

**KERALA URBAN & RURAL DEVELOPMENT FINANCE
CORPORATION LIMITED**

**REGISTERED OFFICE & HEAD OFFICE
5TH FLOOR, TRANS TOWERS, VAZHUTHACAUD,
THIRUVANANTHAPURAM-695014**

**FORTY SEVENTH
ANNUAL REPORT
2016-17**





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UPTO 2016-17**

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BOARD OF DIRECTORS

1. Prof. M. T. Joseph - Chairman
2. Sri. R.S. Kannan - Managing Director
3. Smt. R.Girija IAS - Director (Director of Urban Affairs)
4. Sri. V.V. Rameshan - Director (Chairman & Chamber of Municipal Chairmen)
5. Smt. Yamuna V - Director (Additional Secretary, Finance Department)
6. Smt. K.S. Girija - Director (Chief Town Planner)
7. Sri. M.V. Rajan - Director (Chief Engineer, LSGD)
8. Smt. Minimol. D - Director (Joint Secretary, LSGD)

AUDITORS

JAYAN & KRISHNANKUTTY
CHARTERED ACCOUNTANTS,
ERANAKULAM

BANKERS

State Bank of India, Vazhuthacaud, Thiruvananthapuram
The Federal Bank Limited, Kozhikode

Sub-Treasury, Kozhikode & Thiruvananthapuram
Kerala State Co-operative Bank, Thiruvananthapuram.

REGISTERED OFFICE & HEAD OFFICE
5TH FLOOR, TRANS TOWERS, VAZHUTHACAUD,
THIRUVANANTHAPURAM-695014

REGIONAL OFFICE
CHAKKORATHUKULAM, WEST HILL (P.O), KOZHIKODE-673005



**KERALA URBAN & RURAL DEVELOPMENT FINANCE CORPORATION LIMITED,
THIRUVANANTHAPURAM - 695 014**

NOTICE TO SHAREHOLDERS

Notice is hereby given to the Shareholders of Kerala Urban and Rural Development Finance Corporation Limited that the 47th Annual General Meeting of the Company will be held in the **State Municipal House at Vazhuthacaud, Thiruvananthapuram- 695 010** at 11.00 AM on Friday the **22nd day of September, 2017** to transact the following business.

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on March 31, 2017 together with the Report of the Directors and the Auditors along with the comments of Comptroller and Auditor General of India.
2. To consider declaration of dividend for the financial year ended 31.03.2017.
3. To fix the remuneration of Statutory Auditors of the Company for the year 2017-18 to be appointed by the Comptroller and Auditor General of India.

By order of the Board

Sd/-
A.SHAJAHAN, IAS
Managing Director

Thiruvananthapuram

Dated: 25.08.2017

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Form for appointing proxy is enclosed, which if used, should be returned to the Company duly complete not later than 48 hours before the commencement of the meeting.



NOTICE TO SHAREHOLDERS

Notice is hereby given to the Shareholders of Kerala Urban and Rural Development Finance Corporation Limited that **the Adjourned 47th Annual General Meeting** of the Company will be held at the **Mini Conference Hall of Government Guest House, Thycaud, Thiruvananthapuram at 11.30 AM on Saturday the 28th day of September, 2019** to transact the following business.

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2017.
2. To consider declaration of dividend for the Financial Year ended 31.03.2017.

By order of the Board

Sd/-

R. S. KANNAN
Managing Director

Thiruvananthapuram
03.09.2019

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Form for appointing proxy is enclosed, which if used, should be returned to the Company duly completed not later than 48 hours before the commencement of the meeting.

**KERALA URBAN & RURAL DEVELOPMENT FINANCE CORPORATION LIMITED,
THIRUVANANTHAPURAM-695014****DIRECTORS' REPORT TO SHAREHOLDERS**

Dear Members,

Your Directors have pleasure in presenting the 47th Annual Report, together with the Audited Statements of Accounts of the Company for the year ended 31st March 2017.

1. FINANCIAL RESULT

The performance of the Company for the financial year ended 31st March, 2015 is summarized below:

	<u>2016-17(Rupees)</u>	<u>2015-16 (Rupees)</u>
Revenue from operations	9,16,45,245	11,85,77,428
Other income	<u>14,52,897</u>	<u>18,58,031</u>
Gross income	<u>9,30,98,142</u>	<u>12,04,35,459</u>

Finance costs	22,80,075	31,90,448
Other expenses	2,10,42,254	36,92,257
Profit	6,97,75,813	11,35,52,754
Depreciation	2,87,860	4,92,723
Profit before tax	6,94,87,953	11,30,60,031
Profit after tax	3,54,38,934	2,15,89,787
Earnings per share	62.52	38.09

2. STATUTORY RESERVE

Section 45IC of the Reserve Bank of India Act, 1934 stipulates that every non-banking financial Company shall create a Reserve Fund and transfer not less than 20% of its profit after tax disclosed in the Profit & Loss Account to the Reserve Fund before any dividend is declared. Accordingly Rs.70,87,787/- has been transferred to Statutory Reserve.

3.DIVIDEND

Your Directors are happy to recommend a dividend of 10% on the paid up capital of the Company for the year ended 31st March 2017.

4.SHARE CAPITAL

The authorised share capital of the Company is Rs.120,000,000/- divided into 1,200,000 equity shares of Rs.100/- each.

The paid up capital as on 31st March 2017 is **Rs.5,66,83,600/-** divided into **5,66,836** equity shares of Rs.100/- each.

**5.DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review.

6.LOANS TO LOCAL SELF GOVERNMENT INSTITUTIONS

Your Company approved schemes worth Rs.1765.35 lakhs to various Local Self Government Institutions for financial assistance during the year under review and sanctioned loans of Rs.1370.00 lakhs. The total amount of loan disbursed during the year under report is Rs.2378.92 lakhs as compared to Rs.2399.08 lakhs in the previous year.

7.WORKING CAPITALLoan from Government of Kerala

During the year Company has not availed any loan from Government of Kerala.

8.PERFORMANCE AND NEW PROJECTS

The performance of your Company and the new projects is detailed in the Tables given below:

TABLE – A							
Schemes	No. of schemes			Loan disbursed			% to total
	Old till 2016 March	New 2016-17	Total	Old schemes	New Schemes	Total	
Remunerative	10	13	23	6,87,25,580	16,31,66,786	23,18,92,366	97%
Non-remunerative	1		1	60,00,000	-	60,00,000	3%
Total	11	13	24	7,47,25,580	16,31,66,786	23,78,92,366	100%

PERFORMANCE DURING THE YEAR 2016-17			
TABLE – B		(Amount in Rupees)	
PERFORMANCE TILL MARCH 2017			
Schemes	No. of schemes financed	Loan disbursed	
		Amount	% to total
Remunerative	747	2,33,53,58,036	94%
Non-remunerative	128	15,92,18,077	6%
Total	875	2,49,45,76,113	100



TABLE-C

SCHEMES SANCTIONED DURING THE YEAR 2016-17

(Amount in Rupees)

SL. No.	Name of Local Self Government Institutions	Name of Scheme	Schemes Approved	Schemes sanctioned	Loan amount Disbursed	Balance
1	Veliyam GP	Shopping Complex	1,84,50,000	1,44,00,000	-	1,84,50,000
2	Ottappalam Mty (Addl.loan)	Bus stand cum shopping Complex	5,51,59,931	3,00,00,000	-	3,00,00,000
3	Manjeri Mty	Shopping Complex	10,29,25,650	9,26,00,000	-	10,29,25,650
		TOTAL	17,65,35,581	13,70,00,000		15,13,75,650

