

48th
ANNUAL REPORT
2014 - 2015



Haryana Financial Corporation

BANKERS

PUNJAB NATIONAL BANK

Bank Square, Sector 17
Chandigarh-160017

ORIENTAL BANK OF COMMERCE

Bank Square, Sector 17
Chandigarh-160017

CORPORATION BANK

SCO 137-138, Sector 8-C
Chandigarh-160018

HDFC Bank

Industrial Area, Phase - 1
Chandigarh

STATUTORY AUDITORS

M/s R.P. MALLICK & ASSOCIATES,

Chartered Accountants,
H.No. 1442, Sector 44-B
Chandigarh

REGISTRAR & 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

OFFICE

HARYANA FINANCIAL CORPORATION

Bays Nos. 17, 18 & 19, Sector 17-A
Chandigarh - 160 017
Ph. : 2702755-57, 2702568
Fax : 2721624, 2702666
E-mail : md@hfcindia.org , contact@hfcindia.org
Website : www.hfcindia.org

HARYANA FINANCIAL CORPORATION

Bays Nos. 17,18 & 19, Sector 17-A, Chandigarh



Notice


In terms of Regulation 46 of General Regulations of the Corporation read with Section 36 of the State Financial Corporations Act, 1951, it is hereby notified that the 48th Annual General Meeting of Shareholders of the Corporation will be held on Tuesday, the 20th October, 2015 at 12.45 PM (I.S.T.) at Head Office of the Corporation i.e Bays Nos. 17, 18 & 19, Sector 17-A, Opposite. L.I.C. Building, Chandigarh, to transact the following business:-

- 1 To receive, consider and adopt the audited Balance Sheet as on 31st March, 2015 and the Profit and Loss Accounts 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 re-appoint M/s R.P.Mallick & Associates, Chartered Accountants of Chandigarh 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 2015-16 at an audit fee of Rs.31,250/- plus applicable service tax and admissible TA/DA.
- 3 To appoint one Director nominated in the prescribed manner by the shareholders referred to in clause 4(3) (c) of SFCs Act 1951 (i.e. from Schedule Banks, Insurance Companies etc.) for a period of three years.
- 4 To elect one Director in the prescribed manner by the shareholders referred to in clause (d) of sub section 3 of section 4 of SFCs 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 Wednesday 14th October, 2015 to Tuesday the 20th October, 2015 (both days inclusive).
- ii) Nomination papers for nomination/election as Directors by the shareholders (category 'c' & '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 5th October, 2015).
- 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 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 47th Annual General Meeting held on 17.11.2014 appointed M/s R.P.Mallick & Associates, Chartered Accountants, Chandigarh as Statutory Auditors of the Corporation for the financial year 2014-15 u/s 37 (1) of SFCs Act, 1951 and they have conducted the audit for the year. As per RBI guidelines, an Auditor can be re-appointed upto four terms. The RBI vide their letter dated 13.5.2015 has confirmed their eligibility. The audit firm has also confirmed their eligibility and given their consent /declaration under the provisions of the Companies Act/RBI guidelines and accordingly the case is placed before the shareholders for their re-appointment.

By Order of the Board
for Haryana Financial Corporation


General Manager

Dated: 16th September, 2015
Place: Chandigarh



HARYANA FINANCIAL CORPORATION, CHANDIGARH

Directors on the Board of the Corporation as on 31.03.2015

(under section 10 of the SFCs Act, 1951)

1.	Sh. Sanjeev Kaushal, IAS Principal Secretary to Hon'able Chief Minister, Haryana, Chandigarh.	Chairman	Nominated as Director by the State Govt. in terms of Section 10(b) and appointed as Chairman in terms of Section 15(1) of SFCs Act, 1951
2.	Sh. Devender Singh, IAS Principal 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.
3.	Sh. Sukriti Likhi, IAS Secretary to Government of Haryana Finance & Planning Department, Haryana Civil Secretariat Chandigarh.	Director	Co-opted by the Board of Directors, Haryana Financial Corporation in terms of Section 10(e)(iv) of SFCs Act, 1951.
4.	Sh. D.K. Behera, IAS Director, Industries & Commerce Department, Haryana, 30 Bays Building, Sector 17-C, Chandigarh.	Director	Co-opted by the Board of Directors, Haryana Financial Corporation in terms of Section 10(e)(iv) of SFCs Act, 1951
5.	Sh. Manish Sinha, DGM Small Industries Development Bank of India, SCO 145-146, Sector 17-C, Chandigarh	Director	Nominated by SIDBI in terms of Section 10(c) of SFCs Act, 1951.
6.	Sh. Subhash Chander, Sr. Divisional Manager, Life Insurance Corporation of India, Sec 17-A, Chandigarh.	Director	Nominated by LIC 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.)
7.	Sh. Mohinder Kumar Chopra H.No. 44, Sector 5, Trikuta nagar Jammu - 180012	Director	Representing shareholders referred to in clause (d) of Sub Section (3) of Section 4 of SFCs Act, 1951.
8.	Sh. Vineet Garg, IAS Managing Director, Haryana Financial Corporation, Chandigarh.	Managing Director	Appointed by the State Govt. in terms of Sub-Section (1) of Section 17 of SFCs Act, 1951.

