

**54th
ANNUAL REPORT
2020 - 2021**



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)



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 54th Annual General Meeting of Shareholders of the Corporation will be held on Thursday, the 7th July, 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:-

ORDINARY BUSINESS

1 To receive, consider and adopt the audited Balance Sheet as at 31st March, 2021 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 appoint an Audit Firm (to be appointed by the shareholders out of the panel of the RBI as per detail given in the Note No. iv) as the Statutory Auditors of the Corporation from the conclusion of the present Annual General Meeting till the conclusion of the next Annual General Meeting for conducting audit for the financial year 2021-22 at an audit fee of Rs.45,000/- plus applicable GST and admissible TA/DA (or as decided by the Managing Director of the Corporation).

SPECIAL BUSINESS

3 To approve the directorship of Sh. M.K Chopra in accordance with the nominations invited under Section 4(3)(d) of the SFCs Act, 1951 as Non -Executive Director in terms of Regulation 17(1A) of the Securities and Exchange Board of India (LODR) Regulations, 2015 and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution :

*RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (LODR) Regulations, 2015, as amended and other applicable provisions, if any, of the State Financial Corporations Act, 1951 and General Regulations of HFC, consent of the Members be and is hereby accorded to approve the directorship of Sh. M.K Chopra (who is above 75 years of age) for a period of three years from the date of passing of special resolution.

NOTES:

i) The Register of Members and Share Transfer Books of the Corporation will remain closed from 27th June, 2022 to 6th July, 2022 (both days inclusive).

ii) 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.

iii) 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.

iv) As per provision of 37(1) of SFCs Act, 1951, the auditors of the Corporation shall be appointed by the financial Corporation in General Meeting of the shareholders out of the panel of auditors approved by the Reserve Bank of India for such terms and on such remuneration as the RBI may fix. The RBI vide their letter dated 23.02.2022 has forwarded the panel of the audit firms and the Corporation has short listed the following three audit firms as per details :

| S.No. | Name of the Audit Firm | Firm Experience (in no. of years) |
|-------|--|-----------------------------------|
| 1. | M/s B M Varma & Co, SCO No. 80-81, Sector - 17C, Chandigarh | 44 |
| 2. | M/s Prem Ravinder & Co., 16, Berkeley Square, Plot no. 24, Level 2, Industrial Area, Phase - 1, Chandigarh | 36 |
| 3. | M/s Awtar Krishan & Associates, SCO No. 10-11-12, 1st Floor, Sector 7B, Chandigarh | 33 |

The above Audit Firms have confirmed their eligibility / given their consent and declaration as per RBI Letter etc. The brief profile of the audit firms will be circulated to the shareholders at the meeting to consider and make the appointment.

Explanatory Statement in respect of Item No. 4 (Special Business)

The Corporation had invited nominations under clause (d) of sub-section (3) of section 4 of SFCs Act, 1951. In response to the invitation, one nomination of Sh. M.K Chopra was received which was placed before the shareholders in the 53rd AGM of the Corporation held on 25.03.2022 for approval along with the brief profile of Sh. M.K Chopra. The said nomination was duly approved by the Shareholders. But the said nomination requires to be approved by the Shareholders by way of special resolution as Sh. M.K Chopra is above 75 years of age in accordance with the provisions of Regulation 17(1A) of the SEBI(LODR) Regulations, 2015, which is reproduced below :

"No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person."

Accordingly, to comply with the provisions of Regulation 17(1A) of the SEBI(LODR) Regulations, 2015, the Corporation is seeking approval of the Members through Special Resolution.

A brief justification for approval of directorship of the Corporation of Sh. M.K Chopra is as under:

Sh. M.K Chopra has Board level experience of around 40 years in three State Financial Corporations (Punjab, Haryana, J&K). He has served as an elected Director representing public shareholders on the Board of HFC from 2014 to 2017. Further, the Corporation has two directorship vacancies under the said category but only one Nomination of Sh. M.K Chopra has been received.


Sh. M.K Chopra and his relatives are interested in resolution set out in Item No. 3 of the Notice with regard to approval of his appointment to the extent of shareholding in the Corporation. Sh. M.K Chopra is not related to any Director of the Corporation.

Save and except the above, none of the other Directors/KMPs of the Corporation/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors of the Corporation recommends the resolution set out at Item No. 3 for approval of the Members as a Special Resolution.

Dated : 11.06.2022
Place : Chandigarh

By Orders of the Board
for Haryana Financial Corporation


Company Secretary



HARYANA FINANCIAL CORPORATION, CHANDIGARH

Directors on the Board of the Corporation as on 31.03.2021

(under section 10 of the SFCs Act, 1951)

| | | | |
|----|---|----------------------|--|
| 1. | Sh. V. Umashankar, 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 & appointed as Chairman in terms of Section 15(1) of SFCs Act, 1951 w.e.f. 24.12.2020 for a period of 3 years |
| 2. | Sh. A.K. Singh, 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. 29.07.2020. |
| 3. | Smt. Amneet P. Kumar, IAS Mission Director, National Health Mission, Bays No. 55-58, Sector - 2, Panchkula, Haryana. | Director | Co-opted by the Board of Directors, Haryana Financial Corporation in terms of Section 10(e)(iv) of SFCs Act, 1951 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. Rahul Priyadarshi, GM SIDBI, SCO 119-120, Sector 17-B, Chandigarh | Director | Nominated by SIDBI w.e.f. 17.07.2019 |
| 6. | 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 |
| 7. | 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 |
| 8. | Sh. Anurag Agarwal, IAS MD, HSIIDC & HFC, Chief Electoral Officer, Haryana and Principal Secretary to Government, Haryana, Elections Department | Managing Director | Appointed by the State Govt. in terms of Sub-section (1) of Section 17 of SFCs Act, w.e.f. 16.12.2020 |

HARYANA FINANCIAL CORPORATION CHANDIGARH



Directors' Report

The Board of Directors of Haryana Financial Corporation has pleasure in presenting the 54th Annual Report on the working of the Corporation together with the Audited statements of Accounts for the year ended 31st March, 2021.

