

TBT & Company
Chartered Accountants

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34/1199, (RAMP No 44)
"Rajagiri", Pipeline Road,
Malaparamba,
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INDEPENDENT AUDITORS REPORT

To

**The Members of
Kerala State Minorities Development Finance Corporation Limited.**

Report on the Financial Statements

We have audited the accompanying Financial Statements of Kerala State Minorities Development Finance Corporation Limited ("the Company") which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements:

The Company's Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") read with the General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers the internal control relevant to the company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read together with the other notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India.

- a. In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March 2014
- b. In the case of Statement of Profit and Loss, of the Loss for the period ended on that date; and
- c. In the case of Cash Flow Statement, of the cash flows of the company for the period ended on that date

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

- (b) In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) Being a Government Company, in our opinion disqualification of directors as per section 274 (1) (g) of the Companies Act 1956 do not apply to the Corporation as per notification No.GSR 829(E) dated 21/10/2003 issued by the Dept of Company Affairs.

Kozhikode
Dated: 07-09-2015

For T B T & Company
Chartered Accountants

Sd/-
T.B.Thomas.PGDCA, MBA, FCA, DISA (ICAI)
Partner, M.No.019368
FRN.008908S

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory requirements" of our report of even date

(1) In respect of its fixed assets:

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us the fixed assets have been physically verified by the Management during the year. The frequency of verification in our opinion is reasonable having regard to the size of the company and nature of its assets.
- (c) The Company has not disposed off of the fixed assets during the year and the going concern status of the Company is not affected.

(2) In respect of loans granted and taken to / from parties covered in the register maintained u/s 301 of the Companies Act, 1956 ("the Act")

- (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Act.
- (b) 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 Act.

(3) In respect of internal control

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business.

(4) In respect of contracts or arrangements need to be entered into a register maintained u/s 301 of the Act.

According to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of the Act that need to be entered into the Register required to be maintained in pursuance of Section 301 of the Act. In view of the above, clause 4(v)(b) is not applicable.

(5) In respect of internal audit system: The company has an internal audit system commensurate with its size and nature of its business.

(6) In respect of statutory dues

- (a) The Company is generally regular in depositing the undisputed statutory dues.

(7) In respect of accumulated losses and cash losses

The Company has incurred cash losses during the financial year covered by our audit. As this is the 1st Closing of Accounts there is no accumulated loss or cash loss during the preceding financial year.

(8) In respect of dues to financial institution / banks / debentures

The company has not defaulted in repayment of dues to financial institutions or banks.

(9) In respect of application of term loans

The company has not availed term loans during the year

(10) In respect of fraud

In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

(11) As per the information and explanations given to us and taking into consideration the nature of business of the Corporation, we are of opinion that the following clauses of CARO 2003, issued by the Central Government are not applicable to the Corporation.

Clause No	Clause relating to	Reason
(ii)	Physical verification of inventory	No inventory
(vi)	Acceptance of Deposit from the public	No deposits from the public
(vii)	Maintenance of Cost Records	Not prescribed
(xii)	Loans granted on the basis of security by way of pledge of shares, debentures and other securities	No such loans
(xiii)	Compliance of special provisions applicable to Chit Fund, Nidhi, Mutual Benefit Fund, Society etc.	Such provisions do not apply to the Company
(xiv)	Trading Shares, debentures, securities and other investments.	Not applicable

(xv)	Guarantee given for loans taken by others from bank or financial institutions	No such cases
(xvii)	Utilisation of funds raised on short term basis	No such cases
(xviii)	Preferential allotment of shares to the parties covered in the register maintained under section 301 of the companies Act,1956	Company has not issued any shares during the year
(xx)	Disclosure on end use of money raised by public issue	No public issue

Kozhikode

Dated: 07-09-2015

For T B T & Company
Chartered Accountants

Sd/-

T.B.Thomas.PGDCA, MBA, FCA, DISA (ICAI)

Partner, M.No.019368

FRN.008908S

Kerala State Minorities Development Finance Corporation Limited
Balance Sheet as at 31st March 2014