HARYANA FINANCIAL CORPORATION CHANDIGARH



Directors' Report

The Board of Directors of the Haryana Financial Corporation has great pleasure in presenting this 48th Annual Report together with the Audited statements of Accounts on the working of the Corporation for the year ended 31st March, 2015.

Financial Results

During the financial year 2014-15 the Corporation has achieved the following working results :

(Rs. in crore)

		2014 - 15	2013 - 14
Income			
A.	Income from operations/other income	6.97	13.46
Expenditure			
B.	Interest & Other Financial Expenses	0.43	0.01
C.	Personnel Expenses	9.33	9.73
D.	Administrative Expenses	0.80	0.81
E.	Depreciation	0.42	0.50
F.	Total Expenditure (B to E)	10.98	11.05
G.	Operating Profit / (Loss) (A - F)	(4.01)	2.41
H.	Less : Other expenditure		
	Prior period adjustment	0.00	0.20
	Bad Debts written off	50.84	1.74
	Total : (H)	50.84	1.94
I.	Add : Other Income		
	Provision against NPAs written back	45.90	2.50
	Profit on sale of Assets	9.06	0.00
	Waiver of principal amount of Refinance from SIDBI under OTS	51.68	0.00
	Refund of Income Tax - AY 1995-96	0.04	0.00
	Total (I)	106.68	2.50
J.	Net Profit/(Loss) (G - H + I)	51.83	2.97

Operational Highlights

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

	Performance for the Year 2014-15 (Rs. in crore)
Sanction	0.00
Disbursement	0.00
Recovery	13.08

Recovery of Dues

During the year, 'One Time Settlement Scheme' of the Corporation was extended in view of the requirements of the Corporation/borrowers under NPAs with a view to maximise the recovery and minimize the loan cases. The Corporation made efforts to contact the borrowers and pursued them to come forward under the above settlement scheme to settle their cases. The Corporation also monitored the other borrowers (standard / sub-standard) for the timely repayment of dues to the Corporation. Due to the above measures, the Corporation made the recovery of Rs. 13.08 crore.

Resources Management

The Corporation has managed its limited resources efficiently. The Corporation was able to meet its commitments. The details of the sources are discussed in the subsequent paras.

Share Capital from State Government

During the year, the State Govt. has not released any amount towards share capital.

Refinance

In the previous Annual Reports it was informed that during the year 2010-11, the Corporation was able to settle its entire outstanding refinance of Rs.181.68 crore due to the SIDBI at Rs.130.00 crore payable within a period of three years.

The Corporation paid Rs. 119.67 crore to the SIDBI upto 31.03.2014 against the settlement amount of Rs. 130.00 crore. On the Corporation's request, the SIDBI has allowed the Corporation to pay the balance amount by 30th September, 2014. The above arrangement was made as per availability of the funds/best utilization of the limited sources available with the Corporation.

The Corporation paid the balance amount of Rs. 10.33 crore to SIDBI on 29.09.2014 as per settlement. The Corporation also paid interest of Rs. 5,12,255/- on delayed payment for the period 01.04.2014 to 28.09.2014 against the demand of Rs. 65,31,249/- as negotiated with SIDBI. As on 31.03.2015, the Corporation has no outstanding loan against SIDBI/ others.

Corporate Governance/ Management Discussion & Analysis Report

The Corporate Governance and Management discussion and Analysis report as per clause 49 of the Listing Agreement is annexed as Annexure with the Director's Report. A certificate from M/s Sharma Sarin & Associates, Company Secretaries on the above for the year ending on 31st March, 2015 is also annexed with this report.

Listing

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

Audit

The shareholders in its 47th Annual General Meeting held on 17.11.2014 as per provisions of section 37 of State Financial Corporations' Act, 1951 appointed M/s R.P. Mallick & Associates, Chartered Accountants, Chandigarh (on the panel of the RBI) as Statutory Auditors for the financial year 2014-2015 (for 2nd term) who have conducted the audit of the Corporation.

M/s R.P. Mallick & Associates, Chartered Accountants, Chandigarh are eligible for re-appointment for the FY 2015-16 i.e. for 3rd term. The RBI vide letter dated 13.05.2015 have confirmed their eligibility. Further as per RBI guidelines, M/s R.P. Mallick & Associates, Chartered Accountants, Chandigarh have also submitted the necessary declaration and other details to the effect that their appointment, if made, would be within the prescribed limits and they are not disqualified for such appointment within the meaning of provisions of Companies Act/RBI guidelines.

