

**53rd
ANNUAL REPORT
2019 - 2020**



Haryana Financial Corporation



BANKERS

PUNJAB NATIONAL BANK
Bank Square, Sector 17
Chandigarh-160017

UNION BANK OF INDIA
SCO 137-138, Sector 8-C
Chandigarh-160018

STATUTORY AUDITORS

M/s PARVEEN KAPOOR & ASSOCIATES,
Chartered Accountants,
S.C.O. 59, 2nd Floor, Madhya Marg, Sector 26
Chandigarh

REGISTRAR & SHARE TRANSFER AGENTS

M/s BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.
'Beetal House', 3rd Floor, 99 Madangir, Behind Local Shopping
Centre, Near Dada Harsukhdas Mandir, New Delhi - 110062
Phone : 011-29961281-82, Fax : 011-29961284
E-mail : beetalrta@gmail.com

HEAD OFFICE

HARYANA FINANCIAL CORPORATION
30 Bays Building (Ground Floor)
Sector 17-C, Chandigarh - 160 017
Ph. : 2702755-57, 2702568 Fax : 2721624, 2702666
E-mail : hfclegal@gmail.com Website : www.hfcindia.org.in
GST No. : 04AAACH4685B1ZY PAN No. : AAACH4685B
Registered at : Chandigarh (UT)

HARYANA FINANCIAL CORPORATION
H.O. : 30 Bays Building (Ground Floor), Sector 17-C, Chandigarh -160017
Ph. : 2702755-57, 2702568 e-mail : hfcsectt@gmail.com



Notice

In terms of Regulation 46 of Revised General Regulations of the Corporation read with Section 36 of the State Financial Corporations Act, 1951, it is hereby notified that the 53rd Annual General Meeting of Shareholders of the Corporation will be held on Friday, the 25th March, 2022 at 11.30 AM (I.S.T) in the Committee Room of The Haryana State Cooperative Apex Bank Ltd. (HARCO Bank), 1st Floor, SCO 78-80, Bank Square, Sector 17B, Chandigarh – 160017 to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2020 and the statement of Profit and Loss of the Corporation for the year ended on that date together with Report of the Board of Directors on the working of the Corporation throughout the year and the Auditor's Report on the said Balance Sheet and Accounts.
2. To elect two Directors in the prescribed manner by the shareholders referred to in clause (d) of sub-section (3) of Section 4 of the State Financial Corporations Act, 1951 (i.e from Public Shareholders) for a period of three years.

NOTES :

- i) The Register of Members and Share Transfer Books of the Corporation will remain closed from 15th March, 2022 to 24th March, 2022(both days inclusive).
- ii) Nomination papers for election as Director by the shareholders (category 'd') in order to be effective must reach, complete in all respects (as per applicable format published in the Annual Report), at Head Office of the Corporation on a working day not less than 14 clear days before the date fixed for the meeting (i.e by 10th March, 2022).
- iii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and the proxy need not be a member of the Corporation. Proxies in order to be effective must be deposited (as per format published in the annual report) with the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.
- iv) The Institutional Shareholders i.e. SIDBI / Banks / Co-op Banks /Insurance Companies and Bodies Corporate/ Companies etc. in order to attend & vote at the meeting shall submit authorization (as per format published in the Annual Report) along with certified copies of resolutions appointing duly authorized representative. Authorizations in order to be effective must be deposited with the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.
- v) The Shareholders of the Corporation in its 52nd Annual General Meeting held on 13.07.2021 appointed M/s Parveen Kapoor & Associates, Chartered Accountants, Chandigarh as Statutory Auditors of the Corporation for the financial year 2019-20 & 2020-21 u/s 37 (1) of SFCs Act, 1951 and they have conducted the audit for the financial year 2019-20. As per RBI Guidelines, an Auditor can be re-appointed upto four terms. The RBI vide their letter dated 16.07.2020 & 04.02.2021 have confirmed the eligibility of the existing Audit Firm for conducting audit for 2019-20 & 2020-21. The audit firm has also confirmed their eligibility and given their consent/ declaration under the provisions of the Companies Act/ RBI Guidelines and the said case was placed before the Shareholders for the ratification of their re-appointment in the last AGM, which was duly passed by the Shareholders.

By Orders of the Board
for Haryana Financial Corporation

Company Secretary

Dated : 25.02.2022
Place : Chandigarh



HARYANA FINANCIAL CORPORATION, CHANDIGARH

Directors on the Board of the Corporation as on 31.03.2020

(under section 10 of the SFCs Act, 1951)

1.	Sh. Rajesh Khullar, IAS Principal Secretary to Hon'ble Chief Minister, Haryana, Chandigarh.	Chairman	Nominated as Director by the State Govt. in terms of Section 10(b) of SFCs Act 1951 & appointed as Chairman in terms of Section 15(1) of SFCs Act, 1951 w.e.f. 15.12.2018 for a period of 3 years
2.	Sh. T.V.S.N Prasad, IAS Addl. Chief Secretary to Government of Haryana Industries & Commerce Department, Haryana Civil Secretariat Chandigarh.	Director	Nominated by the State Govt. in terms of Section 10(b) of SFCs Act, 1951. w.e.f. 27.11.2019.
3.	Smt. Amneet P. Kumar, IAS Mission Director, National Health Mission, Bays No. 55-58, Sector - 2, Panchkula, Haryana.	Director	Co-opted as women Director by the Board of Directors, Haryana Financial Corporation in its meeting held on w.e.f. 21.02.2019.
4.	Smt. G. Komal Kishore, IRS Secretary, Finance & Member Secretary, HBPE	Director	Nominated by the State Govt. vide order dated 02.08.2019.
5.	Sh. Rajat Mukherjee Sr. Divisional Manager, Life Insurance Corporation of India, Sector 17, Chandigarh	Director	Nominated by Life Insurance Corporation of India in terms of Section 4(3)(c) of SFCs Act, 1951 vide Letter dated 09.07.2018.
6.	Sh. Rahul Priyadarshi, GM SIDBI, SCO 119-120, Sector 17-B, Chandigarh	Director	Nominated by SIDBI w.e.f. 17.07.2019
7.	Sh. Sanjeev Kumar Bajaj DGM, Circle Head, Circle Office, Punjab National Bank, Sector 17-B, Chandigarh	Director	Nominated by PNB in terms of Section 10(d) to represent shareholders in clause (c) of Sub-Section (3) of Section 4 of SFCs Act, 1951.(Banks, Insurance Cos. etc.) w.e.f. 18.08.2017 for a period of 3 years
8.	Sh. Atul Kumar Jain, M/s Vallabh Narrow Fabrics Pvt. Ltd., 952, Urban Estate Ambala City.	Director	Nominated/Elected by Public shareholders in terms of Section 10(e) to represent shareholders in clause (d) of Sub-Section (3) of Section 4 of SFCs Act, 1951 w.e.f. 02.07.2018 for a period of 3 years in the 50th AGM
9.	Sh. Ashwani Kumar Gupta, M/s Sanjay Agro Industries Ltd., Ambala R/O 191, Nai Abadi, Khanna, Distt. Ludhiana (Punjab)	Director	Nominated/Elected by Public shareholders in terms of Section 10(e) to represent shareholders in clause (d) of Sub-Section (3) of Section 4 of SFCs Act, 1951 w.e.f. 02.07.2018 for a period of 3 years in the 50th AGM

HARYANA FINANCIAL CORPORATION CHANDIGARH



Directors' Report

The Board of Directors of Haryana Financial Corporation has pleasure in presenting the 53rd Annual Report on the working of the Corporation together with the Audited statements of Accounts for the year ended 31st March, 2020.

Financial Results

During the financial year 2019-20 the Corporation has achieved the following working results.
(Rs. in crore)

		2019-20	2018-19
A.	Income		
	Income from operations/other income	5.84	3.76
	Sale of Property	–	13.25
	Total Income	5.84	17.01
B.	Expenditure		
	Interest & Other Financial Expenses	0.04	0.03
	Personnel Expenses	4.49	5.40
	Administrative Expenses	0.60	0.81
	Depreciation	0.18	0.20
	Total Expenditure	5.31	6.44
C.	Operating Profit / (Loss) (A - B)	0.53	10.57
D.	Less : Net Provision against NPAs Loan Assets & investments and Income Tax on capital gains on sale of property during previous F.Y. 2018-19	2.38	4.56
	Net Profit / (Loss) (C - D)	(1.85)	6.01

Operational Highlights

The Corporation has already stopped sanction of the loans w.e.f. May, 2010 as already stated in the previous Annual Reports. The details of the operations of the Corporation i.e recovery of its dues during the year are given as under:-

(Rs. in crore)

	Performance for the Year 2019-20
Sanction	0.00
Disbursement	0.00
Recovery	2.55

Resources Management

The Corporation has stopped fresh Sanctions since May, 2010. No borrowings from the market/banks have been made during the year. As stated earlier, the Corporation has since repaid its borrowings and there is no outstanding loan against the Corporation. The Corporation utilized its limited resources for meeting the commitments/liabilities during the year.



Share Capital from State Government

Due to present position of the Corporation, the State Govt. has not sanctioned/released any amount towards share capital during the year.

Corporate Governance/ Management Discussion & Analysis Report

The Corporate Governance and Management discussion and Analysis report as per SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 is annexed as Annexure with the Directors' Report. A certificate from M/s Sharma Sarin & Associates, Company Secretaries on the above for the year ending on 31st March, 2020 is also annexed with this report.

Listing

The equity shares of the Corporation are listed at Bombay Stock Exchange Ltd. (BSE Script Code No. 530927). The Corporation has paid the Annual Listing fee of Rs. 3.00 lakh plus GST to the Stock Exchange (BSE) within time.

Audit

The shareholders in its 52nd Annual General Meeting held on 13.07.2021 as per provisions of section 37 of State Financial Corporations' Act, 1951 appointed M/s Parveen Kapoor & Associates, Chartered Accountants, Chandigarh (on the panel of the RBI) as Statutory Auditors for the financial year 2019-20, (for 3rd term), who have conducted audit of the Corporation.

As per RBI guidelines, in the normal course, an audit firm may continue for a term of 4 years in one spell. The re-appointment of the existing statutory auditors M/s Parveen Kapoor & Associates, Chartered Accountants, Chandigarh for F.Y 2019-20 & 2020-21 is subject to confirmation of the same by the RBI. Accordingly, the RBI vide their letters dated 16.07.2020 & 04.02.2021 have confirmed the eligibility of the Statutory Auditor for F.Y 2019-20 & 2020-21.

Audit By Comptroller & Auditor General of India

The Comptroller & Auditor General of India (CAG) had conducted the audit of the accounts of the Corporation upto FY 2018-19 and their reports have been placed before the State Legislature as per provisions of State Financial Corporations Act, 1951 upto F.Y 2017-18. The report for F.Y 2018-19 is yet to be placed before State Legislature.

Cash flow Statement

In conformity with the provisions of SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ending on 31.03.2020 is annexed with the Annual Accounts.

Board of Directors

The list of the Board of Directors as on 31.3.2020 has separately been given in the Annual Report.

