

SEVENTEENTH ANNUAL REPORT 2011 - 2012



Kerala State Backward Classes Development Corporation Limited,

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

ANNUAL REPORT 2011 - 2012

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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. Joshi. V.R	Director
Shri. T.S. Nejimuddin	Director
Shri. K. Babu	Director
Shri. P. Ramachandran	Director
Shri. Regi Varghese. P	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 17/KSBCDC/2011-12

Dated : 05 - 10 - 2013

NOTICE

NOTICE is hereby given that the Seventeenth Adjourned Annual General Meeting of the Kerala State Backward Classes Development Corporation Ltd., will be held at 12 noon on Wednesday, the 30th October 2013 at the Registered Office of the Corporation at "SENTINEL" 2nd 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 31st March 2012, Auditors Report, the comments of Comptroller and Auditor General of India, the comments of Principal Secretary (Finance) and the replies thereon".

"Resolved to recommend a dividend of ₹ 1 crore to be paid to the equity share holders of the Corporation whose name appear on the register of members as on 05-10-2013 for the financial year 2011-12 if declared at the Annual General Meeting of the Company to be held on 30-10-2013.

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.

Regd. Office: "SENTINEL", 2nd 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.

"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 Seventeenth Annual Report on the business and operations of your Corporation together with the Audited statement of Accounts for the year ended 31st March 2012.

As you are aware, your Corporation was incorporated on 28th February, 1995 under the Companies Act 1956 wholly owned by the Government of Kerala under the administrative control of the Backward Communities Development Department.

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 st March 2012 (₹. in lakhs)	For the year ended 31 st March 2011 (₹. in lakhs)
A. INCOME		
Interest Earned	3131.55	2528.35
Other Income	205.83	134.37
	3337.38	2662.71
B. EXPENDITURE		
Interest Expended	897.32	784.73
Payment & Provision for employees	635.15	537.38
Administrative and other Expenses	262.33	259.73
Depreciation	34.55	32.87
	1829.39	1614.71
Net Profit (A-B)	1493.70	1048.00

The profit earned by the Corporation during the period under report is ₹. 1493.70 lakhs as against ₹. 1048 lakhs during the previous year. The total profit was transferred to Reserves and Surplus so as to endorse the total reserve to ₹. 9590.76 lakhs (including Special Reserve of ₹. 120.24 lakhs from 'Loanees' Distress Relief Fund).

2. BOARD OF DIRECTORS

The appointment and cessation of Chairmanship and Directorship during the relevant accounting year 2011-2012 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.A. Naqvi	Director	30-12-1997	Continuing
Shri. Krishnakumar	Director	21-08-2007	31-10-2011
Shri. V. Rajappan	Director	07-12-2007	13-10-2011
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
Shri. B. Dileepkumar	Managing Director	17-08-2011	Continuing
Shri. V.R. Padmanabhan	Chairman	10-06-2011	07-05-2012
Smt. Sabath Joseph Thoundassery	Director	13-10-2011	15-05-2013
Shri. M.A. Francis	Director	13-10-2011	15-05-2013
Shri. Suresh Kumar. V.S	Director	13-10-2011	15-05-2013
Shri. Regi Varghese. P	Director	31-10-2011	Continuing

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 142th meeting held on 10-12-2012 constituted an Audit Committee with Shri. S. Kuttappan Chettiar as Chairman and Directors Shri. Sathyan Vandichalil, Shri. Sahayadas. J, Shri. V.R. Joshy and Shri. K. Babu as its members.

The Audit Committee in their meeting held on 25-04-2013 reviewed and approved the Annual Accounts 2011-12 for placing before the Board of Directors.

5. ANNUAL ACCOUNTS 2008-09 & 2009-10

Annual Accounts 2008-09 was approved by 133rd Board Meeting held on 10-5-2011 and handed to over 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 134th 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.

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 30 months and for the year 2009-10 is delayed by 22 months and due to uncertainty on its receipt the Corporation approched 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 ₹. 82.96 lakhs from previous year's capital base of ₹. 75.96 lakhs.

During the year, the loan assistance from NBCFDC, guaranteed by Government of Kerala is ₹. 4550 lakhs and from NMDFC is ₹. 4500 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 22518 families belonging to Backward and Minority Communities under various projects with a total disbursement of ₹. 16505 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.
- iii) The proposal for opening six sub district offices at Varkala, Haripad, Chelakkara, Pattambi, Thirur and Vandoor got the nod of Government and will open during this fiscal which will enhance the outreach of more poor people.

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 2011-12 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 considering the aspect of making profit and as a gesture of goodwill resolved to propose to pay dividend of ₹. 1 crore to the equity share holders of the Corporation.

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
Dated: 5-10-2013

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 31st March 2012 - Replies thereto :

Comments in the Comptroller and Auditor General of India

A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss Account

Expenses

b) Finance Cost (Note No. 2.13)

a) NBCFDC Fund ₹. 3.62 crore

b) NMDFC Fund ₹. 3.29 crore

The interest on the above loans is accounted on the basis of interest demanded and paid and not on accrual basis. The incorrect accounting has resulted in understatement of interest payable in respect on NBCFDC for the year by ₹. 59.34 lakh and accumulated interest payable upto 31-03-2011 by ₹. 622.79 lakh. There was a similar understatement of interest for the year in respect of NMDFC by ₹. 10.27 lakh and accumulated interest payable upto 31-03-2011 is ₹. 847.29 lakh. This has resulted in understatement of finance cost and overstatement of Profit for the year by ₹. 1539.69 lakh (Prior period ₹. 1470.08 lakh and current year ₹. 69.62 lakh)

From the very beginning of the Corporation onwards NBCFDC making demand on the basis of EMI fixed by them after converting the advance amount into loans based on utilization. Entire demand is paid and nothing remain outstanding under the head interest for accounting on accrual basis. The demand of NMDFC interest computed on principle outstanding on diminishing balance method at agreed rate of interest. The entire amount due and payable in each quarter is paid before due date and nothing is remain over due for the accounting on accrual basis.