The item for re-appointment 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 for Financial year 2013-14 and their report has been placed before State Legislature as per provisions of State Financial Corporations Act, 1951. The audit of the affairs of the Corporation for the year 2014-15 will be undertaken by the Comptroller & Auditor General of India under section 37(6) of the SFCs'Act, 1951 in due course.

Cash flow Statement

In conformity with the provisions of clause 32 of the listing Agreement, the Cash Flow Statement for the year ending on 31.03.2015 is annexed with the Annual Accounts.

Board of Directors

The list of the Board of Directors as on 31.03.2015 has separately been given in the Annual Report.

During the year under review, 4 meetings of Board of Directors have been held.

Acknowledgements

Your Directors take this opportunity to place on record its gratitude to State Government, Department of Industries, 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 opportunity to thank the Banks and Shareholders for extending their support & co-operation.

The Board of Directors placed on record its appreciation of the contribution made by past Chairman Sh. S.S. Dhillon, IAS and by the past Managing Directors Sh. Tarun Bajaj, IAS and Sh. T.L. Satyaprakash, 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.

For and on behalf of Board of Directors

Managing Director

Place : Chandigarh



CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION & ANALYSIS REPORT

Corporate Governance Report

1. Brief Statement

The Haryana Financial Corporation has been established under the State Financial Corporations Act, 1951. The Companies Act, 1956 is not applicable to the Corporation. Accordingly, the recommendations of the Securities and Exchange Board of India (SEBI) on Corporate Governance as per clause 49 of the Listing Agreement is applicable to the limited extent. The Corporation has given due importance to Corporate Governance and attended its customers, shareholders and others. The Corporation is making the necessary compliances as per requirements of the Stock Exchange (BSE) and Listing Agreement etc. to the extent feasible in view of the adhering of the provisions of the State Financial Corporation Act, 1951 and rules made thereunder.

2. Board of Directors

2(a) Composition of Board

As stated above, the Corporation has been established under the State Financial Corporations Act, 1951 and adhering to the provisions of the said Act. Accordingly, the composition of the Board of Directors of the Corporation is as per section 10 of State Financial Corporations Act, 1951. The details of the Directors of the Corporation as on 31.03.2015 have been given in the Annual Report separately. The Board of Directors comprised eight Directors viz two Directors nominated by the Govt. of Haryana u/s 10(b), one representative of Small Industries Development Bank of India (SIDBI) nominated u/s 10(c), one Director of Banks /Insurance Companies nominated by LIC u/s 10(d), one Director elected by the shareholders u/s 10(e) and two Directors co-opted by Board of Directors u/s 10(e)(iv) of the State Financial Corporations Act, 1951. Further, the Director nominated by the State Govt. u/s 10(b) has been nominated as Chairman u/s 15(1) of SFCs Act, 1951. The Managing Director of the Corporation has been appointed by the State Govt. u/s 17 read with 10(f) of the SFCs Act, 1951. Except Managing Director, all other Directors are non-executive. The Chairman is also a Non-Executive Director.

2(b) Board Meeting

During the year 2014-15 four meetings of the Board of Directors were held. The dates on which the Board Meetings were held are as follows :

- 334th Board Meeting dated 24.06.2014 (adjourned to 05.07.2014)
- 335th Board Meeting dated 29.09.2014
- 336th Board Meeting dated 30.12.2014
- 337th Board Meeting dated 25.03.2015

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 taken on record by the Board of the Corporation.

3 Audit Committee

The Audit Committee of the Corporation was re-constituted by the Board in its 336th meeting held on 30.12.2014. The committee comprised of Smt. Sukriti Likhi, IAS, Chairman of the Audit Committee, Director nominated by SIDBI and Sh. Subhash Chander, Director both as Members (as on 31.03.2015). All the above Directors are non-executive. The scope of the audit committee is as per provisions of clause 49(ii) of the Listing agreement.



3(A) Committee of Directors

The Committee of Directors of the Corporation was constituted / re-constituted by the Board in its 336th meeting held on 30.12.2014. The committee comprised Sh. Vineet Garg, IAS, Managing Director, Chairman of the Committee, Director nominated by SIDBI and Sh. Subhash Chander, Director both as Members (as on 31.03.2015). The Committee of Directors has been constituted u/c 41 of the Listing Agreement 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 Government, Haryana and the remuneration payable is in accordance with the conditions prescribed by the State Government, Haryana. The other Directors are entitled to sitting fee (Rs 500 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.