During the year under review, 1 meeting of Board of Directors has been held. The detail of the number of meeting of the Board held during the FY 2019-20 forms part of the Report on Corporate Governance in terms of regulation 34(3) of SEBI (LODR) Regulations, 2015.

Position of Winding Up/Liquidation of Corporation

It was already informed to the shareholders in the previous Annual General Meetings that the proposal for liquidation/winding up of the Corporation has been forwarded to the State Govt and the State Govt. has appointed MD, HSIIDC as the Nodal Officer for commencing and completing the liquidation proceedings.

Acknowledgements

The Board of the Haryana Financial Corporation wishes to place on record its special thanks and gratitude to Govt. of Haryana, Department of Industries & Commerce and Small Industrial Development Bank of India (SIDBI) for their continuous co-operation and support in all the operational/financial matters.

The Board wishes to take the opportunity to thank the Banks and shareholders for extending their support and cooperation.

The Board of Directors placed on record its appreciation of the contribution made by past Managing Director Sh. Anurag Agarwal, IAS.

The Board of Directors also placed on record its appreciation of the contribution made by the outgoing Directors.

The Board placed on record its appreciation for the services rendered by the staff of the Corporation at different levels during the year.

Dated : 28.02.2022

Place : Chandigarh

For and on behalf of Board of Directors

Sd/-

Managing Director



CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION & ANALYSIS REPORT

Report on Corporate Governance

1. Brief Statement about Corporation/Applicability of Corporate Governance.

Haryana Financial Corporation has been established under the State Financial Corporations' Act, 1951. The Companies Act, 2013 is not applicable to the Corporation. Accordingly as per regulation 15(2) (b) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the provisions of Corporate Governance as given in regulation 27 and other regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable to the limited extent. As per requirements of the Stock Exchange (BSE) and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Corporation is making necessary compliances to the extent applicable /feasible in view of the adhering of the provisions of the State Financial Corporations Act, 1951 and rules made there under. The Corporation is attending to its customers/borrowers, shareholders and others to the best practices applicable /feasible under the given norms.

2. Board of Directors

2(a) Composition of Board

The Corporation has been established under the State Financial Corporations Act, 1951 and we are adhering to the provisions of the said Act. It is submitted that section 9 of the SFCs Act, 1951 prescribes the detail about Management- the general superintendence direction and management of affairs and business of the Financial Corporation shall vest in a Board of Directors which may exercise all powers and do all such acts and things, as may be exercised or done by the Financial Corporation. Section 10 of State Financial Corporations Act, 1951 prescribes the composition of Board of Directors of the Corporation. The details of the Directors of the Corporation as on 31.03.2020 have been given in the Annual Report separately. As per section 10 of the SFCs Act, 1951 there is a provision of nomination of two Directors by the Govt. of Haryana u/s 10(b), two Directors to be nominated by Small Industries Development Bank of India (SIDBI) u/s 10(c), two Directors to be nominated by Banks/insurance companies u/s 10(d), two Directors to be elected by the shareholders u/s 10(e) on the basis of percentage of Share Capital held by public shareholders and two Directors to be co-opted by Board of Directors u/s 10(e) (iv). Further, as per provision of section 15(1) of SFCs Act, 1951 one of the Director nominated by the State Govt. u/s 10(b) will be nominated as Chairman of the Corporation. Further as per provisions of section 17 read with section 10(f) of the SFCs Act, 1951, the State Govt. will appoint the Managing Director of the Corporation. As per the above provisions the State Govt. has nominated two Directors. SIDBI has nominated one Director against the provision of two Directors. The banks /insurance companies have nominated two Directors as per provision. There are two directors (elected) by the shareholders u/s 10(e) of the SFCs Act, 1951. The Board has also co-opted two Directors as per provision in the SFCs Act, 1951. Except Managing Director all other Directors are non-executive. The Chairman is also a Non-Executive Director. There were two women directors (as on 31.03.2020) on the Board of the Corporation, the list of which has separately been published in the Annual Report.

2(b) Board Meetings

During the year 2019-20 one meeting of the Board of Directors was held. The date on which the Board Meetings were held are as follows:-

349th Board Meeting dated 22.07.2019

2(c) Fidelity & Secrecy

As per provisions of section 40 of SFCs Act, 1951, the fidelity and secrecy certificate and other details were obtained from the directors and the same have been taken on record by the Board of the Corporation.



3 Audit Committee

The Audit Committee of the Corporation has been constituted/re-constituted by the Board of the Corporation. The Committee comprised of three non executive Directors. The scope of the Audit Committee is as per the provisions of Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

3(A) Committee of Directors

The Committee of Directors of the Corporation was constituted/re-constituted by the Board of the Corporation. The Committee comprised of four Directors of the Corporation. The Committee of Directors have been constituted u/c 41 of the Listing Agreement (now Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015) to approve/take on record the quarterly financial results of the Corporation.

4. Remuneration Committee

The Corporation has not constituted Remuneration Committee as the Non-Executive Directors are not entitled for any remuneration. The Managing Director of the Corporation is an IAS officer and is appointed by the State Govt., Haryana and the remuneration payable is in accordance with the terms and conditions prescribed by the State Govt., Haryana. The other Directors are entitled to sitting fee of Rs. 1000/- for attending Board & other meetings besides TA/DA.

As regards remuneration/pay scales and other allowances to the employees, the same are being sanctioned by the Board generally on the basis of the State Govt., Haryana and as per provisions of the State Financial Corporations' Act, 1951 & approved by HBPE.

5. Shareholders/Investors Grievances Committee

The Shareholders/Investors Grievances Committee of the Corporation has been constituted/re-constituted by the Board of the Corporation. The committee comprised Director nominated by SIDBI u/s 10(c), Director nominated/elected by banks/LIC (shareholders mentioned in clause(c) of sub-section (3) of section 4), Director nominated/elected by the public shareholders mentioned in clause (d) of sub-section (3) of section 4 read with section 10(d) and 10(e) respectively of the State Financial Corporations Act, 1951. The above Directors are non executive Directors.

6. General Body Meetings

The location and time for the last three Annual General Meetings were :

Year	AGM	Location	Date	Time
2016-2017	50th AGM	HARCO Bank, Sector 17B, Chandigarh	02.07.2018	01.00 PM
2017-2018	51st AGM	HARCO Bank, Sector 17B, Chandigarh	03.09.2019	11.30 AM
2018-2019	52nd AGM	HARCO Bank, Sector 17B, Chandigarh	13.07.2021	11.30 AM

No postal ballots were used/invited for voting in the above meetings.

7. Disclosures

a) Disclosures on materially significant related party transactions

The Corporation has not entered into any materially significant transactions during the year under review which would have potential conflict of interest between the Corporation and its Promoters, Directors, Management and/or their relatives

b) Penalties by stock exchanges/SEBI for non compliance by the Corporation.

The Bombay Stock Exchange has levied penalties for delay in compliance of Listing Regulations particularly Regulation 33 for submission of quarterly financial results. In this regard, Corporation has requested BSE for waiver of penalty and clarified to the Exchange that the Corporation is in the process of winding up as ordered by the State Government and for which Nodal officer has also been appointed for completion of liquidation process. Hence, no penalty has been paid to BSE.

It is also pertinent to mention here that the Adjudication proceedings for non-compliance of Minimum Public Shareholdings (MPS) Requirements have been dispensed with by the Securities and Exchange Board of India (SEBI) vide its letter No. EAD/AO-SM/JR/OW/33882/2018 dated 11.12.2018.

8. Means of Communication

The quarterly, half yearly and annual financial results of the Corporation are published in two newspapers - "The Indian Express (English Edition) and Dainik Jagran (Hindi Edition), Chandigarh".

The quarterly financial results are also updated on the Website of the Corporation (www.hfcindia.org.in).

The Annual Report containing interalia, Audited Annual Accounts, Consolidated Financial Statements, Director's Report, Auditor's Report and other important information is circulated to the members / shareholders. The Annual Reports are despatched through post.

9. General Shareholders information

9.1 Annual General Meeting

- Date and Time 25.03.2022 at 11.30 AM
- Venue Head Office of the Corporation or as decided at some other place at Chandigarh

9.2 Financial Calendar (Tentative)

(from 1st April to 31st March)

The tentative dates for publishing of quarterly results will be as under :

- 30th June, 2021 : by 15th Aug, 2021
- 30th Sept, 2021 : by 15th Nov, 2021
- 31st Dec, 2021 : by 15th Feb, 2022
- 31st March, 2022 : by 30th May, 2022

9.3 Book Closure date 15.03.2022 to 24.03.2022

9.4 Dividend payment date (Not applicable)
No dividend has been recommended by the Board

9.5 Listing of Shares Bombay Stock Exchange Ltd. (BSE)

9.6 Stock code/Script Code 530927

9.7 Stock Market Data
The shares are thinly traded.

The available quotes at BSE Rs. 24.65 on 13.07.2011

9.8 Share price performance Refer 9.7

9.9 Registrar & Transfer Agents

M/s Beetal Financial & Computer Services (P) Ltd., New Delhi has been appointed as the Registrar and Share Transfer Agent (RTA) of the Corporation for handling the share transfer work in physical form. All correspondence relating to share transfer, transmission can be made with them at the following address :

M/s Beetal Financial & Computer Services (P) Ltd.,
'Beetal House', 3rd Floor, 99 Madangir, Behind Local
Shopping Centre, Near Dada Harsukhdas Mandir,
New Delhi - 110062,
Phone : 011-29961281, 29961282,
Fax : 011-29961284
E-mail : beetal@beetalfinancial.com

9.10 Share Transfer System

The Corporation has constituted Share Transfer Committee of the Corporation. The Share Transfer Committee consists of the following members :

1	Managing Director	Chairman
2.	Sh. Rakesh Khurana* General Manager	Member
3.	Ms. Manisha Gupta Deputy General Manager	Member
4.	Ms. Vandana Jindal Deputy General Manager	Member

Shares received by the Corporation for transfer are sent to Registrar/Share Transfer Agent (RTA). The RTA after completion of formalities forward the share transfer register containing all the details of transferor/transferee to the Corporation for approval. A meeting of the Share Transfer / Transmission Committee is then held to approve the transfer(s) and forward its minutes to the RTA for necessary action. Thereafter, the Registrar make the endorsement on the share certificates and forward the share certificates duly transferred to transferee. The same procedure is adopted for the shares directly received by the RTA.

* - Retired on 30.04.2021

9.11 Shareholding pattern as on 31st March, 2020

Category of shareholders as per section 4(3) of SFCs Act, 1951	No. of Shareholders	No. of shares held of Rs. 10/- each	%age of holding
a State Govt. (Haryana)	1	20,20,11,650	97.28%
b SIDBI	1	43,26,550	02.08%
c Banks, Financial Institutions, Insurance Co., Central/State Govt. Institutions/Non Govt. Institutions	9	2,01,700	00.10%
d Others (Shareholders other than those referred to in clause (a), (b), (c) above)	1919	11,18,200	00.54%
TOTAL	1930	20,76,58,100	100%

9.12 Dematerialisation of Shares

The shares of the Corporation are in physical forms. An application was filed by the Corporation to National Stock Depository Limited (NSDL) for dematerialization of its shares in the year 2006. The NSDL has not acceded our request for dematerialization of the shares of the Corporation due to erosion of net worth of the Corporation on account of accumulated losses.

