



# KPB Nidhi Ltd.

Erstwhile "Kerala Permanent Benefit Fund Limited"  
Approved by Govt. of India .ESTD 1989 . CIN: U65991KL1989PLC005448

Registered Office: KPBF Mandir, Sangeetha Sabha Road  
Aluva - 683 101, Kerala Phone: 04842922000, 2922060  
Email: headoffice@kpbnidhi.com, Website: www.kpbnidhi.com

# 29<sup>th</sup>

## Annual Report 2017-18





# ANNUAL GENERAL MEETING 2017 AT BALABHADRA AUDITORIUM, ALUVA



कर्मण्येवाधिकारस्ते  
माफलेषुकदाचन  
माकर्मफलहेतुरभू :  
मातेसङ्गोस्त्वकर्मणि  
-भगवद्गीता

**You have the right to perform  
your actions, but you are not  
entitled to the fruits of the actions.  
Never consider yourself to be the  
cause of the fruit of your actions  
and never be attached  
to not doing your duty.**  
-Bhagavad Geetha



# STAFF MEET 2018 AT BHASKAREEYAM, KOCHI





# ***KPB Nidhi Ltd.***

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# **29<sup>TH</sup>**

# **ANNUAL REPORT**

# **2017-18**

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## List of Branches

Name & Address	Phone No.
1. <b>Adimaly:</b> 1 <sup>st</sup> Floor, Kannatt Shopping Complex, Kallarkutty Road .....	0486-4217497
2. <b>Adoor:</b> Chittundayil Tower, Near Federal Bank,Adoor-691523 .....	04734-220202
3. <b>Alathur:</b> Ground Floor, A.R. Mall, Swathi Nagar .....	0492-2222857
4. <b>Aluva:</b> N.S.S. Union Building,Palace Road .....	0484-2622308
5. <b>Ambalapuzha:</b> Ist Floor, Plakkudy Complex, Temple Road .....	0477-2273717
6. <b>Angamaly:</b> 1 <sup>ST</sup> Floor, Edacheril Complex, Manjapra Road .....	0484-2454521
7. <b>Athani:</b> Tholanikunnel House, Alfa Arcade .....	0484-2477320
8. <b>Chalakudy:</b> Suprabha Complex, Opp. Municipal Bus Stand .....	0480-2709940
9. <b>Chandranagar:</b> 1 <sup>st</sup> Floor, Ram Arcade, Opp. Bharath Matha School .....	0491-2570857
10. <b>Changanasserry:</b> 1 <sup>st</sup> Floor,Nediakalaparambil Building .....	0481-2422344
11. <b>Chavakkad:</b> N.K.Complex, Opp. Municipal Bus Stand .....	0487-2502001
12. <b>Chengannur:</b> R.K. BUILDING, MK Road .....	0479-2450252
13. <b>Cherai:</b> M.M.Building, Devaswam Nada .....	0484-2416367
14. <b>Cherpu:</b> 1 <sup>st</sup> Floor, Malithu Tower, Thayamkulangara .....	0487-2344990
15. <b>Cherpulassery:</b> Reshmi Medical Building .....	0466-2284857
16. <b>Edappally:</b> National Nandanam, Palace Road .....	0484-2340859
17. <b>Ernakulam:</b> Nirvriti, Ammankoil Raod .....	0484-2371421
18. <b>Erattupetta:</b> 1 <sup>st</sup> Floor, Kunnakkattu Building,Near Police Station .....	0482-2275657
19. <b>Ettumanoor:</b> Manakkaparambil Building, Ettumanoor .....	0481-2534748
20. <b>Haripad:</b> 1 <sup>st</sup> Floor, SNDP Union Building, Near Kacheri Junction .....	0479-2412207
21. <b>Irinjalakuda:</b> 1 <sup>st</sup> Floor, kattoor Bypass Road, Irinjalakuda .....	0480-2831345
22. <b>Kalady:</b> Surya Super Bazar Shopping Complex .....	0484 2698282
23. <b>Kanhangad:</b> Krishna Complex, Ramnagar Road .....	0467-2209844
24. <b>Kannur:</b> LIC Road, Dilshe Tower .....	0497-2702921
25. <b>Kodakara:</b> 1 <sup>st</sup> Floor, Near Govt.L.P.School .....	0480-2722335
26. <b>Kodungallur:</b> E.K.S.Building, South Nada .....	0480-2808199
27. <b>Kolencherry:</b> 1 <sup>st</sup> Floor, Room No.171, VPC & Sons Building .....	0484-2762971
28. <b>Kollam:</b> Thalamadom Building, Kilikolloor .....	0474-2731034
29. <b>Kollam 2<sup>nd</sup>:</b> 1 <sup>st</sup> Floor,Rajamandiram,Ammachiveedu, Kollam .....	0474-2792555
30. <b>Kothamangalam:</b> Ilpha Complex, Opp.Govt.Hospital .....	0485-2823312
31. <b>Koothattukulam:</b> Trinity Arcade, Bye Pass, Jewel Junction .....	0485-2250508
32. <b>Kottarakkara:</b> XVII/792,1 <sup>st</sup> Floor, Ajmal Building, Chandamukku .....	0474-2454170
33. <b>Kottayam:</b> Jayasree Building, Temple Road .....	0481-2582310
34. <b>Koyilandy:</b> DeriaTower, Room No.28/424, A12 & 13 .....	0496-2624322
35. <b>Kozhikkode:</b> Rahmath Mahal Buliding, Kallai Road .....	0495-2304727

36. <b>Kunnamangalam:</b> 1 <sup>st</sup> Floor, Achoos Building .....	0495-2800716
37. <b>Kunnamkulam:</b> 1 <sup>st</sup> Floor, Chorus shopping Complex, Guruvayur Road .....	0488-5210830
38. <b>Kuruppumpady:</b> 1 <sup>st</sup> Floor, Palakkapilly Building, A.M.Road .....	0484-2591699
39. <b>Manjeri:</b> Priya Buildings, Court Gate .....	0483-2762409
40. <b>Mannar:</b> 1 <sup>st</sup> Floor, Lavanya, Near Private Bus Stand, Mannar .....	0479-2313223
41. <b>Mattancherry:</b> N.S.S.Karayoga Mandiram, T.D.Road .....	0484-2210087
42. <b>Mavelikkara:</b> Thomas Korah Building, A.R. Junction .....	0479-2341034
43. <b>Mulamthuruthy:</b> Pulimoottil Building, Opp.North Malabar Bank .....	0484-2741530
44. <b>Muvattupuzha:</b> 1 <sup>st</sup> Floor, Imperial Plaza, Velloorkunnam .....	0485-2811033
45. <b>Nayarambalam:</b> 1 <sup>st</sup> Floor, Nayar Karayogam Building .....	0484-2494111
46. <b>Nenmara:</b> UB Arcade, Main Road, Nenmara - 678508 .....	04923-242243
47. <b>North Paravoor:</b> Vyapara Bhavan, Chendamangalam Junction .....	0484-2447896
48. <b>Olarikkara Thrissur:</b> Sathya Shopping Complex .....	0487-2363979
49. <b>Ollur:</b> 1 <sup>st</sup> Floor, Valiyakath Tower, Police Station Road .....	0487-2354670
50. <b>Ottapalam:</b> 1 <sup>st</sup> Floor, White mount building, Main Road .....	0466-2245857
51. <b>Pala:</b> 1 <sup>st</sup> Floor, Anna Arcade, Chethimattom .....	0482-2212699
52. <b>Palakkad:</b> 1 <sup>st</sup> Floor, Maruthi Arcade, Opp. Hadhee Pharma .....	0491-2500857
53. <b>Palluruthy:</b> Thulaseedhalam Building, Marunnukada Stop .....	0484-2238840
54. <b>Paravoor Kavala:</b> 1 <sup>st</sup> Floor, Menacheri Tower, Paravur Kavala .....	0484-2603355
55. <b>Parli:</b> Ground Floor, Preetha Complex .....	0491-2857857
56. <b>Pattambi:</b> Room No. 189, Ground Floor, Trade Centre .....	0466-2211577
57. <b>Perinthalmanna:</b> 1 <sup>st</sup> Floor, New K P S Tower Building .....	04933-224666
58. <b>Perumbavoor:</b> Darshan Chambers, Velappas Jewellery Complex .....	0484-2520009
59. <b>Piravom:</b> Ground Floor, Karaikkattu Building .....	0485-2242575
60. <b>Pukkattupady:</b> Kalathil Building, Bye Pass Road, Edathala .....	0484-2681250
61. <b>Punalur:</b> 1 <sup>st</sup> Floor, Shanmughavilasam Building, Main Road .....	0475-2220650
62. <b>Pudunagaram:</b> 1 <sup>st</sup> Floor, ACM Complex, Peruvembra Road .....	04923-251911
63. <b>Sasthamangalam:</b> Chembakassery, Sreerangam Lane .....	0471-2721715
64. <b>Thalassery:</b> 1 <sup>st</sup> Floor, Super Steel Building, Goodshed Road .....	0490-2343580
65. <b>Thiruvallam:</b> 1 <sup>st</sup> Floor, TC 48/1059(5), Lekshmi, Ambalathara .....	0471-2384859
66. <b>Thodupuzha:</b> E.A.P.Gardens, Kanjiramattom Bye-pass Road .....	0486-2223817
67. <b>Thriprayar:</b> 1stFloor, Asna Shopping Complex, Nattika .....	0487-2394180
68. <b>Thrissur Main:</b> Lakshmi Kalyanamandapam Building .....	0487-2443330
69. <b>Trivandrum:</b> Mony Bhavan, Pandarathope Lane .....	0471-2478075
70. <b>Tirur:</b> 1 <sup>st</sup> Floor, Thettammal Building, G.H. Road .....	0494-2423250
71. <b>Tripunithura:</b> 1 <sup>st</sup> Floor, Stephen's Arcade Building .....	0484-2114875
72. <b>Vadanappilly:</b> 1 <sup>st</sup> Floor, Hayath Shopping Complex .....	0487-2606774
73. <b>Vazhukulam:</b> Nellikkunnel Complex, Opp. St. George Hospital .....	0485-2261006
74. <b>Wadakkanchery:</b> 1 <sup>st</sup> Floor, Karuvettingal Opp. Dist. Hospital .....	0488-4232123



## BOARD OF DIRECTORS

**Sri. A R Mohanan - Chairman**  
(Social Activist and Ex Bank Official)

**Sri. K. Muraleedharan – Managing Director**  
(Retd AGM, Indian Bank)

**Sri. M.S. Padmanabhan Nair**  
(Chartered Accountant, Kottayam)

**Sri. K.K. Balaram**  
(Advocate, Kannur)

**Sri. Jayaprakash Valiathan**  
(Retd Marine Engineer, Mavelikkara)

**Sri. P. Rajkumar**  
(Chartered Accountant, Aluva)

**Sri. M.A. Vasudevan Namboothiri**  
(Retd.DGM, Hindustan Newsprint Ltd.)

**Sri. G. Rajan Nair**  
(Industrialist, Poyilakada Group, Kollam)

**Sri. P. Viswaroopan**  
(Managing Director, Janam TV, Aluva)

### REGISTERED OFFICE

No. VIII/441(1) KPBF Mandir  
Sangeetha Sabha Road, Aluva  
Ernakulam - 683 101  
Phone: 0484 – 2922000/2922060  
E-Mail: headoffice@kpbnidhi.com