TABLE - D

(Amount in Rupees)

LOAN AMOUNT RELEASED DURING THE YEAR 2016-17 (LOCAL BODY WISE)						
SL. No.	Name of Local Self Government Institutions	Name of Scheme	Loan amount sanctioned	Disbursed till 2015-16	Loan amount Disbursed 2016-17	Balance to be disbursed
1	Mulanthuruthy GP	Bus stand cum Sopping Complex	2,22,84,000		1,35,04,524	87,79,476
2	Nadapuram GP	Office cum Shopping Complex	2,25,00,000	1 48,48,700	7,583,300	68,000
3	Mavoor GP	Office cum Shopping Complex	55,00,440		2,02,17,600	3,47,82,840
4	Velinalloor GP	Shopping Complex	2,02,66,200		17,885,600	23,80,600
5	Perambra GP	Agriculture Market	5,00,00,000	1,55,25,000	17,139,303	1,73,35,697
6	Vathikudy GP	Shopping Complex	2,40,00,000		12,415,700	1,15,84,300
7	Pulimath GP	Shopping Complex	65,00,000	56,24,098	1,25,352	7,50,550
8	Melattur GP	Bus Stand cum Shopping Complex	5,94,00,000		23,296,000	3,61,04,000
9	Muttill GP	Bus stand cum Shopping Complex	2,00,00,000	1,09,24,687	80,75,313	10,00,000
10	Edakkara GP	Rural Marketing Complex	5,40,00,000		2,56,54,030	2,83,45,970
11	Vazhoor GP	Shopping Complex	1,50,00,000		51,94,920	98,05,080
12	Erattayar GP	Shopping Complex	67,50,000		51,30,000	16,20,000



13	Thirunelly GP	Stadium cum Shopping Complex	81,00,000	27,51,750	33,23,000	20,25,250
14	Parappanangadi GP	Thanal Housing Scheme	1,35,00,000	70,00,000	60,00,000	5,00,000
15	Kottappady GP	Shopping Complex	88,20,000		28,60,975	59,59,025
16	Kattappana GP	Shopping Complex	3,83,50,000	3,68,35,008	15,14,992	Nil
17	Perumbavoor Mlty	Town Hall	2,85,30,000		1,93,55,977	91,74,023
18	Ottappalam Mlty	Bus stand cum Shopping Complex	17,79,41,846	14,07,05,166	72,36,680	3,00,00,000
19	Koyilandy Mlty	Town Hall	2,79,65,000		74,73,980	2,04,91,020
20	North Paravur	Town hall	1,91,91,000		42,81,480	1,49,09,520
21	Pala Mlty	Kottaramattom Shopping Complex	5,90,94,000	2,80,99,557	62,07,000	2,47,87,443
22	Mattannur Mlty	Shopping Complex	4,50,00,000	2,93,19,119	1,00,17,000	56,63,881
23	Kayamkulam Mlty	Vegetable Market	6,40,80,000		58,96,000	5,81,84,000
24	Kannur Mlty	Central Market	3,17,17,800	1,77,32,232	75,03,640	64,81,928
		TOTAL	87,79,90,286	30,93,65,317	23,78,92,366	33,07,32,603

9. DIRECTORS

In exercise of the powers conferred on Government under the Articles of Association of the Company, the Government at various times have ordered the following changes among the Directorships in the Company. The continuing directorships and changes in directorship from 1.4.2011 to the date of report are recorded below:

SL.NO.	Name of Director	Date of Appointment	Date of cessation/ status
1.	Shri.P.R.Sajikumar	15.01.2013	31.07.2019
2.	Shri. V.V.Ramesh	29.06.2016	Continuing
3.	Prof. M.T.Joseph (Chairman)	19.01.2017	Continuing
4.	Smt. K.S. Bindu	23.09.2016	01.08.2017
5.	Shri.Remanan	30.09.2015	31.01.2018
6.	Smt. Ajitha Jayarajan	29.12.2015	29.12.2016
7.	Shri. N. Visruthan Achari	24.06.2015	22.09.2016
8.	Shri. Ali Asgar Pasha	03.09.2015	02.07.2016



9.	Shri. Jacob Koshy	29.12.2015	31.05.2017
10.	Shri.K. Moideen Koya (Chairman)	28.07.2012	31.05.2016
11.	Shri. Rajeev L. (Managing Director)	28.12.2011	07.12.2016
12	Dr.V.K. Baby IAS	08.12.2016	15.07.2017

10. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility statement.

- i. In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to the material departures;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss Account of the Company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a going concern basis; and
- v. The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operate effectively.

11. PARTICULARS OF EMPLOYEES DRAWING SPECIFIED REMUNERATION

There were no employees drawing specified remuneration to be furnished during the year.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Section 134(m) of the Companies Act 2013 relating to conservation of energy and technology absorption do not apply to your Company since the Company is not engaged in any manufacturing activities.

Total Foreign exchange earned - Nil

Total Foreign exchange outgo - Nil

13.AUDITORS

M/s. Jayan & Krishnankutty, Chartered Accountants, Ernakulam were the Statutory Auditors of the Company for the financial year under review. M/s. ARSB & Associates, Chartered Accountants, Thiruvananthapuram was the Internal Auditor of the Company.



14. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 1992 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in annexure 1 and is attached to this Report.

15. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW.

The Company had 3 (three) Board Meetings on 29.06.2016, 06.09.2016, 15.02.2017 during the financial year under review.

16. PERSONNEL

Your Directors hereby to place on record their appreciation of the efforts dedication, commendable teamwork and exemplary contribution of the employees in the various initiatives of the Company during the year under review.

17. ACKNOWLEDGMENT

Your Directors take this opportunity to acknowledge with gratitude the trust, confidence, co-operation and support received from Government of Kerala, Government of India, Local Self Government Institutions in the State, Office of the C&AG, Reserve Bank of India, HUDCO, all the Bankers, Statutory Auditors and Internal Auditors.

For and on behalf of the Board of Directors

Sd/-

PROF.M.T. JOSEPH
CHAIRMAN



ADDENDUM TO THE DIRECTOR'S REPORT FOR THE YEAR 2016-17

EXPLANATION OF DIRECTORS WITH REGARD TO RESERVATIONS, QUALIFICATIONS OR ADVERSE REMARKS IN AUDITOR'S REPORT.

Qualifications - (1)

As an NBFC, fully owned by State Government RBI guidelines pertaining to NPA is not applicable to our company. Taken Over Liability (TOL) is strictly an out of agenda of the Company which is taken over by the order of Government of Kerala and it's being dealt with in accordance with the directions of Kerala Government from time to time. Hence NPA provision is being followed against TOL. Income recognized from direct loan, its classification and provisions made is as per RBI guidelines. Whereas income recognized against TOL from 2011-12 onwards the accounting policy of the Company is changed and so it is not reflected in the accounts of the Company during 2016-17. We are maintaining permanent registers thorough loan software as well as in physical registers. Guidelines regarding accounting principles is noted for future reference.