9.13 Outstanding GDR/Warrants and Convertible Bonds, Conversion date and likely impact on the equity.

- Nil -

9.14 Plant Locations

The Corporation has its Head Office at Chandigarh and 2 Branch Offices in the various districts of Haryana. There is no plant/manufacturing unit of the Corporation.

9.15 Address for Correspondence

The Shareholders may correspond with the Share Transfer Agent (the address of which has been given above, at S.No. 9.9) for their queries with regard to change of address, transfer of shares or at the following address:

The Compliance Officer

Haryana Financial Corporation

Secretarial Cell, 30 Bays Building , (Ground Floor),

Sector 17- C, Chandigarh-160017.

Ph. No. 0172-2714530, 2702755-57

Fax No. 0172-2702666

E-mail: hfcsectt@gmail.com

MANAGEMENT DISCUSSION & ANALYSIS REPORT

i) Term Lending Institution

You are aware that the Haryana Financial Corporation was established under the State Financial Corporation Act, 1951 as a State level development financial institution to provide financial assistance to the industrial units and for other activities as per section 25 of the SFCs Act, 1951 relating thereto to the small scale sectors set up in the State of Haryana in the year 1967.

ii) Risks, Threats and Concerns

Risk means uncertainties about events and their outcomes that could have a material impact on the performance and projections of the Corporation. The risk is inherent in every business. We have already informed to the shareholders in the previous report that with the reforms of the financial sector, the traditional area have been entered into by new entrants i.e. Banks and Non-Banking Financial Companies (NBFCs) who have access to cheap source of funds. Accordingly, the Corporation was facing stiff competition from NBFCs and Banks. In view of the above, the Corporation could not withstand the competition from these institutions due to operational limitations and accordingly stopped fresh business/ sanction of the loans since May, 2010.

It was already informed to the shareholders in the previous Annual General Meetings that the proposal for liquidation/winding up of the Corporation has been forwarded to the State Govt. and the State Govt. has appointed MD, HSIIDC as the Nodal Officer for commencing and completing the liquidation proceedings.

In addition to above, there are a number of suit filed cases (pension, arrears of 6th pay commission to staff and other staff/borrowers cases) pending in the courts which will also affect its profitability.

iii) Corporation's Performance

You are aware that the Corporation's main thrust is now recovery of its loans especially the bad debts. The One Time Settlement Scheme of the Corporation introduced in the previous years to recover loan from the NPAs cases has been extended from time to time and also during the year keeping in view of the requirements of the borrowers. During the year a sum of Rs. 2.55 crore has been recovered.

iv) Opportunities/Resources

You are aware that the Corporation has since repaid entire outstanding refinance under settlement to SIDBI. As already informed the Corporation has also repaid all the bonds series due from time to time. So, there is no outstanding loans against the Corporation or say debt free Corporation. There is no interest liability in this regard.

The Corporation has a number of NPA cases. There are opportunities that some of them may come under settlement scheme which tantamounts to recovery for the Corporation.

v) Internal Control System

The Corporation is under winding up process. Therefore, due to paucity of staff, the internal audit is limited to only certain payments above specified amount.

vi) Human Resources

With the retirement of the staff, the staff strength has been reduced from 35 as on 31.03.2019 to 29 as on 31.03.2020. The Corporation is making its efforts to reduce the administrative burden and at the same time motivate the existing staff and get support from them to discharge their responsibilities.

Certain statements made in the "Management Discussion and Analysis Report" might be considered forward looking. These statements are subject to certain risks and actual result may differ.

Partners

P D Sharma

M.A., LL.B. (A), FCS

G S Sarin

B.Com., LL.B., M.P.C., FCS



SHARMA SARIN & ASSOCIATES
COMPANY SECRETARIES

OFFICE

**SCO 186-188, First Floor, Adj. Ghazal Restaurant,
Sector 17-C, Chandigarh-160 017 (Entry Backside)**

Teletax : 0172-5012112, 5079239 Tel. 0172-5079110
e-mail : sharmasarinassociates@yahoo.com
sharmasarin@cslaws.com
Website : www.cslaws.com

CORPORATE GOVERNANCE HARYANA FINANCIAL CORPORATION

TO
THE MEMBERS OF
HARYANA FINANCIAL CORPORATION
SECTOR 17,
CHANDIGARH

Dated : 15.02.2022

In accordance with clause 49 of the Listing Agreement entered into by **HARYANA FINANCIAL CORPORATION** with Mumbai stock exchange, We have examined all relevant records of the Corporation as Stipulated in SEBI LODR, REGULATION 07 SUB REG 03 for the Financial year ended on 31st March, 2020.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification and have been provided with such records, documents, certifications etc as had been required by us.

We certify that on the basis of the records produced and the explanations given to us by the Corporation for the purpose of this certificate, has complied with all the requirements of the said SEBI LODR, REGULATION 07 SUB REG 03 *except holding of Board Meetings, Annual General Meeting and filing of audited results with the Stock Exchange.*

We state that no Investor Grievance was pending for the period exceeding one month against the Corporation as per the records maintained and produced before us by the Corporation.

We further state that such compliance is neither an assurance as to the future validity of the Corporation nor efficiency or effectiveness with which the Management has conducted the affairs of the Corporation.

From Sharma Sarin & Associates
Company Secretaries



P.D. Sharma
(Partner)
FCS NO. 2285
CP NO 2692

Place : Chandigarh
Date : 15/02/2022
LDIN: F002285C:002592391

VISHAL ARORA
COMPANY SECRETARY

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

TO
THE MEMBERS,
HARYANA FINANCIAL CORPORATION
SECTOR 17,
CHANDIGARH

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good Corporate Practices by HARYANA FINANCIAL CORPORATION (hereinafter referred to as "the Corporation"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the HARYANA FINANCIAL CORPORATION books, papers, minute books, forms and returns filed and other records maintained by the Corporation and also the information provided by the Corporation, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Corporation has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by HARYANA FINANCIAL CORPORATION ("the Corporation") for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The State Financial Corporation Act, 1951
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) The Reserve Bank of India Act, 1934

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

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VISHAL ARORA
COMPANY SECRETARY

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) The Securities and Exchange Board of India (listing obligations & disclosure requirements) regulations, 2015.

(vi) **OTHER APPLICABLE ACTS :**

- (a) The Finance Act, 2018.
- (b) Prevention of Money Laundering Act, 2002 and the prevention of Money-Laundering (Amendment) Act 2012.
- (c) Banking Companies (period of preservation of records) rules, 1985
- (d) Bankers Book Evidence Act, 1891
- (e) Employee's State Insurance act, 1948, and rules made thereunder.
- (f) The Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and rules made thereunder.
- (g) The Payment of Bonus Act, 1956, and rules made thereunder.
- (h) The Payment of Gratuity Act, 1972.
- (i) Indian Contract Act, 1872.
- (j) The Apprentices Act, 1961.
- (k) The Workmen's Compensation act, 1923.
- (l) Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013.
- (m) The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
- (n) The Public Financial Institutions (obligations as to Fidelity and Secrecy) Act, 1993

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VISHAL ARORA
COMPANY SECRETARY

- (o) The Credit Information Companies (Regulation) Act, 2005
- (p) The State Bank of India Act, 1955
- (q) The Income Tax Act, 1961

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by "The Institute of Company Secretaries of India"
- (ii) The listing agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE).

COMPLIANCE OF CONDITION OF CORPORATE GOVERNANCE IS THE RESPONSIBILITY OF THE MANAGEMENT. OUR EXAMINATION WAS LIMITED TO PROCEDURES AND IMPLEMENTATION THEREOF, ADOPTED BY THE CORPORATION FOR ENSURING THE COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE. IT IS NEITHER AN AUDIT NOR AN EXPRESSION OF OPINION ON THE FINANCIAL STATEMENTS OF THE CORPORATION

Qualifications:

During the period under review the corporation has complied with the provisions of the Act, Rules, Regulations w.r.t the above mentioned acts whichever are applicable and rules apart from the following observations:

- a) *The provisions of the Companies Act, 2013 are not applicable to the Corporation as the Corporation is not registered under the Companies Act.*
- b) *The applicability of the Secretarial Audit is required as per the Listing requirements.*
- c) *As the Corporation is not registered under the Companies Act therefore the scope of this audit is limited to compliance with the SEBI (LODR) Regulations and Compliance of State Financial Corporation Act, 1951.*

The Corporation is a Government Sector Undertaking. There are procedural and administrative delays in complying with the various requirements of the SEBI (LODR) Regulations. The management of the Corporation has informed us that these procedural and administrative delays have been due to the non availability of staff because most of the employees are either on superannuation or have been deputed to other Government Departments. Further the branches of the Company have been closed and the Company has not been doing any business and the proposal for the winding up of the Corporation is

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VISHAL ARORA
COMPANY SECRETARY

under active consideration of the Government. All these factors have led to the delays in compliance.

c) There have been occasional delays in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with respect to the following:

- i) Regulation 29 The Corporation has not furnished the Notice of Board Meeting to Stock Exchange.*
- ii) Regulation 30 The corporation has not Disclosed the price sensitive information to Stock Exchange.*
- iii) Regulation 44 The Submission of voting result to Stock Exchange has not been done.*

The Board of Directors of the Corporation have informed us the reasons for the non-compliance with the requirements which have been mentioned above.

The other observations with respect to the Statutory Books apart from the State Financial Corporation Act, 1951 are based upon the certification received from various department heads.

This report is to be read with my letter of even date which is annexed as "Annexure A" and forms and integral part of this report.



(VISHAL ARORA)
COMPANY SECRETARY
FCS NO. 4566
CP NO.3645

PLACE: CHANDIGARH

DATE: 19.10.2021

UDIN: F004566C001207306

VISHAL ARORA
COMPANY SECRETARY

"Annexure -A"

TO
THE MEMBERS,
HARYANA FINANCIAL CORPORATION
SECTOR 17,
CHANDIGARH

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records, based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Whenever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, Rules, regulations, standards are the responsibility of the management. My examination was limited to the extent of verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

[VISHAL ARORA]
COMPANY SECRETARY
FCS NO. 4566
CP NO.3645



PLACE: CHANDIGARH
DATE: 19.10.2021

PARVEEN KAPOOR & ASSOCIATES

CHARTERED ACCOUNTANTS

OFFICE : S.C.O. 59, 2ND FLOOR, SECTOR 26, MADHYA MARG, CHANDIGARH - 160019. PH. : 2791934
RESIDENCE : # 3035, SECTOR 35 D, CHANDIGARH -160036

The Members,
Haryana Financial Corporation
Chandigarh

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **Haryana Financial Corporation (HFC)**, which comprise of the **Balance Sheet as at 31st March,2020** and the Statement of Profit and Loss and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

1. Management's responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these Financial Statements that give a true and fair view of the financial position and financial performance and the cash flows of the Corporation in accordance with the accounting standards and principles generally accepted in India and as per the requirements of Small Industries Development Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

2. 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 under there under.