### STATUTORY AUDITORS

- (1) Sri. Damodaran P, Paravattathu Mana,  
Urakam P.O, Trichur District  
Thrissur - 680562
- (2) Sri. Vinay N Pisharady, Pothiyil Pisharam  
Marampilly P O, Aluva - 683107

### GENERAL MANAGER

Smt. Jayalakshmi P (CFO)  
(Retd. AGM, Federal Bank)

### COMPANY SECRETARY

Kum. Chinchu George, ACS  
  
Sri. M. Vasudevan, FCS  
(Practising Company Secretary)

### OTHER EXECUTIVES

#### At Head Office

Dy. General Manager	:	Sri. A. Rajendran (Administration)
Dy. General Manager	:	Sri. E.P. Gopakumar (Credit)
Asst. General Manager	:	Sri. K.G. Suresh (Accounts)
Asst. General Manager	:	Sri. Madhu G Nair (Business Development)
Asst. General Manager	:	Sri. Unnikrishnan T Menon (Inspection)
Asst. General Manager	:	Sri. K. Gopalakrishnan (Vigilance)

**Regional Heads**

Dy. General Manager, Kottayam Region	:	Sri. K Vijayakumaran Nair
Dy. General Manager, Palakkad Region	:	Sri. Sethumadhavan N
Asst. General Manager, Thrissur Region	:	Sri. T.K.Venugopalan
Asst. General Manager, Kannur Region	:	Sri. Koran Karippadakkan
Asst. General Manager, Ernakulam & Muvattupuzha Region	:	Sri. Anandasiva Sarma
Asst.General Manager, Trivandrum Region	:	Sri. Sethunath K S

**BANKERS**

Dhanlaxmi Bank  
State Bank of India

Axis Bank

**COMMITTEES****Audit Committee**

Sri. M.S.Padmanabhan Nair - Chairman  
Sri. M.A.Vasudevan Namboothiri  
Sri. Jayaprakash Valiathan

**Stakeholders Relationship Committee**

Sri. Rajan Nair G (Chairman)  
Sri. P.Rajkumar  
Sri. A.R.Mohanam

**Nomination, Remuneration & HR Committee**

Sri. K.K. Balaram - Chairman  
Sri. Jayaprakash Valiathan  
Sri. M.S. Padmanabhan Nair

**Credit Committee**

Sri. P Rajkumar (Chairman)  
Sri. M.A.Vasudevan Namboothiri  
Sri. Jayaprakash Valiathan

**Asset Liability Management Committee**

Top Executives at Head Office

PERFORMANCE AT A GLANCE								
(Rs. in lakhs)								
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
1	Paid up capital and Reserves	249.36	390.52	559.32	741.99	854.07	1,245.29	1,600.87
2	Deposit	4433.68	7334.55	10998.18	13,504.50	16,175.53	20,613.23	26,523.03
3	Advance	4086.01	6140.42	7939.81	8,406.92	12,276.66	17,293.67	22,961.81
4	Profit Before Tax	41.18	93.91	92.46	(433.05)	(63.59)	63.73	151.32
5	Net owned Fund	249.36	390.52	559.32	741.99	854.07	1,245.29	1,600.87
6	No. of branches	25	40	54	61	65	69	72
7	No. of Staff	113	181	223	239	288	309	335
8	Business per Employee	75.39	74.45	84.92	91.68	98.79	122.68	147.72

## NOTICE

Notice is hereby given that 29<sup>th</sup> (Twenty Ninth) Annual General Meeting of the members of **M/s. KPB Nidhi Limited** (Erstwhile Kerala Permanent Benefit Fund Limited) will be held at **Balabhadra Auditorium**, near Sree Krishna Swami Temple, Temple Road, Aluva, Kerala -683101 at 3:30 PM on 26<sup>th</sup> September 2018 (Wednesday) to transact the following business:

### A) Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March 2018 and the Profit and Loss Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri.K K Balaram, (DIN: 01037982) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri.P Rajkumar, (DIN: 02870764) who retires by rotation and being eligible, offers himself for re-appointment.

### B) Special Business

4. To consider, and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution for Regularization of Additional Director:

**“RESOLVED THAT** pursuant to 160 & 161 of the Companies Act, 2013 and any other applicable provision (including any modification or re-enactment thereof), if any, of the Companies Act, 2013, Sri. P Viswaroopan (DIN- 00256061) who was appointed as an Additional Director in the meeting of the Board of Directors held on 25<sup>th</sup> September 2017 and whose term expires at the ensuing Annual General Meeting of the Company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the director be and is hereby appointed as director of the Company.”

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197,203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and subject to such other approvals, as may be necessary, consent of the Members be and is hereby accorded to the appointment of Sri. K Muraleedharan (DIN: 08041126) as the Managing Director of the Company for a period of Two years with effect from 1<sup>st</sup> February 2018 on terms and conditions including remuneration as given below.

- i. Basic Salary : Rs. 7,80,000.00 per annum
- ii. House Rent Allowance : Reimbursement of Rent not exceeding Rs.180000 per annum, if a furnished house at Aluva is taken on lease for residential purpose of MD. If furnished house is not available House Rent Allowance shall be limited to
  - (a) Rs. 1,20,000/- per annum, in which case Furniture upto Rs. 3,50,000 may be acquired by the Company or
  - (b) Rs. 1,50,000 per annum in which case Furniture upto Rs. 2,00,000 may be purchased by the Company
- iii. Reimbursement of residential telephone bill and mobile phone bill and one Business Newspaper charges



- iv. Variable Pay to be paid as decided by the Board.
- v. All other terms and conditions of his employment be decided by the Board.

**“RESOLVED FURTHER THAT** Sri. K Muraleedharan in the capacity of Managing Director will be entrusted with the powers, authorities, functions, duties, responsibilities etc. by Board of Directors of the company, from time to time.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary, proper and expedient for the purpose of giving effect to this resolution.”

6. To authorize Board of Directors to appoint Branch Auditors and to fix their remuneration by passing the following resolution, with or without modification(s), as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to section 143(8) of the Companies Act, 2013, the accounts for the year ending 31<sup>st</sup> March, 2019 of the Company’s branch offices be audited by such persons, other than the Company’s Auditor, as are qualified for appointment as Auditors of the Company under section 139 of the Companies Act, 2013, and the Board of Directors be and is hereby authorized to appoint such Branch Auditors in consultation with the Company’s Auditor and on such terms and conditions and on such remuneration as may be fixed by the Board.

7. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, consent of the Members be and is hereby accorded for the appointment of Sri. M A Vasudevan Namboothiri (DIN 05102284), as an Independent Director of the Company for a period of Four Years with effect from 26.09.2018, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment.”

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Sections 62, other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) and re-enactment(s) thereof for the time being in force) and the rules framed there under, consent of the Members be and is hereby accorded to increase the Authorized Share Capital of the Company from the present Rs. 25,00,00,000 (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crore Fifty Lakhs only) equity shares of Rs. 10/- (Rupees Ten only) each to Rs. 35,00,00,000 (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three Crore Fifty Lakhs only) equity shares of Rs. 10/- (Rupees ten only) each.

**FURTHER RESOLVED THAT** Sri. K Muraleedharan, Managing Director of the Company be and is hereby authorized to do all such act(s), deed(s) and things including all forms, documents filing with Registrar of Companies as may be necessary and incidental to give effect to the aforesaid Resolution.”

By the order of the Board

For M/s. KPB Nidhi Limited

K. Muraleedharan  
Managing Director  
(DIN: 08041126)

Aluva  
14.08.2018

**Notes: -**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy/ proxies to attend and vote on a poll instead of himself/herself and such proxy/ proxies need not be a member of the Company. Duly completed instrument of proxies in order to be effective must be reached the registered office of the Company not less than 48 hours before the scheduled time of meeting.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the share capital of the Company, provided a member holding more than 10% of the total share capital may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.
3. Notice of this Annual General Meeting, Audited Financial Statements for the Financial Year 2017-18 along with Directors' Report and Auditors' Report are available on the website of the Company [www.kpbnidhi.com](http://www.kpbnidhi.com), under 'Financial Performance' in 'Corporate' Menu and also available in 'Notice' in Corporate Menu.
4. For the convenience of the members and for proper conduct of the meeting, entry to the place of the meeting **will be regulated by the attendance slip**, annexed to the Proxy Form. Members/ Proxies are requested to bring the attendance slip and hand it over at the counters of the venue.
5. **As per the guidelines of Ministry of Corporate Affairs, SEBI and as per Secretarial Standards issued by the Institute of Company Secretaries of India, no gifts/coupons are to be given to the shareholders on the occasion of Annual General Meeting. Hence no gifts will be given to the shareholders during this meeting.**

## **Explanatory Statement**

(Pursuant to section 102 of the Companies Act, 2013)

**Item No. 2****Brief Profile of Sri. K K Balaram**

Sri. K K Balaram, aged 64, Non-Executive Director of our Company is a Commerce & Law Graduate. He is practicing as Civil Lawyer in the District Court & Other Court of Kannur District for the past 40 years. He is a member of Bar Council of Kerala & was Vice Chairman of the Bar Council of Kerala from 2000 to 2002. Presently Director of Sree Bakthi Samvardini Yogam, which is a society registered under the Societies Registration Act and which runs an Engineering College (Sreenarayana Gurukulam College of Engineering) and a CBSC School (SN Vidya Mandir), Kannur etc. He holds 16,725 Equity Shares of the Company.

**Item No. 3****Brief Profile of Sri. P. Rajkumar**

Sri. P Rajkumar, aged 55, Non-Executive Director of our Company is member of The Institute of Chartered Accountants of India and is practicing with an experience of 29 years. He holds 25,651 Equity Shares of the Company.

**Item No. 4**

Board of Directors of the Company with the recommendation of Nomination & Remuneration Committee has appointed Sri. P Viswaroopan as Additional Director from 25<sup>th</sup> September 2017 and he holds office of the Director till the conclusion of the ensuing Annual General Meeting. Accordingly, in terms of the requirements of the provisions of Companies Act, 2013 approval of the members of the Company is required for regularization of Sri. P. Viswaroopan as Director of the Company. He holds 5,49,000 Equity Shares of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Sri. P Viswaroopan is concerned or interested, financial or otherwise, in the resolution set out as Item No. 4.

The Board recommends the resolution set forth in Item No. 4 for the approval of the members.

**Brief Profile of Sri. P Viswaroopan**

Sri. P Viswaroopan, aged 64, Non-executive Director of our Company is a businessman currently owning businesses in the United Arab Emirates and India who has expertise in the fields of Construction, NBFCs, Trading and Visual Media Communication. He is the Managing Partner of Eagle Stationery in UAE and Sole Proprietor of Ruby Stationery, one of the reputed firms in the field of business in Abu Dhabi, U.A.E and Symbol Computers LLC. He is the Managing Director of Devotees Enterprises Ltd, Thrissur and Janam Multimedia Limited. He is the owner of two other firms, namely Diyya Enterprises and Symbol Productions. Recently, elected as the President of Vrindavan Co-operative Society Ltd, an upcoming venture of chain of restaurants and Micro Finance. He is also a trustee of Sabari Saranasramam Trust and promoter trustee of Janam Souhrudavedi.