5. Shareholders/Investors Grievances Committee

The Board of Directors of the Corporation in its 336th meeting held on 30.12.2014 has reconstituted Shareholders / Investors grievances Committee. As on 31.03.2015, the committee comprised of Sh. Manish Sinha, Sh. Subhash Chander and Sh. M.K. Chopra, Directors of the Corporation. The above Directors are non-executive and independent Directors. During the year, one meeting of the Shareholders Investors Grievance Committee was held.

6. General Body Meetings

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

Year	AGM	Location	Date	Time
2011-2012	45th AGM	At HO of the Corporation Bays Nos. 17,18 & 19, Sector 17 A, Chandigarh	06.02.2013	11.30AM
2012-2013	46th AGM	---DO---	18.12.2013	11.00 A.M.
2013-2014	47th AGM	---DO---	17.11.2014	11.00 A.M.

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.

Nil

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 Bhaskar (Hindi Edition), Chandigarh.

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

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 being despatched through post.



9. General Shareholders information

9.1 Annual General Meeting

- Date and Time 20th October, 2015 at 12.45 P.M.
- Venue Head Office of the Corporation

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, 2015 by 15th Aug, 2015
- 30th Sept, 2015 by 15th Nov, 2015
- 31st Dec, 2015 by 15th Feb, 2016
- 31st March, 2016 by 15th May, 2016

9.3 Book Closure date

14th to 20th October, 2015

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 reconstituted Share Transfer Committee of the Corporation on 22.03.2013. The Share Transfer Committee consisted of the following members :

- | | | |
|---|--|----------|
| 1 | Sh. Vineet garg, IAS
Managing Director | Chairman |
| 2 | Sh. Ashok Pahwa
General manager | Member |
| 3 | Sh. Ashok Gupta
Deputy General Manager | Member |
| 4 | Sh. Rakesh Khurana
Deputy General Manager | Member |

Shares received by the Corporation for transfer are sent to 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.

9.11 Shareholding pattern as on 31st March, 2015

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 the form. The Corporation applied to National Stock Depository Ltd. (NSDL) for dematerialisation of its shares but the same has not been dematerialized due to Corporation's accumulated losses/erosion of net worth.

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 3 Branch Offices in 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
Bays Nos. 17, 18 & 19
Sector 17 A, Chandigarh-160017
Ph. : 0172-2714530, 2702755-57
Fax : 0172-2702666
E-mail : investors@hfcindia.org

MANAGEMENT DISCUSSION & ANALYSIS REPORT

i) Term Lending Institution

The Haryana Financial Corporation was established under the State Financial Corporations Act, 1951 as a State level development financial institution to provide financial assistance to the industrial units in small scale sectors set up in State of Haryana in the year 1967.

ii) Threats

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 cheaper source of funds. Accordingly, the Corporation is facing stiff competition from them. The Corporation could not withstand the competition from these institutions due to operational limitations. Therefore, the performance of the Corporation was adversely affected in terms of volume, business and profitability. Further, there are a number of suit filed cases pending in the courts which will also affect its profitability.

iii) Corporation Performance

Due to the above, the Corporation has stopped fresh operations i.e. sanction of the loans. The Corporation 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 during the year keeping in view the requirements of the borrowers. During the year, a sum of Rs. 13.08 crore has been recovered.

iv) Opportunities/Resources

During the year 2010-11, the Corporation took up the matter with the SIDBI for the restructuring of its debts to reduce the interest cost of the funds. The Corporation was able to settle the entire outstanding refinance of Rs. 181.19 crore due to the SIDBI at Rs. 130.00 crore payable within a period of 3 years without any further interest. During the year, the Corporation has paid the balance settlement amount to the SIDBI. Now, there is no outstanding loans against the Corporation or say debt free Corporation. Thus the Corporation has reduced its liability and recurring expenses towards interest.

v) Internal Control System

The Corporation has the Internal Audit Wing and Internal Control System to check financial and other records.

vi) Human Resources

With the retirement of the staff, the staff strength has been reduced from 129 as on 31.03.2014 to 99 as on 31.3.2015. 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.

The Management and discussion report may contain certain statements that might be considered forward looking. These statements are subject to certain risks and actual results may differ.

Partners

P D Sharma

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

G S Sarin

B.Com LL.B., MFC, FCS



SHARMA SARIN & ASSOCIATES

COMPANY SECRETARIES

OFFICE

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

Telefax : 0172-5012112, 5079239 Tel: 0172-5079110

e-mail : sharmasarinassociate@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 : 10.06.2015

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 Clause 49 for the Financial year ended on 31st March, 2015.

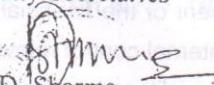
We have obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purposes of certification and have been provided with such records, documents, certifications etc as had been required by us.

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 Clause 49 of the Listing Agreement.