B. COMMENTS ON DISCLOSURE

Reference is invited to item No. 8 of Notes on Accounts wherein it was stated that the company has not quantified the amount alleged to be fraudulently collected by an employee of District Office, Alappuzha from the loanees and hence provision has not been made for the loss in the accounts. The disclosure is deficient to the extent that the loss was ascertained by the company to ₹. 1.35 lakh and an amount of ₹. 1.20 lakh was recovered up to July 2010.

The scope for making provision in books of account is so remote as the delinquent employee collected the amount from the loanee directly. No direct loss was caused to the corporation for making provision. The fraudulently collected amount from the loanee was ascertained as ₹. 1,35,066/- and not direct loss to the Corporation for making provision.

**REPLIES TO COMMENTS OF PRINCIPAL SECRETARY (FINANCE)
ON THE AUDITED ANNUAL ACCOUNTS OF KERALA STATE BACKWARD
CLASSES DEVELOPMENT CORPORATION LTD., FOR THE YEAR 2011-12**

1. 13% increase in "Total Expenses" followed by 24% increase in "Revenue from Operations" compared to the corresponding periods of the previous year 2010-11, there by net profit of the corporation recorded an increase in 42.55% and pegged up to ₹. 14.94 crore.

Noted

2. No provision has been made for the doubtful items - for the advance (irrecoverable) for (doubtful) loss on assets etc. resulting an impact on the profit of the corporation which would have otherwise been reduced by that extent.

100% provision has been made on loss asset and 50% provision has been made for doubtful asset as required under NBFC provisioning Norms. The income by way of interest and penal interest on loss asset and doubtful asset also not recognized in compliance of NBFC Norms and is disclosed in notes on accounts.

3. Urgent action has to be taken for reconciling the accounts with connected records of the corporation.

Separate books of accounts has been maintained for NBCFDC and NMDFC schemes of General Loan scheme, Education Loan scheme, Micro Finance scheme, Mahila Samraidhi Yojana scheme and properly reconciled Periodically. Year end balance confirmation certificate is also issued to National funding agencies after reconciliation.

4. The suspense account shown has to be detected and brought into the accounts.

Earnest effort has been taken for reducing and clearing of suspense account.

5. The Corporation has to take more care in utilizing the loan fund efficiently and effectively for the purpose for which it has been sanctioned. All the resources have to be utilized in a cost effective manner.

Effective steps have been taken for proper utilization of resources and utilization of loan fund effectively and efficiently.

6. The accounts for the year 2008-09 and 2009-10 should be finalized, get it audited and reported the changes, if any, in the accounts for the years 2010-11 and 2011-12. The audit has to be up dated urgently.

The completed annual accounts 2008-09 approved by 133rd Board Meeting held on 10-5-2011 and handed over The Statutory Auditor on the same date and the audit is still pending.

The completed annual accounts 2009-10 approved by 134th Board Meeting held on 17-11-2011 handed over The Statutory Auditor on same date and audit is pending. We are closely monitoring and expediting the audit process and also took up the issue of delay before AG Trivandrum and C&AG New Delhi for interference.

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 2011-12

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. Further, the accounts of the company for the above said period 2008-09 and 2009-10 have not been adopted in the Annual General Meeting.

Annual Accounts 2008-09 was approved by 133rd 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 134th 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 Mahila Samraidhi, to help in reconciliation with NBCFDC Fund at HO and districts. However, during review we observed that separate bank accounts are not maintained for operation 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.

3. ACCOUNTING OF REBATE ON INTEREST PAID

We have found that interest paid to NBCDFC and NMDFC is shown on a net basis i.e. after adjusting rebate received for prompt repayment of interest. The rebate received may be disclosed separately in the books of accounts / notes to accounts.

Rebate is shown separately in the books of accounts at the observation is not based on factual figures.

4. INCOME RECOGNITION ON DOUBTFUL ASSETS

As per the RBI Notification No. DFC. 119/DG(SPT)-98 dated January 31, 1998 & 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 be reversed, but we have observed that no provision is made for the interest due but not received on substandard assets and only 60% of accrued penal interest is made as provision. The Interest income of the corporation consists of interest due but not received of substandard asset also.

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 the entire provisions of prudential norms can be complied 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 have not been obtained and some bank accounts are not reconciled also.

- Please find below the list of those bank accounts for which confirmation certificates were not obtained.

Bank Account	Closing Balance
Canara Bank SB 51353	1642.00 Dr.
Canara Bank SB 51354	1584.00 Dr.
Canara Bank SB 51355	500.00 Dr.
Indian Overseas Bank A/c 2819	2221.10 Dr.
Indian Overseas Bank A/c 2820	12472.61 Dr.
Indian Overseas Bank A/c 3226	1072.30 Dr.
Syndicate Bank A/C No. 42072	15623.22 Dr.
Syndicate Bank A/c No. 45087	36379.19 Dr.
VA Bank A/c No. 11664	4000.00 Dr.
TOTAL	75,494.42

- A list of those bank accounts which are not reconciled is given below.

Bank Accounts	Closing Balance	
	Ledger Balance	Bank Balance
SBT 4461 (Repayment)	1,16,898	1,13,920
SBT 6606 (Scheme)	5,51,470	1,88,995
TOTAL	6,68,368	3,02,915

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

6. 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 or loss asset even though they satisfy the conditions prescribed in the accounting policy. A list of such accounts is given below*.