Financial Results

During the financial year 2020-21 the Corporation has achieved the following working results.

(Rs. in crore)

| | | 2020-21 | 2019-20 |
|-----------|--|---------------|---------------|
| A. | Income | | |
| | Income from operations | 0.01 | 2.57 |
| | Other Income | 3.61 | 3.27 |
| | Total Income | 3.62 | 5.84 |
| B. | Expenditure | | |
| | Interest & Other Financial Expenses | 0.04 | 0.04 |
| | Personnel Expenses | 3.96 | 4.49 |
| | Administrative Expenses | 0.56 | 0.60 |
| | Bad debts written off | 0.32 | 0.00 |
| | Depreciation | 0.16 | 0.18 |
| | Total Expenditure | 5.04 | 5.31 |
| C. | Operating Profit / (Loss) (A - B) | (1.42) | 0.53 |
| D. | Add : Excess Provision against Gratuity, NPAs Loan Assets and Investments written back | 2.99 | 0.32 |
| E. | Less : Net Provision against NPAs Loan Assets & Investments and Income Tax for Previous year (as per return) and current year 2019-20 | — | 2.70 |
| | Net Profit / (Loss) (C + D - E) | 1.57 | (1.85) |

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 Lakh)

| | Performance for the Year 2020-21 |
|--------------|-------------------------------------|
| Sanction | 0.00 |
| Disbursement | 0.00 |
| Recovery | 0.54 |

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, 2021 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. The State Govt. (being promoters) has filed an exemption application with SEBI in accordance with Regulation 42 of SEBI (Delisting of equity shares) regulations, 2021 for delisting of shares of the Corporation from Bombay Stock Exchange.

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 2020-21, (for 4th 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 term of 4 years of existing statutory auditors M/s Parveen Kapoor & Associates, Chartered Accountants, Chandigarh has been expired. Accordingly, the RBI vide their letter dated 23.02.2022 have forwarded a list containing the names of the eligible audit firms based at Chandigarh and complying with the norms for appointment as Statutory Auditors in public sector banks for appointment as Statutory auditors for the years 2021-22. The names of the 2-3 audit firms have been short listed and the item for appointment of statutory auditors for the year 2021-22 has been included in the notice for the AGM.

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 2020-21 (reports for 2020-21 is awaited) and their reports have been placed before the State Legislature as per provisions of State Financial Corporations Act, 1951 upto F.Y 2016-17. The report for F.Y 2017-18, 2018-19 & 2019-20 have been sent to Industries Deptt. for placing 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 31.03.2021 is annexed with the Annual Accounts.

Board of Directors

The list of the Board of Directors as on 31.3.2021 has separately been given in the Annual Report. The detail of the number of meetings of the Board held during the FY 2020-21 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 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 : 12.06.2022

Place : Chandigarh

Sd/-

For and on behalf of Board of Directors
Managing Director

Auditor's Certificate(F.Y.2020-21)

In accordance with the provisions of section 37(1) of the State Financial Corporations Act, 1951, we have audited the Balance Sheet of Haryana Financial Corporation as at 31st March, 2021 and also the annexed Profit and Loss Account for the years ended on the date.

We conducted our audit in accordance with auditing standard generally accepted in India. In our opinion and to the best of our information and according to the explanations given to us:

- a) The operations of Haryana Financial Corporation have been conducted in accordance with provisions of the SFCs Act, 1951.
- b) The income recognition, asset classification and provisioning have been done as per the guidelines issued by SIDBI from time to time.
- c) The investment of surplus fund is made in the accordance with the prudential norms laid down by the Board of Directors.
- d) Authentication of Calculate of CRAR and assessment of capital adequacy ratio in the 'Notes on Accounts' attached to the Balance Sheet and various other ratio/ items have been disclosed in the 'Notes of Accounts' (Schedule Q- Point R)
- e) The corporation has no Govt. guarantee outstanding as on 31.03.2021 as the account with SIDBI has already been settled.
- f) The level of risk management practices and compliance to regulatory directives issued by SIDBI with regard to exposure norms, segregation of refinanced assets is not applicable because the corporation is in the process of winding up and it has repaid/settled entire refinance with SIDBI. In view of the above, the corporation has not taken any step with regard to the valuation of loan assets. However at the time of settlement or sale of mortgaged assets, valuation of assets is being done on case to case basis.
- g) All the loans & Advance the Corporation, financial statements and salaries to staff have been computerized.

Further, there is no adverse observation/ qualifications in our Auditor's Report. We have an unmodified opinion in respect of Material Uncertainty Related to Going Concern of the corporation as reflected in para C of Schedule Q of Notes on Accounts of this financial statements. This may be considered as a nil report.

FOR PARVEEN KAPOOR & ASSOCIATES
CHARTERED ACCOUNTANTS

Place: Chandigarh
Dated: 04.05.2022.

(PARVEEN KAPOOR)

(Prop.)

M.No.90987

Firm Regd.No.011958N

UDIN: 22090987AIJHSU8104



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, 2021** 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.