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India and provisions of section 37 of the State Financial Corporations Act 1951 as amended by SFCs (Amendment) Act 2000. 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.

3. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedure selected depend upon the auditor's judgement , 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 Corporation'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 Corporation 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 accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

4. 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.

5. Material Uncertainty Related to Going Concern

We draw attention to the Paragraph C of Schedule -'Q' (Notes on Accounts) which discloses that the Corporation has recommended to the State Govt. for winding up/liquidation u/s 45 of SFCs Act, 1951. Further the State Govt. has appointed Managing Director HSIIDC as Nodal Officer for completing the formalities of winding up. The board of directors have constituted a committee under the chairmanship of Director of Industries & Commerce, Haryana for the winding up purpose but the report of committee is yet awaited. These events, conditions and matters indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

6. 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 & fair view in conformity with the accounting principles laid down by SIDBI for SFCs and generally accepted in India ;

- a) In the case of the Balance Sheet, of the state of affairs of the Corporation as at **31st March, 2020**
- b) In the case of the Statement of Profit & Loss Account, of the Loss of the year for the year ended on that date, and
- c) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

7. Report on Other Legal and Regulatory Requirements

On the basis of our audit subject to Notes on Accounts as contained in Schedule "Q", we report that ;

- i) We have sought & obtained all the information and explanations which to the best to our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of accounts as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from Branches.
- iii) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts and with the returns received from the Branches.
- iv) In our opinion the aforesaid Balance Sheet, Statement of Profit & Loss and Cash Flow Statements comply with the Accounting Standards and guide lines issued by SIDBI for SFCs from time to time.
- v) The transactions of the Corporation that have come to our notice have been within the powers of the Corporation.

For Parveen Kapoor & Associates
Chartered Accountants



Parveen Kapoor
FCA (Prop.)
Membership No. 90987
Firm Regd. No. 011958N

UDIN : 21090987AAAAD8648

Place : Chandigarh

Dated : 25th October, 2021



HARYANA FINANCIAL CORPORATION, CHANDIGARH
BALANCE SHEET AS AT 31ST MARCH, 2020

As at 31.03.2019 (Amount in Rs.)	Particulars	Schedule	As at 31.03.2020 (Amount in Rs.)
	A EQUITY & LIABILITIES		
	1 Shareholders' funds		
2,076,581,000	a) Share capital	A	2,076,581,000
165,826,950	b) Reserves and surplus	B	165,826,950
	2 Current liabilities		
479,393,288	a) Other current liabilities	C	494,033,677
135,146,426	b) Provisions	D	149,212,372
<u>2,856,947,664</u>	Total		<u>2,885,653,999</u>
	B ASSETS		
	1 Non-current assets		
70,700,688	a) Fixed assets	E	68,916,732
1,450,000,000	b) Non-current investments	F	1,450,000,000
72,812,597	2 Loans and Advances	G	73,231,014
	3 Current Assets		
47,624,180	a) Current investments	H	47,624,180
43,901,908	b) Cash and bank balances	I	68,428,250
96,965,999	c) Other current assets	J	84,043,194
1,074,942,292	4 Profit and Loss Accounts	K	1,093,410,629
<u>2,856,947,664</u>	Total		<u>2,885,653,999</u>

Notes on Accounts

Q

Note : The Schedules referred to above form integral part of the Balance Sheet


Pujja Sharma
Company Secretary


Anurag Agarwal, IAS
Managing Director

In terms of our separate report of even date attached
For Parveen Kapoor & Associates
Chartered Accountants




Parveen Kapoor
FCA (Prop.)
Membership No. 90987
Firm Regd. No. 011958N
UDIN : 21090987AAAAD8648

Place : Chandigarh
Dated : 25th October, 2021

HARYANA FINANCIAL CORPORATION, CHANDIGARH



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

For the year ended 31.03.2019 (Amount in Rs.)		For the year ended 31.03.2020 (Amount in Rs.)
	INCOME	
	Schedule	
5,218,367	Revenue from Operations	25,701,066
<u>164,904,708</u>	Other Income	<u>32,687,404</u>
<u>170,123,075</u>	Total Revenue	<u>58,388,470</u>
	OPERATIONAL EXPENDITURE	
319,647	Other Financial & Misc. Expenses	374,705
54,020,074	Employees Benefit Expenses	44,915,016
8,097,474	Administrative Expenses	5,999,858
1,990,059	Depreciation	1,793,356
0	Bad Debts Written Off	10,634
<u>64,427,254</u>	Total Expenditure	<u>53,093,569</u>
105,695,821	Profit / (Loss) before provisioning	5,294,901
0	Add : Excess Provision Against Gratuity Written Back	3,253,018
26,536,000	: Provision Against Investments Written Back	0
0	Less : Provision Against Investments	13,242,800
330,284	: Provision Against NPAs Loans Assets	823,146
71,753,106	: Provision of Minimum Guaranteed Dividend	0
0	: Income Tax for Previous year (as per revised I.T return)	12,821,128
0	: Income Tax for FY 2019-20 (as per I.T. return)	129,182
<u>60,148,431</u>	Net Profit	<u>(18,468,337)</u>
	Notes on Accounts	Q
0.29	Earning/Loss Per Share	0.09
	Note : The Schedules referred to above form integral part of the Profit & Loss Account	

Puja
Puja Sharma
Company Secretary

Anurag
Anurag Agarwal, IAS
Managing Director

In terms of our separate report of even date attached
For Parveen Kapoor & Associates
Chartered Accountants



Parveen
Parveen Kapoor
FCA (Prop.)
Membership No. 90987
Firm Regd. No. 011958N
UDIN : 21090987AAAAD8648

Place : Chandigarh
Dated : 25th October, 2021



Schedule 'A' - Share Capital

As at 31.03.2019 Amount (Rs.)			As at 31.03.2020 Amount (Rs.)
	Authorised		
<u>3,000,000,000</u>	300,000,000 Equity Shares of Rs.10/- each		<u>3,000,000,000</u>
	Issued And Subscribed		
2,110,655,000	a) 211,065,500 (Previous year 211,065,500) Equity Shares of Rs.10/- each issued under section 4 of SFCs' Act, 1951	2,110,655,000	
	b) 626,600 Shares of Rs.10/- each issued under section 4A(1) of the SFCs' Act,1951 as special class of shares.		
<u>6,266,000</u>		<u>6,266,000</u>	
<u>2,116,921,000</u>			2,116,921,000
	Paid-Up		
2,116,921,000	Issued & Subscribed	2,116,921,000	
40,340,000	Less : Amount Forfeited - 4,034,000 equity shares of Rs.10/- each	40,340,000	
<u>2,076,581,000</u>	Balance 207,658,100 (Previous year 207,658,100) shares of Rs.10/- each	<u>2,076,581,000</u>	
2,070,315,000	a) 207,031,500 (Previous year 207,031,500) Equity Shares of Rs.10/- each under section 4 of SFCs' Act,1951 fully paid up.	2,070,315,000	
6,266,000	b) 626,600 Shares of Rs.10/- each issued under section 4A(1) of the SFCs' Act, 1951 as special class of shares.	<u>6,266,000</u>	2,076,581,000
<u><u>2,076,581,000</u></u>	Total		<u><u>2,076,581,000</u></u>

Schedule 'B' - Reserve and Surplus

As at 31.03.2019 Amount (Rs.)			As at 31.03.2020 Amount (Rs.)
	a) Special Reserve for the purpose of Section 36(1)(viii) of the Income Tax Act,1961		
178,567,013	Gross Amount	178,567,013	
<u>166,800,000</u>	Less : Utilised towards provisioning for NPAs in earlier years	<u>166,800,000</u>	
11,767,013			11,767,013
105,510,000	b) Share Premium		105,510,000
25,000,000	c) Special Reserve Fund (Section 35A of SFCs' Act)		25,000,000
573,937	d) Reserve under clause 91(vii) of General Regulation of HFC		573,937
<u>22,976,000</u>	e) Shares Forfeiture Reserve		<u>22,976,000</u>
<u><u>165,826,950</u></u>	Total		<u><u>165,826,950</u></u>



Schedule 'C' - Other Current Liabilities

As at 31.03.2019 Amount (Rs.)		As at 31.03.2020 Amount (Rs.)
	a) Other Liabilities	
55,196,622	Dividend Payable	55,196,622
5,940,483	Provision against Gratuity	2,687,465
3,588,700	Provision against Leave Encashment	3,535,377
699,386	Provision against Compassionate Assistance	358,454
115,865,602	Sundry Deposits	115,706,836
222,445,297	Advance from HSIIDC - Sale of properties	222,445,297
130,250	Earnest Money	20,180,250
4,350,124	Borrowers' Imprest	3,784,565
6,900,000	Security Deposit	6,900,000
152,258	GST payable	367,483
4,423,951	Provision against expenses payable	3,170,713
	b) State Government Funds (As an Agency)	
	1) Subsidies :	
97,160	Credit Linked Capital Subsidy	97,160
2,550,776	State Subsidy	2,550,776
	2) Agency and Seed Money Loans :	
77,602	State Govt. funds under Agency agreement	77,602
132,258	Sundry Deposits	132,258
217	Borrowers' Imprest - Agency Funds	217
13,770	Borrowers' Imprest - Seed Money	13,770
472,214	Interest Due - Agency Loans	472,214
1,125,787	Interest Due - Seed Money RIS	1,125,787
5,739,423	Seed Money from State Govt.	5,739,423
651,254	Seed Money RIS	651,254
11,813	Interest Due - Agency Funds	11,813
48,828,341	Interest Due - Seed Money (Agency)	48,828,341
	c) Contingent provision against Standard Assets	
293,000	Opening balance	0
293,000	Less: Excess provision provided in earlier years written back	0
479,393,288	Total	494,033,677

Schedule 'D' - Provisions

As at 31.03.2019 Amount (Rs.)		As at 31.03.2020 Amount (Rs.)
	i) Provision for Non-performing Loan Assets :	
72,851,000	Opening balance	72,813,000
0	Add : Provision during the year	418,000
38,000	Less : Excess provision provided in earlier years written back	0
72,813,000		73,231,000
47,156,778	ii) Provision for non-performing leasing assets	47,156,778
	iii) Provision against Claims Recoverable (Loans cases)	
661,284	Opening balance	661,284
0	Add : Provision during the year	405,146
661,284		1,066,430
	iv) Provision for diminution in value of Investments :	
41,051,364	Opening balance	14,515,364
0	Add : Provision during the year	13,242,800
26,536,000	Less : Excess provision provided in earlier years written back	0
14,515,364		27,758,164
135,146,426	Total	149,212,372



Schedule 'E' - Fixed Assets

(Amount in Rs.)