Loan. No	Loanee Name	Amount Outstanding (Rs)	Fund
40100837	Mohanan K.R	140,258.00	Housing
40100861	Babu	111,655.00	Housing
40101284	Mohanan C.K	120,355.00	Housing
40101477	Mahesan M.N	104,262.00	Housing
40102755	Ponnappan K.G	116,077.00	Housing
50100251	Rajan. C.N	134,392.00	Housing
110100494	Balan Padinhare Kandy	133,312.00	HUDCO
110100643	Chandra Mohan	107,149.00	HUDCO
90111820	Devendran. R	39,947.00	NBCFDC
90112223	Rajamani	60,076.00	NBCFDC
90112366	Subhadra	47,823.00	NBCFDC

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

7. DIFFERENCE IN LOAN ASSET

There is a difference of ₹. 1699375.50 between the total loan receivable as per tally and total loan receivable as per database. According to database total loan receivable as 31-03-2012 is ₹. 412,17,34,451 and as per tally is ₹. 412,34,33,827. The difference of ₹. 16,99,375.50 is treated as expense under prior period head.

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.

8. PROVISION FOR MISAPPROPRIATION

We have noticed that advances Recoverable of the Corporation as on 31/03/2012 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.

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

9. TERM DEPOSITS

The company has Fixed Deposits to the tune of ₹. 34,43,00,844.50/- as on March 31, 2012. Out of the same, confirmation has been received only to the extent of ₹. 32,60,63,212/- of Fixed Deposit value.

Pursuing with the Banks for getting the confirmation letter in respect of all term deposits.

10. INTEREST ACCRUED ON LOANS

We have verified the interest and penal interest accrued calculation and found that there is difference between database amount and amount accounted in tally. The details of which are given below :

Particulars	Closing Balance as per Tally	Amount as per Database	Difference
Interest accrued on Microcredit scheme	184,783.00 Dr.	200,385.00 Dr.	-15,602.00
Interest accrued on General Loan	108,099,118.00 Dr.	108,083,516.00 Dr.	15,602.00
Total	108,283,901.00 Dr.	108,283,901.00 Dr.	0

Noted shall be corrected in next year accounts.

11. PROVISION ON LOSS ASSET AND DOUBTFUL ASSET

All loans which are given before 2002 is treated as Loss asset and 100% provision has been made for principal, accrued interest and penal interest. In the case of loans which are due for more than 24 months are treated as doubtful assets and 100% provision is made for accrued interest and penal interest and 50% provision on principal if there is employee surety and 30% provision if there land as security. All other loans which are due for more than 6 months and not falling in the above category are treated as sub-standard assets and a provision of 60% of accrued penal interest of such substandard asset is made, but no provision is made for principal or interest accrued. The accounting policy with regard to such a method of provisioning was not evidenced.

₹. 391,603.20

Noted.

12. ADVANCE TO STAFF

We have verified the advance to staff accounts and found that the following opening balances are still pending as receivable.

Particulars	Amount (Opening Balance)
Advance - Ambujakshan	2000
Advance - Wayanad	1000
Advance - Kozhikode	8000
Advance - Palakkad	16444
Permenant Advance	1821
Festival Advance - Ambujakshan	3500
Festival Advance - Geethalekshmi	1000
Festival Advance - Thankappan. V	500
TA advance	9413
Total	43678

Among the above advance, ₹. 5500 is receivable from Mr. Ambujakshan as advance and Festival advance, but he is resigned from the company and no longer working with the Company.

Corrected to the possible extent and balance shall be rectified in the next years accounts.

13. OTHER OBSERVATIONS

1. We have notice that there is a short deduction of tax of ₹. 659/-

Noted

2. We have notice that no service tax has been paid on the amount transferred from processing fee to LDRF. An amount of ₹. 40,17,790/- was transferred to LDRF during the year and a service tax of Rs.4,13,832/- was payable, but the same is not remitted.

Remitted and accounted in next years accounts

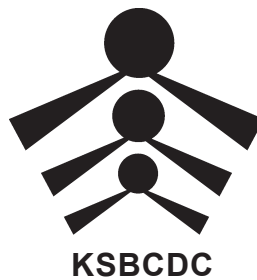
3. We have verified Employees Housing Building Advance account balance of tally with the balance available in the database and noticed that there is a difference of ₹. 6,09,794.82/-.

Difference shall be corrected in next years account.

4. As on 31-03-2012, there is huge suspense account balance of ₹.13,55,137.42/-.

The amount in suspense account is on account of misappropriation of loans in Idukki district office by Sri. K R Mohanan the then district manager and action will be taken to realize or write off the amount. In respect of other unidentified suspense credits steps shall be taken to identify and minimize the same.

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



**ANNUAL ACCOUNTS
2011-2012**

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

BALANCE SHEET AS AT 31st MARCH 2012

(in INR)

PARTICULARS	Note No.	As at March 31 2011-12 ₹.	As at March 31 2010-11 ₹.
A. EQUITY AND LIABILITIES			
(1) Shareholders Funds:			
(a) Share Capital	2.1	829,600,000	759,600,000
(b) Reserves & Surplus	2.2	959,076,430	807,092,301
		1,788,676,430	1,566,692,301
(2) Share application money pending allotment :			
(3) Non-Current Liabilities			
(a) Long-term Borrowings	2.3	2,972,330,197	2,548,202,323
		2,972,330,197	2,548,202,323
(4) Current Liabilities			
(a) Short-term Provisions	2.4	180,141,529	174,469,365
(b) Other Current Liabilities	2.5	8,113,748	10,562,177
		188,255,277	185,031,542
TOTAL		4,949,261,905	4,299,926,166
B. ASSETS			
(1) Non-current Assets			
(a) Fixed Asset			
(i) Tangible Asset	2.6	12,763,211	12,071,062
(ii) Intangible Asset		437,458	45,320
(b) Long-term Loans and Advances	2.7	4,365,924,443	3,937,450,630
		4,379,125,112	3,949,567,011
(2) Current Assets			
(a) Cash & Cash Equivalents	2.8	563,294,962	343,861,164
(b) Other Current Assets	2.9	6,841,831	6,497,991
		570,136,793	350,359,155
Significant Accounting Policies and Notes on Accounts	1&2		
TOTAL		4,949,261,905	4,299,926,166