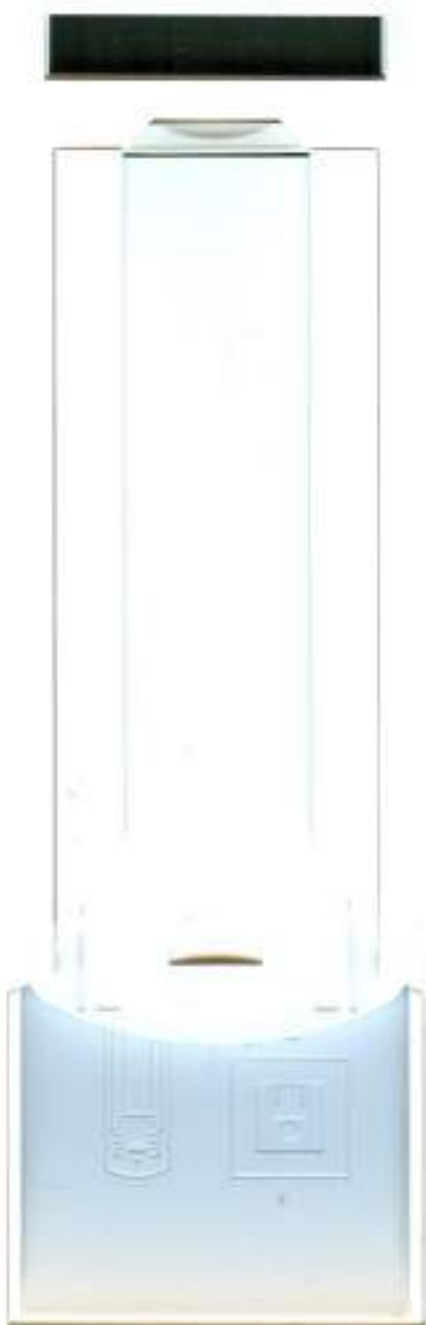
2. Auditor's responsibility

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, 2021**
- 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 ;

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) The transactions of the Corporation that have come to our notice have been within the powers of the Corporation.

Place : Chandigarh
Dated : 4th May, 2022

For Parveen Kapoor & Associates
Chartered Accountants



Parveen Kapoor
FCA (Prop.)
Membership No. 90987
Firm Regd. No. 011958N
UDIN : 22090987AJHSHU8104



HARYANA FINANCIAL CORPORATION, CHANDIGARH
BALANCE SHEET AS AT 31ST MARCH, 2021

| As at 31.03.2020 (Amount in Rs.) | Particulars | Schedule | As at 31.03.2021 (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 | | |
| 445,575,653 | a) Other current liabilities | C | 435,931,383 |
| 149,212,372 | b) Provisions | D | 119,315,770 |
| <u>2,837,195,975</u> | Total | | <u>2,797,655,103</u> |
| | B ASSETS | | |
| | 1 Non-current assets | | |
| 68,916,732 | a) Fixed assets | E | 67,325,328 |
| 1,450,000,000 | b) Non-current investments | F | 1,450,000,000 |
| 73,231,014 | 2 Loans and Advances | G | 71,091,903 |
| | 3 Current Assets | | |
| 47,624,180 | a) Current investments - Shares | H | 47,624,180 |
| 24,766,772 | b) Current investments - Fixed Deposits | H | 22,843,504 |
| 43,661,478 | b) Cash and bank balances | I | 23,590,661 |
| 35,585,170 | c) Other current assets | J | 37,500,280 |
| 1,093,410,629 | 4 Profit and Loss Accounts | K | 1,077,679,247 |
| <u>2,837,195,975</u> | Total | | <u>2,797,655,103</u> |

Notes on Accounts

Q

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

Puja
 Puja Vasudeva
 Company Secretary

Vandana
 Vandana Jindal
 Dy. General Manager

Vikas Gupta
 Vikas Gupta, IAS
 Managing Director

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



Parveen Kapoor
 Parveen Kapoor
 FCA (Prop.)
 Membership No. 90987
 Firm Regd. No. 011958N
 UDIN : 22090987AIJHSU8104

Place : Chandigarh
 Dated : 4th May, 2022

HARYANA FINANCIAL CORPORATION, CHANDIGARH

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021



For the year ended
31.03.2020
(Amount in Rs.)

For the year ended
31.03.2021
(Amount in Rs.)

| | INCOME | Schedule | |
|-------------------|--|----------|---------------------|
| 25,701,066 | Revenue from Operations | L | 42,797 |
| 32,687,404 | Other Income | M | 36,122,407 |
| 58,388,470 | Total Revenue | | 36,165,204 |
| | OPERATIONAL EXPENDITURE | | |
| 374,705 | Other Financial & Misc. Expenses | N | 377,930 |
| 44,915,016 | Employees Benefit Expenses | O | 39,579,071 |
| 5,999,858 | Administrative Expenses | P | 5,604,371 |
| 1,793,356 | Depreciation | E | 1,601,614 |
| 10,634 | Bad Debts Written Off | | 3,167,438 |
| 53,093,569 | Total Expenditure | | 50,330,424 |
| 5,294,901 | Profit / (Loss) before provisioning | | (14,165,220) |
| 3,253,018 | Add : Excess Provision Against Gratuity Written Back | | 0 |
| 0 | : Provision Against NPAs Loans Assets Written Back | | 2,138,438 |
| 0 | : Provision Against Investments Written Back | | 27,758,164 |
| 13,242,800 | Less : Provision Against Investments | | 0 |
| 823,146 | : Provision Against NPAs Loans Assets | | 0 |
| 12821128 | : Income Tax for Previous year (as per revised return) | | 0 |
| 129,182 | : Income Tax for FY 2019-20 (as per I.T. return) | | 0 |
| 18,468,337 | Net Profit /(Loss) | | 15,731,382 |
| | Notes on Accounts | Q | |
| (0.09) | Earning Per Share | | 0.08 |

Note : The Schedules referred to above form integral part of the Profit & Loss Account

Pu
Puja Vasudeva
Company Secretary

Vandana
Vandana Jindal
Dy. General Manager

Vikas
Vikas Gupta, 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 : 22090987AIJHSU8104

Place : Chandigarh
Dated : 4th May, 2022



Schedule 'A' - Share Capital

As at 31.03.2020
Amount (Rs.)