Sr. No.	Particulars	WDV as on 01.04.2019 (1)	Assets put to use for		Sold/ Transferred during the year (4)	Liability written off	Value (5)	Rate of Dep. % age (6)	Total Dep. during the year (7)	WDV as on 31.03.2020 (8)
			more than 180 days (2)	less than 180 days (3)						
A) Land & Building										
	1. Land	5,993,616	0	0	0		5,993,616	0	0	5,993,616
	2. Building - Office	15,995,663	0	0	0		15,995,663	10	1,599,567	14,396,096
	Total	21,989,279	0	0	0	0	21,989,279		1,599,567	20,389,712
B) Furniture & Fittings										
	1. Furniture	324,291	0	0	0		324,291	10	32,429	291,862
	2. Safes, Cabinets & Padlocks	121,413	0	0	0		121,413	10	12,141	109,272
	3. Misc.	75,458	0	0	0		75,458	10	7,547	67,911
	4. Electric Fittings	529,236	0	0	0		529,236	10	52,923	476,313
	Total	1,050,398	0	0	0	0	1,050,398		105,040	945,358
C) Plant & Machinery										
	1. Computers	14,413	32,400	0	0		46,813	40	18,726	28,087
	2. Typewriters, Duplicators etc.	1,229	0	0	0		1,229	15	184	1,045
	3. Staff Cars & Jeep	486,293	0	0	23,000		463,293	15	69,494	393,799
	4. Bicycles	2,298	0	0	0		2,298	15	345	1,953
	Total	504,233	32,400	0	23,000	0	513,633		88,749	424,884
	Grand Total - (A+B+C)	23,543,910	32,400	0	23,000	0	23,553,310		1,793,356	21,759,954
	Previous Year	43,057,031	0	0	17,523,062	0	25,533,969		1,990,059	23,543,910

Particulars	WDV of Equipments leased as on 01.04.2019	Additions During the Year	Sale/ Adjustment	Value as on 31.03.2020	Lease Rentals Received During the Year	Interest out of Rentals Received	Principal out of rentals Charged to Depreciation	WDV of Equipments leased as on 31.03.2020
D) Leasing Assets	47,156,778	0	0	47,156,778	0	0	0	47,156,778
Previous Year	47,156,778	0	0	47,156,778	0	0	0	47,156,778

		FY 2018-19	FY 2019-20
Total Depreciation	:	1,990,059	1,793,356
Total WDV (A+B+C+D)	:	70,700,688	68,916,732



Schedule 'F' - Non-current Investments

As at 31.03.2019 Amount (Rs.)	Investments (As per annexure to Schedule 'F' & 'H') :	As at 31.03.2020 Amount (Rs.)
1,450,000,000	Investment in the Equity of Haryana Power Generation Corp. Ltd.	1,450,000,000
<u>1,450,000,000</u>	Total	<u>1,450,000,000</u>

Schedule 'G' - Loans and Advances

As at 31.03.2019 (Amount Rs.)		As at 31.03.2020 (Amount Rs.)
66,370,159	Loans & advances	66,788,576
<u>3,275,000</u>	Adhoc Limit - Boughtout Deals	<u>3,275,000</u>
69,645,159		70,063,576
3,167,438	Soft loan - NEF, MUN & SEMFEX	3,167,438
<u>72,812,597</u>	Total	<u>73,231,014</u>

Schedule 'H' - Current Investments

As at 31.03.2019 Amount (Rs.)	Investments (As per annexure to Schedule 'F' & 'H') :	As at 31.03.2020 Amount (Rs.)
2,480,000	(a) Quoted	2,480,000
<u>45,144,180</u>	(b) Unquoted	<u>45,144,180</u>
<u>47,624,180</u>	Total	<u>47,624,180</u>

Schedule 'I' - Cash and Bank Balances

As at 31.03.2019 Amount (Rs.)		As at 31.03.2020 Amount (Rs.)
	Cash in hand	
78,611	i) Corporation Funds	90,927
214	ii) Agency Funds & Seed Money	<u>214</u>
		91,141
	Balance with Schedule Banks	
20,469,412	i) In Current Accounts	
	a) Corporation Funds	14,679,929
<u>23,353,671</u>	ii) In Fixed/Short Term Deposits	<u>53,657,180</u>
<u>43,901,908</u>	Total	<u>68,428,250</u>



Schedule 'J' - Other Current Assets

As at 31.03.2019 Amount (Rs.)			As at 31.03.2020 Amount (Rs.)
415,516	Staff Loans		262,316
287,446	Advance against expenses		323,412
604,296	Sale Tax deposited against demand (Pending in appeals)		604,296
2,663,205	Income Tax Refund -FY 2017-18		0
13,403,850	Advance Income Tax -FY 2018-19		0
0	Income Tax Refund -FY 2018-19		712,432
0	Income Tax Refund -FY 2019-20		2,810,660
	Income Tax deposited against demand (Pending in appeal):		
7,048,576	Financial year 1980-81	7,048,576	
7,430,044	Financial year 1981-82	7,430,044	
7,929,497	Financial year 1982-83	7,929,497	22,408,117
139,963	Security Deposits		139,963
7,439,260	Claims recoverable		7,492,074
	Interest Accrued but not due :		
801,261	On Staff advances	691,515	
345,061	On Deposits	140,385	831,900
	State Government loans (As an Agency) :		
594,661	i) Agency Loans	594,661	
47,231,485	ii) Seed Money Agency	47,231,485	
625,497	iii) Seed Money (RIS)	625,497	
6,381	iv) Bank Charges	6,381	48,458,024
96,965,999	Total		84,043,194

Schedule 'K' - Profit and Loss Accounts

As at 31.03.2019 Amount (Rs.)			As at 31.03.2020 Amount (Rs.)
1,135,090,723	Accumulated loss as per last Balance Sheet	1,074,942,292	
0	Add : Net loss for the year	18,468,337	
60,148,431	Less : Net Profit for the year	0	1,093,410,629
1,074,942,292	Total		1,093,410,629

Schedule 'L' - Revenue from Operations

For the Year Ended 31.03.2019 Amount (Rs.)			For the Year Ended 31.03.2020 Amount (Rs.)
	Interest Income on :		
987,104	Loans & Advances		19,079,533
4,231,263	Amount received out of bad debits written off		6,621,533
5,218,367	Total		25,701,066



Schedule 'M' - Other Income

For the year ended 31.03.2019 Amount (Rs.)		For the year ended 31.03.2020 Amount (Rs.)
491,824	Miscellaneous Income	603,979
	Interest Income on :	
163,266	Income Tax Refunds	139,335
42,553	Staff Advances	25,507
4,253,074	Deposits with Banks	2,891,554
620,000	Dividend on Investments	620,000
26,857,053	Rental Income	26,571,871
132,476,938	Profit on Sale of Assets	0
<u>164,904,708</u>	Total	<u>32,687,404</u>

Schedule 'N' - Other Financial & Misc. Expenses

For the year ended 31.03.2019 Amount (Rs.)		For the year ended 31.03.2020 Amount (Rs.)
24,647	Bank Charges	20,705
295,000	Stock Exchange Fee	354,000
<u>319,647</u>	Total	<u>374,705</u>

Schedule 'O' - Employees Benefit Expenses

For the year ended 31.03.2019 Amount (Rs.)		For the year ended 31.03.2020 Amount (Rs.)
31,812,302	Salaries & Allowances : Other Staff	30,726,254
2,354,564	Payment to Security Agency	2,552,565
4,470,160	Contribution to Staff Provident Fund	2,864,485
3,418,272	Gratuity Provisioning/Payment	761,885
3,776,151	Provisioning - Leave Salary	691,093
1,014,493	Leave Travelling Concession	587,720
2,260,350	Medical Expenses	1,986,632
77,325	Staff Welfare	67,498
4,372,291	Pension	4,326,861
231,519	EDLI Premium	183,536
232,647	Administrative Expenses on Provident Fund	166,487
<u>54,020,074</u>	Total	<u>44,915,016</u>



Schedule 'P' - Administrative Expenses

For the year ended 31.03.2019 Amount (Rs.)		For the year ended 31.03.2020 Amount (Rs.)
	Travelling and other Expenses :	
312,825	a) Staff & Others	264,437
13,500	b) Directors & Committee Members	9,000
		<hr/>
450,942	Rent, Taxes, Insurance, Electricity etc.	321,664
253,524	Postage, Telegram & Telephone	286,571
313,570	Printing & Stationery	337,023
47,646	Computer Expenses	48,098
374,501	Publicity & Business Promotion	206,054
111,602	Repairs and Renewals - Office Equipments	176,888
301,086	Repairs and Maintenance - Staff Cars	225,815
1,447,347	Legal Charges	1,079,522
23,104	Books & News Papers	21,384
8,853	Repairs & Renewals - Residential Building	0
307,705	Professional Charges	240,202
31,066	Property and Fire tax	0
45,000	Audit Fee	45,000
35,407	Entertainment	26,337
13,588	Others Expenses - Service Tax/VAT	0
895,972	Renovation work	0
3,110,236	Payment to Security Agency (Units under possession)	2,711,863
		<hr/>
8,097,474	Total	5,999,858
		<hr/> <hr/>



Schedule - 'Q'

Notes on Accounts

A Significant Accounting Policies

1 The Financial Statements of the Corporation are prepared on Accrual basis except for Interest on NPAs which has been accounted for on receipt basis as per RBI guidelines.

2 The amount received from the borrowers against loans and advances is appropriated in the following orders :

- i) Miscellaneous Expenses
- ii) Interest
- iii) Principal

3 As per policy in respect of mortgaged properties, the Auction Purchaser has to make the payment within three months from the date of sale confirmation. However, in some exceptional cases, the Managing Director may give extension in payment of sale consideration for a further period of 9 months with interest @ 13% p.a. compounding on monthly basis. The possession of the unit is handed over to the Auction Purchaser after receipt of full amount of bid.

4 The Corporation has introduced new settlement policies namely, "the Policy for Compromise Settlement of Chronic Non-Performing Assets (Doubtful Loan Accounts) of Haryana Financial Corporation - 2021" and the "Policy for Compromise Settlement of Loss Accounts of Haryana Financial Corporation - 2021" in the financial year 2021- 22 which are valid upto 30.11.2021 to reduce NPAs/written off portfolios.

In the normal course, the recoveries are adjusted first against the actual misc. expenses and then against the outstanding interest and thereafter, the balance amount is adjusted against outstanding principal amount. However, as per parameters of OTS Policies, the accounts are recasted by appropriating the amount realized by way of sale of mortgaged assets by the Corporation or sale by promoters/guarantors/mortgagors with the permission of the Corporation or by order of any court, on the date of sale, first against actual misc. expenses, then against the principal amount, balance if any, against the outstanding interest.

5 Retirement Benefits

i) Gratuity to staff is covered under the Group Gratuity Scheme of Life Insurance Corporation of India. As per actuarial valuation of Life Insurance Corporation of India (LIC) as on 31.03.20 the excess amount in the fund is Rs.0.15 lakh. In addition to above a sum of Rs.27.02 lakh is also payable to ex-employees whose gratuity has not been released upto 31.03.2020. After providing the above amount, the total outstanding amount of provision as on 31.03.20 comes to Rs.26.87 lakh. A sum of Rs.7.62 lakh has been shown as expenditure (Rs.8.00 lakh paid to LIC – Rs.0.38 lakh received from other departments) during the current year. The excess provision towards gratuity amounting to Rs.32.53 lakh has been written back as prior period adjustment in the books of accounts.