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

Place : Chandigarh
Date : 10th June, 2015



The Shareholders
Haryana Financial Corporation
Chandigarh

INDEPENDENT AUDITOR'S REPORT

1. We have audited the accompanying financial statements of Haryana Financial Corporation (HFC), which comprise of the Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss and cash flow statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

2. Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance and the cash flow 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 (SIDBI). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements whether due to fraud or error.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India 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 misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances. 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.

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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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, 2015,
- b) In the case of the Statement of Profit & Loss, of the Profit for the year ended on that date, and,
- c) In the case of the Cash Flow Statement of the cash flow for the year ended on that date.

Report on other legal and Regulatory requirements

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of accounts as required by law have been kept by the Corporation so far as 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, Statement of Profit & Loss and Cash Flow statements 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 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 R.P.Mallick & Associates
Chartered Accountants



R.P. Mallick
R.P. Mallick
FCA (Prop.)

Membership No.083882
Firm Regd. No.04867N

Place : Chandigarh

Dated : 11th August, 2015

As at 31.03.2014
Amount (Rs.)

Schedule 'A' - Share Capital

As at 31.03.2015
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

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

2,116,921,000

2,116,921,000

Paid-Up

2,116,921,000 Issued & Subscribed
40,340,000 Less : Amount Forfeited - 4,034,000 equity shares of Rs.10/- each

2,116,921,000

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 31.03.2014
Amount (Rs.)

As at 31.03.2015
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 NPA	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
565,937	d) Reserve under clause 91(vii) of General Regulation of HFC		565,937
22,976,000	e) Shares Forfeiture Reserve		22,976,000
165,818,950	Total		165,818,950

Schedule 'C' - Long Term Borrowings

As at 31.03.2014
Amount (Rs.)

As at 31.03.2015
Amount (Rs.)

Small Industries Development Bank of India (SIDBI) holding for SIDBI in trust the securities offered by the Corporation's constituents against loans advanced to them by the Corporation :

Guaranteed by State Government
- Refinance under LOC and TUF Scheme

Not Guaranteed by State Government
- Refinance under Seed Capital, MUN and NEF scheme

615,129,300

0

4,982,853

0

620,112,153

Total

0

0



Schedule 'D' - Other Current Liabilities

As at 31.03.2014

Amount (Rs.)

As at 31.03.2015

Amount (Rs.)

a) Other Liabilities

5,392,378	Provision against Gratuity	7,999,870
44,913,418	Provision against Leave Encashment	41,611,881
4,918,924	Provision against Compassionate Assistance	6,388,298
126,020,195	Sundry Deposits	121,246,192
390,000,000	Advance from HSIIDC - Sale of properties	372,445,297
2,475,250	Earnest Money	3,015,250
7,986,096	Borrowers' Imprest	7,151,267
6,910,000	Security Deposit	6,910,000
3,088,000	Amount payable to HUDCO	0
1,786,775	Provision against expenses payable	5,655,497

b) State Government Funds (As an Agency)

1) Subsidies

97,160	Credit Linked Capital Subsidy	97,160
924,055	Central Subsidy	0
75,357	Generating Set Subsidy	0
4,065,238	State Subsidy	2,350,500
		2,447,660

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
1,099,327	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
11,565	Interest Received - Agency Funds	11,813
42,465,585	Interest Received - Seed Money (Agency)	48,828,341
		57,052,679

c) Contingent provision against Standard Assets

1,549,000	Opening balance	1,196,000
353,000	Less : Excess provision provided in earlier years written back	948,000
<u>650,512,061</u>	Total	<u>632,171,891</u>

Schedule 'E' - Provisions

As at 31.03.2014

Amount (Rs.)

As at 31.03.2015

Amount (Rs.)

i) Provision for Non-performing Loan Assets :

511,088,000	Opening balance	487,133,000
23,955,000	Less : Excess provision provided in earlier years written back	368,989,000
<u>487,133,000</u>		118,144,000

ii) Provision for non-performing leasing assets

136,890,329	Opening balance	136,890,329
0	Less : Excess provision provided in earlier years written back	86,622,143
<u>136,890,329</u>		50,268,186

iii) Provision for diminution in value of Investments :

42,510,114	Opening balance	41,836,764
673,350	Less : Excess provision provided in earlier years written back	2,405,800
<u>41,836,764</u>		39,430,964

665,860,093

Total

207,843,150

Schedule 'F' - Fixed Assets

(Amount in Rs.)