**Item No. 5**

Due to personal and technical reasons Sri. T S Jagadeesan, Managing Director has resigned from the Board of Directors as on 31.01.2018 and the Board of Directors at its meeting held on 11<sup>th</sup> January 2018, appointed Sri. K Muraleedharan (DIN: 08041126) as Managing Director of the Company with effect from 1<sup>st</sup> February 2018 for a period of 2 years on the basis of recommendation of Nomination & Remuneration Committee and subject to approval of the shareholders. He holds 5010 Equity Shares of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Sri. K Muraleedharan is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

The Board recommends the resolution set forth in Item No. 5 for the approval of the members.

**Brief Profile of Sri. K Muraleedharan**

Sri. K Muraleedharan, aged 65, is a Banker, retired as Deputy Zonal Manager from Indian Bank, after serving for 37 years. He is Post Graduate in Chemistry. He worked as Deputy General Manager and General Manager in M/s. KPB Nidhi Limited for last 3.5 years.

**Item No. 6**

The Company has 74 branches in Kerala and may also open new branches in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches. The Members are requested to authorize the Board of Directors of the Company to appoint branch auditors in consultation with the Company's Auditors and fix their remuneration.

No Director, Manager, other key managerial personnel and relatives of the same are concerned or interested in the passing of this Resolution.

The Directors recommend the Resolution No. 6 set out in the Notice for the approval of the Members.

**Item No. 7**

Pursuant to the provisions of section 149 of the Companies Act 2013 and the recommendation of Nomination & Remuneration Committee the Board of Directors has, by a resolution passed at its meeting held on 14<sup>th</sup> August 2018, recommended to the shareholders that Sri. M A Vasudevan Namboothiri, Director (DIN: 05102284) be appointed as an Independent Director of the Company for a term of Four years from 26<sup>th</sup> September 2018.

Sri. M A Vasudevan Namboothiri & his relatives hold 2,48,275 Equity Shares of the Company.

In the opinion of the Board, Sri. M A Vasudevan Namboothiri fulfills the conditions specified in the Act and except for the above mentioned shareholding, he is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. M A Vasudevan Namboothiri as an Independent Director. Accordingly, the Board recommends passing of the Resolution at Item No. 7 of the Notice as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Sri. M A Vasudevan Namboothiri is concerned or interested, financial or otherwise, in the resolution set out at Item No.7.

The Board recommends the resolution set forth in Item no. 7 for the approval of the members

### Brief Profile of Sri. M A Vasudevan Namboothiri

Sri. M A Vasudevan Namboothiri, aged 66, holds a degree of BSC Engineering (Electrical). He also holds Graduation in Industrial Engineering and has 32 years of relevant experience in Hindustan Newsprint Limited as Deputy General Manager. He was in charge of Human Resources, Man Power Development, Human Resources Reduction, Industrial Engineering Activities and Incentive Schemes. In addition, he was in the Committee of Spiritual Institution of Thantra Vidya Peedam, Saraswathy Vidya Mandir & VSM Hospital. He is our Director Board member from 2012. He is also the Director of Mookambika Technical Campus, Muvattupuzha & Sreevalsam Medical College, Edapal.

### Item No. 8

The Company was formed with an authorised capital of Rs.25,00,00,000 (Rupees Twenty-Five crores Only) comprising of 2,50,00,000 equity shares of Rs.10 each.

Over the years, the volume of business has been increasing constantly and the company has also embarked upon expansion plans. In order to expand the capital base, it is now proposed to increase the authorised equity share capital from the existing limit of Rs.25,00,00,000/- (comprising 2,50,00,000 equity shares of Rs. 10/- each) to Rs.35,00,00,000/- (comprising 3,50,00,000 equity shares of Rs.10/- each) .

The Directors recommend the Resolution No.8 set out in the Notice for the approval of the Members.

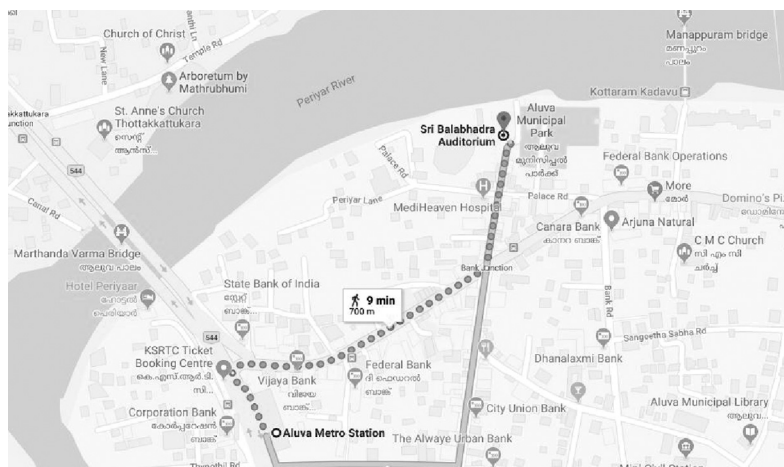
No Director, Manager, other key managerial personnel and relatives of the same are concerned or interested in the passing of this Resolution.

By the order of the Board  
For M/s. KPB Nidhi Limited

K. Muraleedharan  
Managing Director  
(DIN: 08041126)

Aluva  
14.08.2018

**Route Map & Land Mark**  
29<sup>th</sup> AGM on Wednesday, 26<sup>th</sup> September 2018, at 3.30 pm  
**Sri Balabhadra Auditorium**





## DIRECTORS' REPORT

### Dear members,

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report on the Business and operation of your Company along with the audited Financial Statements and the Auditor's Report for the Financial Year ended 31<sup>st</sup> March, 2018.

### Financial Summary or Highlights

The following table shows the operational results of the Company for the Year 2017-18 as compared to that of the Previous Year.

(Rs. In Lakhs)

	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
<b>Total Income</b>	3574.69	2938.94
a. Revenue from operations	3340.07	2591.48
b. Other Income	234.62	347.46
Finance Costs	2128.56	1805.37
Other Expenses	656.31	485.78
Employee Costs	604.36	517.00
Total Expenses	3389.23	2808.15
Profit before interest, depreciation and Tax	185.46	130.79
Depreciation & Amortization	34.13	67.06
Profit before exceptional Income	151.33	63.73
<b>Profit before Tax</b>	<b>151.33</b>	<b>63.73</b>
Deferred Tax	17.40	(72.44)
Current Tax	33.84	0.00
<b>Profit after Tax</b>	<b>100.09</b>	<b>136.17</b>

### Performance Analysis

On a global perspective, though there were no major events that could have had an adverse effect, the financial markets continued to have several upheavals during the reporting year. Tensions were built up because of the war of words between the President of USA and his counterpart in North Korea. The tussle between USA and Iran also had a negative impact on world economy. The Trade War between USA and China also had a negative impact on Global Economic Growth. The threat of spiraling oil prices is also looming large over the World Economy and posing challenges to Indian Economy.

On the domestic front, the year 2017-18 saw the Government piloting significant policy initiatives which were well aided by a stable monetary policy. Sovereign rating of the country was upgraded and we could improve the position among the list of countries in the charts marking ease of doing business. The release of the new Insolvency and Bankruptcy code (IBC) and the resolution process for large stressed accounts referred by the Reserve Bank of India (RBI) under this code is sure to clean up the mess in the Finance industry. It is expected that the implementation of

the Goods and Service Tax (GST) regime in 2017 has been one of the biggest structural economic reforms, benefits of which are expected to accrue in the future years. GST reform along with demonetization and digitization efforts and other structural initiatives are expected to greatly enhance the country's future competitiveness and lift India much higher among the Global economies in the years to come. India is seen as one of the fastest growing economies recording a quarterly growth rate of 7.20% p.a. for December 2017 as against China's 6.80%. At a nominal GDP of US \$ 2.6 Trillion, India is the sixth largest economy after US, China, Japan, Germany & U.K. In terms of purchasing power parity, we are the third largest economy with GDP of US \$ 9.5 Trillion.

However, for the Finance industry, the year 2017-18 had some serious setbacks. There were serious issues around fraud and operational negligence reported in banking industry. As an aftermath of demonetization and GST regime across the country, industry in general and SME sector in particular had many cash flow constraints, which created issues for the Finance sector. Asset quality became a challenge. Industry, Trade and Business witnessed set back during the initial part of the year under report.

Notwithstanding these adverse factors, your Directors are very much glad to inform you that your Company could tide over the difficulties to a great extent and achieve better results for the year. Your directors are happy to present the business operations done during the year under review:

During the Financial Year 2017-18, your company has achieved a Profit before Tax of Rs. 151.33 lakhs against Rs. 63.73 lakhs for the previous year. Deposits of the Company registered an increase of about 29% from previous year's Rs. 20,613.23 lakhs to Rs. 26,525.88 lakhs during the year under report. Advances increased by 34% from Rs. 17,293.67 lakhs to Rs. 23,096.05 lakhs by the end of the reporting year. The Credit Deposit Ratio of the reporting Financial Year is 87% as compared to 83% for the previous year. Highlight of the Reporting Year's performance is that while Gold Loan Portfolio grew by 53%, i.e., from Rs. 7,556.40 lakhs to 11,546.03 lakhs, growth in Property Loan portfolio was restricted to 17%, from 9,129.16 lakhs to 10,643.30 lakhs. Another highlight which is worth mentioning is that your company almost touched the magical number of Rs. 500 Crores business turnover during the reporting year.

As part of your Company's prudent policy for strengthening balance sheet, Company has written off Rs. 1,83,37,087/- in the Protested Debt Account; Rs. 12850000/- has been written off from Property Loan accounts; And another Rs.,10,25,000/- has been provided for bad and doubtful debts.

### **Prospects:**

Sorting out the teething troubles in implementation of GST, bringing inflation under control, improvement in growth in GDP as per expectations (India's economy is predicted to grow 7.4% in the current fiscal as per the IMF's forecast) etc make us confident that the economy would regain its buoyancy. A Good monsoon, benign interest rates and return of pent-up demand would support growth, together with the government's thrust on rural and infrastructure sectors. Though the just concluded furious Monsoon in Kerala may pose challenges to us, it is expected that your company has a bright outlook for the future. Implementation of Project VAJRA, the Transformation Project, in consultation with KPMG completed one full year of operation and it is expected that this project will guide your Company to greater heights.

### **Reserves**

The Company did not transfer any amount to reserves in view of the losses carried forward by the Company during the year under review.

### **Dividend**

The Board of Directors has not recommended any dividend for Financial Year 2017-18.

### **Deposits**

The Company has not accepted any fixed deposits during the year to which the provisions of Section 73 of the Companies Act, 2013 are applicable.

**Branches & Regions**

During the year 2017-18, we have opened 3 new branches at Pattambi, Paravoor Kavala (Aluva) & Kollam Civil Station for which licenses were already obtained from Regional Director, Ministry of Corporate Affairs. There is no change in the regional set up during the year 2017-18. The overall performances of the branches are satisfactory.