As at 31.03.2021
Amount (Rs.)

| | | |
|------------------------------|--|---------------|
| Authorised | | |
| 3,000,000,000 | 300,000,000 Equity Shares of Rs.10/- each | 3,000,000,000 |
| 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. | |
| 6,266,000 | | 6,266,000 |
| 2,116,921,000 | | 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 |
| 2,076,581,000 | Balance 207,658,100 (Previous year 207,658,100) shares of Rs.10/- each | 2,076,581,000 |
| 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. | 6,266,000 |
| | | 2,076,581,000 |
| 2,076,581,000 | Total | 2,076,581,000 |

Schedule 'B' - Reserve and Surplus

As at 31.03.2020
Amount (Rs.)

As at 31.03.2021
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 |
| 166,800,000 | Less : Utilised towards provisioning for NPAs in earlier years | 166,800,000 |
| 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 |
| 22,976,000 | e) Shares Forfeiture Reserve | 22,976,000 |
| 165,826,950 | Total | 165,826,950 |



Schedule 'C' - Other Current Liabilities

As at 31.03.2020
Amount (Rs.)

As at 31.03.2021
Amount (Rs.)

a) Other Liabilities

| | | |
|-------------|--|-------------|
| 55,196,622 | Dividend Payable | 55,196,622 |
| 2,687,465 | Provision against Gratuity | 2,628,225 |
| 3,535,377 | Provision against Leave Encashment | 3,657,381 |
| 358,454 | Provision against Compassionate Assistance | 215,070 |
| 115,706,836 | Sundry Deposits | 118,165,508 |
| 222,445,297 | Advance from HSIIDC - Sale of properties | 222,445,297 |
| 20,180,250 | Earnest Money | 10,180,250 |
| 3,784,565 | Borrowers' Imprest | 3,579,443 |
| 6,900,000 | Security Deposit | 6,900,000 |
| 367,483 | GST payable | 366,246 |
| 0 | TDS on GST payable | 9,825 |
| 3,170,713 | Provision against expenses payable | 1,344,925 |

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 |
| 8,594,655 | 2) Balance Amount - Seed Money Agency/RIS | 8,594,655 |

445,575,653

Total

435,931,383

Schedule 'D' - Provisions

As at 31.03.2020
Amount (Rs.)

As at 31.03.2021
Amount (Rs.)

i) Provision for Non-performing Loan Assets :

| | | |
|------------|--|------------|
| 72,813,000 | Opening balance | 73,231,000 |
| 418,000 | Add : Provision during the year | 0 |
| 0 | Less : Excess provision provided in earlier years written back | 2,138,438 |
| 73,231,000 | | 71,092,562 |

47,156,778

ii) Provision for non-performing leasing assets

47,156,778

iii) Provision against Claims Recoverable (Loans cases)

| | | |
|-----------|---------------------------------|-----------|
| 661,284 | Opening balance | 1,066,430 |
| 405,146 | Add : Provision during the year | 0 |
| 1,066,430 | | 1,066,430 |

iv) Provision for diminution in value of Investments :

| | | |
|------------|--|------------|
| 14,515,364 | Opening balance | 27,758,164 |
| 13,242,800 | Add : Provision during the year | 0 |
| 0 | Less : Excess provision provided in earlier years written back | 27,758,164 |
| 27,758,164 | | 0 |

149,212,372

Total

119,315,770



Schedule 'E' - Fixed Assets

(Amount in Rs.)

| Sr. No. | Particulars | WDV as on 01.04.2020 | Assets put to use for more than 180 days | less than 180 days | Sold/ Transferred during the year | Liability written off | Value | Rate of Dep. % age | Total Dep. during the year | WDV as on 31.03.2021 |
|------------------------------------|-------------|----------------------|--|--------------------|-----------------------------------|-----------------------|-------------------|--------------------|----------------------------|----------------------|
| | | (1) | (2) | (3) | (4) | | (5) | (6) | (7) | (8) |
| A) Land & Building | | | | | | | | | | |
| 1. Land | | 5,993,616 | 0 | 0 | 0 | | 5,993,616 | 0 | 0 | 5,993,616 |
| 2. Building - Office | | 14,396,096 | 0 | 0 | 0 | | 14,396,096 | 10 | 1,439,610 | 12,956,486 |
| Total | | 20,389,712 | 0 | 0 | 0 | 0 | 20,389,712 | | 1,439,610 | 18,950,102 |
| B) Furniture & Fittings | | | | | | | | | | |
| 1. Furniture | | 291,862 | 0 | 0 | 0 | | 291,862 | 10 | 29,187 | 262,675 |
| 2. Safes, Cabinets & Padlocks | | 109,272 | 0 | 0 | 0 | | 109,272 | 10 | 10,928 | 98,344 |
| 3. Misc. | | 67,911 | 0 | 0 | 0 | | 67,911 | 10 | 6,791 | 61,120 |
| 4. Electric Fittings | | 476,313 | 0 | 48,210 | 0 | | 524,523 | 10 | 50,043 | 474,480 |
| Total | | 945,358 | 0 | 48,210 | 0 | 0 | 993,568 | | 96,949 | 896,619 |
| C) Plant & Machinery | | | | | | | | | | |
| 1. Computers | | 28,087 | 0 | 0 | 0 | | 28,087 | 40 | 11,235 | 16,852 |
| 2. Typewriters, Duplicators etc. | | 1,045 | 0 | 0 | 0 | | 1,045 | 15 | 157 | 888 |
| 3. Staff Cars & Jeep | | 393,799 | 0 | 0 | 38,000 | | 355,799 | 15 | 53,370 | 302,429 |
| 4. Bicycles | | 1,953 | 0 | 0 | 0 | | 1,953 | 15 | 293 | 1,660 |
| Total | | 424,884 | 0 | 0 | 38,000 | 0 | 396,884 | | 65,055 | 321,829 |
| Grand Total - (A+B+C) | | 21,759,954 | 0 | 48,210 | 38,000 | 0 | 21,770,164 | | 1,601,614 | 20,168,550 |
| Previous Year | | 23,543,910 | 32,400 | 0 | 23,000 | 0 | 23,553,310 | | 1,793,356 | 21,759,954 |