Qualifications - (2)

HUDCO TOL is clearly out of company's normal course of business, it is taken over as per the direction of Government. So the liability arisen in this effect shall not come to our account. Disclosure under Accounting Standard 4 regarding favorable and unfavorable events occurring after balance Sheet date is noted for future reference.

Qualification- (3)

This amount is received from the Government for clearing off the outstanding dues towards HUDCO TOL. Since nothing specifically mentioned in the G.O regarding accounting manner of the same it is shown as Govt. borrowings.

Qualification - (4)

Company is providing financial assistance to LSGI's in Kerala against collateral securities and Government sanction under Section (3) Local Self Govt. Dept as per Local Authorities Loan Act. Since taken over liability is not a direct liability to the company, it may not be considered. Hence all such loans are fully secured.

Qualification - (5)

The net balance shall be written off after adjusting all the balances with respect to HUDCO taken over liability.

Qualification - (6)

Government has taken back amount of Rs.53,17,629/- and for the balance amount we have issued share capital.

Qualification - (7)

In the case of Debtors, we have sent proper letters for confirming the end of the year balance. As per the



procedure being followed in our Company any disagreement not brought forward by the debtor against our claim within 15 days will be treated as their acceptance of our claim and will be accounted accordingly.

Qualification – (8)

Only Possession of the Vehicle owned by KSRDB is vested with our company, ownership is still with Government of Kerala.

Qualification – (9)

Suitable adjustments have been made for the Guarantee commission paid to Government of Kerala while finalizing the financials for the FY 2017-18.

Qualification – (10)

In the light of the discussions held with municipality authorities, they had agreed to repay the loan once the projects get finished and accordingly the Board had taken decision to provide another loan of Rs.72.37 lakhs which is less than 5% of the previous loan.

Qualification – (11)

Rs.25 Cr which was provided by the Government of Kerala as relief for the taken over liability of HUDCO was classified as loan liability by our company due to oversight. Matter rectified subsequently.

Qualification – (12)

The amount so transferred to our bank account only shall be accounted, the others are fixed asset and there is no proper direction from Government of Kerala for accounting in Company's books of accounts. And accordingly there is no valuation done for transferring the same.

Qualification – (13)

Nothing specifically mentioned in the order whether it is repayable or not. Now the same is rectified by including in Other Non Current Liabilities.

Qualification – (14)

Matter noted for future reference

Qualification – (15)

Matter noted for future reference

Qualification – (16)

Preparation of Accounting Manual is in process.

Qualification – (17)

Matter is being considered very seriously



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Qualification – (18)

Observations are noted for future reference

Qualification – (19)

Matter noted for future reference

On behalf of the Board of Directors

**Sd/-
PROF. M.T. JOSEPH
CHAIRMAN**

Thiruvananthapuram
Dated: 03.09.2019



**KERALA URBAN AND RURAL DEVELOPMENT
FINANCE CORPORATION LIMITED**

BALANCE SHEET AS AT 31st MARCH 2017

Particulars	Note No.	Figures as at 31st March 2017	Figures as at 31st March 2016
I EQUITY & LIABILITIES			
(1) Shareholders Funds			
(a) Share Capital	1	56,683,600	56,683,600
(b) Reserves & Surplus	2	218,854,468	190,186,318
		275,538,068	246,869,918
(2) Share application Money Pending Allotments		10,634,100	7,534,100
(3) Non Current Liabilities			
(a) Long Term Borrowings	3A	356,911,253	356,911,253
(b) Other Non Current Liabilities	3B	506,840,296	499,319,523
		863,751,549	856,230,776
(4) Current Liabilities			
(a) Other Current Liabilities	4	16,158,745	25,532,077
(b) Short Term Provisions	5	175,624,547	146,722,164
		191,783,292	172,254,241
Total		1,341,707,009	1,282,889,034
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(1) Tangible Assets	6	4,389,096	4,676,956
(b) Deffered Tax Assets(net)	7	21,148,198	28,121,859
(c) Long term Loans and Advances	8	995,099,814	901,858,120
		1,020,637,108	934,656,935
(2) Current Assets			
(a) Cash & Cash Equivalenrs	9	221,045,158	259,731,982
(b) Other Current Assets	10	100,024,743	88,500,117
		321,069,901	348,232,099
		1,341,707,009	1,282,889,034

For and on behalf of the Board
 MT Joseph Sd/-
 Chairman
 A. Ajith Kumar IAS (Retd) Sd/-
 Managing Director
 Yamuna V Sd/-
 Director
 Thiruvananthapuram
 Dated:19.12.2018

As per our report of even date
 For M/s Jayan and Krishnankutty
 Chartered Accountants
 FRN.012958
 Sd/-
 M.Jayan
 Partner No.19488
 Ernakulam
 Dated:28.01.2019



**KERALA URABN AND RURAL DEVELOPMENT
FINANCE CORPORATION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017**

Particulars	Note No.	Figures for the current reporting period (Year ended March 31, 2017) in Rs.	Figures for the current reporting period (Year ended March 31, 2016) in Rs.
A CONTINUING OPERATIONS			
1. Revenue from operations	11	91,645,245	118,577,428
2. Other income	12	1,452,897	1,858,031
3. Total revenue (1+2)		93,098,142	120,435,459
4. Expenses			
(a) Employee benefits expense	13	9,942,674	9,666,006
(b) Finance costs	14	2,280,075	3,190,448
(c) Depreciation and amortisation expense	15	287,860	492,723
(d) General Charges	16	2,873,328	3,028,290
(e) Provision for NPA	17	8,240,144	(11,312,770)
(f) Prior Period Adjustment	18	(13,892)	2,310,731
Total expenses		23,610,189	7,375,428
5. Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		69,487,953	113,060,031
6. Tax expense:			
(a) Current tax		25,500,000	47,288,963
(b) Income tax (FY 2014-15)			10,451,790
(c) Income Tax (FY 2010-11)			27,228,420
(d) Income Tax(FY 2009-10)			1,838,317
(e) Income Tax (FY 2003-04)			73,316
(f) Income Tax (FY 2008-09)		1,575,357	
(g) Deferred Tax Expense (Income) -Current Year		6,973,662	4,589,438
		34,049,019	91,470,244
7. Profit / (Loss) from continuing operations (5-6)		35,438,934	21,589,787
8. Profit /(Loss) for the Year		35,438,934	21,589,787
9. Earnings per equity share (of Rs.100/- each):			
(a) Basic		62.52	38.09
(b) Diluted		62.52	38.09

For and on behalf of the Board
 MT Joseph Sd/
 Chairman
 A. Ajith Kumar IAS (Retd) Sd/-
 Managing Director
 Yamuna V Sd/-
 Director
 Thiruvananthapuram
 Dated:19.12.2018

As per our report of even date
 For M/s Jayan and Krishnankutty
 Chartered Accountants
 FRN.012958
 Sd/-
 M.Jayan
 Partner No.19488
 Ernakulam
 Dated:28.01.2019