Sr. No.	Particulars	WDV as on	Assets put to use for		Sold/ Transferred during the year	Liability written off	Value	Rate of Dep. % age	Total Dep. during the year	WDV as on
		01.04.2014	Less than 180 days	More than 180 days						31.03.2015
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
A) Land & Building										
1.	Land	6,490,726	0	0	377,850	0	6,112,876	0	0	6,112,876
2.	Building - Office	30,412,892	0	0	236,097	3,088,000	27,088,795	10	2,708,880	24,379,915
	- Residential	21,513,723	0	0	0	0	21,513,723	5	1,075,686	20,438,037
	Total	58,417,341	0	0	613,947	3,088,000	54,715,394		3,784,566	50,930,828
B) Furniture & Fittings										
1.	Furniture	701,663	0	0	0	0	701,663	10	70,167	631,496
2.	Safes, Cabinets & Padlocks	207,262	0	0	0	0	207,262	10	20,726	186,536
3.	Misc.	134,554	19,850	0	0	0	154,404	10	15,442	138,962
4.	Electric Fittings	1,071,405	3,750	9,500	0	0	1,084,655	10	107,990	976,665
	Total	2,114,884	23,600	9,500	0	0	2,147,984		214,325	1,933,659
C) Plant & Machinery										
1.	Computers	13,039	0	0	0	0	13,039	60	7,823	5,216
2.	Typewriters, Duplicators etc.	3,074	0	0	0	0	3,074	15	461	2,613
3.	Staff Cars & Jeep	1,151,484	0	0	55,500	0	1,095,984	15	164,398	931,586
4.	Bicycles	6,046	0	0	0	0	6,046	15	908	5,138
	Total	1,173,643	0	0	55,500	0	1,118,143		173,590	944,553
	Grand Total - (A+B+C)	61,705,868	23,600	9,500	669,447	3,088,000	57,981,521		4,172,481	53,809,040
	Previous Years	66,733,204	51,990	0	108,456	0	66,676,738		4,970,870	61,705,868

Particulars	WDV of Equipments leased as on 01.04.14	Additions During the Year	Sale/ Adjustment	Value as on 31.03.2015	Lease Rentals Received During the Year	Interest out of Rentals Received	Principal out of rentals Charged to Depreciation	WDV of Equipments leased as on 31.03.2015
D) Leasing Assets	52,268,867	0	2,000,681	50,268,186	0	0	0	50,268,186
Previous Years	52,268,867	0	0	52,268,867	0	0	0	52,268,867

FY 2013-14 FY 2014-15

Total Depreciation : 4,970,870 4,172,481
Total WDV (A+B+C+D) : 113,974,735 104,077,226

Schedule 'G' - Non-current Investments

Investments (As per annexure to Schedule 'G' & 'J') :

As at 31.03.2014
Amount (Rs.)As at 31.03.2015
Amount (Rs.)

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

1,450,000,000

1,450,000,000

1,450,000,000**Total**1,450,000,000**Schedule 'H' - Loans and Advances**As at 31.03.2014
(Amount in Rs.)As at 31.03.2015
(Amount in Rs.)

686,079,795

Loans & advances (As per annexure to Schedule 'H')

177,366,413

3,275,000

Adhoc Limit - Boughtout Deals

3,275,000

180,641,413

689,354,795

Interest accrued and due

235,699

598,095

Soft loan - NEF, MUN & SEMFEX

3,225,438

3,225,438

Loans for Leasing Equipments (Advance)

0

57,148,124

Vehicle Sub-Leasing

0

27,473,338**Total**184,102,550777,799,790**Schedule 'I' - Cash and Bank Balances**As at 31.03.2014
Amount (Rs.)As at 31.03.2015
Amount (Rs.)**Cash in hand**

376,461

i) Corporation Funds

126,561

214

ii) Agency Funds & Seed Money

214

126,775

Balance with Schedule Banks

11,529,271

i) In Current Accounts

7,243,644

6,133

a) Corporation Funds

6,381

7,250,025

b) Agency Funds

67,240,820

ii) In Fixed/Short Term Deposits

90,025,85679,152,899**Total**97,402,656**Schedule 'J' - Current Investments**As at 31.03.2014
Amount (Rs.)As at 31.03.2015
Amount (Rs.)

Investments (As per annexure to Schedule 'G' & 'J') :