**Board of Directors & Key managerial Personnel**

The composition of Board of Directors as on 31<sup>st</sup> March 2018 is as follows:

Sl. No.	Name of Director	Designation
1	Sri. A.R. Mohanan (DIN:06817818)	Chairman
2	Sri. K. Muraleedharan (DIN: 08041126)	Managing Director
3	Sri. P. Rajkumar (DIN: 02870764)	Director
4	Sri. M.A. Vasudevan Namboothiri (DIN: 05102284)	Director
5	Sri. Jayaprakash Valiathan (DIN: 06470662)	Independent Director
6	Sri. K.K. Balaram (DIN: 01037982)	Director
7	Sri. P. Viswaroopan (DIN: 00256061)	Director
8	Sri. G. Rajan Nair (DIN: 00057215)	Director
9	Sri. M.S. Padmanabhan Nair (DIN: 02841119)	Independent Director

Sri. K Muraleedharan, Managing Director, Smt. Jayalakshmi P, Chief Financial Officer and Ms. Chinchu George, Company Secretary are the whole time Key Managerial Personnel of the Company.

As per the Nidhi Rule 6, Sri. G Rajendran, Chairman completed his 10 years of service as Director and retired from the Board with effect from 25.09.2017. The Board places on record their gratitude for the services rendered by Sri.G. Rajendran. Sri. A R Mohanan was appointed as Chairman to the Board.

Sri. P Viswaroopan was appointed as the Additional Director with effect from 25.09.2017, whose term of office is up to the date of ensuing Annual General Meeting. Board recommends his regularization in the ensuing Annual General Meeting.

Sri. T S Jagadeesan resigned from the position of Managing Director of the Company with effect from 31<sup>st</sup> January 2018. The Directors place on record their appreciation of the valuable advice and guidance given by him while he was a Managing Director of the Company.

Sri. K Muraleedharan was appointed as Managing Director of the Company with effect from 1<sup>st</sup> February 2018 and Board recommends his appointment to the members in the ensuing Annual General Meeting.

Sri. V.C. Suseel Kumar, resigned from the position of Chief Financial Officer with effect from 31<sup>st</sup> January 2018. Mrs. Jayalakshmi P was appointed as Chief Financial Officer of the Company with effect from 1<sup>st</sup> February 2018.

Among the present Directors of the Company Sri. P. Rajkumar, Director and Sri. K K Balaram retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Board recommends their appointment.

Sri. M.S Padmanabhan Nair, Director and Sri. Jayaprakash Valiathan, Director are the Independent Directors of the Company.

The Board has considered the declarations given by independent directors under sub section (6) of the Section 149 and the Company's policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, and independence of a Director. The Board has further evaluated its own performance and that of its Committees and individual Directors.

None of the Directors is disqualified under section 164 of the Companies Act, 2013.

### **Board Meetings**

During the Financial Year the 2017-18, Eight (8) Meetings of Board of Directors were held. The details of the Board Meetings are given below:

<b>Sl. No.</b>	<b>Date of Board Meeting</b>	<b>Board Strength</b>	<b>No. of Directors Present</b>
1.	05.05.2017	9	9
2.	30.06.2017	9	9
3.	29.08.2017	9	9
4.	25.09.2017	9	9
5.	01.10.2017	9	8
6.	18.11.2017	9	8
7.	11.01.2018	9	6
8.	31.03.2018	9	8

### **Capital Structure**

Company has an Authorized Share Capital of Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 number of equity shares of Rs.10 each.

Subscribed, issued and paid up capital is 17,87,55,420/- (Rupees Seventeen Crore Eighty Seven Lakhs Fifty Five Thousand Four Hundred and Twenty Only) divided into 1,78,75,542 number of equity shares of Rs.10 each as at the end of the year 2017-18.

### **Material changes and commitment if any affecting the Financial Position of the Company occurred between the end of the financial year to which this financial statements relate and the date of the report.**

There is no material change to be reported.

### **Issue of Equity Shares with differential Rights/Employee Stock Option/Sweat Equity Shares**

The Company has not issued any Equity shares with differential rights or under Employee Stock Option or as Sweat Equity Share.

### **Particulars of Loan, Guarantees or Investments under Section 186**

There were no loans, guarantees or investments made by the Company under section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

### **Particulars of contracts or arrangements with related parties**

There has been no materially significant related party transaction between the Company and its Directors, KMPs or the relatives except for those disclosed in the Financial Statements, which are in the ordinary course of business.

Accordingly, particulars of contracts or arrangements with related parties referred to in section 188(1) are indicated in Form AOC-2 enclosed with this report as Annexure I.

### **Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo**

Considering the nature of business of the company no comment is required on conservation of energy and technology absorption. There has not been any foreign exchange earnings or outgo during the Financial Year under review.



**Compliance with Secretarial Standards**

During the Financial Year 2017-18 our Company has complied with all applicable Secretarial Standards.

**Risk Management**

Though your Company has not yet formulated a formal policy for management of risk, it has employed robust Risk management processes and procedures. The Inspection Department of your company under the close guidance and supervision of Audit Committee evaluates the adequacy, completeness, operational effectiveness and efficiency of all internal controls, risk management & governance systems and processes. The Board regularly assesses the functional efficiency in risk management and refines the policies & processes. Responsibility for identification, measurement and controlling of risk in various spheres of Company's activities is vested with a Senior Executive designated as Chief Inspector of Branches who reports directly to the Managing Director. All material risks of the Company emerging in the course of its business are identified, assessed and monitored. The Company has through the years developed and stabilized an effective Risk Management system. The scope and authority of the internal audit function is defined in the Audit Policy, duly approved and recommended by the Audit Committee of the Board, approved and adopted by the Board and periodically reviewed and modified. The Inspection Department, on a continuous basis, assesses and monitors the effectiveness of the control systems and its adequacy to meet the growing business and operational complexities. The audit findings are escalated to Audit Committee for suggesting corrective action and its follow up. The Company has employed various types of inspections such as Detailed Inspection, Surprise Inspection, Regional Head's visit report, Gold audit etc. The Department also has the twin roles of investigation of fraud and prevention of frauds. Preventive measures are taken for enhancing the awareness of fraud risk and for promoting a culture of compliance among the employees. For this, training is given to employees continuously.

The Credit Committee and Asset Management Committee also evaluate the reports of Inspection Department, which is used for review and monitoring of these risks at periodic intervals. The Nidhi manages credit risk through stringent credit norms established through several years of experience in this line of business and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure. This process ensures that the expertise in lending operations acquired by the Nidhi is put to best use and acts to mitigate credit risks.

Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Nidhi monitors Assets Liabilities Management periodically to mitigate the liquidity risk.

Operational risks arising from inadequate or failed internal process, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored by the Board of Directors, again using the Internal Audit Report as a tool. Process improvements and quality control are on-going activities and are built into the employee's training modules, as well.

Now that the Company is increasingly using Information Technology for its operations and processes, security and continued viability of Information System has become very critical for the Company. The Company has to ensure that the information system safeguards our assets, maintains data integrity and availability, achieves organizational goals effectively and consumes resources efficiently. This can be achieved through an Information System Audit, which should focus on the risks that are relevant to information assets and should assess the adequacy of controls implemented for mitigating the risks. Our Information System is to be subjected to Vulnerability Assessment & Penetration Testing; Information System Audit should also cover physical security of IT systems, Core Solution functioning, business continuity procedures and cyber security at branch and Head office level. Your company is planning to introduce System Audit through a competent outside agency.

**Corporate Social Responsibility (CSR)**

Company has generally taken Corporate Social Responsibility initiatives. However, the present Financial Position of the Company does not mandate the implementation of corporate social responsibility activities pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013. The Company will constitute CSR Committee, develop CSR policy and implement the CSR initiatives whenever it is applicable to the Company.

**Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditors**

There were no qualifications, reservations or adverse remarks made by the Auditors in their report.

**Annual Return**

The Annual Return will be available on the website of the Company [www.kpbnidhi.com](http://www.kpbnidhi.com) under corporate menu.

**Directors Responsibility Statement**

Pursuant to the requirement of Section 134 (3) and (5) of the Companies Act, 2013, your Directors confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 of the company for that period;
- 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;
- the directors had prepared the annual accounts on a going concern basis; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Statutory Auditors**

Sri. Damodharan P (ACA Membership No. 221178) Paravattathu Mana, Urakam P.O, Thrissur- 680562 and Sri. Vinay N Pisharady (ACA Membership No. 233743) Pothiyil Pisharam, Marampilly PO, Aluva- 683107, are the Statutory Auditors of the Company and continue to hold office as Statutory Auditors for the remaining term of 1 year up to the conclusion of 30<sup>th</sup> Annual General Meeting to be held for the financial year ended 31.03.2019.

**Cost Auditors**

The Company is not required to appoint a Cost Auditor pursuant to the provisions of the Companies Act, 2013.

**Secretarial Audit Report**

The provisions of the Companies Act, 2013 and the rules made there under relating Secretarial Audit Report are not applicable to the Company.

**Statutory Orders**

No significant and material orders were passed by Courts, Tribunal and other Regulatory Authorities affecting the going concern status of the Company's operations.

**Audit Committee**

The Audit Committee is duly constituted in accordance with section 177 of the Companies Act, 2013 readwith Rule 6 of the Companies (Meeting of the Board and its Powers) Rules, 2014. The members of the Committee are:

<b>Name</b>	<b>Category</b>	<b>Position</b>
Sri. M.S. Padmanabhan Nair	Non-executive Independent Director	Chairman
Sri. M.A Vasudevan Namboothiri	Non-executive Director	Member
Sri. Jayaprakash Valiathan	Non-executive Independent Director	Member

Two third of the members are Independent Directors and all the members are financially literate. The composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations. The Audit Committee shall oversee financial reporting process and disclosures, review financial statements, internal audit reports, related party transactions, branch inspection reports, auditor's qualifications, legal requirements concerning financial statements and fixation of audit fee as well as payment for other services etc.

Four (4) Audit Committee meetings were held during the year 2017-18 at the Registered Office of the Company on 29.08.2017, 27.06.2017, 18.11.2017 and 11.01.2018. All the meetings were attended by the Chairman and all the members of the Committee and Inspection department.

### **Nomination & Remuneration Committee**

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.

The Committee Members are:

<b>Name</b>	<b>Category</b>	<b>Position</b>
Sri. K.K. Balaram	Non-executive Director	Chairman
Sri. M.S. Padmanabhan Nair	Non-executive Director	Member
Sri. Jayaprakash Valiathan	Non-executive Director	Member

The Committee formulates criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board the policy relating to the remuneration for the directors, Key Managerial Personnel and other employees and evaluation of Independent Directors and the Board. It identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carry out evaluation of every director's performance. The Nomination and Remuneration Committee held three meetings on 29.08.2017, 25.09.2017 and 11.01.2018 and all the committee members were present at the meeting.

### **Remuneration Policy**

The remuneration policy is in consonance with the existing Company practice and also with the provisions of the Companies Act, 2013. The Board of Directors has adopted a Remuneration Policy for Directors, Key Managerial Personnel and other employees. The Company's remuneration policy is driven by the success and performance of the individual employee and the performance of the Company. The Policy is annexed herewith as Annexure – II.