| Particulars | WDV of Equipments leased as on 01.04.2020 | Additions During the Year | Sale/ Adjustment | Value as on 31.03.2021 | Lease Rentals Received During the Year | Interest out of Rentals Received | Principal out of rentals Charged to Depreciation | WDV of Equipments leased as on 31.03.2021 |
|--------------------------|---|---------------------------|------------------|------------------------|--|----------------------------------|--|---|
| 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 2019-20 | FY 2020-21 |
|----------------------------|-------------------|-------------------|
| Total Depreciation | 1,793,356 | 1,601,614 |
| Total WDV (A+B+C+D) | 68,916,732 | 67,325,328 |



Schedule 'F' - Non-current Investments

Investments (As per annexure to Schedule 'F' & 'H') :

As at 31.03.2020
Amount (Rs.)
1,450,000,000
1,450,000,000

Investment in the Equity of Haryana Power Generation Corp. Ltd.
Total

As at 31.03.2021
Amount (Rs.)
1,450,000,000
1,450,000,000

Schedule 'G' - Loans and Advances

As at 31.03.2020
(Amount Rs.)
66,788,576
3,275,000
70,063,576
3,167,438
73,231,014

Loans & advances 67,816,903
Adhoc Limit - Boughtout Deals 3,275,000

Soft loan - NEF, MUN & SEMFEX
Total

As at 31.03.2021
(Amount Rs.)

71,091,903

0
71,091,903

Schedule 'H' - Current Investments

Investments (As per annexure to Schedule 'F' & 'H') :

As at 31.03.2020
Amount (Rs.)
2,480,000
45,144,180
24,766,772
72,390,952

i) (a) Quoted 2,480,000
(b) Unquoted 45,144,180
ii) Fixed Deposits with Banks
Total

As at 31.03.2021
Amount (Rs.)

47,624,180
22,843,504
70,467,684

Schedule 'I' - Cash and Bank Balances

As at 31.03.2020
Amount (Rs.)
91,141

14,679,929
28,890,408
43,661,478

Cash in hand

Balance with Schedule Banks

i) In Current/Saving Accounts
ii) Short Term Deposits

Total

As at 31.03.2021
Amount (Rs.)
54,946

10,989,356
12,546,359
23,590,661



Schedule 'J' - Other Current Assets

| As at 31.03.2020 Amount (Rs.) | | | As at 31.03.2021 Amount (Rs.) |
|----------------------------------|--|-----------|----------------------------------|
| 262,316 | Staff Loans | | 149,200 |
| 323,412 | Advance against expenses | | 294,446 |
| 604,296 | Sale Tax deposited against demand (Pending in appeals) | | 604,296 |
| 571,720 | Income Tax Refund -FY 2018-19 | | 0 |
| 2,951,372 | Income Tax Refund -FY 2019-20 | | 2,951,372 |
| 0 | Income Tax Refund -FY 2020-21 | | 2,876,540 |
| | 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 |
| 7,492,074 | Claims recoverable | | 7,472,424 |
| | Interest Accrued but not due : | | |
| 691,515 | On Staff advances | 492,939 | |
| 140,385 | On Deposits | 110,983 | 603,922 |
| <u>35,585,170</u> | Total | | <u>37,500,280</u> |

Schedule 'K' - Profit and Loss Accounts

| For the Year Ended 31.03.2020 Amount (Rs.) | | | For the Year Ended 31.03.2021 Amount (Rs.) |
|--|--|---------------|--|
| 1,074,942,292 | Accumulated loss as per last Balance Sheet | 1,093,410,629 | |
| 18,468,337 | Add : Net loss for the year | 0 | |
| 0 | Less : Net Profit for the year | 15,731,382 | 1,077,679,247 |
| <u>1,093,410,629</u> | Total | | <u>1,077,679,247</u> |

Schedule 'L' - Revenue from Operations

| For the Year Ended 31.03.2020 Amount (Rs.) | | | For the Year Ended 31.03.2021 Amount (Rs.) |
|--|--|--|--|
| 19,079,533 | Interest Income on Loans & Advances | | 42,797 |
| 6,621,533 | Amount received out of bad debts written off | | 0 |
| <u>25,701,066</u> | Total | | <u>42,797</u> |



Schedule 'M' - Other Income

| For the year ended 31.03.2020 Amount (Rs.) | | For the year ended 31.03.2021 Amount (Rs.) |
|--|-------------------------|--|
| 603,979 | Miscellaneous Income | 219,561 |
| | Interest Income on : | |
| 139,335 | Income Tax Refunds | 0 |
| 25,507 | Staff Advances | 15,445 |
| 2,726,712 | Deposits with Banks | 2,215,505 |
| 620,000 | Dividend on Investments | 2,230,950 |
| 28,571,871 | Rental Income | 3,100,000 |
| <u>32,687,404</u> | Total | <u>30,571,896</u> |
| | | <u>36,122,407</u> |

Schedule 'N' - Other Financial & Misc. Expenses

| For the year ended 31.03.2020 Amount (Rs.) | | For the year ended 31.03.2021 Amount (Rs.) |
|--|--------------------|--|
| 20,705 | Bank Charges | 21,570 |
| 0 | Debit Charges | 2,360 |
| 354,000 | Stock Exchange Fee | 354,000 |
| <u>374,705</u> | Total | <u>377,930</u> |