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 : 29-04-2013

As per our Report of even date
For **THOMAS JACOB & Co.**
Chartered Accountants
(Registration No. 04403S)

(Sd/-)
CA. K. THOMAS JACOB
Partner
(Membership No. 20086)

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Note No.	For the year ended March 31, 2012 ₹.	For the year ended March 31, 2011 ₹.
Particulars			
A. Continuing Operations			
1. Revenue from operations	2.10	313,155,082	252,834,730
2. Other Income	2.11	20,583,369	13,436,624
3. Total Revenue (1+2)		333,738,451	266,271,354
4. Expenses			
(a) Employee benefits expenses	2.12	63,515,275	53,738,258
(b) Finance Costs	2.13	89,731,765	78,473,014
(c) Depreciation and amortization expenses	2.6	3,459,482	3,286,677
(d) Other expenses	2.14	26,233,455	25,973,486
Total Expenses		182,939,976	161,471,435
5. Tax (3-4)		150,798,475	104,799,919
6. Exceptional items (prior period Expenses)		1,428,339	-
7. Profit before extraordinary items and tax (5-6)		149,370,135	104,799,919
8. Extraordinary items		-	-
9. Profit before tax (7-8)		149,370,135	104,799,919
10. Tax Expense :			
(a) Current Tax		-	-
(b) Deferred Tax		-	-
11. Profit from Continuing Operations (9-10)		149,370,135	104,799,919
B. Discontinuing Operations			
12. Operations		-	-
C. Total Operations			
13. PROFIT/(LOSS) FOR THE YEAR (11+12)		149,370,135	104,799,919
14. Earnings per share (of Rs. 100 each):			
(a) Basic		18.01	13.58
(b) Diluted		19.59	14.67
Significant Accounting Policies and Notes on Accounts	1&2		

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 : 29-04-2013

As per our Report of even date
For **THOMAS JACOB & Co.**
Chartered Accountants
(Registration No. 04403S)

(Sd/-)
For **CA. K. THOMAS JACOB**
Partner
(Membership No. 20086)

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

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

*Amounts in the financial statements are presented in Rupees, except where otherwise stated
The previous period figures have been regrouped/reclassified, wherever necessary to confirm to the current period presentation.*

	As at March 31 2012 ₹.	As at March 31 2011 ₹.
2.1 SHARE CAPITAL		
Particulars		
Authorised Capital		
100,00,000 Equity shares of ₹. 100 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		
82,96,000 Equity shares of ₹. 100 each - fully paidup	829,600,000	759,600,000
(Previous year 75,96,000 Equity shares of ₹. 100 each - fully paid up)		
TOTAL	829,600,000	759,600,000
	As at March 31 2012	As at March 31 2011
2.2 RESERVES AND SURPLUS		
Particulars		
a) General Reserve		
Opening Balance as on 01-04-2011	797,682,222	694,543,605
Add : Transferred from statement of Profit and Loss	149,370,135	103,138,617
	947,052,357	797,682,222
b) Special Reserve :		
BCDC Loanees Distress Relief Fund	12,024,073	9,410,079
	12,024,073	9,410,079
TOTAL	959,076,430	807,092,301
	As at March 31 2012	As at March 31 2011
2.3 LONG TERM BORROWINGS		
Particulars		
a) Term Loan Schemes :		
National Backward Class Finance and Development Corporation	1,480,611,829	1,302,297,135
National Minority Development and Finance Corporation	1,253,652,674	1,086,321,831
	2,734,264,503	2,388,618,966
	As at March 31 2012	As at March 31 2011
b) Micro Finance Schemes :		
National Backward Class Finance and Development Corporation	101,294,859	122,500,020
National Mionority Development and Finance Corporation	136,770,835	37,083,335
Advance Fund - NMDFC	238,065,694	159,583,355
TOTAL	2,972,330,197	2,548,202,323

	As at March 31 2012 ₹.	As at March 31 2011 ₹.
2.4 SHORT-TERM PROVISIONS		
Particulars		
a) Gratuity Payable	2,590,305	3,558,040
b) Fringe benefit tax payable	-	700,615
c) Earned Leave Salary	7,093,492	5,422,538
d) Provisions & Contingencies		
Provision on Loss Assets	9,857,908	
Provision on doubtful Assets	103,390,402	
Provision on doubtful Assets sub standard	57,209,423	
	170,457,733	164,788,172
TOTAL	180,141,529	174,469,365
	As at March 31 2012	As at March 31 2011
2.5 OTHER CURRENT LIABILITIES		
Particulars		
a) Creditors for Expenses	4,748,566	4,936,972
b) Security Deposits	88,307	35,245
c) Loan repayable	21,222	21,222
d) Beneficiary contribution	89,167	89,167
e) Advance receipt - training fund from NBCFDC	180,000	180,000
f) Govt. assistance for CC Waiver	410,634	410,634
g) Other liabilities	119,300	-
h) Bank Accounts (SB & current) having credit balance	2,456,552	4,888,937
TOTAL	8,113,748	10,562,177