### **Stakeholders Relationship Committee**

The Stakeholders Relationship Committee was constituted in compliance with the requirements of Section 178 of the Companies Act, 2013. The Members of the Committees are:

<b>Name</b>	<b>Category</b>	<b>Position</b>
Sri. G. Rajan Nair	Non executive Director	Chairman
Sri. P. Rajkumar	Non executive Director	Member
Sri. A.R. Mohanan	Non executive Director	Member

The Stakeholders Relationship Committee looks into shareholders' complaints relating to transfer of shares, transmission of shares, non-receipts of share certificates etc, recommends measures for overall improvement in the quality of investor services. There were no outstanding complaints as on 31.03.2018.

### **Vigil Mechanism**

A Vigil Mechanism/Whistle Blower Policy for directors and employees to report genuine concerns has been established as required under the provisions of Section 177 of the Companies Act, 2013.

### **Formal Annual Evaluation**

The provisions relating to Formal Annual Evaluation are not applicable to the Company pursuant to the provisions of the Companies Act, 2013 and the rules made there under.

### **Human Resource Management**

We are happy to report that your Company could maintain very cordial and harmonious relations with all sections of the workforce. We are continuing the policy of blending the skill & maturity of the experienced personnel and energy & spontaneity of the youth for developing its Human Resources. The Company ensures a fair system of rewards and reformative discipline that takes care of the awareness and compliance culture among the workforce. We believe that effective communication with employees will enable the employees to understand the Organisation better – its plans for growth, its business philosophy, work culture, ethics and values etc – and would address the aspirations of the employees. Your Company has introduced various platforms to continuously communicate with and engage the employees email has been now accepted across the organization as an important medium of communication between branches, regional offices, Head office, amongst employees themselves etc., Branch level, regional level and corporate level Town Halls have almost been institutionalized, Occasionally BIG calls are organized between HO and branches involving all employees. Corporate level Rewards & Recognition programme is organized in a very grandiose manner annually. This year it was done on 8th July 2018 with lot of programmes and performances by individual staff members at Bhaskareeyam Convention Centre. All these initiatives help the Company to keep the employees motivated. We plan to offer an intranet facility to enable employees to communicate between them and with head office and also to train themselves.

The Company offers a reasonably and comparatively good compensation package to all its employees with a balanced mix of fixed and variable pay. During the year under report, the Company revised the pay scales with very good improvement. Your Company is also increasing the variable pay linked to different parameters of performance.

To keep the Company and its human resources competitive, the Company organized various training programs on different topics and subjects. This active process of learning has enabled employees enhance competence and motivation. The Company has introduced a Performance Management System, where the employees are given an opportunity to set goals and rate their performance themselves through an interactive process with their supervisors.

The Company has 287 permanent and 48 contract employees on its rolls as on 31st March, 2018.

### **Computerization**

The Board is happy to inform all our shareholders that your Company is now under a centrally maintained Core computer solution. Besides, almost all processes including HR activities, credit approvals, expenditure authorizations, fee-based income etc are computerized. In addition to reducing cost of operation, this minimizes human errors/mistakes, facilitates quick audit and inspection and creates a more pleasant work-environment for the employees. The Company is also working on introducing more digitalized products and services.

### **Disclosure under the Sexual harassment of women at the work place (Prevention, prohibition & Redressal) Act, 2013**

The company has not received any complaints during the Financial Year 2017-18 under the above said act.

**Acknowledgment**

Your Directors wish to place on record their appreciation for the co-operation and support extended by the Shareholders, Bankers, Customers, well-wishers and Regulatory Authorities. The Board values and appreciates the professionalism, commitment and dedication displayed by employees at all levels. Your Directors are thankful to the shareholders for their continued support and confidence.

Looking forward to continued valuable support from all in the years to come,

For and on behalf of the Board of Directors

**K. K. Balaram**

(Director)  
(DIN: 01037982)

**K. Muraleedharan**

(Managing Director)  
(DIN: 08041126)

Aluva  
14.08.2018

**Annexure - I****FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain Arms length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Details</b>
a.	Name(s) of the related party and nature of relationship	NIL
b.	Nature of contracts/ arrangements/ transactions	NIL
c.	Duration of the contracts / arrangements/ transactions	NIL
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
e.	Justification for entering into such contracts or arrangements or transactions	NIL
f.	Date(s) of approval by the Board	NIL
g.	Amount paid as advances, if any:	NIL
h.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NIL

**2. Details of material contracts or arrangement or transactions at arm's length basis**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Details</b>
a.	Name(s) of the related party and nature of relationship	NIL
b.	Nature of contracts/ arrangements/ transactions	NIL
c.	Duration of the contracts / arrangements/ transactions	NIL
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
e.	Justification for entering into such contracts or arrangements or transactions	NIL
f.	Date(s) of approval by the Board	NIL
g.	Amount paid as advances, if any:	NIL
h.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NIL

By the order of the Board

For M/s. KPB Nidhi Limited

K. Muraleedharan  
Managing Director  
(DIN: 08041126)Aluva  
14.08.2018

## **Nomination & Remuneration Policy For Directors, KMPs and other employees**

In terms of section 178 and other applicable provisions of the Companies Act, 2013 as amended from time to time, this policy on Nomination and Remuneration of Directors, KMPs, Executives and other employees has been formulated, approved and adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee.

### **Definitions:**

1. 'Act' means Companies Act, 2013.
2. 'Board' means the Board of Directors of the Company.
3. 'Committee' means 'Nomination & Remuneration Committee' constituted by the Board of Directors of the Company.
4. 'Executives' means personnel of the Company which shall include General Managers, Deputy General Managers and Assistant General Managers.
5. 'Key Managerial Personnel' or 'KMP' means the Key Managerial Personnel as defined under the Companies Act, 2013.
6. 'Policy' means this Nomination & Remuneration Policy for Directors, KMPs and other employees of the Company.

### **Objective of the Policy:**

The objective of the policy is to ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and other employees involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- To motivate and retain managerial personnel creating competitive advantage in compensation policy and offering good career advancement opportunities.

### **The role of the Committee:**

The role of the NRC will be the following:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person/s for appointment as Director, KMP or as General Manager and shall recommend to the Board his / her appointment.
2. The Committee shall frame rules for recruitment, appointment and promotion of other employees, which will reflect the broad objectives of the HR policy of the Company.
3. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
4. The Company shall not appoint or continue the employment of any person as Whole Time Director who has attained the age of seventy years, provided that the term of the person holding this position may be extended



beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

**Term/Tenure:****a. Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No reappointment shall be made earlier than one year before the expiry of term.

**b. Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

**Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and General Managers at regular interval (yearly). For other employees, HR policy formulated by the Committee shall prescribe rules and procedures

**Removal:**

Due to reasons for any disqualifications mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP subject to the provisions and compliance of the said Act, rules and regulations and HR Policies.

**Retirement**

The Directors, KMPs and other employees shall retire as per the applicable provisions of the Act and the prevailing HR policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**Policy relating to remuneration for Directors, KMPs and other employees****1. Fixed Pay**

The Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses and other perquisites etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

**2. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 as amended from time to time and with the approval of the Central Government, if and to the extent required.

**3. Provisions for excess remuneration:**

If any Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central

Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

4. Other provisions:

- The remuneration / compensation / commission etc. to the Managing Director, will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required as per law.
- The remuneration and commission to be paid to the Managing Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the rules made there under as amended from time to time.
- Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board for its consideration.

5. Remuneration to Non-executive / Independent Director

- The Non- Executive / Independent Director is not receiving any remuneration other than sitting fees.
- Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee(s) thereof and in line with the applicable provisions of the Companies Act, 2013.

6. Remuneration to KMPs and Executives

The remuneration determined for the KMP and Other executives shall be in line with the Company's philosophy to provide fair compensation to key executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill long term commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses and other perquisites etc. shall be decided by the Company's HR department.

7. Remuneration to other employees:

Apart from Directors, KMP and Senior Management, the remuneration of rest of the employees will be determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions in competitive environment.

The Company considers it essential to incentivize the workforce to ensure adequate and reasonable compensation to the staff. The Human Resources Department shall ensure that the level of remuneration motivates and rewards high performers who perform according to set expectations in their respective domain.

The various remuneration components, basic salary, allowances and perquisites may be combined to ensure an appropriate and balanced remuneration package.

### **Interpretation**

This Policy is intended to comply with the Companies Act, 2013 / and other applicable provisions of the said Act. Notwithstanding anything herein to the contrary, this Policy will be interpreted only in such a manner as to comply with the Companies Act, 2013. Any word not defined in this Policy shall have the same meaning as defined under the Companies Act, 2013 including any amendments thereto. In case any word or provision as appearing in this Policy is contrary to the meaning or provision as provided under the Regulations, then the meaning or provision as provided under the Companies Act, 2013 shall prevail. This policy shall always be in conformity with the provisions of the Regulations and any amendments in the Regulations shall be deemed to form part of this Policy.

## **Independent Auditors' Report**

**To the members  
KPB Nidhi Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of KPB Nidhi Ltd ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity

with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit/Loss and its Cash Flow for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and 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 it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.  
\*Refer to Note no 2.9.ii of the financial statement
  - e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**Damodaran P. Namboodiri ACA**

Aluva  
14.08.2018

Chartered Accountant  
Membership No.221178

**Vinay N. Pisharady ACA**

Chartered Accountant  
Membership No.233743

## **“Annexure A” to the Independent Auditors’ Report**

**Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2018:**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
2. In our opinion and according to the information and explanations given to us, the nature of the Company’s business is such that it is not required to hold any inventories.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
5. With regard to deposits accepted from the public, the Company has not accepted any deposit from public to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, apply.
6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no dues of sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
12. Based on the information and explanations given by the management, the Company is a Nidhi Company and is complied with the following:
  - a) The Nidhi Company has complied with net owned fund to deposit in the ratio of 1:20 to meet out the liability
  - b) The Company has maintained the SLR by investing in unencumbered Fixed deposits with Scheduled Commercial Banks, an amount not less than 10% of the deposits outstanding as at the closing of business on the last working day of the second preceding month. i.e., 31.01.2018.
  - c) The prudential norms on income recognition and provisioning against non-performing assets are applicable to the company and non-performing assets have been prudentially written off in statement of profit and loss.  
  
\*The details are as given in Note 28 to the financial statements
  - d) According to the information and explanation given to us, the company has adequate procedures for appraisal of credit proposals, requests, assessment of credit needs and repayment capacity of borrowers.
  - e) According to the information and explanation given to us, the repayment schedule of various loans granted by the Nidhi Company is based on the repayment capacity of the borrower and would be conducive to recovery of the loan amount.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions as mentioned under section 192, with the directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**Damodaran P. Namboodiri ACA**Aluva  
14.08.2018Chartered Accountant  
Membership No.221178**Vinay N. Pisharady ACA**Chartered Accountant  
Membership No.233743

## **“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of KPB Nidhi Ltd.**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of KPB Nidhi Ltd (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.



**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Damodaran P. Namboodiri ACA**Aluva  
14.08.2018Chartered Accountant  
Membership No.221178**Vinay N. Pisharady ACA**Chartered Accountant  
Membership No.233743

**Annexure C to the Auditors' Report****STATUTORY AUDITORS CERTIFICATE**

(Pursuant to Rule 22 of the Nidhi Rules, 2014)

This is to certify that, on the basis of books of accounts and other relevant documents verified by us and as per explanations given to us by the management, M/s. KPB NIDHI LIMITED has complied with all the provisions contained in Nidhi Rules-2014 and have not contravened any of the provisions contained in the said rules.

