are to be opened for NBCFDC fund at H.O and districts. However, during review we observed that separate bank accounts are not maintained for operating the fund received from NBCFDC at H.O or at Branches.
- b) There exists a prepaid interest of ₹.69,359 appearing in the books of NBCFDC. However, the same is not present in KSBCDC's books of accounts.

### **3. ACCOUNTING OF REBATE ON INTEREST PAID**

We have found that interest paid to NBCFDC and NMDFC is shown on a net basis i.e. after adjusting rebate received for prompt repayment of interest. The rebate received is not disclosed separately in the books of accounts / notes to accounts.

### **4. INCOME RECOGNITION ON DOUBTFUL ASSETS**

As per the RBI Order no DNBS.(PD).CC.No. 12/02.01/99-2000 to NBFC's Income including interest/discount or any other charges on NPA shall be recognised only when it is actually realised. Any such income recognized before the asset became non-performing and remaining unrealized shall also be reversed. However, we have observed that the Interest income of the corporation for the year consists of 50% of Interest due but not realized on Doubtful Revised Lending Policy (RLP) loans also. The accumulated balance of Interest accrued on these loans as on March 31, 2011 is ₹.1,78,04,947. This practice is not consistent with the realization concept and also it is not a prudent / conservative method of accounting.

### **5. Bank Accounts**

We have verified the bank confirmation certificates and reconciliation statements and have observed that confirmation certificate for some bank accounts have not been obtained and some bank accounts are not reconciled also. Those bank accounts for which confirmation certificates were not obtained are listed below.

Bank Account	Closing Balance	
	Dr.	Cr.
C.B. A/c No. 11285	8592.00	
Syndicate Bank A/c No: 201/40977		4,926.26
Syndicate Bank A/c No: 201/40981	6361.58	
Syndicate Bank A/c No: 201/40996	9651.53	
VA Bank A/c No:11664	4000.00	
IOB 14074	1298.00	
IOB 14902	1153.00	
IOB 14903	1128.00	
Canara Bank A/c No:102043	500.00	
Canara Bank A/c No:102194 (Recovery)	500.00	
Canara Bank A/c No: 102195 (Admn)	500.00	
<b>TOTAL</b>	<b>33684.11</b>	<b>4,926.26</b>

List of bank accounts which are not reconciled is given below.

Bank Account	Closing Balance	
	Dr.	Cr.
SBT 4461	121747.00	
SBT 5783	355773.00	
SBT 6606	38757.00	
SBT A/c No. 67056894744	114615.00	
SBT 813 (Collection)	26,925.00	
<b>TOTAL</b>	<b>657817.00</b>	

## 6. LOAN WAIVER SCHEME OF CONVERTED CHRISTIANS

We have verified the loan waiver scheme of converted Christians with the Government order and our observations are given below.

As per the Government order 100/2009/SCSTDD dated 12/11/2009, no interest or penal interest is collectable from a loan on which the above order is applicable after 01-04-2009 but we have found that in some cases the company has collected interest and / or penal interest from the loanees who are eligible under this scheme, A list of such loanees from whom the company has collected interest and/or penal interest is given below.



District	Fund	Loan No.
Trivandrum	NMDFC	010102495
Trivandrum	KSBCDC	010103307
Pathanamthitta	NBCFDC	030100378
Kottayam	KSBCDC	050100397
Kottayam	NBCFDC	050100588
Kottayam	KSBCDC	050100698
Kottayam	KSBCDC	050101074
Kottayam	KSBCDC	050102987
Idukki	NBCFDC	060100243

We have also noticed that the maximum amount of waiver amount that can be claimed from the Government is Rs. 25000 but in the case of Loan Acc. No. 010105331, the corporation has waived an amount of Rs. 30000 as Government Share.

## 7. ASSET CLASSIFICATION

We have verified the asset classification made by the corporation with the accounting policies attached to final accounts. We have noticed that some accounts are not classified as doubtful assets even though they satisfy the conditions prescribed in the accounting policy. A few examples of those accounts are given below.