Leave Encashment to staff is covered under the Group Leave Encashment Scheme of Life Insurance Corporation of India. Presently, the aforesaid policy is not renewed by LIC. The matter is being sorted out. So the provisioning against leave encashment has not been updated.

During the year, the Corporation has booked a sum of Rs.6.91 lakh as expenditure towards Leave Encashment of existing/ex-employees.

ii) Monthly matching contribution towards Employees Provident Fund is remitted to the Regional Provident Fund Commissioner, Chandigarh as per provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to profit and loss account.

Asset Classification and Provisioning

i) Loans and Advances have been categorised and provisioning has been made as per guidelines received from Small Industries Development Bank of India (SIDBI) which are as under :

Standard Assets

Asset Classification	Age of Default for Principal and/or Interest (in months)	Provisioning on Loans Outstanding (%age)
Standard	0 - 3	0.25
Standard Upgraded A/c and Restructured A/c	0 - 3	5.00

Non-Performing Assets

Asset Classification	Period as NPA	Provisioning on Loans Outstanding (%age)
Sub-standard	Up to 6 months	15.00
Sub-standard	6 months to 1 year	25.00
Doubtful-I	2nd year	40.00
Doubtful-II	3rd & 4th year	100.00
Doubtful-III	Above 5 year	100.00
Loss	No Security available	100.00

ii) As per guidelines issued by SIDBI in respect of investments in equity shares (available for sale), valuation has been done as per market rate, which is the price of the script available from trades / quotes on the stock exchange. Those scripts for which current quotations are not available or where the shares are not quoted on stock exchange, have been valued at book value ascertained from their latest Balance Sheets. In case the latest Balance Sheet is not available, the shares have been valued at Rs. 1/- per company. In case of Investment in equity shares (held to maturity) valuation has been done at acquisition price. (Reference Annexure to Schedule - 'F' & 'H')

iii) In respect of Equipment Leasing, Vehicle Leasing and Special Vehicle Leasing cases 100% provisioning has already been provided in the earlier years, as lease rentals fell due for payment in all the cases long back, so there is no change in the amount of provisioning in respect of leasing cases in the current year. (Reference Schedule - 'D')

iv) The provisioning has been made without giving the effect of the amount lying in the Sundry Deposits under schedule 'C' - Other Current Liabilities.

7 Depreciation

Depreciation on fixed assets has been provided on written down value method at the rates prescribed under provisions of Income Tax Rules 1962. Depreciation in respect of leasing portfolio is charged equivalent to principal amount out of lease rentals recovered on the basis of Capital Recovery Method. However, amount received in settled cases has been appropriated as per terms of settlement.

B. Contingent liabilities

- 1 Liability in respect of units disposed off but in dispute - amount indeterminate.
2. The contingent liabilities in respect of claims lodged against the Corporation by ex-employees/pensioners (9 cases) are to the extent of Rs.10.49 crore (approx.) not acknowledged. The Corporation has deposited a sum of Rs.0.32 crore with The Controller Authority under Gratuity Act as per their orders in case of gratuity of 9 ex-employees and the Corporation has filed appeals before higher court against above orders, so the amount has not been acknowledged. In addition to above there are 17 cases/appeals filed by the employees/ex-employees against which amount is indeterminate.

Further, there is contingent liability amounting to Rs. 123.49 lakh in respect of claims lodged by Loanees/Auction purchasers.



A sum of Rs.224.08 lakh Shown in Other Assets Schedule 'J' – Other Current Assets' deposited with Income Tax Department against demand for Financial Years 1980-81 to 1982-83 and the Corporation has filed appeals before Hon'ble High Court against the orders of Income Tax department. The matter is pending with court so the amount has not been booked.

3. The Sale Tax assessments for the financial years 2004-05, 2005-06, 2006-07 & 2007-08 have been completed by the Assessing Authority, Panchkula & Sales Tax/VAT liability for these financial years has been assessed at Rs. 124.41 lakh. As the Corporation has filed appeals with higher authority the above liability of Rs.124.41 lakh has not been provided in the account books against these order. There is no pending demand in Sales Tax/VAT for the subsequent years.
4. The Corporation auctioned mortgaged property in case of M/s S.K.Wood Products, Yamuna Nagar at a price of Rs.56.00 lakh. The auction purchaser deposited an amount of Rs.16.00 lakh and failed to deposit the remaining amount. The Corporation forfeited the amount of Rs.16.00 lakh. Auction purchaser filed a case against the Corporation and the same was decided against the Corporation. An appeal with the Higher Court has been filed by the Corporation. The case is yet to be decided.

- C.** The Corporation appointed IFCI Ltd. to study the pros. and cons. of merger/winding up of the Corporation. The report of the financial consultant was deliberated by the Board of Directors of the Corporation (BoD) in its meeting held on 10.07.2012. BoD / HFC decided to complete the process of sale of properties owned by the Corporation/settlement of liabilities by 31.03.15 and deploy the surplus staff to other departments.

The Corporation disposed off its three properties (Faridabad, Delhi & Residential flats at Panchkula) during the financial year 2014-15 & 2018-19. There is an outstanding advance of Rs.22.24 crore from HSIIDC as on 31.03.20 which will be adjusted by transferring the shares of HPGCL of the equivalent amount in view of decision of Board of Directors in its meeting held on 06.11.2017. The State Govt. has been requested to give permission for transfer of shares and decision is awaited. HSIIDC has not given the consent for above action. The Corporation has settled all its liabilities towards borrowings. The Corporation has already deployed 30 employees of different categories in Haryana Government/ Haryana Government Undertakings through Surplus Staff Cell of Haryana.

The Corporation has recommended to the State Government for its winding up/liquidation u/s 45 of SFC Act 1951. The State Govt. has appointed Managing Director HSIIDC as Nodal Officer for completing the formalities of winding up. The Board of Directors of the Corporation in its meeting held on 22.07.2019 constituted a Committee under the chairmanship of the Director of Industries & Commerce, Haryana to give its recommendations regarding Steps/modalities regarding winding up of the Corporation considering legal/financial aspect and to give detailed modalities/steps for liquidating all the assets (including loan assets) and liabilities (including court cases) of the Corporation. The report of the Committee is yet awaited.

- D.** No amount towards deferred tax asset / liability is outstanding in the books of accounts of the Corporation. The Corporation has stopped fresh sanctions since May, 2010. In such circumstances it is not feasible to create any deferred tax asset/liability for the current financial year. The Corporation has recommended to the State Government for its winding up/liquidation u/s 45 of SFCs Act 1951 and their decision is awaited.
- E.** The value of primary and collateral securities of all the Loan & Advances as on the date of the balance sheet is not re-assessed. However, adequate provision against non-performing assets (NPAs) has been made in the books of accounts as on 31.03.2020 as per the provisioning norms of SIDBI.



- F. Loans and Advances are categorised on the basis of guidelines received from SIDBI as standard, sub-standard, doubtful and loss assets and provisioning has been made as under: **(Rs. in Lakh)**

Assets Classification	Current Year		Previous Year		Change in provision over the previous year
	Loans outstanding	Provision	Loans outstanding	Provision	
Standard Loan Assets : Including Upgraded A/c and Restructured A/c	0.00	0.00	0.00	0.00	0.00
Non-Performing Loan Assets					
Sub Standard Assets Upto 6 Months	0.00	0.00	0.00	0.00	0.00
NPA 6 Months to 1 year	0.00	0.00	0.00	0.00	0.00
Doubtful Assets I	0.00	0.00	0.00	0.00	0.00
II	0.00	0.00	0.00	0.00	0.00
III (Including Adhoc Limit)	638.43	638.43	634.25	634.25	4.18
(Soft Loan)	31.68	31.68	31.68	31.68	0.00
Loss Assets	62.20	62.20	62.20	62.20	0.00
Claims Recoverable (3 loan cases)	--	10.66	--	6.61	4.05
Total	732.31	742.97	728.13	734.74	8.23

Provisioning of Rs.4.18 lakh has been made against Non-performing / Loss loan assets and Rs.4.05 lakh against Claims Recoverable has been provided during the year and shown in Schedule 'D'- Provisions. **(Rs. in Lakh)**

Leasing Portfolio	Current Year		Previous Year	
	Amount	Provision	Amount	Provision
Equipment Leasing	420.30	420.30	420.30	420.30
Vehicle Leasing	51.27	51.27	51.27	51.27
Total	471.57	471.57	471.57	471.57

Provision on Leasing Portfolio has been already made at 100 percent of the portfolio.

- G. As per guidelines issued by SIDBI, provision towards diminution in the value of investments in respect of listed & Un-listed shares is required to be made which is to the extent of Rs. 277.58 lakh upto 31.3.2020 against which the Corporation has already made provision of Rs.145.15 lakh upto 31.3.2019. Therefore, provision of Rs.132.43 lakh has been made during the year which has been shown in Schedule 'D'- Provisions.
- H. The Leasing Assets under Schedule 'E' - Fixed Assets, have been depreciated on Capital Recovery Method. The leased assets financed by the Corporation belong to the period prior to 01.04.2001, hence, the equipment leasing has not been classified as Loans and Advances as per Accounting Standard (AS-19).
- I. The State Government has appointed Corporation as agent for disbursement of its various subsidies, seed money and agency loans. Unutilized amount of Rs. 26.48 lakh against various subsidies has been shown under the sub head "(b) (1) State Govt. Funds (As an Agency)" of Schedule 'C' – Other Current Liabilities. Liabilities amounting to Rs. 570.53 lakh towards State Govt. against Agency and Seed Money Loans have been shown against '(b) (2)' under the said sub head. The balance of Agency and Seed Money loans amounting to Rs.484.58 lakh has been shown in Schedule 'J'- Other Current Assets. The difference of Rs.85.95 lakh in assets and liabilities (Govt. funds – Seed Money Agency / RIS) is due to the amount recovered in the above cases but not remitted to State Government and the same will be taken care of while preparing the state of affairs of the Corporation after finalisation of the decision of winding up by the State Government.