Particulars	Note No.	Figures as at 31st March 2014
I EQUITY & LIABILITIES		
(1) Share Holders Funds		
(a) Share Capital	2	92,000,000.00
(b) Reserves & Surplus	3	(3,530,982.14)
(2) Current Liabilities		
Other Current Liabilities	4	690,799.00
Total		89,159,816.86

Particulars	Note No.	Figures as at 31st March 2014
II ASSETS		
(1) Non Current Assets		
(a) Fixed Assets		
(i) Tangible Assets	5	2,929,450.67
(b) Deferred Tax Assets	6	0.00
(2) Current Assets		
(a) Cash & Cash Equivalents	7	80,767,869.00
(b) Other Current Assets		
(i) Deposits and Advances	8	44,269.19
(ii) Pre Incorporation Expenses	9	5,418,228.00
Total		89,159,816.86

Sd/-
 Mohammed Haneefa Perincheeri
 Managing Director
 DIN : 06427507

As per our report of even date

For T B T & Company
 Chartered Accountants

For and on behalf of the Board
 Sd/-
 Cherkalam Abdullah
 Chairman
 DIN : 02359275

Sd/-
 T.B.Thomas, PGDCA, MBA, FCA, DISA (ICAI)
 FRN.008908S, M.No.019368
 Partner.

Kozhikode
 Dated: 07-09-2015

Kozhikode
 Dated: 07-09-2015

Kerala State Minorities Development Finance Corporation Limited
Statement of Profit & Loss for the period ended 31st March 2014

	Particulars	Note No.	Figures as at 31st March 2014
1	Other Income	10	6,020.00
2	Total Revenue		6,020.00
3	Expenses		
(a)	Employee benefit expenses	11	1,652,008.00
(b)	Depreciation	5	435,362.33
(c)	General Charges	12	1,449,631.81
	Total Expenses		3,537,002.14
4	Profit/(Loss) before Tax		(3,530,982.14)
5	Tax Expense		0.00
6	Profit/(Loss) after tax		(3,530,982.14)

Sd/-

Mohammed Haneefa Perincheeri
Managing Director
DIN : 06427507

As per our report of even date

For T B T & Company
Chartered Accountants

For and on behalf of the Board

Sd/-

Cherkalam Abdullah
Chairman
DIN : 02359275

Sd/-

T.B.Thomas, PGDCA, MBA, FCA, DISA (ICAI)
FRN.008908S, M.No.019368
Partner.

Kozhikode

Dated: 07-09-2015

Kozhikode

Dated: 07-09-2015

Kerala State Minorities Development Finance Corporation Ltd
Cash Flow Statement for the period ended 31-03-2014

	Amount (Rs)	Amount (Rs)
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from operations		(3,530,982.14)
ADJUSTMENT FOR:		
Depreciation	435,362.33	(3,095,619.81)
OPERATING PROFIT BEFORE WORKING CAPITAL ADJUSTMENT		
ADJUSTMENT FOR:		
Other Current Assets - Deposits and Advances	(44,269.19)	
" Pre Incorporation Expenses	(5,418,228.00)	
Current Liabilities and Provisions	690,799.00	(4,771,698.19)
CASH GENERATED FROM OPERATIONS		(7,867,318.00)
NET CASH FLOW FROM OPERATING ACTIVITIES		(7,867,318.00)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets		(3,364,813.00)
NET CASH FLOW FROM INVESTING ACTIVITIES		(3,364,813.00)
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital		92,000,000.00
NET CASH FLOW FROM FINANCING ACTIVITIES		92,000,000.00
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		80,767,869.00
D CASH AND CASH EQUIVALENTS		
OPENING CASH AND CASH EQUIVALENTS		0.00
CLOSING CASH AND CASH EQUIVALENT		80,767,869.00

Sd/-

Mohammed Haneefa Perincheeri
Managing Director
DIN : 06427507

As per our report of even date

For T B T & Company
Chartered Accountants

For and on behalf of the Board

Sd/-

Cherkalam Abdullah
Chairman
DIN : 02359275

Sd/-

T.B.Thomas, PGDCA, MBA, FCA, DISA (ICAI)
FRN.008908S, M.No.019368
Partner.

Kozhikode

Dated: 07-09-2015

Kozhikode

Dated: 07-09-2015

Notes:

- 1 Cash and Cash Equivalents include cash in hand
- 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