**Damodaran P. Namboodiri ACA**

Chartered Accountant  
Membership No.221178

Aluva  
14.08.2018

**Vinay N. Pisharady ACA**

Chartered Accountant  
Membership No.233743

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018

PARTICULARS	Note No.	31.03.2018 Rs.	31.03.2017 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Share Holders' Funds:</b>			
(a) Share Capital	3	178,755,420	153,204,820
(b) Reserves & Surplus	4	(18,667,693)	(28,676,150)
<b>(2) Share Application Money pending allotment</b>		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long term borrowings	5	2,386,479,621	1,831,387,538
(b) Deferred tax liabilities (Net)			
(c) Other Long term liabilities			
(d) Long term provisions	6	5,310,672	3,646,985
<b>(4) Current Liabilities</b>			
(a) Short term borrowings	7	265,824,241	229,935,519
(b) Trade payables		-	-
(c) Other Current liabilities	8	15,405,077	16,953,760
(d) Short term provisions	9	20,884,314	16,475,000
<b>TOTAL</b>		<b>2,853,991,652</b>	<b>2,222,927,472</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed assets	11		
(i) Property Plant and Equipments		131,627,005	127,552,008
(ii) Intangible assets		752,691	747,560
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments	12	5,314,640	15,915,175
(c) Deferred tax assets (net)	13	8,068,160	9,808,130
(d) Long term loans and advances - Financing Activity	14	1,051,480,375	912,916,482
(e) Long term loans and advances	15	144,498,603	9,991,345
(f) Other Non-current assets	16	-	20,562,087
<b>(2) Current Assets</b>			
(a) Cash and bank balances	17	234,449,975	279,010,624
(b) Short term loans and advances - Financing Activity	14	1,244,700,970	816,450,667
(c) Short term loans and advances	18	10,020,749	9,845,628
(c) Other Current assets	19	23,078,484	20,127,765
<b>TOTAL</b>		<b>2,853,991,652</b>	<b>2,222,927,472</b>
Notes are an integral part of the financial statements			

#### In terms of our report attached

**Damodaran P. Namboodiri ACA**  
Chartered Accountant

Membership No. 221178

Aluva

14.08.2018

**Vinay N. Pisharady ACA**  
Chartered Accountant

Membership No. 233743

#### For and on behalf of the Board of Directors

**K Muraleedharan**  
Managing Director

**K K Balaram**  
Director

Aluva

14.08.2018

**Jayalakshmi P**  
Chief Financial Officer

**Chinchumol George**  
Company Secretary

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

PARTICULARS	Note No.	31.03.2018 Rs.	31.03.2017 Rs.
<b>INCOME</b>			
Revenue from Operations	20	334,007,452	259,147,848
Other Income	21	23,461,789	34,746,566
<b>TOTAL REVENUE</b>		<b>357,469,242</b>	<b>293,894,414</b>
<b>EXPENSES</b>			
Employee benefit expense	22	60,435,824	51,700,154
Finance cost	23	212,856,423	180,536,816
Depreciation and amortization expenses	24	3,413,206	6,706,538
Other expenses	25	65,631,048	48,577,499
<b>TOTAL EXPENSES</b>		<b>342,336,501</b>	<b>287,521,007</b>
<b>Profit Before Tax</b>		<b>15,132,741</b>	<b>6,373,408</b>
<b>Tax Expense</b>			
(a) Current tax		3,384,314	-
(b) Deferred tax		1,739,970	(7,243,987)
		<b>5,124,284</b>	<b>(7,243,987)</b>
<b>Profit (Loss) for the period</b>		<b>10,008,457</b>	<b>13,617,395</b>
Earnings Per Equity Share Basic and Diluted (Face value of Rs. 10 each)	26	0.616	0.865
Notes are an integral part of the financial statements			

#### In terms of our report attached

**Damodaran P. Namboodiri ACA**  
Chartered Accountant

Membership No. 221178

Aluva  
14.08.2018

**Vinay N. Pisharady ACA**  
Chartered Accountant

Membership No. 233743

#### For and on behalf of the Board of Directors

**K Muraleedharan**  
Managing Director

**K K Balaram**  
Director

Aluva  
14.08.2018

**Jayalakshmi P**  
Chief Financial Officer

**Chinchumol George**  
Company Secretary

### Cash Flow Statement for the year ended 31st March 2018

In terms of AS - 3 on Cash Flow Statement under Indirect Method

PARTICULARS	31.03.2018		31.03.2017	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net profit Before Taxation</b>		15,132,741		6,373,408
Adjustment for:				
Provision for Depreciation	3,413,206		6,706,538	
Provision for Employee Benefits	1,663,687		952,817	
Provision for Bad & Doubtful debts	1,025,000		14,447,694	
Bad Debts w/off	21,212,976		5,898,615	
(Profit) /Loss on sale of Fixed Assets	38,834		(1,464)	
Profit on sale of investments	(2,124,653)		(730,495)	
		25,229,050		27,273,704
<i>Operating profit before working capital changes</i>		40,361,791		33,647,112
Increase in Deposits Accepted	590,980,805		443,770,216	
Increase in Gold Loan	(398,962,303)		(246,826,092)	
Increase in Other Advances	(189,064,869)		(258,746,364)	
Decrease in Non Current Assets	20,562,087		15,437,913	
Increase in Other Current Assets	(2,950,719)		(12,246,789)	
Decrease in Bank Deposits	(49,454,700)		48,313,589	
Decrease in Current Liabilities	(1,548,683)		(51,197,353)	
Increase in Loans & Advances	(2,136,345)		(1,632,662)	
		(32,574,727)		(63,127,541)
<b>Cash Generated from operations</b>		7,787,064		(29,480,429)
<b>Income tax refund of earlier years</b>		4,141,332		3,858,945
<b>Income tax paid</b>		(3,113,570)		(3,483,077)
<b>Net cash from operating activities</b>		8,814,826		(29,104,562)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed assets	(8,021,432)		(7,065,033)	
Sale of Fixed assets	489,265		177,617	
Purchase of current investments	(5,000,000)		(7,500,000)	
Sale of current investments	17,725,188		7,623,220	
Purchase/ Sale of Investment	-		2,255,760	
<b>Net cash from Investing activities</b>		5,193,021		(4,508,437)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Share Capital increase	25,550,600		25,771,709	
Share Application Money Pending Allotment	-		(267,880)	
<b>Net Cash flow from Financing Activities</b>		25,550,600		25,503,829
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		39,558,447		(8,109,169)
Cash & Cash Equivalents at the beginning of the year		34,824,213		42,933,383
<b>Cash &amp; Cash Equivalents at the end of the year</b>		<b>74,382,661</b>		<b>34,824,213</b>

In terms of our report attached

**Damodaran P. Namboodiri ACA**  
Chartered Accountant

Membership No. 221178

Aluva  
14.08.2018

**Vinay N. Pisharady ACA**  
Chartered Accountant

Membership No. 233743

For and on behalf of the Board of Directors

**K Muraleedharan**  
Managing Director

**K K Balam**  
Director

Aluva  
14.08.2018

**Jayalakshmi P**  
Chief Financial Officer

**Chinchumol George**  
Company Secretary

## **Notes to the financial statements for the year ended March 31, 2018**

### **1. Company Information**

KPB Nidhi is a Nidhi Company (formerly Kerala Permanent Benefit Fund Ltd.), incorporated on 17.08.1989 for encouraging the habit of thrift and savings among members, to receive deposits in the nature of savings/fixed/recurring and to advance monies on the security of gold, silver and jewellery, immovable property, fixed deposits, KVP/NSC, insurance policies and other Government securities and to act as insurance agents.

### **2. Significant Accounting Policies**

#### **2.1. Basis of preparation**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Prudential norms: The Company Complies all the material aspect, with the prudential norms relating to the income recognition, asset classification and provisioning for bad and doubtful debts and other matters, as applicable to the company.

#### **2.2. Uses of Estimates**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period.

Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### **2.3. Property, Plant and Equipments**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company

#### **2.4. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

## 2.5. Depreciation and Amortisation

Depreciation on Property, Plant and Equipments assets is provided using the Straight Line Method based on the useful life of the asset and is charged to the Statement of Profit and Loss in the manner prescribed in Schedule II to the Companies Act, 2013. Depreciation is provided on a pro-rata basis from the month the assets are put to use during the financial year. In respect of assets sold or disposed off during the year, depreciation is provided upto the month of sale or disposal of the assets. Freehold land is not depreciated.

The Company has revised its policy of providing depreciation on fixed assets effective April 1, 2017. Depreciation is now provided on a straight line basis for all assets. The carrying amount as on April 1, 2017 is depreciated over the remaining useful life. In respect of fixed assets acquired during the year, depreciation/amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives of the assets as prescribed in Schedule II to the Companies Act, 2013.

The Company determined that the change in depreciation method from WDV method to a straight-line method is a change in accounting estimate affected by a change in accounting principle. A change in accounting estimate affected by a change in accounting principle is to be applied prospectively. The change is considered preferable because the straight-line method will more accurately reflect the pattern of usage and the expected benefits of such assets and provide greater consistency with the depreciation methods used by other companies in the Company's industry.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful life as per Schedule II
Computers and servers	3-6 Years
Office equipment	5 Years
Furniture and fixtures	10 Years
Vehicles	8-10 Years

\*Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Intangible Assets are amortised on a Straight Line basis over the estimated useful economic life. Computer Software which is not an integral part of the related hardware is classified as an intangible asset, and amortized over 10 years.

## 2.6. Impairment

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the Statement of Profit and Loss for the year.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on written down value basis over its remaining useful life.



## 2.7. Revenue recognition

- i. **General:** Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measurable.
- ii. **Income from loans**  
**Interest income from loan transactions** is accounted for by applying the interest rate implicit in such contracts.  
Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.  
Delayed payment charges, fee based income and interest on trade advances are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.
- iii. **Dividend income:** Dividend income is recognized when the Company's right to receive dividend is established by the reporting date. Dividend income is recognised when the right to receive payment is established.
- iv. **Income from investments:** Profit earned from sale of securities recognised on trade date basis. The cost of securities is computed on weighted average basis
- v. **Other Income: In respect of the other heads of income, the Company accounts the same on accrual basis.**

## 2.8. Investments

Investments are classified into current and non-current investments. Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as Current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Investment in subsidiary company is stated at cost.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## 2.9. Employee Benefits

- i. **Short Term Employee Benefits:** All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service.
- ii. **Gratuity scheme:** The Company operates a defined benefit gratuity plan for employees. The provision for retirement gratuity is provided as per the company's policy. The liability for gratuity has been computed on the assumption that such benefit is payable to all eligible employee at the end of the accounting Year. As per AS-15, the recognition and measurement of the present value of defined benefit obligations must be based on actuarial valuation and the company has not comply with the same.
- iii. **Provident Fund:** Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund.

The Company has no further obligation to the plan beyond its monthly contributions.

- iv. **Compensated absences:** The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature.

### **2.10. Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized. All other borrowing costs are expensed in the period they occur.

### **2.11. Income taxes**

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **2.12. Cash and Cash equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, term deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

### **2.13. Cash Flow Statement**

Company has prepared cash flow statement using the Indirect Method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

### **2.14. Earnings per share**

The basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.15. Provisions and Contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statement.