2,500,000

(a) Quoted

2,480,000

45,144,180

(b) Unquoted

45,144,180

47,624,180

47,644,180**Total**47,624,180

Schedule 'K' - Other Current Assets

As at 31.03.2014 Amount (Rs.)		As at 31.03.2015 Amount (Rs.)
6,331,448	Staff loans	3,822,002
1,092,293	Advance against expenses	1,499,151
2,118,572	Tax deducted at source :	
2,255,452	Financial year 2011-12	0
0	Financial year 2013-14	2,255,452
	Financial year 2014-15	<u>2,524,145</u>
	Income Tax deposited against demand (Pending in appeal):	
0	Financial year 1980-81	7,048,576
3,490,977	Financial year 1981-82	7,430,044
9,570,353	Financial year 1982-83	<u>7,929,497</u>
115,863	Security Deposits	115,863
6,146,593	Claims recoverable	6,244,934
	Interest Accrued but not due :	
7,614,380	On Loans and advances	865,061
6,808,578	On Staff advances	4,642,368
88,135	On Deposits	<u>2,081,480</u>
16,556,484	Dividend Paid - Adjustable against Subvention from State Govt.	16,556,484
	State Government loans (As an Agency) :	
594,661	i) Agency Loans	594,661
40,890,199	ii) Seed Money Agency	47,252,955
599,037	iii) Seed Money (RIS)	<u>625,497</u>
<u>104,273,025</u>	Total	<u><u>111,488,170</u></u>

Schedule 'L' - Profit and Loss Accounts

As at 31.03.2014 Amount (Rs.)		As at 31.03.2015 Amount (Rs.)
1,635,692,674	Accumulated loss as per last Balance Sheet	1,606,039,628
29,653,046	Less : Net Profit for the year	518,319,419
<u>1,606,039,628</u>	Total	<u><u>1,087,720,209</u></u>

Schedule 'M' - Revenue from Operations

As at 31.03.2014 Amount (Rs.)		As at 31.03.2015 Amount (Rs.)
72,296,686	Interest Income on :	
0	Loans & Advances	27,884,592
30,388,338	Leasing Equipment Advances	<u>713,054</u>
<u>102,685,024</u>	Amount received out of bad debts written off	11,604,377
	Total	<u><u>40,202,023</u></u>

Schedule 'N' - Other Income

For the year ended
31.03.2014
Amount (Rs.)

1,278,135

129,912

633,315

9,667,738

0

270,000

19,935,972

31,915,072

Miscellaneous Income

Interest Income on :

Income Tax Refunds

Staff Advances

Deposits with Banks

Profit on Sale of Shares

Dividend on Investments

Rental Income

Total

For the year ended
31.03.2015
Amount (Rs.)

205,304

169,478

375,825

7,801,583

8,346,886

51,271

270,000

20,609,767

29,483,228**Schedule 'O' - Interest Expenses**

For the year ended
31.03.2014
Amount (Rs.)

0

141,355

0

141,355

Interest on Refinance from SIDBI

Interest on Earnest Money

Interest on limit against Fixed Deposits with Banks

Total

For the year ended
31.03.2015
Amount (Rs.)

512,255

2,454,495

10,002

2,976,752**Schedule 'P' - Other Financial & Misc. Expenses**

For the year ended
31.03.2014
Amount (Rs.)

8,159

0

15,000

23,159

Bank Charges

Prior period adjustments - Refund of Earnest Money

Stock Exchange Fee

Total

For the year ended
31.03.2015
Amount (Rs.)

12,292

1,210,010

100,000

1,322,302

Schedule 'Q' - Employees Benefit Expenses



For the year ended 31.03.2014 Amount (Rs.)		For the year ended 31.03.2015 Amount (Rs.)
73,775,505	Salaries & Allowances : Other Staff	69,102,455
7,729,908	Contribution to Staff Provident Fund	7,143,623
5,991	Gratuity Premium	5,310
1,435,411	Provisioning - Gratuity	2,607,492
6,681,402	Leave Salary	5,094,068
1,385,571	Leave Travelling Concession	2,497,154
3,607,464	Medical Expenses	2,377,246
50,000	Training & Participation Fees	50,000
259,871	Staff Welfare	265,073
1,512,339	Compassionate Assistance	3,341,290
104,836	EDLI Premium	250,070
717,360	Administrative Expenses on Provident Fund	594,406
97,265,658	Total	93,328,187

Schedule 'R' - Administrative Expenses

For the year ended 31.03.2014 Amount (Rs.)		For the year ended 31.03.2015 Amount (Rs.)
	Travelling and other Expenses :	
23,720	a) Managing Director	0
439,287	b) Staff	522,481
36,580	c) Statutory Auditors	17,620
12,290	d) Directors & Committee Members	18,507
		558,608
500	Directors & Committee Members' Fees	0
2,244,172	Rent, Taxes, Insurance, Electricity etc.	2,183,012
512,791	Postage, Telegram & Telephone	483,835
431,169	Printing & Stationery	431,558
48,579	Computer Expenses	59,369
171,294	Publicity & Business Promotion	362,015
279,442	Repairs and Renewals-Office Equipments	600,274
694,591	Repairs and Maintenance-Staff cars	457,088
1,521,757	Legal Charges	1,435,607
38,527	Books & News Papers	43,027
409,290	Repairs & Renewals - Residential Building	255,676
450,535	Professional Charges	370,058
35,113	Audit Fee	31,250
87,239	Entertainment	64,382
511,607	Wealth Tax	585,395
73,226	Others Expenses - Service Tax	62,661
102,066	Branch Office Shifting Charges	5,100
8,123,775	Total	7,988,915