Schedule 'O' - Employees Benefit Expenses

| For the year ended 31.03.2020 Amount (Rs.) | | For the year ended 31.03.2021 Amount (Rs.) |
|--|--|--|
| 30,726,254 | Salaries & Allowances : Other Staff | 27,418,032 |
| 2,552,565 | Payment to Security Agency (Outsourcing Staff) | 3,358,072 |
| 2,864,485 | Contribution to Staff Provident Fund | 2,117,348 |
| 0 | Provisioning- Gratuity / Leave Encashment | 62,764 |
| 761,885 | Gratuity Provisioning /Payment | 0 |
| 691,093 | Provisioning - Leave Salary | 0 |
| 587,720 | Leave Travelling Concession | 0 |
| 1,986,632 | Medical Expenses | 1,244,526 |
| 67,498 | Staff Welfare | 29,439 |
| 0 | Provisioning - Compassionate Assistance | 51,184 |
| 4,326,861 | Pension | 4,044,305 |
| 183,536 | EDLI Premium | 160,690 |
| 166,487 | Administrative Expenses on Provident Fund | 149,799 |
| 0 | Retiral dues to dismissed employees | 942,912 |
| <u>44,915,016</u> | Total | <u>39,579,071</u> |



Schedule 'P' - Administrative Expenses

For the year ended
31.03.2020
Amount (Rs.)

For the year ended
31.03.2021
Amount (Rs.)

| | | | |
|------------------|---|---------|------------------|
| | Travelling and other Expenses : | | |
| 264,437 | a) Staff & Others | 180,376 | |
| 0 | b) Statutory Auditors | 3,420 | |
| 9,000 | c) Directors & Committee Members | 0 | 183,796 |
| 321,664 | Rent, Taxes, Insurance, Electricity etc. | | 313,968 |
| 286,571 | Postage, Telegram & Telephone | | 194,458 |
| 337,023 | Printing & Stationery | | 172,051 |
| 48,098 | Computer Expenses | | 49,476 |
| 206,054 | Publicity & Business Promotion | | 30,183 |
| 176,888 | Repairs and Renewals - Office Equipments | | 98,585 |
| 225,815 | Repairs and Maintenance - Staff Cars | | 222,783 |
| 1,079,522 | Legal Charges | | 705,981 |
| 21,384 | Books & News Papers | | 16,844 |
| 240,202 | Professional Charges | | 113,650 |
| 0 | Property and Fire tax | | 33,014 |
| 45,000 | Audit Fee | | 45,000 |
| 26,337 | Entertainment | | 13,556 |
| 2,711,863 | Security Charges (Guards at units under possession) | | 3,411,026 |
| 5,999,858 | Total | | 5,604,371 |



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 3 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. compounded 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 31.03.2022 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 31.03.21 the amount payable is Rs.6.28 lakh. In addition to above a sum of Rs.20.00 lakh is also payable to employees whose gratuity has not been released upto 31.03.21. After providing the above amount, the total outstanding amount of provision as on 31.03.21 comes to Rs.26.28 lakh.

Leave Encashment to staff is covered under the Group Leave Encashment Scheme of Life Insurance Corporation of India. As per actuarial valuation of Life Insurance Corporation of India (LIC) as on 31.03.2021 the amount payable is Rs.12.53 lakh. In addition to above a sum of Rs. 24.04 lakh is also payable to employees whose leave encashment has not been released upto 31.03.2021. After providing the above amount, the total outstanding amount of provision as on 31.03.21 comes to Rs.36.57 lakh.

The basis of actuarial valuation for Gratuity and Leave Encashment considered by LIC are as under :

| VALUATION METHOD | Projected Unit Credit Method |
|-----------------------|------------------------------|
| ACTUARIAL ASSUMPTIONS | |
| Mortality Rate | LIC (2006-08) ultimate |
| Withdrawal Rate | 1% to 3% depending on age |
| Discount Rate | 7% p.a. |
| Salary Escalation | 7% |

During the year, the Corporation has booked a sum of Rs.0.63 lakh as expenditure towards provisioning of Leave Encashment/Gratuity .

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.



6

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 (8 cases) are to the extent of Rs.4.49 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 18 court cases / appeals filed by the employees / ex-employees / pensioners 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. Since the matter is sub-judice, no provision against this amount has been provided in the books of accounts.

3. The Sales 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. A sum of Rs.6.04 lakh was deposited (shown in Other Current Assets Schedule –'J') and appeals have been filed with higher authority by the Corporation against this demand. The above liability of Rs. 124.41 lakh has not been provided in the account books against these orders. 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. There is an outstanding advance of Rs. 22.24 crore from HSIIDC as on 31.03.2021 on account of sale of Panchkula building which will be adjusted after receipt of balance payment and transfer of building to HSIIDC.

The Corporation has recommended to the State Government for its winding up/ liquidation u/s 45 of SFCs 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. A total of three meetings of the Committee were held on 17.09.2019, 26.09.2019 & 14.10.2019.

The Board of Directors of the Corporation in its meeting held on 11.02.2022 reconstituted the Committee for winding up as under :

- | | |
|---|----------|
| 1. Managing Director, HSIIDC | Chairman |
| 2. Director of I&C, Haryana | Member |
| 3. Nominee from Finance Deptt., Haryana | Member |

The State Govt., Haryana (as Acquirer) has decided to delist the shares of the Corporation from BSE. In furtherance to that, a request for exemption from procedure of delisting pursuant to Regulation 42 of SEBI (Delisting of Equity Shares) Regulations, 2021 has been filed by Industries Deptt., Haryana to SEBI vide Letter dated 11.02.2022.