Note. 2.6 TANGIBLE ASSETS*(in INR)*

Sl. No.	Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION / IMPAIRMENT					NET BLOCK	
		As at 01-04-2011	Additions	Sales/ Adj.	As at 31-03-2012	Rate in %	As at 31-03-2011	Sales/ Adj.	For the Year	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
1	Freehold Land	483,332	-	-	-	-	483,332	-	-	-	-	-
2	Furniture & Fixtures	6,688,465	450,209	-	7,138,674	18.1	4,250,665	-	491,320	4,741,985	2,396,689	2,437,800
3	Office Equipment	5,591,163	300,002	-	5,891,165	13.91	2,473,397	-	542,415	3,015,812	2,875,353	3,117,766
4	Electrical Fittings	937,557	43,800	4,800	976,557	20	563,607	-	39,294	602,901	373,656	373,950
5	Computers	10,396,189	587,286	-	10,983,475	40	7,468,889	-	1,122,380	8,591,269	2,392,206	2,927,300
6	Vehicles	11,795,097	2,483,495	-	14,278,592	25.89	8,580,851	-	972,433	9,553,284	4,725,308	3,214,246
	Total	35,891,803	38,64,792	4,800	39,268,463	-	23,820,740	-	3,167,843	26,505,251	12,763,211	12,071,063
	Previous Year	32,160,151	51,94,517	1,253,334	35,618,002	-	20,698,276	-	3,286,677	23,501,621	12,116,381	11,461,875

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INTANGIBLE ASSETS

1	Computer Software	209,531	683,777	-	893,308	40	164,211	-	291,639	455,850	437,458	45,320
	Total	209,531	683,777	-	893,308	-	164,211	0	291,639	455,850	437,458	45,320

NOTES :-

1. The Gross Block as on 31-03-2012 do not involve any foreign exchange for its acquisition.

	As at March 31 2012 ₹.	As at March 31 2011 ₹.
2.7 LONG-TERM LOANS AND ADVANCES		
Particulars		
(Unsecured considered goods)		
a) General Term Loans :		
i) Loans out of NBCFDC Funds	1,094,899,653	
Add: Interest accrued and due	45,843,276	1,140,742,929
ii) Loans out of NMDFC Funds	892,892,675	
Add: Interest accrued and due	24,164,765	917,057,440
b) Micro Finance Scheme		
i) Loans out of NBCFDC Funds	52,450,995	
Add: Interest accrued and due	141,451	52,592,446
ii) Loans out of NMDFC Funds	20,417,300	
Add: Interest accrued and due	18,038	20,435,338
c) Loans out of Own Funds	2,055,141,055	
Add: Interest accrued and due	33,591,735	2,088,735,790
d) Loan out of HUDCO Fund	5,929,773	
Add: Interest accrued and due	4,524,636	10,454,409
e) Employees Personal Loan Scheme		
EHBA		25,452,608
f) Penal interest accrued		110,453,483
TOTAL	4,365,924,443	3,937,450,630
2.8 CASH AND CASH EQUIVALENT		
Particulars		
a) Cash on hand	2,292,269	1,954,591
b) Stock of Stamps	152,416	150,474
c) Balance with scheduled banks		
In Current Accounts (with fund in transit)	199,370,467	46,255,144
In Savings Bank Accounts	489,430	477,628
In Term Deposit Accounts (FD)	344,300,845	254,801,744
Balance with Government of Kerala Treasury SB Account (The account is held as per instructions from Government of Kerala. Maximum balance outstanding at any time during the year Rs. 765,4787 Lakhs, Previous Year Rs. 1106.33 Lakhs)	16,689,536	40,221,583
TOTAL	563,294,962	343,861,164

	As at March 31 2012 ₹.	As at March 31 2011 ₹.
2.9 OTHER CURRENT ASSETS		
Particulars		
a) Recoverable in cash or kind for value to be received	2,413,947	3,006,563
b) Interest accrued on Fixed Deposits	4,178,945	3,242,489
c) BCDC Loanees Distress Relief Fund Receivable	196,775	196,775
d) Rent advance	52,164	52,164
TOTAL	6,841,831	6,497,991
2.10 REVENUE FROM OPERATIONS		
Particulars		
a) Interest on Term Loans / Micro Finance	265,135,327	229,479,837
b) Interest on EHBA	2,108,187	1,115,888
c) Interest from Banks (FD)	14,494,243	6,891,516
d) Interest from Short FD	4,662,134	2,940,938
e) Interest from SB Account	15,412	195,733
f) Penal Interest on scheme loans	26,739,778	12,210,818
TOTAL	313,155,082	252,834,730
2.11 OTHER INCOME		
Particulars		
a) Incentive Received from NBCFDC	3,189,738	3,177,578
b) Miscellaneous Receipts	12,792,842	10,259,046
c) Interest rebate received	4,600,789	-
TOTAL	20,583,369	13,436,624
2.12 EMPLOYEE BENEFITS EXPENSES		
Particulars		
a) Salaries, Allowances and Bonus	57,522,122	48,675,773
b) Contribution to Provident and Other Funds	5,920,441	3,881,746
c) Staff Welfare Expenses	72,712	1,180,739
TOTAL	63,515,275	53,738,258
2.13 FINANCE COSTS		
Particulars		
a) NBCFDC Fund	36,178,075	34,659,345
b) NMDFC Fund	32,933,043	23,791,604
c) Guarantee Fee to Govt. of Kerala	20,214,078	18,979,978
d) CC waiver	-	817,532
e) Green card	406,569	224,555
TOTAL	89,731,765	78,473,014

	Year ended March 31, 2012 ₹.	Year ended March 31, 2011 ₹.
2.14 OTHER EXPENSES		
Particulars		
a) Rent, Rates, Taxes and Insurance	3,361,854	4,248,332
b) Printing & Stationery	1,655,933	2,001,599
c) Postage and Telephone Charges	2,497,525	2,795,300
d) Travelling & Conveyance	795,055	1,087,399
e) Loan Mela and Awareness Programme Expenses	1,357,574	317,840
f) Audit Fee	75,000	55,000
g) Fee for Professional Services	1,249,137	1,479,406
h) Filing Fee	12,027	31,985
i) Electricity and Water Charges	502,258	663,365
j) Advertisements	453,422	1,842,959
k) Maintenance & Up-keep	2,072,931	2,289,607
l) General Expenses	2,013,190	1,875,460
m) Merit Scholarships	20,000	10,000
n) Adjustment on NBFC Provision (RBI prudential norms)	10,167,548	7,275,234
TOTAL	26,233,455	25,973,486