#### Note - 3

#### SHARE CAPITAL

Particulars	March 31, 2018	March 31, 2017
(a) Authorised 25000000 (March 31, 2017: 25000000) Equity Shares of Rs. 10 each	250,000,000	250,000,000
(b) Issued, Subscribed & Fully Paid Up 17875542 (March 31, 2017: 15320482) Equity Shares of Rs. 10 each	178,755,420	153,204,820
<b>TOTAL</b>	<b>178,755,420</b>	<b>153,204,820</b>

#### i. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	March 31, 2018		March 31, 2017	
	No.	Value	No.	Value
No: of shares at the beginning of the year	15,320,482	153,204,820	14,168,876	127,433,111
Add: Issued During the year	2,555,060	25,550,600	2,577,179	25,771,709
Less: Reduction in number of shares due to consolidation during 2016-17	-	-	-	1,425,573
Less: shares bought back	-	-	-	-
Outstanding at the end of the year	17,875,542	178,755,420	15,320,482	153,204,820

#### ii. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ' 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### iii. Details of Shareholders holding more than 5% Shares

Name of Shareholder	March 31, 2018		March 31, 2017	
	Number of shares held	% of share holding	Number of shares held	% of share holding
Equity shares of Rs. 10 each fully paid	NIL	NIL	NIL	NIL

### Note - 4

#### RESERVES & SURPLUS

Reserves and Surplus	March 31, 2018	March 31, 2017
<b>Capital Reserve</b>		
Amount as per Last Balance Sheet	92,105	92,105
(+) Additions/ transfers during the Year	-	-
<b>Closing Balance</b>	<b>92,105</b>	<b>92,105</b>
<b>General Reserve</b>		
Amount as per Last Balance Sheet	5,350,739	5,350,739
(+) Additions/ transfers during the Year	-	-
<b>Closing Balance</b>	<b>5,350,739</b>	<b>5,350,739</b>
<b>Surplus</b>		
Balance as per last financial statements	(34,118,994)	(47,736,389)
(+) Net profit/(net loss) for the current year	10,008,457	13,617,395
(-) Transfer to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>(24,110,537)</b>	<b>(34,118,994)</b>
<b>TOTAL</b>	<b>(18,667,693)</b>	<b>(28,676,150)</b>

### Note - 5

#### LONG TERM BORROWINGS

Particulars	March 31, 2018	March 31, 2017
<b>Secured Borrowings</b>	-	-
<b>Unsecured Borrowings</b>		
Term Deposits*	2,386,479,621	1,831,387,538
<b>TOTAL</b>	<b>2,386,479,621</b>	<b>1,831,387,538</b>

\* Term deposits with original maturity tenure is more than 12 months.

### Note - 6

#### LONG TERM PROVISIONS

Particulars	March 31, 2018	March 31, 2017
(a) Provision for employee benefits: Provision for Gratuity (Refer note 2.09.ii)	5,310,672	3,646,985
<b>TOTAL</b>	<b>5,310,672</b>	<b>3,646,985</b>

### Note - 7

#### SHORT TERM BORROWINGS :

Particulars	March 31, 2018	March 31, 2017
<b>Secured</b> -	-	
<b>Unsecured</b>		
Deposits		
i. Recurring Deposits	64,082,993	49,489,291
ii. Savings Deposits	201,741,249	180,446,228
<b>TOTAL</b>	<b>265,824,241</b>	<b>229,935,519</b>

### Note - 8

#### OTHER CURRENT LIABILITIES

Particulars	March 31, 2018	March 31, 2017
(a) Current maturities of long-term debt	-	-
(b) Unclaimed Dividend	453,050	454,070
(c) Other payables		
i. Statutory remittances (Refer note(i) below)	2,063,764	1,305,644
ii. Interest Payable	5,667,490	10,113,672
iii. Matured Deposits	276,273	345,408
iv. Expenses Payable	4,447,395	1,605,490
v. Others	2,497,105	3,129,476
<b>TOTAL</b>	<b>15,405,077</b>	<b>16,953,760</b>

(i) Statutory dues includes provident fund, employees state insurance, professional tax etc.

### Note - 9

There is no Micro and Small enterprise, to whom the company owes dues, which are outstanding for more than 45 days as at 31.03.2018. This information as required to be disclosed under the Micro, Small and Medium enterprises development act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

### Note - 10

#### SHORT TERM PROVISIONS :

Particulars	March 31, 2018	March 31, 2017
(a) Provision for employee benefits:		
Provision for gratuity	-	-
(b) Provision - Others:		
Provision for Income Tax	3,384,314	-
Provision for Bad & Doubtful debts	17,500,000	16,475,000
<b>TOTAL</b>	<b>20,884,314</b>	<b>16,475,000</b>

### Note - 12

#### NON- CURRENT INVESTMENTS

Particulars	March 31, 2018	March 31, 2017
<b>Non-trade investments (valued at cost unless stated otherwise):</b>		
<b>Investment in Gold</b>	314,640	314,640
<b>Other Investment</b>		
SBI Mutual Fund	-	8,087,870
DSP Blackrock Mutual Fund	-	1,000,000
Axis Mutual Fund	5,000,000	6,512,665
<b>Aggregate amount of quoted investments</b>	5,000,000	15,600,535
<b>Market value of quoted investments</b>	5,562,249	16,968,312
<b>TOTAL</b>	<b>5,314,640</b>	<b>15,915,175</b>

### Note - 13

#### DEFERRED TAX (LIABILITY) / ASSET :

Particulars	March 31, 2018	March 31, 2017
<b>Deferred Tax Asset</b>		
On difference between book balance and tax balance of fixed assets	1,783,820	2,542,060
Carried Forward Depreciation Loss	-	1,943,160
Others*	6,284,340	5,322,910
<b>Net Deferred Tax Liability / (Asset)</b>	<b>8,068,160</b>	<b>9,808,130</b>

\*Others includes Provision for advances and Gratuity Provisions

### Note - 14

#### LOANS AND ADVANCES - FINANCING ACTIVITY

Particulars	March 31, 2018	March 31, 2017
Non-Current		
Secured, considered good		
Property Loan	1,051,480,375	912,916,482
Current		
Secured, Considered Goods		
Gold Loan	1,154,602,719	755,640,416
Loan On Deposit	85,588,608	55,792,523
Other Loans	1,565,777	-
Unsecured, Considered Goods		
Staff Loans	2,943,866	5,017,728
<b>TOTAL</b>	<b>2,296,181,345</b>	<b>1,729,367,149</b>

\*Loans and Advances due by firms or private companies in which any director is a partner or a director or a member is Nil

### Note - 15

#### LONG TERM LOANS AND ADVANCES :

Particulars	March 31, 2018	March 31, 2017
(a) Security Deposits		
Unsecured, considered good	8,424,807	7,491,345
FD's With Bank with maturity of more than 1 year	136,073,796	2,500,000
<b>TOTAL</b>	<b>144,498,603</b>	<b>9,991,345</b>

### Note - 16

#### OTHER NON-CURRENT ASSETS :

Particulars	March 31, 2018	March 31, 2017
Others		
Protested debt assigned	-	20,562,087
<b>TOTAL</b>	<b>-</b>	<b>20,562,087</b>

### Note - 17

#### CASH AND BANK BALANCES :

Particulars	March 31, 2018	March 31, 2017
<b>Cash and Cash Equivalents</b>		
(a) Cash in hand	18,710,793	11,757,474
(b) Balance with banks		
(i) In Current Accounts	55,218,818	20,352,670
(ii) Cheques, drafts on hands	-	2,260,000
	<b>73,929,610</b>	<b>34,370,143</b>
<b>Other Bank Balances</b>		
(i) In Deposit Accounts	296,141,111	246,686,411
Less: Original Maturity more than one year	(136,073,796)	(2,500,000)
	160,067,315	244,186,411
Unpaid Dividend Accounts	453,050	454,070
<b>TOTAL</b>	<b>234,449,975</b>	<b>279,010,624</b>

### Note - 18

#### SHORT TERM LOANS AND ADVANCES :

Particulars	March 31, 2018	March 31, 2017
Loans & Advances to Related Parties	-	-
(b) Balances with Government authorities		
Unsecured, considered good		
Income Tax Receivable	4,271,114	4,929,369
TDS & Advance Tax	3,113,570	3,483,077
GST Receivable	840,606	-
(c) Others (Unsecured, considered good)		
Loans and advances to employees	546,180	697,744
Others (Prepaid Expenses, and other advances etc)	1,249,279	735,438
<b>TOTAL</b>	<b>10,020,749</b>	<b>9,845,628</b>

*Advances recoverable in cash or in kind or for value to be received*

### Note - 19

#### OTHER CURRENT ASSETS :

Particulars	March 31, 2018	March 31, 2017
(a) Accruals		
Interest accrued on deposits/Securities	17,758,315	14,332,518
(b) Others		
Stock of Stationery	439,223	414,393
Stamp in Stock	21,510	22,007
Insurance Claim Receivable	4,092,319	4,092,319
Commission Receivables	436,512	351,506
Other Avances	330,605	674,524
Branch Adjustment	-	190,578
Others	-	49,920
<b>TOTAL</b>	<b>23,078,484</b>	<b>20,127,765</b>

### Note - 20

#### REVENUE FROM OPERATIONS :

Particulars	March 31, 2018	March 31, 2017
Interest Received	332,319,687	257,240,582
Commission Received	1,687,766	1,907,26
<b>TOTAL</b>	<b>334,007,452</b>	<b>259,147,848</b>

### Note - 21

#### OTHER INCOME :

Particulars	March 31, 2018	March 31, 2017
(a) Interest Income		
Interest received from Deposits	19,798,043	33,178,252
(b) Other non-operating income (net of expenses directly attributable to such income)		
Net Gain on Sale of Investment	2,124,653	724,685
Profit on disposal of Fixed Assets	-	1,464
Bad trade and other receivables recoverd	764,048	635,887
Interest on IT refund	668,015	167,945
Other Miscellaneous Income	107,030	38,333
<b>TOTAL</b>	<b>23,461,789</b>	<b>34,746,566</b>

### Note - 22

#### EMPLOYEE BENEFIT EXPENSES

Particulars	March 31, 2018	March 31, 2017
Salaries & Wages	50,146,496	45,096,278
Contributions to provident and other funds	6,556,950	4,992,436
Staff welfare expenses	3,732,378	1,611,440
<b>TOTAL</b>	<b>60,435,824</b>	<b>51,700,154</b>

### Note - 23

#### FINANCE COST :

Particulars	March 31, 2018	March 31, 2017
(a) Interest expense on :		
(i) Borrowings		
Interest on Deposits	212,763,456	180,451,318
Interest & Bank Charges	92,966	85,498
<b>TOTAL</b>	<b>212,856,423</b>	<b>180,536,816</b>



### Note - 24

#### DEPRECIATION AND AMORTISATION EXPENSES

Particulars	March 31, 2018	March 31, 2017
Depreciation	3,320,337	6,623,469
Amortisation	92,869	83,069
<b>TOTAL</b>	<b>3,413,206</b>	<b>6,706,538</b>