Loan No.	Principle Outstanding	Interest Outstanding	Penal Outstanding
060100003	3,87,612	4,76,766	1,02,861
010100756	2,70,726	4,04,540	89,884
010101151	3,05,821	3,30,054	1,60,353
060100112	3,36,330	2,72,661	88,810
040100449	2,50,916	2,30,968	0
010102093	1,75,000	1,71,107	1,49,980
060100228	1,75,000	1,69,687	1,52,477
090100365	1,75,000	1,68,345	1,53,542
110100003	1,30,384	1,67,747	45,100
080100001	1,18,750	1,65,841	1,68,589
080100452	1,75,000	1,63,558	1,37,545
100100406	1,75,000	1,60,280	1,38,874
010100511	1,15,847	1,58,185	41,070
110100567	1,73,502	1,55,496	1,44,180
020100874	1,75,000	1,53,348	1,39,116
010100114	1,72,794	1,43,068	8,227
040101322	1,69,750	1,42,448	1,29,244
010100373	91,646	1,14,148	28,534

**8. PROVISION FOR MISAPPROPRIATION**

We have noticed that Advances Recoverable of the corporation as on 31-03-2011 includes an amount of ₹. 16,37,955.47 misappropriated by late K.R. Mohanan at District Office Idukki. As the maximum possible amount of recovery from the party is limited to ₹. 3,07,500, provision on the balance amount may be made. However the same is not created during the current year.

**9. SHORT TERM DEPOSITS**

The company has Fixed Deposits to the tune of ₹. 25,48,01,744 as on March 31, 2011. Out of the same, TDR-Short term Deposit amounts to ₹.8,70,24,586. During review, we observed that interest is not accounted on these TDS Short term deposits on accrual basis.

Further, as the TDR-short term deposit receipts and bank confirmations were held by branches, we could not verify them in the case of branches not visited by us.

**10. OTHER OBSERVATIONS**

1. We have noticed that in the given Adalath Calculation Statement, the loan particulars of the Loan Acc. No. 090100133 do not match with the database figures.
2. The stock of stamp in Thrissur Dist. as on 31-03-2011 as per tally is Rs. 8,231 whereas in the confirmation certificate the stock of stamp as on 31-03-2011 is Rs. 1,201.5, resulting in an overstatement of stamp balance by Rs.7,029.6

(Sd/-)

For **THOMAS JACOB & CO.**  
Chartered Accountants  
(Registration No. 04403S)

**CA. K. THOMAS JACOB FCA, DISA**  
Partner (Membership No. 20086)

Thiruvananthapuram  
07-08-2012



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

SGS II (HQ)/IV/12-7266/111

Dated : 31-10-2012

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.  
Thriuvananthapuram - 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 2011.

I am to forward herewith the Nil Comment Certificate 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 2011.

The following Comments have been dropped subject to the assurance given by the Company to rectify in the next years accounts.

**I. Overstatement of profit due to :**

- i. Non provision of interest on advances received from National agencies during the last quarter of 2010-11 ₹ 10.78 lakh. Dropped on assurance that necessary provision will be made in next year.
  - ii. Wrong calculation of depreciation on computer accessories ₹ 4.61 lakh. Correct rate of depreciation may be applied from next year and reworked including previous year.
  - iii. Short provision towards liability on leave encashment ₹ 5.54 lakh - Necessary provision need to be made in next year.
  - iv. Non provision of EPF payable for the month of March 2011 ₹ 3.02 lakh - This shall be included as an expense in the next year.
2. Fixed Asset is understated by ₹ 6.84 lakh due to non capitalization of the module for loan management system installed in January 2010. The amount to C-DIT was not capitalized

inspite of previous year comments. Based on the assurance that final settlement amount would be capitalized during next year.

3. Non disclosure of liability of ₹ 54.32 lakh on account of the revision of the pay and allowances of the employees of the company in the notes forming part of accounts. If the liability is finally estimated during next year, necessary provision has to be made. Otherwise disclosure should be made by way of a note.

The Nil Comments Certificate 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 Reports and accounts of the Company for the year 2010-11 duly incorporating the Nil Comment Certificate may be forwarded to this Office at the earliest.

Yours faithfully

Sd/-

**M.K. ISAC KUTTY**

Deputy Accountant General (SGSII)



प्रधान महालेखाकार (सामाजिक एवं सामान्य क्षेत्र लेखापरीक्षा) का कार्यालय,  
केरल, तिरुवनन्तपुरम

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (SGSA)  
KERALA, THIRUVANANTHAPURAM**

31 मार्च 2011 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 2011.**

The preparation of financial statements of **Kerala State Backward Classes Development Corporation, Ltd. Thiruvananthapuram** for the year ended 31st March 2011 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 are 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 **7th August 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 2011**. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to enquiries of the Statutory Auditors and Company personnel and a

selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors Report under section 619 (4) of the Companies Act 1956.

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

Sd/-

**आर.एन. घोष**

**R.N. Ghosh**

प्रधान महालेखाकार (सामाजिक एवं सामान्य क्षेत्र लेखापरीक्षा) केरल  
PRINCIPAL ACCOUNTANT GENERAL (SGSA)  
KERALA

तिरुवनन्तपुरम  
Thiruvananthapuram  
Date : 31-10-2012