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

		Figures in ₹. Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year		1,493.70
Adjustments for :		
Depreciation	34.59	
		34.59
Operating Profit before Working Capital changes		1,528.30
Adjustment for (Increase)/Decrease in Working Capital		
Current Assets	(4,288.18)	
Current Liabilities and Provision	32.24	
Cash generated from operations		(4,255.94)
		(2,727.65)
Direct Taxes Paid	Nil	
Net Cash from Operating Activities	(A)	(2,727.65)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(45.49)	
Sale of Fixed Assets	0.05	(45.44)
Net cash used in Investing Activities	(B)	(45.44)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital	700.00	
Share Application money received	-	
Increase in Reserves	26.14	
Long term Loans Availed / (Paid) - Net	4,241.28	
Net Cash used in Financing Activities		4,967.42
	(C)	4,967.42
Net Increase in Cash and Cash Equivalents	(A+B+C)	2,194.34
Cash and Cash Equivalents at the beginning of the year		3,438.61
Cash and Cash Equivalents at the end of the year		5,632.95

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 : 29-04-2013

As per our Report of even date
For **THOMAS JACOB & Co.**
Chartered Accountants
(Registration No. 04403S)

(Sd/-)
CA. K. THOMAS JACOB
Partner
(Membership No. 20086)

NOTES FORMING PART OF FINANCIAL STATEMENTS 31ST MARCH 2012

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.

2A. 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 31/03/2002; against personal security on which no collection has been made and the realisability is so remote are included and an amount of ₹34.51 lakhs has been provided for.

- ii. Doubtful Asset:

All 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 ₹ 393.96lakhs.

Other loans, secured by landed property, on which collection is not forthcoming for more than 24 months are also classified under doubtful assets and 30% provision has been made amounting to ₹ 327.86 lakhs,

b. Income Recognition:

The interest and penal interest due but not realised on loss assets, doubtful asset secured by personal surety and doubtful asset secured by landed property are not recognised as income during the period.

6. Loans and Advances of ₹. 4,12,17,34,451 (Previous Year Rs.3,69,75,88,411/-), 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 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.
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)	4,95,018	3,60,362
b.	Honorarium to Chairman	12,000	60,000
c.	Travelling Expenses (Managing Director)	1,239	1,22,356
d.	Travelling Expenses (Directors)	25,234	1,17,790
e.	Leave Travel Concession	-	-
f.	Sitting Fee	6,000	38,400
g.	Value of Perquisites in cash or in kind	-	-

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)

13. The remuneration to statutory auditors for statutory audit of accounts (net of service tax) for the year is ₹ 75,000 (Previous year is Rs. 55,000), for other services Rs. NIL (Previous Year Rs. NIL).

14. 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.

15. 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

16. 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.

17. 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.
18. 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.
19. 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 :

Amounts in ₹.

Transactions with NBCFDC and NMDFC	NBCFDC		NMDFC	
	Term Loan Scheme	Micro Fin. Scheme	Term Loan Scheme	Micro Fin. Scheme
Opening balance	1,21,22,97,135	21,25,00,020	1,07,13,21,831	5,20,83,335
Funds Received during the year	50,31,42,000	3,80,00,000	35,00,00,000	10,00,00,000
Repayment during the year	23,48,27,306	14,92,05,161	16,76,69,157	1,53,12,500
Closing Balance	1,48,06,11,829	10,12,94,859	1,25,36,52,674	13,67,70,835
Interest due and paid	3,41,54,110	18,14,365	2,81,29,751	3,72,651
Key Management Personnel Remuneration Paid	Rs. 4,95,018 (Previous Year Rs. 3,60,362)			

20. 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.
21. The pay revision of employees of the Corporation - The Government has not yet accorded sanction for the revision of pay and allowances of employees of the corporation and the liability is not yet crystallized so far and hence no provision is made.
22. The accounts for which pending audit for the period 2008-09 and 2009-10 shall be completed immediately and file with ROC within the stipulated period of Five years.
23. 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	14,94,08,970	10,31,38,617
(b)	Weighted average number of equity shares in Nos.	76,24,767	70,30,800
(c)	Basic Earnings per share (Face Value ₹ 100 each)	18.01	13.58
(d)	Diluted Earnings per share (Face Value ₹ 100 each)	19.60	14.67

24. Claim against the company not acknowledged as debt Rs. NIL (Previous Year NIL)
25. 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 : 29-04-2013

Sd/-
CA. K. THOMAS JACOB
(Membership No. 20086)

For **THOMAS JACOB & Co.**
Chartered Accountants
(FRN. 04403S)

Balance Sheet Abstract and Company's Business Profile.

I. Registration Details

Registration Number	CIN	U75122KL1995SGC008705	
State Code	09	Balance Sheet Date	31-03-2012

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	4949262	Total Assets	4949262
<i>Equity and Liabilities :</i>			
Paid up Capital	829600	Reserve and Surplus	959115
Non-current liabilities	2972330	Current Liabilities	188215
<i>Assets :</i>			
Net Fixed Assets	13201	Loans and advances	4365924
Current Assets	570136		

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

Turnover	1706710	Total Expenditure	184328
Profit/(Loss) before Tax	149409	Earnings per share	18.01

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 : 29-04-2013

As per our Report of date

(Sd/-)

CA. K. THOMAS JACOB
(Membership No. 20086)

For **THOMAS JACOB & Co.**
Chartered Accountants
(FRN. 04403S)



GOVERNMENT OF KERALA

Finance (PUC) Department

No. 57793/PUC3/13/Fin.