KERALA URBAN AND RURAL DEVELOPMENT FINANCE CORPORATION LIMITED

Cashflow Statement for the year ended 31.03.2017				
Particulars	2016-17		2015-16	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax from operations		69,487,953.16		113,060,031.41
ADJUSTMENTS FOR:-				
Depreciation	287,859.73		492,723.00	
Provision for NPA	8,240,144.00		(11,312,770.00)	
Provision for leave encashment	(584,683.00)		(162,213.00)	
Change in P and L Appropriation & reserve	(40,819,803.21)	(32,876,482.48)	(98,241,029.00)	(109,223,289.00)
OPERATING PROFIT BEFORE WORKING CAPITAL ADJUSTMENT		36,611,470.68		3,836,742.41
ADJUSTMENTS FOR:-				
Stock of Stationery	480.00		(2,937.00)	
Loans to local governments	-		(52,386,689.00)	
Advance Tax & TDS	(14,092,331.00)		19,315,674.00	
Other Current Assets	2,567,225.55		81,853.00	
Other Current Liabilities	(9,373,332.01)		(823,117.00)	
Other Non Current Liabilities	7,520,773.00			
Short Term Provision	29,487,066.12		54,465,946.00	
Deferred Tax	6,973,661.92	23,083,543.58	4,589,439.00	25,240,169.00
CASH GENERATED FROM OPERATIONS		59,695,014.26		29,076,911.41
NET CASH FLOW FROM OPERATING ACTIVITIES		59,695,014.26		29,076,911.41
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	-		(23,000.00)	
Increase in Share Capital	-		20,465,900.00	
Increase/(Decrease) in share application money	3,100,000.00		(17,465,900.00)	
NET CASH FLOW FROM INVESTING ACTIVITIES		3,100,000.00		2,977,000.00
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in loans and advances	(101,481,837.75)		(36,389,446.00)	
Dividend Paid (including Dividend Tax)			-	



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NET CASH FLOW FROM FINANCING ACTIVITIES		(101,481,837.75)		(36,389,446.00)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		38,686,823.49		4,335,534.59
D. CASH & CASH EQUIVALENTS				
OPENING CASH & CASH EQUIVALENTS		259,731,981.94		264,067,516.00
CLOSING CASH & CASH EQUIVALENTS		221,045,158.45		259,731,981.41

For and on behalf of the Board MT Joseph Chairman	Sd/-	As per our report of even date For M/s Jayan and Krishnankutty Chartered Accountants FRN.012958
A. Ajith Kumar. IAS(Retd) Managing Director	Sd/-	Sd/- M. Jayan Partner No.19488
Yamuna. V Director	Sd/-	
Thiruvananthapuram Dated:19.12.2018		Cochin Dated: 28.01.2019

Notes:

1. Cash and cash equivalents include cash in hand, debit balance with bank and treasury accounts and deposits.
2. The above cash flow statement has been prepared under the “indirect method” as set out in the Accounting Standard on cash flow statement [AS 3] issued by ICAI.
3. This is the cash flow statement referred to in our report of even date.



Note : 1 - Share Capital				
Particulars	As at 31st March 2017		As at 31st March 2016	
	Number of Shares	Amount in Rs.	Number of Shares	Amount in Rs.
(a) Authorised Share Capital 1200000 Equity Shares of Rs.100/- each	1,200,000	120,000,000	1,200,000	120,000,000
(b) Shares issued, subscribed and fully paid 566836 Equity Shares of Rs.100/- each	566,836	56,683,600	566,836	56,683,600
(c) Shares issued, subscribed and not fully paid	Nil		Nil	
(d) par value per share;	100		100	
(e) a reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	566,836	56,683,600	566,836	56,683,600
(f) shares in the company held by each shareholder holding more than 5 per cent shares specifying the number of shares held. Government of kerala - 89.21% shares	505,659	50,565,900	505,659	50,565,900
(g) calls unpaid (showing aggregate value of calls unpaid by directors and officers)	Nil		Nil	
(h) forfeited shares (amount originally paid up)	Nil		Nil	
TOTAL OF SHARE CAPITAL	566,836	56,683,600	566,836	56,683,600

Note 2 Reserves and Surplus		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
General Reserve		
Opening Balance	1,11,10,000	1,11,10,000
Add: Additions during the year		
Closing Balance	1,11,10,000	1,11,10,000
Capital Profit -Profit on sale of assets	71,610	71,610



Profit and Loss a/c		
Opening Balance	134,976,449	124,475,404
Add: Excess Provision of Income Tax provided in the year 2011-12		
Add: Additions during the year	35,438,935	21,589,787
Closing Balance	170,415,384	146,065,191
Transfer to Statutory Reserve	7,087,787	4,317,957
Provision against profit accounted on TOL in the previous years		
Proposed Dividend	5,668,360	5,668,360
Proposed Dividend Tax	1,102,425	1,102,425
Profit after appropriation	156,556,812	134,976,449
Statutory Reserve		
Opening Balance	44,028,259	39,710,302
Less: Retained Earnings		
Add: Transfer during the year	7,087,787	4,317,957
Closing Balance	51,116,046	44,028,259
Total	218,854,468	190,186,318

Note : 3 A Long term borrowings		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
(a) Direct Loan from HUDCO	203,079	203,079
(b) Interest accrued on direct loan from HUDCO	362,061	362,061
(c) Interest accrued on taken over loan from HUDCO	106,346,113	106,346,113
(d) Government loan. TOL Remittance	250,000,000	250,000,000
Total	356,911,253	356,911,253

Note : 3 B Other Non Current Liabilities		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
KSRDB	476,840,296	469,319,523
KSRDB Pension Fund	30,000,000	30,000,000
Total	506,840,296	499,319,523



Note : 4 Other Current Liabilities		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
(a) Interest accrued and due on Government Loan		9,185,853
(b) Rent received in Advance	231,075	231,075
(c) Other payables		
Outstanding Expenses	1,409,222	1,585,217
Grand-in- aid to NGO's	213,300	213,300
Seed Capital	12,115,000	12,115,000
Front End Fee payable	906,660	906,660
RR Charges Payables	136,372	136,372
Contractor's Security Deposit	29,079	29,079
Excess Remittance by ULBs and GP	438,634	448,862
Excess Remittance by CDS	33,249	33,249
Excess Remittance by HUDCO	412,177	413,433
Technical Unit	233,977	233,977
Total	16,158,745	25,532,077

Note : 5 Short Term Provisions		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
(a) Provisions for Leave Encashment	1,783,351	2,368,034
(b) Others		-
Provision for Taxation	155,398,714	128,323,358
Provision for Bad and Doubtful Debt	2,720,416	2,720,416
Proposed Dividend	11,336,720	9,290,130
Proposed Dividend Tax	2,181,514	1,816,394
Provision against profit accounted on TOL in the previous years	2,203,832	2,203,832
Total	175,624,547	146,722,164

Note:6 Fixed assets - separately attached as Annexure I

Note 7 Disclosure under Accounting Standard 22		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
Deferred tax (asset) / liability on timing difference arising on:		
Depreciation	25,087	526,741
Provision for leave encashment	193,296	(819,577)
Provision for NPA & Bad debts	(2,717,317)	(9,179,760)
Provision Against income recognised in PY reversed	(715,033)	(715,033)
Disallowance under Section 40(a)(ia)	(24,632)	(24,632)
Disallowance under Section 43	(17,909,599)	(17,909,599)



Deferred tax liability on above	(21,148,198)	(28,121,860)
Deferred Tax (asset)/liability as per last Balance sheet	(28,121,860)	(32,711,298)
Deferred tax for the period	6,973,662	4,589,438
Deferred tax for earlier years rectified		
Net Deferred tax (asset) / liability	(21,148,198)	(28,121,860)