- 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 31.03.2021 as per the provisioning norms of SIDBI.



- F. Loans and Advances are categorised on the basis of guidelines received from SIDBI as standard, 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) (Soft Loan) | 648.72 | 648.72 | 638.43 | 638.43 | 10.29 |
| Loss Assets | 62.20 | 62.20 | 62.20 | 62.20 | 0.00 |
| Claims Recoverable (3 loan cases) | - | 10.66 | - | 10.66 | 0.00 |
| Total | 710.92 | 721.58 | 732.31 | 742.97 | -21.39 |

It has been decided by Board of Directors in its meeting held on 11.02.2022 to prudentially write off soft loans amounting to Rs.31.68 lakh. Accordingly, the above amount has been written off as bad debts in the Profit and Loss Account. In view of above, Net excess provisioning of Rs. 21.39 lakh has been written back against Non-performing / Loss loan assets during the year and shown in Schedule 'D' - Provisions.

| 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 31.03.2020. The value (Rs.165.20 crore) of listed and unlisted shares (except Non Current Investments) as on 31.03.2020 is more than the cost price (Rs.149.76 crore) of the current investment. So, no provision towards diminution in value of investment is required. Therefore, the provision of Rs.277.58 lakh already made has been written back during the current financial 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.



In the previous year, a Liability of Rs.570.53 lakh was shown towards State Govt. against Agency and Seed Money Loans under the said sub head (b) (2) State Govt. Funds (As an Agency)* of Schedule 'C' - Other Current Liabilities*. The balance of Agency and Seed Money loans amounting to Rs.484.58 lakh was shown in Schedule 'J'- Other Current Assets. During the current year the said amount of Rs.484.58 lakh has been adjusted against the liability of Rs.570.53 lakh and the remaining amount of Rs.85.95 lakh has been shown as Balance Amount- Seed Money Agency/RIS under the sub head "(b) (2) State Govt. Funds (As an Agency)" of Schedule 'C'.

- J. Sundry Deposits under Schedule 'C' - Other Current Liabilities amounting to Rs.1181.66 lakh includes a sum of Rs.1066.10 lakh in case of M/s Surendra Enterprises Pvt. Ltd., Rewari a joint financing case with Haryana State Industrial and Infrastructure Development Corporation Ltd. (HSIIDC). The unit was auctioned for Rs.1095 lakh and out of the down payment Rs. 273.75 lakh i.e. 25% received from auction purchaser, a sum of Rs. 28.90 lakh was paid to HSIIDC and the balance amount of Rs.1066.10 lakh is kept in sundry.

A new loan account of Rs.821.25 lakh (75% of auction price) 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 (including down payment of Rs. 273.75 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 sub-judice. Keeping in view the above circumstances, 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.1,01,80,250/- shown under Schedule 'C' - Other Current Liabilities includes a sum of Rs.1,00,50,000/- being the amount of earnest money received in e-auction of primary security in case of M/s Devi Dayal Castings Pvt. Ltd., Gurgaon. The borrower filed an appeal in the Court against e-auction and the same is pending in Hon'ble Supreme Court. As such, the auction has not been finalised as yet.

- L. Borrowers' Imprest amounting to Rs. 35,79,443/- shown under Schedule 'C' - Other Current Liabilities is the amount received from the parties at the time of 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 amounts were received / recovered through auction of properties over and above the outstanding loan amounts and were claimed by different parties (borrowers/auction purchasers etc.) 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.74,72,424/- 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 the 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, Sonapatna allotted in 1994. HSIIDC has resumed the above plots and the Corporation has requested HSIIDC to either restore the plots or refund the amount paid by the Corporation. Last letter was issued on 11.02.2022 and the reply is awaited. Further, necessary action for passing accounting entries will be taken after the receipt of reply from HSIIDC.

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

| | | F.Y. 2020-21 | |
|-----------|---|-----------------|---------------|
| | | (Rs. in lakh) | |
| 1 | Capital | | |
| a) | CRAR % | 56.74% | |
| b) | The amount of subordinated debt raised and outstanding as Tier - II capital | — | |
| c) | Risk Weighted Assets | | |
| | i. On Balance Sheet items | 16971.32 | |
| | 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 | 111.82 | 0.54 |
| | 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 | -21.39 | |
| | ii. Provision for Investments | -277.58 | |
| | Total | <u>-298.97</u> | |
| 3. | Operating Results | | |
| f) | Interest income as a percentage to average working funds | 0.13 % | |
| g) | Non-interest income as a percentage to average working funds | 1.96 % | |
| h) | Net Profit/(Loss) as a percentage to Average Working Funds | 0.91 % | |
| i) | Net Profit/(Loss) per employee | Rs. 6.55 lak | |
| 4. | Earning per Share | (Amount in Rs.) | |
| a) | Profit/(Loss) after Tax | 15,731,382 | |



| 4. Earning per Share | | (Amount in Rs.) | | |
|----------------------|-------------------------------------|-----------------|---------------------------|------------------|
| a) | Profit/(Loss)after Tax | | | (15,731,382) |
| b) | Weighted Average of Common Stock | No. | Period Outstanding (days) | Weighted Average |
| | Shares outstanding as on 31.03.2021 | 207658100 | 365 | 207658100 |
| | Loss Per Share (a/b) | | | 0.08 |

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

P. 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.

Q. Schedules 'A' to 'Q' alongwith Cash Flow statement form integral part of the Balance Sheet and Profit and Loss Account.