Dated: 27-08-2013

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 - 695 035

Sir,

Sub:- Audited Annual Accounts of Kerala State Backward Classes Development Corporation Ltd. for the year 2011-12 comments - forwarding of - reg.

Ref:- *Your Letter No. A2/2011-12/KSBCDC dated : 13-06-2013*

I am to forward herewith the comments of Principal Secretary (Finance) on the Audited Annual Accounts of Kerala State Backward Classes Development Corporation Ltd. for the year 2011-12. You are requested to forward 5 printed copies of Annual Report incorporating the above comments to this Department. Please acknowledge receipt of the Comments Certificate.

Yours faithfully

P.J. SAJEEV
Deputy Secretary
for Principal Secretary (Finance)

Approved for Issue
Sd/-
Section Officer



GOVERNMENT OF KERALA

No. 57793 / PUC3 / 13 / 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 2011 - 2012

1. 13% increase in "Total Expenses" followed by 24% increase in "Revenue from Operations" compared to the corresponding periods of the previous year 2010-11, thereby net profit of the corporation recorded an increase in 42.55% and pegged upto ₹. 14.94 crore.
2. No provision has been made for the doubtful items - for the advance (irrecoverable) for (doubtful) loss on assets etc, resulting an impact on the profit of the corporation which would have otherwise been reduced by that extent.
3. Urgent action has to be taken for reconciling the accounts with connected records of the corporation.
4. The suspense accounts shown has to be detected and brought into the accounts.
5. The Corporation has to take more care in utilising the loan fund efficiency and effectively for the purpose for which it has been sanctioned. All the resources have to be utilised in a cost effective manner.
6. The accounts for the years 2008-09 and 2009-10 should be finalized get it audited and reported the changes, if any, in the accounts for the years 2010-11 and 2011-12. The audit has to be up dated urgently.

Sd/-

Principal Secretary (Finance)

Thiruvananthapuram
Dated : 26-08-2013

THOMAS JACOB & CO.

CHARTERED ACCOUNTANTS

TC 13/386, Kunnukuzhy, MRA-186, Trivandrum-695 037, Kerala, India
Tel. Off. : 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

1. We have audited the attached Balance Sheet of **Kerala State Backward Classes Development Corporation** ('the Company') as at March 31, 2012 and also the Profit and Loss statement 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 2011-12 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-CL. V 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 Statement 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 Statement 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, 2012;
- (ii) in the case of the Profit and Loss Statement, 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
June 12, 2013

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 mentioned in para 9b).
 - b) The following undisputed statutory dues are payable as on March 31, 2012 which were outstanding for a period of more than six months from the date they became payable.

<i>Particulars</i>	<i>Amount (Rs.)</i>
Service tax	413,832.00
TDS	309.00

- 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.

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

Sd/-

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

Thiruvananthapuram
June 12, 2013

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. Further, the accounts of the company for the above said periods 2008-09 and 2009-10 have not been adopted in the Annual General Meeting.

2. FUNDS FROM NATIONAL AGENCIES

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 Mahila 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.

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 Notification No. DFC. 119/DG (SPT)-98 dated January 31, 1998 and 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 no provision is made for the interest due but not received on substandard asset and only 60% of accrued penal interest is provided for. The Interest income of the corporation consists of interest due but not received of substandard asset also. This practice 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 bank accounts are not reconciled also. Those bank accounts for which confirmation certificates were not obtained are listed below.

Bank Account	Closing Balance
	Dr.
Canara Bank SB 51353	1642.00
Canara Bank SB 51354	1584.00
Canara Bank SB 51355	500.00
Indian Overseas Bank A/c 2819	2221.10
Indian Overseas Bank A/c 2820	12472.61
Indian Overseas Bank A/c 3226	1072.30
Syndicate Bank A/c No. 42072	15623.22
Syndicate Bank A/c No. 45087	36379.19
VA Bank A/c No. 11664	4000.00
TOTAL	75,494.42

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

Bank Account	Closing Balance	
	Ledger Balance	Bank Balance
SBT 4461 (Repayment)	1,16,898	1,13,920
SBT 6606 (Scheme)	5,51,470	1,88,995
TOTAL	6,68,368	3,02,915

6. 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. An illustrative list of such accounts are given below.

Loan. No	Loanee Name	Amount Outstanding (Rs)	Fund
40100837	Mohan K.R	140,258.00	HOUSING
40100861	Babu	111,655.00	HOUSING
40101284	Mohan C.K	120,355.00	HOUSING
40101477	Mahesan M.N	104,262.00	HOUSING
40102755	Ponnappan K.G	116,077.00	HOUSING
50100251	Rajan. C.N	134,392.00	HOUSING
110100494	Balan Padinhare Kandy	133,312.00	HUDCO
110100643	Chandra Mohan	107,149.00	HUDCO
90111820	Devendran. R	39,947.00	NBCFDC
90112223	Rajamani	60,076.00	NBCFDC
90112366	Subhadra. C	47,823.00	NBCFDC

* Exhaustive list of such loan accounts have been handed over to the management.

7. DIFFERENCE IN LOAN ASSET

We have noticed that there is a difference of ₹. 16,94,715.50 between the total loan receivable as per tally and total loan receivable as per database. According to database total loan receivable as 31-03-2012 is ₹. 412,17,34,451 and as per tally is ₹. 412,34,29,166.50. The difference of ₹. 16,94,715.50 is treated as expense under prior period head.

8. PROVISION FOR MISAPPROPRIATION

We have noticed that Advances Recoverable of the Corporation as on 31/03/2012 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. TERM DEPOSITS

The company has fixed Deposits to the tune of ₹. 34,43,00,844.50/- as on March 31, 2012. Out of the same, confirmation has been received only to the extent of ₹. 32,60,63,212/- of Fixed Deposit value.