Note: 8 Long term Loan and Advances		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
A. HUDCO LOAN		
a) Loan to Urban local Bodies	745,442	745,442
Interest accrued and due	64,479	64,479
	809,921	809,921
Less - Provision for NPA	393,129	393,129
	416,792	416,792
b) Taken Over Loan- DDA	60,434,707	60,434,707
Interest accrued and due	29,613,741	35,804,254
	90,048,448	96,238,961
c) Taken Over Loan - others	65,069,601	73,805,831
Interest accrued and due	228,133,415	228,143,953
	293,203,016	301,949,784
B. KURDFC LOAN		
a) Loan to Urban local Bodies	332,964,111	336,882,588
Interest accrued and due	312,413	2,846,146
	333,276,524	339,728,734
Less - Provision for NPA	32,325,352	23,955,456
	300,951,172	315,773,278
b) Loan to Grama Panchayats	308,532,869	184,861,466
Interest accrued and due	4,067	
	308,536,936	184,861,466
C. CDS Loan	4,295,174	5,050,573
Interest accrued and due	94,541	94,541
	4,389,715	5,145,114
Less - Provision for NPA	2,445,889	2,575,641
	1,943,826	2,569,473
D. Loan to Staff (Housing)		
Interest accrued and due	(376)	48,366
Interest tax due on the above	-	-
	(376)	48,366



E. Municipal Employees Housing Loan		20,793
Less - Provision for NPA		20,793
	-	-
Total	995,099,814	901,858,120
Sub- Classification		
Secured, considered good	902,690,748	802,632,894
Unsecured, considered good	92,409,066	99,225,226
Doubtful		
Total	995,099,814	901,858,120

Note: 9 Cash and Cash Equivalents

Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
(i) Cash on hand	3,948	4,227
(ii) Balance with Bank		-
(a) Current Account	15,388,232	26,343,201
(b) Short Term Deposit	152,369,846	183,999,999
(iii) Balance in Government Treasury		
(a) Savings bank Account	23,282,732	19,383,680
(b) Fixed Deposit	30,000,000	30,000,000
(iv) Stamp	400	875
Total	221,045,158	259,731,982

Note: 10 Other Current Assets - Short term Loan and Advances

Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
Advance recoverable in cash or in kind or value to be received	989,679	919,677
Prepaid Expenses	88,835	111,654
Advance Income Tax	81,677,065	67,584,734
HUDCO reconciliation suspense	5,238,000	5,238,000
Suspense Account	298,882	298,882
TDS receivable from Karnataka Bank		12,236
Front end fee receivable from HUDCO	1,209,282	1,209,282
L.C.S. Suspense	1,239,350	1,239,350
HUDCO Research & Development Receivable from HUDCO	271,784	271,784
Interest accrued on bank deposit	7,926,805	10,593,253
Somachandran Contractor	9,250	9,250
Petrol Deposit	45,000	30,000
Electricity Deposit	94,864	84,514
Stock of Stationery	11,210	11,690
Project expense new building kozhikode	914,784	875,859



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Gas Deposit	1,700	1,700
Telephone Deposit	8,253	8,253
Total	100,024,743	88,500,117
Sub- Classification		
Secured, considered good	-	-
Unsecured, considered good	97,304,327	85,779,701
Doubtful	2,720,416	2,720,416
Total	100,024,743	88,500,117

Note: 11 Revenue from Operations

Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
Interest Receipts		
On HUDCO Loans:		
CDS Loans	42,639	1,347,246
Others	20,665	3,273,900
On KURDFC Loans and Advances	76,108,430	95,097,910
On Municipal Employees Housing Loan		3,772
Others:		
On Bank Deposits	14,918,902	18,308,348
On SB Deposits	554,609	546,252
Total	91,645,245	118,577,428

Note: 12 Other Income

Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
Rent on building	1,452,897	1,602,755
Right to information		664
Interest on Income Tax refund		111,828
HO Miscellaneous income		217
Gratuity form LIC		142,567
Total	1,452,897	1,858,031

Note:13 Employee benefit expenses

Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
Salaries, allowances and bonus to staff	7,951,762	7,602,450
Salary and allowances to Managing Director	1,276,128	1,212,653
Staff welfare expenses	56,077	32,676
Group gratuity premium to LIC	290,588	134,482
Contribution to P.F	701,707	663,823



Companies contribution to Insurance Funding	79,281	32,464
Provision for Earned leave	(584,683)	(162,213)
Administratiave Expense to PF	49,707	46,087
Medical Expenses MD		61,167
Group Insurance	6,000	5,250
Stipend to Cost Accountant trainee	116,107	37,166
Total	9,942,674	9,666,006

Note:14 Finance cost		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
A. INTEREST PAYMENT		
Interest on Loan on Fixed Deposit	167,469	
Interest on HUDCO loan:		
HUDCO Taken over loan		
Direct Loan		705,884
	167,469	705,884
B. GUARANTEE COMMISSION		
On HUDCO loan	2,112,606	2,484,564
	2,112,606	2,484,564
Total	2,280,075	3,190,448

Note:15 Depreciation and amortisation expenses (See Annexure I)		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
Depreciation	287,860	492,723
Total	287,860	492,723

Note:16 General Charges		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
Directors' sitting fee	1,300	2,400
Rates and taxes	91,279	18,828
Printing and stationery	84,941	85,855
Postage, telegram and phone	26,891	57,749
Books and periodicals	7,380	8,328
Electricity and water charges	269,751	246,531
Advertisement charges	82,282	121,142
Motor car expenses	146,238	124,381
Repairs and maintenance	284,453	134,457



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<i>Remuneration to auditors</i>		
Statutory Audit fees	90,000	90,000
Tax Audit fees	17,000	17,000
To others		
Internal audit fees	85,000	85,000
Travelling expenses to Directors	32,228	67,882
Travelling expenses to others	79,688	77,075
Miscellaneous expenses	43,707	56,798
General Insurance	2,274	23,744
Bank charges	1,263	434
Property tax	94,252	95,654
Legal charges	75,000	71,500
Rent for office building	565,232	588,826
Professional Expenses	144,300	86,537
Board meeting expenses	8,461	16,304
Annual General meeting expenses	37,526	65,944
Office cleaning expenses	2,155	2,983
Internet charge	11,773	7,065
Mobile charge	10,954	10,377
Training fee for MD		36,000
Security charges	275,941	350,433
Donation		50,000
Honourarium to Chairman	40,000	240,000
KSRDB Expenses	262,059	189,064
Total	2,873,328	3,028,290

Note: 17 Provisions for Non-Performing Assets		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
CDS LOAN		
Provision at the end of the year	2,445,889	2,575,641
Less Provision available from last year	2,575,641	2,863,043
Provision for the year(A)	(129,752)	(287,402)
HUDCO LOANS		
Provision at the end of the year	393,129	393,129
Less Provision available from last year	393,129	393,129
Provision for the year(B)	-	-



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KURDFC LOAN		
Provision at the end of the year	32,325,352	23,955,456
Less Provision available from last year	23,955,456	34,960,031
Provision for the year(C)	8,369,896	(11,004,575)
MUNICIPAL EMPLOYEES HOUSING LOAN		
Provision at the end of the year	-	-
Less Provision available from last year	-	20,793
Provision for the year(D)	-	(20,793)
Total	8,240,144	(11,312,770)