- J.** Sundry Deposits under Schedule 'C' – Other Current Liabilities amounting to Rs.1157.07 lakh includes a sum of Rs.1066 lakh in case of M/s Surendera Enterprises Pvt. Ltd., Rewari. The above unit, a joint financing case with Haryana State Industrial and Infrastructure Development Corporation Ltd. (HSIIDC) was auctioned for Rs.1095 lakh. A new loan account of Rs.821.25 lakh in the name of the auction purchaser (AP) namely M/s Balaji Enterprises under the head Loans and Advances was opened after receipt of Rs.273.75 lakh i.e. 25% of the sale amount. The AP paid a sum of Rs.678.20 lakh to the Corporation and defaulted in further repayment. Corporation repossessed the unit and decided to forfeit the above amount. Against the above action of the Corporation, the AP filed a suit against the Corporation and the matter is subjudice. Keeping in view the above circumstances, the ratio of share between two organizations (HSIIDC/HFC) is yet to be decided, so the proper accounting entries are yet to be passed and amount is still kept in Sundry Deposit A/c.
- K.** Earnest Money amounting to Rs.2,01,80,250/- shown under Schedule 'C' – Other Current Liabilities includes a sum of Rs.2,00,50,000/- being the amount of earnest money received in e-auction of primary security in case of M/s Devi Dayal Castings Pvt. Ltd., Gurgaon. A sum of Rs.1,00,00,000/- was refunded to unsuccessful bidder during FY 20-21. The borrower filed an appeal in the Court against e-auction and the same is pending in the Court. As such, the auction has not been finalised as yet.
- L.** Borrowers' Imprest amounting to Rs.37,84,565/- shown under Schedule 'C' – Other Current Liabilities is the amount received from the parties at the time adjustment of loan account for payment of pending bills (legal fee, security charges etc.) to be submitted by the respective agencies. The balance excess amount, if any after the adjustment of above expenses is refunded to the parties. In some cases excess amount received from the party/recovered through auction of properties over and above the outstanding loan amount is claimed by different parties and the matter goes to Court for decision, thus the amount is kept pending under this head till the decision of Court.
- M.** Claims Recoverable under Schedule 'J'- Other Current Assets amounting to Rs.74,92,074/- includes a sum of Rs.32,12,109/- deposited with The Controlling Authority under payment of Gratuity Act on account of gratuity in view of court orders in respect of nine retirees and the Corporation has filed appeals in the higher court and the matter is yet to be decided. Further, a provision of Rs.10.66 lakh (against old entries under the above head and chances of recovery are bleak) has been made and shown in Schedule 'D'- Provisions.
- Further, it includes a sum of Rs.22,09,712/- recoverable in case of M/s S.K.Wood Products, Yamuna Nagar. In this case the collateral security was sold to Sh.S.K.Saini and Sh. Robin Saini (auction purchasers) for Rs.24.30 lakh on 23.08.07. Later on Auction Purchasers filed writ petition in the Hon'ble Punjab & Haryana High Court, Chandigarh seeking relief that the property purchased by them had no access and the Corporation may provide the access to the auctioned land or refund the amount. The case was decided by Hon'ble Punjab & Haryana High Court, Chandigarh and the Hon'ble Court directed the Corporation to refund the amount along with interest. Accordingly the Corporation refunded a sum of Rs.38,01,285/- to the auction purchaser by debiting Claim Recoverable Account as the loan account of loanee M/s S.K.Wood Products has already been adjusted.
- The Corporation again auctioned the above property at a price of Rs.56.00 lakh. The auction purchaser deposited an amount of Rs.16.00 lakh and failed to deposit the remaining amount, the received amount of Rs.16.00 lakh was forfeited and credited to claims recoverable account. Auction purchaser filed a case against the Corporation which has been decided in favour of auction purchaser. An appeal has been filed against the above orders before the Higher Court. Now the recoverable amount in the above case is Rs.22,09,712/- including Rs.8,427/- debited subsequently towards expenses.
- N.** The Corporation is maintaining Fixed Assets Purchase register where all items of fixed assets are entered with date, amount of purchase and its location. Mostly the fixed asset item is purchased on the request of the particular division / branch and after the purchase of the item, the same is under the control of that particular division/branch. As the purchases are of meager amount, no separate physical verification is being done by the Corporation.
- Fixed assets include Rs.2.41 lakh paid to HSIIDC against Plot No.37- 38 at Industrial Area, Sonapat allotted in 1994. HSIIDC has resumed the above plots and the Corporation has requested HSIIDC to restore the plots and grant permission for execution of conveyance deed of the plots. The Corporation is still following up with HSIIDC for restoration of above plots. Last letter was issued on 12.08.2021 and the reply is awaited.



O. During the current financial year the amount lying in Borrowers Imprest Account and Sundry Deposits Account in respect of the cases which stand adjusted for more than five years back and not claimed by the borrowers has been transferred to Misc. Income.

P. A sum of Rs.9,27,708/- has been shown as Advance against Expenses in Schedule 'J' – Other Current Assets which includes amount deposited with sale tax authorities against various demands against which the Corporation has filed appeals in the High Court and the same are pending. It also includes an amount spent on purchase of stamp papers for transfer of office building at Karnal, advance for petty expenses and advance given to HARTRON for development of Web Portal.

Q. A sum of Rs.1,34,03,850/- was deposited including TDS with income tax department on account of capital gains on the sale of properties in FY 2018-19 and shown as advance tax in balance sheet (Schedule 'J' – Other Current Assets). Since the amount of Income Tax on Capital Gains was determined while filling the revised Income Tax Return on 29.07.2020 after the finalization of balance sheet on 09.07.2020, so during the current financial year 2019-20, above amount of Rs.1,28,21,128/- has been shown in P & L appropriation account towards income tax.

R. Disclosure requirements for SFCs in compliance of SIDBI's guidelines.

		F.Y. 2019-20	
		(Rs. in lakh)	
1	Capital		
a)	CRAR %		55.68%
b)	The amount of subordinated debt raised and outstanding as Tier - II capital		---
c)	Risk Weighted Assets		
	i. On Balance Sheet items		17437.85
	ii. Off Balance Sheet		---
d)	The Share holding pattern as on the date of the Balance Sheet	Amount	% age
	i. Government of Haryana	20201.17	97.28
	ii. SIDBI	432.65	2.08
	iii. Commercial Banks, Insurance Cos. etc.	20.17	0.10
	iv. Private Shareholders	<u>111.82</u>	<u>0.54</u>
	Total	<u>20765.81</u>	<u>100.00</u>
2	Asset Quality and Credit Concentration		
e)	Amount of provision made during the year		
	i. Provision for NPAs		4.18
	ii. Provision for Investments		132.44
	iii. Provision against Claims Recoverable		4.05
	Total		<u>140.67</u>
3.	Operating Results		
f)	Interest income as a percentage to average working funds		1.23 %
g)	Non-interest income as a percentage to average working funds		2.04 %
h)	Net Profit/(Loss) as a percentage to Average Working Funds		(1.03) %
i)	Net Profit/(Loss) per employee		Rs.(6.37) lakh
4.	Earning per Share		(Amount in Rs.)
a)	Profit/(Loss)after Tax		(18,468,337)
	Profit/(Loss) attributable to ordinary Share Holders		(18,468,337)



b) Weighted Average of Common Stock

	No.	Period Outstanding (days)	Weighted Average
Shares outstanding as on 31.03.2020	207658100	365	207658100
Loss Per Share (a/b)			0.09

5. Disclosure requirements under the RBI guidelines dated 7th July,1999 on forward rate agreements under Interest Rate Swaps

Nil

S. Figures have been rounded off to the nearest rupee and wherever necessary figures for the previous year have been rearranged/regrouped in order to make it in conformity with current year's figures.

T. Schedules 'A' to 'Q' alongwith Cash Flow statement form integral part of the Balance Sheet and Profit and Loss Account.


Puja Sharma
Company Secretary


Anurag Agarwal, VAS
Managing Director
Haryana Financial Corporation

In terms of our separate report of even date attached
For Parveen Kapoor & Associates
Chartered Accountants




Parveen Kapoor
FCA (Prop.)
Membership No. 90987
Firm Regd. No. 011958N

Place : Chandigarh

Dated : 25th October, 2021

Annexure to Schedule - 'F' & 'H'



Statement Showing Particulars of Investments in shares as on 31st March, 2020

(Amount in Rs.)

S.No.	Name of the Company	Face value	Cost per Share	Value per Share	No. of Shares	(Amount in Rs.)	
						Cost	Value
----- as on 31.3.2020-----							
(I) Non-current Investments							
1.	Haryana Power Generation Corp. Ltd.	1000.00	1000.00	1000.00	1450000	1450000000	1450000000
(II) Current Investments							
A. Quoted							
1.	GRM Overseas Ltd. Panipat	10.00	20.00	135.90	124000	2480000	16851600*
B. Un-quoted							
i) Listed : Ordinary - Fully Paid Up							
1.	Global Inds. Ltd., Gurgaon	10.00	10.00		300000	3000000	1
2.	Green Mark Infra Ltd. (Formerly Jivan Flora Ltd., Gurgaon)	10.00	12.00		146600	1759200	1
3.	Veer Vardhman Inds., Panipat	10.00	10.00		250000	2500000	1
4.	Indo Britain Agro Farms Ltd.	10.00	10.00		180300	1803000	1
5.	Aravali Pipes Ltd., Hisar	10.00	15.00		205000	3075000	1
6.	Doon Valley Rice Mills, Karnal	10.00	30.00		100000	3000000	1
7.	Pam Raffia Ltd., Panchkula	10.00	10.00		10406	104060	1
8.	Swet Chem Antibiotic Ltd., Karnal	10.00	10.00		44800	448000	1
9.	Uma Fabrics Ltd., Gurgaon	10.00	10.00		350000	3500000	1
10.	Shiva Suitex Ltd., Gurgaon	10.00	10.00		500000	5000000	1
11.	Bharat Polyfab Ltd., Rewari	10.00	12.50		500000	6250000	1
Total (i)					2587106	30439260	11
ii) Unlisted : Ordinary - Fully Paid Up							
1.	INA Polyester Buttons Ltd., Faridabad	10.00	10.00		200000	2000000	1
2.	Apex Multitech Ltd., Panchkula	10.00	10.00		200000	2000000	1
3.	Nitika Cements Ltd., Panchkula	10.00	14.00		214280	2999920	1
4.	INA Polyester Buttons Ltd., Faridabad	10.00	10.00		200000	2000000	1
5.	Apex Multitech Ltd., Panchkula	10.00	15.00		375000	5625000	1
6.	Hardicon	100.00	100.00	3768.00	800	80000	3014400**
Total (ii)					1190080	14704920	3014405
Total (II) (Un-quoted investments (i + ii))					3777186	45144180	3014416
III) Total Current Investments (Quoted + Unquoted)					3901186	47624180	19866016
Total Investments (I + II + III)					5351186	1497624180	1469866016
COST						1497624180	
VALUE						146986616	
DIMINUTION						27758164	

Note : (*) Value of the shares as on 31st March, 2020.

(**) Value of share has been determined on the basis of balance sheet as on 31st March, 2020.



Annexure to Schedule - 'G'

Details of Loans and Advances - as on 31.03.2020

(Rs. in Thousands)

I. Particulars of Loans & Advances

1.	Debts considered good in respect of which the Corporation is fully secured :-		
	(i) Standard Assets	0	
	(ii) Sub Standard Assets	0	0
2.	Debts previously fully secured		
	(i) Doubtful Assets	60,568	
	(ii) Loss Assets	6,220	66,788
			66,788
	Soft Loans - SIDBI		3,168
			69,956
3.	Debts due by concerns in which one or more Directors of the Corporation are interested as Directors, Partners, Proprietors or Managing Agents or in case of Private Companies as Members.		---
4.	Total amount of Loans disbursed during the year to concern in which one or more Directors, Partners, Proprietors or Managing Directors or in case of Private Companies as Members.		---
5. i)	Total amount of instalments whether of principal or interest of which default was made at any time during the year		50,269
ii)	Total amount of instalments whether of principal or interest over due at the end of year (excluding those against whom legal action has been taken and are disclosed under (iv) below).		4,372,142
iii)	Total amount of instalments whether of principal or interest overdue in concerns in which the Directors of the Corporation are interested		---
iv)	Total amount due from Industrial concerns against whom suits are pending in courts (this includes cases in which decrees other than consent decrees have been obtained and where other legal action has been taken.)		59,430,925
v)	Debts guaranteed by the State Govt.		---
6.	Debts due from loanee concerns whose management has been taken over by the Corporation		---
7.	Debts considered doubtful and loss assets. Provisioning made to the extent of Rs. 65,520 thousands		66,788
II	The Classification of Loans and Advances according to the size of the Industrial Units		
i)	Debts due from small scale industrial concerns	96,478	
ii)	Debts due from concerns other than those included under (i) above	6,741	103,219
III	The Classification of Loans and Advances according to the Constitution of the Industrial Units.		
a)	Proprietorship	68,833	
b)	Partnership	2,350	
c)	Private Limited Companies	32,036	
d)	Public limited Companies	0	103,219

HARYANA FINANCIAL CORPORATION, CHANDIGARH
CASH FLOW STATEMENT FOR THE PERIOD FROM 01.04.19 TO 31.03.20



Amount (Rs.)