10. INTEREST ACCRUED ON LOANS

We have verified the interest and penal interest accrued calculation and found that there is difference between database amount and amount accounted in tally. The details of which are given below :

Particulars	Closing Balance as per Tally	Amount as per Database	Difference
Interest accrued on Microcredit scheme	184,783.00 Dr.	200,385.00 Dr.	15,602.00
Interest accrued on General Loan	108,099,118.00 Dr.	108,083,516.00 Dr.	15,602.00
Total	10,82,83,901.00 Dr.	10,82,83,901.00 Dr.	0.0

Noted shall be corrected in next year accounts.

11. PROVISION ON LOSS ASSET AND DOUBTFUL ASSET

All loans which are given before 2002 is treated as Loss asset and 100% provision has been made for principal, accrued interest and penal interest. In the case of loans which are due for more than 24 months, they are treated as doubtful assets and 100% provision is made for accrued interest and penal interest and 50% provision on principal if there is employee surety and 30% provision if there land as security. All other loans which are due for more than 6 months and not falling in the above category are treated as sub-standard assets and a provision of 60% of accrued penal interest of such substandard asset is made, but no provision is made for principal or interest accrued. The accounting policy with regard to such a method of provisioning was not evidenced.

12. ADVANCE TO STAFF

We have verified the advance to staff accounts and found that the following opening balances are still pending.

Particulars	Amount (Opening Balance)
Advance - Ambujakshan	2,000
Advance - Wayanad	1,000
Advance - Kozhikode	8,000
Advance - Palakkad	16,444
Permenant Advance	1,821
Festival Advance - Ambujakshan	3,500
Festival Advance - Geethalekshmi	1,000
Festival Advance - Thankappan. V	500
TA advance	9,413
Total	43,678

Among the above advance, ₹. 5500 is receivable from Mr. Ambujakshan as advance and Festival advance, but he is resigned from the company and is no longer working with the Company.

13. OTHER OBSERVATIONS

1. We have notice that there is a short deduction of tax of ₹. 659/-
2. We have notice that no service tax has been paid on the amount transferred from processing fee to LDRF. An amount of ₹. 40,17,790/- was transferred to LDRF during the year and a service tax of Rs.4,13,832/- was payable, but the same is not remitted.
3. We have verified Employees Housing Building Advance account balance of tally with the balance available in the database and noticed that there is a difference of ₹. 6,09,794.82/-.
4. As on 31-03-2012, there is huge suspense account balance of ₹.13,55,137.42/-.

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

Sd/-

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

Thiruvananthapuram
June 12, 2013



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. SGS II (HQ)/IV/12-7362/151

Dated : 06-09-2013

To

The Managing Director
Kerala State Backward Classes Development Corporation Ltd.,
"SENTINEL", 2nd Floor, T.C. 27/588 (7) & (8),
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., for the year
ended 31st March 2012.

I am to forward herewith the Comment under section 619(4) of the Companies Act, 1956 on the accounts of **Kerala State Backward Classes Development Corporation Ltd.**, for the year ended 31st March 2012.

The following Comments have been dropped subject to assurance given to rectify in next year's accounts :

1. Non provision towards liability on account of increase in DA ₹ 5.40 lakh
2. Understatement of Finance cost on NBCFDC Fund and other income in ₹ 20.30 lakh due to set off of excess interest charged by NBCFDC in 2009-10 and 2010-11 and later refunded. This should have been shown separately.
3. Incomplete disclosure under item No. 7 of Notes on Accounts regarding the amount recoverable from the retirement benefits of late K.R. Mohanan as against the misappropriated amount of ₹ 16.38 lakh

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 2011-12 duly incorporating the Comments 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 (G&SSA)
KERALA, THIRUVANANTHAPURAM**

31 मार्च 2012 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 LIMITED,
THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH, 2012.**

The preparation of financial statements of **Kerala State Backward Classes Development Corporation Limited, Thiruvananthapuram** for the year ended 31st March 2012 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 12th June 2013.

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 Limited, Thiruvananthapuram** for the year ended **31 March 2012**. 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. 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 enabling a better understanding of the financial statements and the related Audit Report.

A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss Account

Expenses

b) Finance Cost (Note No. 2.13)

a) NBCFDC Fund ₹ 3.62 crore

b) NMDFC Fund ₹ 3.29 crore

The interest on the above loans is accounted on the basis of interest demanded and paid and not on accrual basis. The incorrect accounting has resulted in understatement of interest payable in respect of NBCFDC for the year by ₹ 59.34 lakh and accumulated interest payable upto 31-03-2011 by ₹ 622.79 lakh. There was a similar understatement of interest for the year in respect of NMDFC by ₹ 10.27 lakh and accumulated interest payable upto 31-03-2011 by ₹ 847.29 lakh. This has resulted in understatement of finance cost and overstatement of Profit for the year by ₹ 1539.69 lakh (Prior period ₹ 1470.08 lakh and current year ₹ 69.62 lakh)

B. COMMENTS ON DISCLOSURE

Reference is invited to item No. 8 of Notes on Accounts wherein it was stated that the company has not quantified the amount alleged to be fraudulently collected by an employee of District office, Alappuzha from the loanees and hence provision has not been made for the loss in the accounts. The disclosure is deficient to the extent that the loss was ascertained by the company to ₹ 1.35 lakh and an amount of ₹ 1.20 lakh was recovered upto July 2010.

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

Sd/-

आर.एन. घोष

R.N. Ghosh

तिरुवनन्तपुरम
Thiruvananthapuram
Date : 06-09-2013

प्रधान महालेखाकार (सामाजिक एवं सामान्य क्षेत्र लेखापरीक्षा) केरल
PRINCIPAL ACCOUNTANT GENERAL (G&SSA)
KERALA