Note:18 Prior Period Adjustments		
Particulars	As at 31-3-2017	As at 31-3-2016
	in Rs.	in Rs.
Prior period income	13,892	
Less: Prior period expenses		2,310,731
Net Prior Period Expense	(13,892)	2,310,731

<p>For and on behalf of the Board MT Joseph Sd/- Chairman</p> <p>A. Ajith Kumar IAS (Retd) Managing Director Sd/-</p> <p>Yamuna V Sd/- Director</p> <p>Thiruvananthapuram Dated:19.12.2018</p>	<p>As per our report of even date For M/s Jayan and Krishnankutty Chartered Accountants FRN.012958</p> <p>Sd/- M.Jayan Partner No.19488</p> <p>Ernakulam Dated: 28.01.2019</p>
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Note: 6 Fixed assets											
Name of the Asset	Gross Block				Depreciation				Scrap value	Amount in Rupees Net block	
	"As on 01.04.2016"	Additions during the year	Sales/ Deletion during the year	"As on 31.03.2017"	Up to 31.03.2016	During the year	Adj. In sales/delh	As on 31.03.2017		"As on 31.03.2016"	
Land	38,600	0	0	38,600		-		0.00	38,600.00	38,600	
Building	10,980,485	0	0	10,980,485	7,075,034	144,424		72,194,58.13	3,212,002.62	3,356,427	
Office equipments	667,669			667,669	590,072	23,299		6,133,71.37	209,12.63	4,421.2	
Furniture & fittings	878,333			878,333	785,331	11,578		7,969,08.94	37,798.15	4,937.6	
Electrical fittings	503,428	0	0	503,428	433,910	18,639		4,525,49.47	25,707.13	4,434.6	
Motor cars	1,834,212			1,834,212	1,546,366	71,182		16,175,47.88	1,306,41.88	20,182.6	
Library books	45,866			45,866	45,866			45,866.00	0.00	0	
Electrical appliances	11,613	0	0	11,613	11,033			1,103.00	580.00	0	
Generator	556,730	0	0	556,730	528,894			5,288,93.50	2,783.65	0	
Computer	818,670			818,670	786,015			7,860,15.10	3,265.49	0	
Cycles	3,794	0	0	3,794	3,794			3,794.00	0.00	0	
Fire protection	684,193	0	0	684,193	649,983			6,499,83.35	3,420.96	0	
Air Conditioner	416,190	0	0	416,190	306,528	18,738		3,252,65.91	20,809.50	8,885.2	
Office building	986,766	0	0	986,766	986,766			9,867,66.00	0.00	0	
Total	18,426,549	0	0	18,426,549	13,749,593	287,860	0	1,403,745.3	8,533.19	38,236.39	
Previous year	18,403,549	23,000	0	18,426,549	13,256,870	492,723	0.00	13,749,593	853,318	4,298,725	

Retained Earnings 0.00
Scrap value 853319

Note1: With effect from 01-04-2014 the depreciation has been provided on the basis of useful life prescribed in schedule II of the Companies Act 2013

Note2: Transactional adjustment of Rs 141,688.34 represents the carrying amount of assets which has no remaining useful life as per the schedule II of the companies Act 2013 and has been adjusted against the opening balance of retained earnings at Rs **95710.58** net of deferred Tax of **Rs. 45977.76**



SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

Note: 19 -Significant Accounting Policies

a. Method of Accounting

The financial statements are prepared under historical cost convention on accrual basis and in accordance with the generally accepted accounting principles and accounting standards specified under Companies (Accounting Standards) Rules, 2006 except as otherwise stated.

b. Advances

Advances have been classified as Standard, Sub-standard and Doubtful assets and provisions for possible losses on such advances are made at the rates prescribed in the 'prudential norms on income recognition, asset classification and provisioning' prescribed by RBI, though the same is not applicable to the Corporation. However the above mentioned norms are not followed by the Corporation for the loans and advances taken over by the Corporation from HUDCO viz. loans and advances to Neyyattinkara Municipality, Alappuzha Municipality, TRIDA and defunct Development Authorities of Alappuzha, Kottayam, Palakkad, Kannur and Kasaragod. However, on receipt of the amount it is being deducted.

c. Revenue Recognition

Income is recognized on accrual basis on standard assets classified as above except in the case of taken over liability and non-performing assets which are recognized on realization basis.

d. Fixed assets

Fixed Assets are stated at cost less depreciation. Cost comprises of the purchase price or acquisition cost and any other cost attributable for bringing the assets to their present working condition for their intended use.

e. Depreciation

The change arising from the adoption of use full life of Tangible assets in accordance with part C of schedule II to the companies Act, the Company has fully depreciated the carrying value of assets, net of residual value where remaining use full life of the asset is determined as NIL as on 31.03 2015 which amount to Rs.141,688.34/- and adjusted an amount of Rs.95,710.58/- (net of deferred tax of Rs.45,977.76) against opening surplus of the statement of profit and loss under reserves and surplus and the same amount is charged to profit and loss account.

f. Employee Benefits.

- i. Gratuity: Gratuity benefits for the staff have been covered under Group Gratuity Insurance Scheme of the Life Insurance Corporation of India.
- ii. Provident Fund: The employees of the Corporation are covered by the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Contributions to PF are accounted on accrual basis.
- iii. Leave encashment: The liability towards leave encashment is provided on accrual basis at the rate of one day's salary for eleven days duty subject to a maximum of 300 days' salary per employee.



g. KSRDB Pension.

During the year 2013-14 an amount of Rs.3.00Crore is received from Defunct KSRDB as per the Government Order in order to pay pension to Defunct KSRDB employees. This fund has been deposited in Sub Treasury Vellayambalam as per government order. The monthly interest from which is used for paying pension to employees in each month. The balance is kept in KSRDB pension payable account.

h. Taxes on income:

Tax expenses comprising of both current tax and deferred tax are considered in determining the networking results for the year. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amount that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on account of unabsorbed depreciation and carry forward losses are recognized only when there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Current tax is determined based on the provisions of Income Tax Act, 1961.

i. Taken Over Liability

The Corporation was following till the financial year 2010-11, the policy of accounting interest on Taken Over Liability ie. interest on amounts due from Neyyattinkara Municipality, Alappuzha Municipality, TRIDA, Defunct Development Authorities and North Parur on accrual basis even though these institutions did not pay any interest. Interest payable to HUDCO was accounted as expenses upto the financial Year 2010-11 as interest payable to HUDCO also considered in Taken Over Liability. The difference between the interest receivable from the aforesaid institutions and the interest payable to HUDCO was taken as the profit of the Company. As per Accounting Standard 9 of Companies (Accounting Standards) Rules 2006, such a treatment of income will not represent the true and fair view of the State of affairs of the Company. So, the Company changed its accounting policy regarding the recognition of income and expenses relating to Taken Over Liability and it was decided that the interest income and expenses relating to Taken Over Liability would be accounted only on realization basis from the financial Year 2011-12 onwards ie. from the financial year 2011-12 onwards the income from Taken Over Liability would not be recognized till its realization and interest payable to HUDCO would not be paid till the realization of interest from the concerned borrowers.