Puja Vasudeva
Company Secretary


Vandana Jindal
Dy. General Manager


Vikas Gupta, 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 : 22090987ALJHSU8104

Place : Chandigarh
Dated : 4th May, 2022

Annexure to Schedule - 'F' & 'H'



Statement Showing Particulars of Investments in shares as on 31st March, 2021

| S.No. | Name of the Company | Face value | Cost per Share | Value per Share | No. of Shares | (Amount in Rs.) | |
|-------|---|------------|----------------|-----------------|-------------------|-------------------|------------------|
| | | | | | | Cost | Value |
| | | | | | as on 31.3.2021 | | |
| (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 | 1605.05 | 124000 | 2480000 | 19902620 |
| | B. Un-quoted | | | | | | |
| | i) Listed : Ordinary - Fully Paid Up | | | | | | |
| 1. | Global Inds. Ltd., Gurgaon | 10.00 | 10.00 | | 300000 | 3000000 | |
| 2. | Green Mark Infra Ltd. (Formerly Jivan Flora Ltd., Gurgaon) | 10.00 | 12.00 | | 146600 | 1759200 | |
| 3. | Veer Vardhman Inds., Panipat | 10.00 | 10.00 | | 250000 | 2500000 | |
| 4. | Indo Britain Agro Farms Ltd. | 10.00 | 10.00 | | 180300 | 1803000 | |
| 5. | Aravali Pipes Ltd., Hisar | 10.00 | 15.00 | | 205000 | 3075000 | |
| 6. | Doon Valley Rice Mills, Karnal | 10.00 | 30.00 | | 100000 | 3000000 | |
| 7. | Pam Raffia Ltd., Panchkula | 10.00 | 10.00 | | 10406 | 104060 | |
| 8. | Swet Chem Antibiotic Ltd., Karnal | 10.00 | 10.00 | | 44800 | 448000 | |
| 9. | Uma Fabrics Ltd., Gurgaon | 10.00 | 10.00 | | 350000 | 3500000 | |
| 10. | Shiva Suitex Ltd., Gurgaon | 10.00 | 10.00 | | 500000 | 5000000 | |
| 11. | Bharat Polyfab Ltd., Rewari | 10.00 | 12.50 | | 500000 | 6250000 | |
| | Total (i) | | | | 2587106 | 30439260 | |
| | ii) Unlisted : Ordinary - Fully Paid Up | | | | | | |
| 1. | INA Polyster Buttons Ltd., Faridabad | 10.00 | 10.00 | | 200000 | 2000000 | |
| 2. | Apex Multitech Ltd., Panchkula | 10.00 | 10.00 | | 200000 | 2000000 | |
| 3. | Nitika Cements Ltd., Panchkula | 10.00 | 14.00 | | 214280 | 2999920 | |
| 4. | INA Polyster Buttons Ltd., Faridabad | 10.00 | 10.00 | | 200000 | 2000000 | |
| 5. | Apex Multitech Ltd., Panchkula | 10.00 | 15.00 | | 375000 | 5625000 | |
| 6. | Hardicon | 100.00 | 100.00 | 3768.00 | 800 | 80000 | 301440 |
| | Total (ii) | | | | 1190080 | 14704920 | 301440 |
| | Total (II) (Un-quoted Investments (i + ii)) | | | | 3777186 | 45144180 | 301440 |
| (III) | Total Current Investments (Quoted + Unquoted) | | | | 3901186 | 47624180 | 20204060 |
| | Total Investments (I + II + III) | | | | 5351186 | 1497624180 | 165204060 |
| | | | | | COST | 1497624180 | |
| | | | | | VALUE | 1652040616 | |
| | | | | | DIMINUTION | NIL | |

Note : (*) Value of the shares as on 31st March, 2021.

(**) Value of share has been determined on the basis of balance sheet as on 31st March, 2021.

(***) Total valuation comes to Rs. 165.20 crore, against the cost of Rs. 149.76 crore so no provision against investments as on 31.03.2021 is required

HARYANA FINANCIAL CORPORATION, CHANDIGARH
CASH FLOW STATEMENT FOR THE PERIOD FROM 01.04.20 TO 31.03.21



Amount (Rs.)

| | FY 2020-21 | FY 2019-20 |
|--|----------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before income tax & provisioning | (1,41,65,220) | 52,94,901 |
| | | |
| Add : | | |
| Depreciation | 16,01,614 | 17,93,356 |
| Bad debts written off | 31,67,438 | 10,634 |
| Increase/(decrease) in Current Liabilities | | |
| Gratuity | (59,240) | 0 |
| Leave | 1,22,004 | (53,323) |
| Compassionate Assistance | (1,43,384) | (3,40,932) |
| Earnest Money | (1,00,00,000) | 2,00,50,000 |
| Borrowers Imprest | (2,05,122) | (5,65,559) |
| Sundry Deposits | 24,58,672 | (1,58,766) |
| Tax payable | 8,588 | 2,15,225 |
| Provision against expenses payable | (18,25,788) | (12,53,238) |
| Increase/(decrease) in Loans and Advances (Assets) | (10,28,327) | (4,29,051) |
| Increase/(decrease) in Current Assets | | |
| Staff Advances | 1,13,116 | 1,53,200 |
| Advance Income Tax, TDS | (23,04,820) | (4,06,347) |
| Claim Recoverable | 19,650 | (52,814) |
| Interest Accrued but not due | 2,27,978 | 3,14,422 |
| Sundry Advances | 28,966 | (35,966) |
| | | |
| | | |
| Less : | | |
| Other Income : | | |
| Rent | 3,05,71,896 | 2,85,71,871 |
| Dividend on investments | 31,00,000 | 6,20,000 |
| Misc. Income | 2,19,561 | 6,03,979 |
| Interest on deposits/staff advances & I.Tax refund | 22,30,950 | 28,91,554 |
| | | |
| Net cash from operating Activities (A) | (5,81,06,282) | (81,51,662) |
| | | |
| | | |