### Note - 25

#### OTHER EXPENSES :

Particulars	March 31, 2018	March 31, 2017
Advertisement	357,549	635,937
Audit Fees	528,000	466,000
Board/AGM/Commt.Meet. Expenses	97,287	103,643
Business Promotion Expense	2,173,564	3,421,955
Collection charges paid to SSD	1,844,060	1,406,941
Consultation & Prof Charges	9,995,604	135,641
Donation	584,100	139,800
Electricity Charges	1,091,875	842,633
Filing fees	16,523	30,600
Fuel Charges	136,285	106,120
GST	1,032,251	-
Insurances	614,829	383,143
Legal Charges	1,193,700	550,825
Managers/Regional Conference Expenses	78,536	137,089
Miscellaneous Expenses	2,201,725	1,940,600
News Paper	143,243	126,217
Office Expense	100,030	-
Postages, Stamps, Telephone & Internet	3,021,687	3,118,457
Prepaid expenses written off	-	15,798
Printing & Stationery	1,349,259	1,412,534
Rates & Taxes	168,912	158,786
Reimbursement of Out of Pocket exp	908,655	653,313
Rent Paid	9,934,069	8,531,621
Repairs & Maintenance	553,536	601,027
Repairs to vehicle	91,370	-
Service Tax	199,747	286,694
Sitting Fees	196,000	115,250
Software Maintenance Charges	2,576,411	1,527,237
Staff Meeting Expense	432,851	-
Training Expenses	53,098	32,265
Travelling Expenses	1,605,206	1,298,257
Water charges	74,276	52,808
Loss on Disposal of Fixed Assets	38,834	-
Provision for Bad & Doubtful debts	1,025,000	14,447,694
Bad Debts	21,212,976	5,898,615
<b>TOTAL</b>	<b>65,631,048</b>	<b>48,577,499</b>

### Note - 25.1

Payment to the auditors comprises :	March 31, 2018	March 31, 2017
As auditors - statutory audit	528,000	466,000
<b>TOTAL</b>	<b>528,000</b>	<b>466,000</b>

### Note - 26

#### EARNINGS PER SHARE (BASIC & DILUTED) :

Particulars	March 31, 2018	March 31, 2017
Profit after tax	10,008,457	13,617,395
Weighted average number of shares	16,250,448	15,749,865
Nominal value of shares (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	0.62	0.86

### Note - 27

#### Related party transactions :

#### Details of Related Parties :

Description of Relationship	Names of Related Parties
Key Management Personnel	K. Muraleedharan                      T.S. Jagadeesan Jayalakshmi P (CFO) Chinchumol George (Company Secretary)
Relatives of KMP	Nil
Entities in which KMP / Relatives of KMP can exercise significant influence	Nil

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the Auditors.

#### Details of Related Party Transactions :

Particulars	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Salary and allowance	1,519,835	-	-	1,519,835
<i>PY</i>	<i>1,153,379</i>	-	-	<i>1,153,379</i>
Expenses Reimburse	76,048	-	-	76,048
<i>PY</i>	<i>77,983</i>	-	-	<i>77,983</i>

Note: Figures in italics relates to the previous year

### Schedule - 11 Fixed Asset Schedddule

Sl. No. Particulars	Gross Block		Depreciation		Net Block					
	01.04.2017	Additions	Deletions	31.03.2018	01.04.2017	Additions	Deletions	31.03.2018	31.03.2018	31.03.2018
<b>Property, Plant &amp; Equipments</b>										
1 Land	50,269,035	-	-	50,269,035	-	-	-	-	50,269,035	50,269,035
2 Building	8,360,259	-	-	8,360,259	1,707,376	112,256	-	1,819,632	6,540,626	6,652,882
3 Computers	7,201,607	972,749	43,305	8,131,051	5,130,817	947,347	41,140	6,037,024	2,094,026	2,070,790
4 Electrical Fittings	10,083,276	2,781,015	216,104	12,648,187	5,575,631	717,550	145,877	6,147,304	6,500,883	4,507,646
5 Furniture & Fixtures	25,247,441	3,354,057	115,306	28,486,193	14,730,887	1,468,539	84,554	16,114,872	12,371,321	10,516,554
6 Motor Vehicles	1,497,699	815,611	1,445,496	867,814	1,000,098	74,646	1,020,542	54,201	813,613	497,601
<b>Total</b>	<b>102,659,317</b>	<b>7,923,432</b>	<b>1,820,211</b>	<b>108,762,538</b>	<b>28,144,809</b>	<b>3,320,337</b>	<b>1,292,112</b>	<b>30,173,033</b>	<b>78,589,505</b>	<b>74,514,508</b>
<b>Intangible Assets</b>										
7 Computer Software	880,170	98,000	-	978,170	132,610	92,869	-	225,479	752,691	747,560
<b>Total</b>	<b>880,170</b>	<b>98,000</b>	<b>-</b>	<b>978,170</b>	<b>132,610</b>	<b>92,869</b>	<b>-</b>	<b>225,479</b>	<b>752,691</b>	<b>747,560</b>
<b>Work in Progress</b>										
8 Building Under Construction	53,037,500	-	-	53,037,500	-	-	-	-	53,037,500	53,037,500
<b>Grand Total</b>	<b>156,576,987</b>	<b>8,021,432</b>	<b>1,820,211</b>	<b>162,778,208</b>	<b>28,277,419</b>	<b>3,413,206</b>	<b>1,292,112</b>	<b>30,398,512</b>	<b>132,379,696</b>	<b>128,299,568</b>

**Note - 28**

Bank Balance include fixed deposit in scheduled commercial banks, deposited in compliance of the provisions of Clause I (g) of Notification NO GSR555(E) dated 26.07.2001 issued by the Department of Corporate Affairs, Govt of India

In terms of notification no.GSR 555(E) dated 26.07.2001 read with amendment made vide GSR No.202(E) dated 31st March 2006, the company has to make provisions in respect of Non performing Loans ( NPA) outstanding as on 31.03.2002 in phased manner and whatever unprovided balance remains outstanding as on 31-07-2007 has to be completely provided by 31.03.2015. All the NPAs has been written off prudentially. An amount of Rs. 2,05,62,087 was received towards protested debts which was recognized in the year ended 31.03.2015. The Protested debts as on balance sheet date is Nil

As a prudent measure, the company has written off an amount of Rs. 2,12,12,976 relating to Gold Loans and Protested Debts

\* Previous years figures have been regrouped, wherever necessary, to conform to this year's classification / Presentation.

**In terms of our report attached**

**Damodaran P. Namboodiri ACA**  
*Chartered Accountant*

Membership No. 221178

Aluva  
14.08.2018

**Vinay N. Pisharady ACA**  
*Chartered Accountant*

Membership No. 233743

**For and on behalf of the Board of Directors**

**K Muraleedharan**  
*Managing Director*

**K K Balaram**  
*Director*

Aluva  
14.08.2018

**Jayalakshmi P**  
*Chief Financial Officer*

**Chinchumol George**  
*Company Secretary*



### Form No. MGT-11 Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : U65991KL1989PLC005448

Name of the Company : KPB NIDHI LIMITED (Erstwhile Kerala Permanent Benefit Fund Limited)  
Registered Office : No. VIII/441(1), KPBF MANDIR, SANGEETHA SABHA ROAD, ALUVA - 683101

Name of the Member(s) : .....

Registered Address : .....

I/We, being the member (s) of..... shares of the above named company, hereby appoint.

1. Name:  
Address:  
E-mail Id:  
Signature:..... , or failing him
2. Name:  
Address:  
E-mail Id:  
Signature:..... , or failing him
3. Name:  
Address:  
E-mail Id:  
Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **29th** Annual general meeting of the company, to be held on the **26<sup>th</sup> day of September 2018** at 3.30 p.m at Balabhadra Auditorium, Sree Krishna Temple, Ernakulam, Kerala - 683101 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	For	Against
<b>ORDINARY BUSINESS</b>			
1	Adoption of audited financial statements for the financial year ended 31.03.2018 and reports of the Board of Directors and Auditors thereon.		
2	Re appointment Sri. K K Balaram(DIN: 01037982), Director who retires by rotation.		
3	Re appointment Sri. P Rajkumar(DIN: 02870764), Director who retires by rotation.		
<b>SPECIAL BUSINESS</b>			
4	Regularisation of Sri. P Viswaroopan as Director to the Board.		
5	Appointment of Sri. K Muraleedharan as Managing Director to the Board.		
6	To authorize Board to appoint branch auditors for the Financial Year 2018-19 and to fix their remuneration.		
7	Appointment of Sri. M A Vasudevan Namboothiri as Independent Director to the Board.		
8	To approve enhancement of Authorized Share Capital of the Company.		

Signed this..... day of..... 2018.

Signature of Shareholder

Signature of Proxy holder(s)

Affix Re. 1 Revenue Stamp
------------------------------------

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, 48 hours before the commencement of the Meeting.

## Attendance Slip

### 29<sup>th</sup> Annual General Meeting 26-09-2018

Full Name of shareholder in Block Letters :  
Folio No. :  
No. of shares held :  
Whether Member or Proxy :  Member  Proxy  
E-mail ID :

I hereby record my/our attendance at the 29<sup>th</sup> Annual General Meeting of the Company on Wednesday, 26<sup>th</sup> day of September, 2018 at Balabhadra Auditorium, Sree Krishna Temple, Aluva, Ernakulam, Kerala - 683 101 at 3.30 pm.

Signature of Shareholder/Proxy :

Note: Only shareholders of the Company or their proxies will be allowed to attend the Meeting.

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signature registered with the Company. Duplicate slip will not be issued at the entrance to the meeting hall.

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**NB: It is proposed to conduct a Customer Meet on the same day at the same venue at 2.30 p.m. prior to the AGM. All are requested to attend the meeting.**

# STAFF MEET 2018 AT BHASKARELAYAM, KOCHI



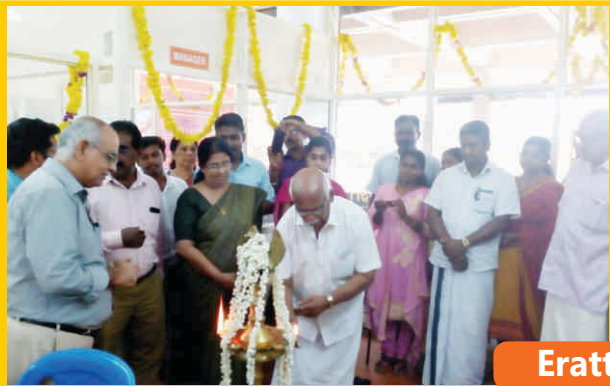


# STAFF MEET 2018 AT BHASKAREEYAM, KOCHI





**NEW BRANCH OPENING**



**Erattupetta**



**Kollam Civil Station**



**Ottapalam**



**BRANCH SHIFTING & RENOVATION**



**Kodakara**



**Ollur**



# ***KPB Nidhi Ltd.***

Erstwhile "Kerala Permanent Benefit Fund Limited"

Approved by Govt. of India . ESTD 1989 . CIN: U65991KL1989PLC005448

**Registered Office:**

**KPBF Mandir, Sangeetha Sabha Road, Aluva - 683 101, Kerala**

**Phone: 04842922000, 2922060,**

**Email: [headoffice@kpbnidhi.com](mailto:headoffice@kpbnidhi.com), Website: [www.kpbnidhi.com](http://www.kpbnidhi.com)**