During 2014-15 Government of Kerala as per G.O.(Rt) No. 822/2015/LSGD dt. 20.03.2015 sanctioned Rs.25 Crore as loan assistance to the Company and the order stated that it will be adjusted future releases of the plan fund of the of the defunct Local Bodies. KURDFC remitted the whole amount to HUDCO as Principal Rs.18,74,86,746/- and interest Rs.6,25,13,254/- as per the OTS proposal of HUDCO Lr. No.HUDCO/TRO/Fin-51/KURDFC/1986. . As per the Company Principal overdue to HUDCO as on 31.03.2015 is Rs.10,69,51,619/-The reason for the difference is the remittances to HUDCO is allocated by them towards interest instead of principal as accounted by the Company.

j. Re-Classification of Current Liability

Till previous financial year the Company has shown the fund received from defunct KSRDB under the head of “Other Current Liabilities”. Since the obligation will not be arised with in a period of one year or a normal operating cycle, hence this has been reclassified as “Other Non-Current Liabilities”.



Note: 20- Notes to Accounts

1. Current Liabilities includes an amount of Rs. 1,21,15,000/- being the amount received from Government as seed capital during 1999-2000 for giving loan to urban Local Bodies at concessional rate of interest for the scheme of Solid Waste Management. Out of this an amount of Rs.10 lakhs has been disbursed as loan to Kozhikode Corporation at nominal rate of interest and another 25 lakhs has been disbursed to Varkala Municipality as interest free loan for their Solid Waste Management Scheme. Further ,the Company sanctioned loan ofRs.23,31,000/- to Tirur municipality, Rs. 30,00,000/-to Pala Municipality and Rs.26,48,026/- to Kalpetta Municipality during the year 2012-2013 which was still pending for disbursement and an amount of Rs.8,49,600 which was already been sanctioned to Kalpetta Municipality during 2012-2013 and it has been disbursed during the year 2013-14.
2. “Advances recoverable “includes an amount of Rs.16,70,000/- given to PWD Calicut on 26.02.2013 for repairing works of their Office Building at Calicut for which utilization certificate received for Rs.14,61,250/- during 2014-15 and refund from PWD Rs.208,750/-.
3. Interest receipts include an amount of Rs.270,13,946/- received by the Corporation being interest from loans advances classified as non-performing assets,not recognized in earlier years due to non-receipt.
4. Loans from HUDCO are guaranteed by Government of Kerala.
5. Details of payment made to Managing Director for the year under report are as under :-
 - Salaries & allowances : Rs. 10,39,042/- (Previous year Rs. 12,12,653/-)
 - Pension contribution : Rs.237,086/- (Previous year NIL)
 - Travelling allowance : Rs.19,630/- (Previous year Rs.31,702/-)
 - Training fee : NIL(Previous year Rs.36,000/-)
 - Medical Expense : NIL (Previous Year Rs.61,167/-)
6. The Corporation filed in the Sub Court, Kozhikode a suit against Sri. M.Somachandran, contractor, originally engaged by the corporation for the construction of office building at Kozhikode, for realizing the loss suffered by the corporation due to termination of his contract for non compliances of the terms of the contract .The case was decreed in favour of the corporation on 30.09.2001. Corporation filed the execution petition for realization of the dues in march 2003 in Vadakara Sub-Court .The court dismissed the execution petition on the ground that judgment debtor is residing in Mahe outside the jurisdiction of Vadakara Sub-court. Therefore ,they filed another execution petition before the sub-court, Vadakara for realization of the decree amount by attachment and sale of his fractional share of property .Action has been initiated for attachment and sale of his fractional share of property situated in Vadakara .This execution petition was filed on 11.01.2007 but the same was stayed by High Court of Kerala in RFA No.542/04 and CMCP 28/04 filed by Sri.M. Somachandran before the High court. Now the stay has been vacated by the High Court. Then he has submitted a petition before the Honorable High Court for a negotiation talk, Court permitted the same .Accordingly a negotiation talk was held the Managing Director represented the KURDFC.However,the Contractor was not appeared. The total loss to be recovered from Sri. M. Somachandran, Contractor as on 31.03.2017 is Rs. 52.36 lakhs.



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7. Since there is no stipulation for the payment of interest in the case of Central and State government assistance (included in current liabilities) no provision for payment of interest is made in the accounts.

8. The breakup of deferred tax assets /(liabilities) into major components of the respective balances are as follows:

Particulars	For 2015-16	For 2016-17	As on 31.03.2017
Depreciation	5,26,741	-5,01,654	25,087
Provision for leave encashment	(8,19,577)	10,12,873	1,93,296
Provision for NPA & Bad debts	(91,79,760)	64,62,443	(27,17,317)
Provision Against income recognized in the previous Financial Year is reversed	(7,15,033)	0	(7,15,033)
Disallowance under Section 40(a)(ia)	(24,632)	0	(24,632)
Disallowance under Section 43	(1,79,09,599)	0	(1,79,09,599)
Total	(2,81,21,860)	69,73,662	(2,11,48,198)

9. Basic and Diluted Earnings per Share:

Particulars	Current Year	Previous Year
Profit available to equity share holders	3,54,38,934	2,15,89,786.88
Weighted Avg. No. of Equity Shares	566,836	566,836
Basic and Diluted EPS	62.52	38.09
Nominal Value per Share	100	100

- Current years earning per share is calculated without considering the profit from taken over liability.

10. An amount of Rs.154.87 lakhs was deducted by HUDCO towards the default of principal and interest from 1st release of loan for 'One lakh Housing Scheme'. Out of this an amount of Rs.103.98 lakhs was subsequently released due to the revision of payment schedule on the basis of reconciliation of accounts between HUDCO and the corporation. Further an amount of Rs.1.49 lakhs was also recovered by HUDCO from the fixed deposit of the corporation. Thus the total amount adjusted in excess is Rs.52.38 lakhs (154.87-103.98+1.49). The Corporation requested HUDCO to Settle the issue while processing the reconciliation with their balances as per regional office Thiruvananthapuram. The regional office forwarded the request to their Head office Pending Settlement the amount of Rs.2,98,882 has been shown as 'Suspense Account' in Note 10 - to Balance Sheet.

11. An amount of Rs.70,87,787/- has been transferred from the profit & Loss Account to Statutory Reserve as per Section 45 IC of the Reserve Bank of India Act 1934.

12. Provision required to be made as per the Income Tax Act for payment of Income Tax is Rs.2,55,00,000/-



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13. Income tax assessments for the following Assessment years are pending .Breakup of the Income tax paid ,Provision for Income Tax are given below:

Assessment Year	Income Tax paid	Provision for Income Tax
2006-07	81,38,875	45,20,036
2008-09	109,88,068	82,25,000
2009-10	164,65,784	2,34,50,628
2011-12	139,74,819	428,99,845
2016-17	99,30,163	4,72,88,963
2017-18	127,59,012	255,00,000
Total	7,22,56,721	15,18,84,472

For the AY 2006-07 as per the Income Tax Computation statement total tax and interest payable is shown as Rs.(-)4336788 and interest under section 244 A is Rs.(-) 48,07,967 and total amount comes Rs.4,71,179.But in the computation statement the amount shown Rs.(-) 46,33,420 end by the Income Tax Department. Hence the matter is informed to the Assistant Commissioner of Income Tax and the matter is pending.

For the AY 2008-09 the company has filed revised return which is pending with the Income Tax Department.

For the AY 2009-10 the Company has filed an appeal against the Assessment Order before the Hon'ble Income Tax Appellate Tribunal.