	FY 2019-20	FY 20187-19
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Income Tax & Provisioning	52,94,901	10,56,95,821
Add :		
Depreciation	17,93,356	19,90,059
Bad debts written off	10,634	0
Less :		
Other Income :		
Rent	2,85,71,871	2,68,57,053
Dividend on Investments	6,20,000	6,20,000
Misc. Income	6,03,979	4,91,824
Interest on deposits/staff advances & I.Tax refund	28,91,554	44,58,893
Net Cash from Operating Activities (A)	2,55,88,513	7,52,58,110
CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of fixed Assets	(-32,400)	0
Sale of fixed assets and profit	23,000	1,75,23,062
Dividend on investments	620,000	6,20,000
Net Cash from Investment Activities (B)	6,10,600	1,81,43,062
OTHER CASH FLOWS		
Rental Income	2,85,71,871	2,68,57,053
Misc. Income	6,03,979	4,91,824
Interest on deposits/staff advances & I.Tax refund	28,91,554	44,58,893
Increase/(decrease) in Current Liabilities		
Gratuity	0	-23,76,997
Leave	-53,323	35,73,002
Compassionate Assistance	-3,40,932	-8,42,742
Earnest Money	2,00,50,000	0
Borrowers Imprest	-5,65,559	-5,25,169
Sundry Deposits	-1,58,766	36,30,419
Decrease in advance from HSIIDC - Sale of Assets	0	-150,000,000
Tax Payable	2,15,225	-2,38,969
Provision against expenses payable	-12,53,238	-1,53,18,811



Amount (Rs.)

Increase /(decrease) in Loans and Advances (Assets)	-4,29,051	58,92,734
Increase/(decrease) in Current Assets		
Staff Advances	1,53,200	2,23,084
Advance Income Tax, TDS	-4,06,347	-1,10,71,536
Claim Recoverable	-52,814	27,198
Interest Accrued but not due	3,14,422	16,07,343
Sundry Advances	-35,966	29,30,000
Refund of Income Tax	0	24,588
Security Deposits	0	-25,000
Net Cash from other Cash Flows (C)	4,95,04,255	-13,79,43,924
Net Cash flows (A+B+C)	2,45,26,342	-4,45,42,752
Net increase/(decrease) in cash and cash equivalents	2,45,26,342	-4,45,42,752
Cash and Cash equivalents at the beginning of the year	4,39,01,908	8,84,44,660
Cash and Cash equivalents at the end of the year	6,84,28,250	4,39,01,908


Puja Sharma
Company Secretary


Anurag Agarwal, IAS
Managing Director

For Parveen Kapoor & Associates
Chartered Accountants




Parveen Kapoor
FCA (Prop.)
Membership No. 90987
Firm Regd. No. 011958N

Place : Chandigarh

Dated : 25th October, 2021



HARYANA FINANCIAL CORPORATION

30 Bays Building, (Ground Floor), Sector 17-C, Chandigarh-160017

FORM OF NOMINATION OF DIRECTOR IN TERMS OF REGULATION 62 OF THE GENERAL REGULATIONS

(For election of a director pursuant to clause (e) of Section 10 of the Act., when the nomination is not made by a resolution of the shareholding institution.)

We, the undersigned, being the parties referred to in clause (d) of Sub-section (3) of Section 4 of the State Financial Corporations Act, 1951 and holding shares of the Haryana Financial Corporation, the numbers of which are given hereunder against our respective names, do hereby nominate Shri _____ having Folio no. _____ Resident of _____

as a candidate for election of director at the forthcoming **53rd Annual General Meeting** of the Haryana Financial Corporation to be held in the Committee Room of The Haryana State Cooperative Apex Bank Ltd. (HARCO Bank), 1st Floor, SCO 78-80, Bank Square, Sector 17B, Chandigarh at **11.30 a.m. on Friday, the 25th March, 2022** or at any adjournment thereof to represent the parties other than those referred to in clause (a) (b) & (c) of sub-section (3) of section 4 of the State Financial Corporations Act, 1951 on the Board of Directors of the Haryana Financial Corporation.

Name of the Shareholders	Folio No.	Denoting numbers of shares	Signature of the the shareholders
1. _____	_____	_____	_____
2. _____	_____	_____	_____

Note : If any Shareholder signs through his duly constituted attorney, this fact should be shown against his signature and the original or a true copy of attorney certified by the Notary Public or a Magistrate should be attached.

DECLARATION BY THE CANDIDATE

I, _____ S/o _____ the candidate hereinabove mentioned, declare that I hereby accept the nomination and am willing to stand for election and that I am not disqualified for election under section 12 of the State Financial Corporations Act., 1951.

Signature of the Candidate Nominated

Declaration signed before me by
the candidate nominated
(Judge/ Magistrate/Registrar/
Sub Registrar of Assurance/
or other Gazetted Officer

Dated



HARYANA FINANCIAL CORPORATION CHANDIGARH

FORM OF NOMINATION OF DIRECTOR IN TERMS OF REGULATION 62 OF THE GENERAL REGULATIONS

(For nomination/election of a director pursuant to clause (e) of Section 10 of the Act, when the nomination is made by a resolution of the shareholding institution)

(APPLICABLE TO INSTITUTIONS & COMPANIES)

Resolved that Shri _____ of _____
_____ having Folio No. _____

be and is hereby nominated as a candidate for nomination/election as a director at the forthcoming 53rd Annual General Meeting of the Shareholders of the Haryana Financial Corporation to be held in the Committee Room of the Haryana State Cooperative Apex Bank Ltd. (HARCO Bank), 1st Floor, SCO 78-80, Bank Square, Sector – 17-B, Chandigarh at **11.30 A.M on 25th March, 2022** or at any adjournment thereof to represent as a class of shareholders on the Board of Directors of the Corporation.

CHAIRMAN'S CERTIFICATE

Certified that the above is true copy of the resolution passed at the duly convened meeting of the Directors of _____

_____ held on _____
at _____ The undersigned was the Chairman of the said meeting.

Signature of the Chairman
(Rubber Stamp of the Company)

DECLARATION BY THE CANDIDATE

I, _____ S/o/ D/o Sh. _____
Resident of _____

The candidate hereinabove mentioned, declare that I hereby accept the nomination and am willing to stand for election and that I am not disqualified for election under Section 12 of the State Financial Corporations Act, 1951.

Signature of the Candidate Nominated
Declaration signed before me by the
candidate nominated (Attestation to be
done by 1st Class Magistrate/
Registrar/Sub Registrar of Assurance/
or other Govt./ Gazetted Officer)

Dated



**HARYANA FINANCIAL CORPORATION
CHANDIGARH**

PROXY FORM

(Vide General Regulation 58)

I/We _____

Resident of _____

being a shareholder of the Haryana Financial Corporation holding shares _____ (Nos.) hereby

appoint Sh. _____ of _____

(or failing him Sh. _____ of _____

_____) as my / our proxy to vote for me/us and on my/our behalf at the **53rd**

Annual General Meeting of Shareholders of the Corporation to be held in the Committee Room of The Haryana State

Cooperative Apex Bank Ltd. (HARCO Bank), 1st Floor, SCO 78 - 80, Bank Square, Sector 17 B, Chandigarh at

11.30 a.m. on Friday, the 25th March, 2022 or at any adjournment thereof.

Dated this _____ day of _____ 2022.

Affix Re 1/-
Revenue Stamp

Signature of Shareholder(s)

Specimen Signature of Proxy holder(s)

Folio No. _____

For Office use Only

No. of Shares

No. of Votes

Denoting Nos.

Class of Shareholders



**HARYANA FINANCIAL CORPORATION
CHANDIGARH**

**SPECIMEN OF AUTHORISATION FORM
(Applicable to Institutions & Companies)**

Resolved that Shri _____

or failing him Shri _____

be and is hereby appointed to act as DULY AUTHORISED REPRESENTATIVE OF _____

_____ Folio No. _____

to exercise voting rights and other powers on its behalf at the **53rd Annual General Meeting** of the Shareholders of the Haryana Financial Corporation be held in the Committee Room of The Haryana State Cooperative Apex Bank Ltd.

(HARCO Bank), 1st Floor, SCO 78-80, Bank Square, Sector 17B, Chandigarh at **11.30 a.m. on Friday, the 25th March, 2022** or at any adjournment thereof.

CHAIRMAN

CHAIRMAN'S CERTIFICATE

Certified that the above is true copy of the resolution passed at the duly convened meeting of the Directors of the

Company _____

held on _____ at _____

The undersigned was the Chairman of the said meeting.

Signature of the Chairman
(Rubber Stamp of the Company)

Specimen Signature of Authorised person(s)



HARYANA FINANCIAL CORPORATION CHANDIGARH

FORM FOR ATTENDANCE/IDENTIFICATION AND FOR DETERMINING THE VOTING RIGHTS OF SHAREHOLDERS (FOR 53rd AGM for the FY 2019-2020)

(PLEASE FILL THE FORM AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL)

1. Name of the Shareholder (in full) _____
2. Registered Address _____
3. Registered Number of Shares _____
4. Class of the Shareholder _____
5. a) Whether he is entitled to vote at the General Meeting _____

Note : To be entitled to vote, a shareholder must have been registered as a shareholder for a period of not less than 90 days prior to the date of a General Meeting.

6. Number of votes to which he is entitled _____
- 7)
 - i) Attending in person
 - ii) Attending through a proxy.
 - iii) Attending through a duly authorised representative

Place _____

Date _____

Signature

Folio No.

Category/Class of shareholder as per Section 4(3) of SFCs Act, 1951

- a State Govt. (Haryana)
- b SIDBI
- c Banks, Financial Institutions, Insurance Co., Central/State Govt. Institutions/Non Govt. Institutions
- d Others (Shareholders other than those referred to in clause (a), (b), (c) above)

BOOK - POST

To,

If undelivered, please return to :

HARYANA FINANCIAL CORPORATION

30 Bays Building (Ground Floor)

Sector 17-C, Chandigarh - 160 017

Ph. : 2702755-57, 2702568 Fax : 2721624, 2702666