For the AY 2010-11 a revision petition has filed U/s 264 of Income Tax since the Assessment Order based on the provisional accounts even though company later filed return based on the audited accounts.

For the AY 2011-12 The Income Tax Department recognized the un realized interest on HUDCO Taken Over Loan, however the interest expenses on the same not considered by the income tax department hence a request has been filed to rectify the same. The Company approached CBDT with a proposal for reassessment and to keep in abeyance of recovery proceedings. The matter is pending with Income Tax Department.

For the AY 2006-07 No Assessment order is received by the company from the Income Tax Authority hence the matter is pending.

14. The Company has taken Over from HUDCO the loan granted by them to Neyyattinkara Municipality & TRIDA having a balance of Rs.764.54 lakhs and Rs.833 lakhs respectively as on 31.03.2001 as per the agreement entered with them .The Corporation also entered into agreement with Neyyattinkara Municipality and TRIDA for this purpose , dealing the modes of repayment of their liability to the Corporation .But they failed to honor the terms of agreement and the Corporation could not remit the amount due to HUDCO on account of the above transaction .Subsequently HUDCO has agreed to waive the entire penal interest charged by them on the loan to Neyyattinkara Municipality and TRIDA and to treat the entire due as per the revised calculations as on 31.12.2002 as a fresh loan. Accordingly the loan amount due from Neyyattinkara Municipality and TRIDA as on 01.01.2003 were Rs.774.37 lakhs and Rs.798.01 lakhs respectively.



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The Company has also taken over the loans granted by HUDCO to Municipalities of Pathanamthitta, North Paravur and Alappuzha and the Defunct Development Authorities of Kasaragod, Kannur, Palakkad, Kottayam and Alappuzha having balance of Rs.134.23 lakhs, Rs.20.09 lakhs, Rs.53.05 lakhs, Rs.118.32 lakhs, Rs.225.56 lakhs, Rs.140.07 lakhs, Rs.178.04 lakhs and 166.74 lakhs respectively as on 31.12.2002.

The Company has not classified the above loans and advances as non performing assets considering the special nature of the loan transactions.

The interest income and expenses on the aforesaid loans up to 2010-11 was as follows:

Name of Borrower	Interest income recognized up to 31.03.2011	Interest received from 01.04.2011-31.03.2017	Balance as on 31.03.2017
Neyyattinkara Municipality	16,99,56,019	54,23,069	16,45,32,950
Alappuzha Municipality	6,33,395	0	6,33,395
TRIDA	6,44,99,007	15,31,937	6,29,67,070
DDA	4,18,32,821	1,01,13,444	3,17,19,377
North Paravur	98,038	98,038	0
Total	27,70,19,280	1,71,66,488	25,98,52,792

During 2016-17 Rs.61,90,513/- is received from DDA's and same is adjusted in the interest of DDA loan. Neyyattinkara Municipality has remitted Rs, 87,36,230/- during 2016-17 and the same is adjusted in the principal overdue of the taken over liability.

Name of the lenders	Interest balance to pay as on 31.03.2011	Interest paid from 01.04.2011-31.03.2017	Balance as on 31.03.2017
HUDCO	27,41,30,831	16,77,84,718	10,63,46,113

From 2011-12 onwards it was decided to change the policy of accounting regarding taken over liability as per Para-I of "significant Accounting Policies" and accordingly the income and expenses regarding the taken over liabilities as stated here is not taken into account for the calculation of profit of the Company. During the Financial Year 2017-18 HUDCO has furnished an OTS proposal to settle the dues of Neyyattinkara Municipality for Rs.335.20 lakh, Five Defunct Development Authorities Rs. 49.46 lakh and TRIDA for Rs.897 lakh. Subsequently, the dues Neyyattinkara Municipality, Five Defunct Development Authorities and TRIDA settled as per OTS proposal. However the full settlement is not yet completed, hence the same is not shown in the Books of Accounts of the reporting period.



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Name of the Borrower	Interest accrued taken over liability not accounted during the current year	Interest accrued on taken over liability not accounted up to 31.03.2017
Neyyattinkara Municipality	745,84,297	33,18,95,418
Alappuzha Municipality	201,797	870,320
TRIDA	3,40,76,117	155880157
DDA	2,84,17,058	12,77,58,325
Total	13,72,79,269	61,64,04,220
Total	12,08,53,048	48,38,06,311

Interest expenses relating to taken over liability not accounted is stated hereunder:

Name of Lender	Interest expense not accounted in current year	Interest expense not accounted up to 31.03.2017
HUDCO	6,74,32,364	41,81,83,545

15. A sum of Rs.47,68,40,296/- shown as ‘KSRDB, Trivandrum’ under “Other Non Current Liabilities”. Out of this, Rs.40,00,00,000 was received on 2008-09 and Rs. 489,81,910/-- during 2015-16 and the balance of Rs.278,58,386/- is the loan repayment from loanees of Defunct KSRDB. Once the entire process of taken over completes the company will consolidate the assets and liabilities in the books of accounts of the Company.

16. Disclosure on specified bank notes

Particulars	SBNs		Notes		Total	
	Denomination	Amount (Rs)	Denomination	Amount (Rs)	Denomination	Amount (Rs)
Closing balance as at 8 th November 2016	Nil	Nil	100*12	1200.00	100*12	1200.00
			50*1	50.00	50*1	50.00
			Coins	13.00	Coins	13.00
						1263.00

Transaction between 9th November 2016 and 30th December 2016

Particulars	SBNs		Notes		Total	
	Denomination	Amount (Rs)	Denomination	Amount (Rs)	Denomination	Amount (Rs)
Add:	0.00	0.00	100*17	1700.00	100*17	1700.00
Withdrawal from Bank			50*1	50.00	50*1	50.00
			10*3	30.00	10*3	30.00
			Coins	5.00	Coins	5.00



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Add: Receipts for permitted transactions	0.00	0.00	100*17 50*1 10*3 Coins	1700.00 50.00 30.00 5.00	100*17 50*1 10*3 Coins	1700.00 50.00 30.00 5.00
Add: Receipts for non permitted transactions (if any)	0.00	0.00	0.00	0.00	0.00	0.00
Less: paid for permitted transactions	0.00	0.00	100*16 10*5 Coins	1600.00 50.00 8.00	100*16 10*5 Coins	1600.00 50.00 8.00
Less: Paid for non permitted transaction (if any)	0.00	0.00	0.00	0.00	0.00	0.00
Less: Deposited in Bank accounts	0.00	0.00	0.00	0.00	0.00	0.00
Closing balance as at 30th December, 2016			100*13 50*1 10*4	1300.00 50.00 40.00	100*13 50*1 10*4	1300.00 50.00 40.00

17. The liability in respect of excess remittance of ULB's, GP, CDS and HUDCO are as follows.

- 1) ULBs - 4,36,688/-
- 2) GP - 1,946/-
- 3) HUDCO - 4,12,177/-
- 4) CDS - 33,249/-

For and on behalf of the Board			As per our report of even date
MT Joseph Chairman	Sd/	-	For M/s Jayan and Krishnankutty Chartered Accountants FRN.012958
A. Ajith Kumar IAS (Retd) Managing Director	Sd/	-	Sd/- M.Jayan Partner No.19488
Yamuna V Director	Sd/-		
Thiruvananthapuram Dated:19.12.2018			Ernakulam Dated:28.01.2019