Schedule - 'S'

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 In the past, when the Corporation used to sell borrowers' assets on deferred payment basis, respective borrowers' loan accounts was credited by the full amount of the sale proceeds after execution of agreement to sell. The deferred part of sale proceeds used to be treated as fresh loan to the auction purchasers and recovered as per the terms of the sale agreements. The possession of the property was also used to be handed over after execution of Agreement to Sell to the Auction Purchaser. The Corporation has modified its policy for sale of mortgaged property and as per the new policy approved by the BoD in its meeting held on 19.12.2011 the units will be sold on the terms of payments by the auction purchaser within 3 months. However, in some exceptional cases, the Managing Director may give extension in payment of sale consideration for a further period of 9 months @ 13% with compounding on monthly basis. As per new policy the possession of the units will be handed over to the auction purchaser only after receipt of full amount of bid.

4 The Corporation introduced settlement policies namely, the policy for Compromise Settlement of Chronic Non-Performing Assets (Doubtful Loan Accounts) of Haryana Financial Corporation-2011 and the policy for Compromise Settlement of Loss Accounts of Haryana Financial Corporation - 2011 in the financial year 2011-12 extended upto 30.09.2015 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 recast by appropriating the amount realized by way of sale of mortgaged assets by the Corporation or sale by promoters/guarantors/mortgagee with the permission of the Corporation or by order of any court, on the date of sale, first against actual miscellaneous expenses, then against the principal amount balance if any against the outstanding interest.

5 Retirement Benefits

i) Gratuity to employees of the Corporation is governed by "Punjab Financial Corporation Employees Group Gratuity Regulations, 1964 as applicable to employees of the Haryana Financial Corporation". The fund is being maintained by Life Insurance Corporation of India. Provision for gratuity liability for the existing staff as on 31.03.2015 amounting to Rs. 0.15 crore as per actuarial valuation Life Insurance Corporation of India (LIC) has been duly provided for in the books of accounts and provision of Rs. 0.65 crore in case of retirees whose gratuity has not been released upto 31.03.2015 has been made in the books of accounts. Provision for Leave Encashment liability payable to staff amounting to Rs. 4.16 crore has been made in the books of accounts.

ii) Provision of Compassionate Assistance liability amounting to Rs. 0.64 crore payable to legal heirs of the deceased employees on the pattern of Govt. of Haryana has been made in the books of accounts.

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), evaluation 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) evaluation has been done at acquisition price.

The shares which are held to maturity are shown as non current investments. The shares which are quoted on the stock exchanges have been shown as quoted investment. Rest of the shares listed (at the time of acquisition but now not quoted) and un-listed have been shown as unquoted current investment.

iii) Entire lease rentals in respect of Equipment Leasing, Vehicle Leasing and Special Vehicle Leasing cases have fallen due for payment before the date of balance sheet, hence provisioning equivalent to the entire amount outstanding on this account as on 31.03.2015 has been made.

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

7 Fixed Assets/Depreciation

The Corporation is maintaining Fixed Assets purchase register where all items of fixed assets are entered with date, amount of purchase and its location. In terms of Accounting Standard (AS-10), it is required to give the gross block, addition/deletion, depreciation, and written down value of each block in the schedule attached to the balance sheet. Since the Corporation has not maintained the fixed assets register on this pattern since inception, so due to non-availability of required details, the Corporation is not in a position to maintain the fixed assets register as per the provision of AS-10. 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 and other claims (20 cases) are to the extent of Rs.8.90 crore (approx.) not acknowledged. In addition to above there are 13 court cases/appeals filed by the employees/ex-employees against which amount is indeterminate.
- 3 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 accounts against these orders. There is no pending demand in Sales Tax/VAT for the subsequent years.

C. SIDBI vide their letter dated 10.01.2011 approved one time settlement of outstanding refinance amount of Rs.181.68 crore at Rs.130 crore with no further interest (outstanding and future) to be paid within three years. The Corporation has paid the entire OTS amount of Rs. 130.00 crore to SIDBI. The last installment of Rs.10.33crore was paid during the current financial year. The Corporation also paid a sum of Rs.5,12,255/- to SIDBI towards interest on the defaulted amount for the defaulted period as per OTS. The Corporation has taken the principal waiver Refinance amount Rs.51.68 crore during the current financial year as its income.

D. 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 has disposed off its two properties (Faridabad and Delhi) during the current financial year and income has been recognized as Profit on Sale of Assets of Rs. 9.06 crore. There is outstanding advance of Rs. 37.24 crore from HSIIDC as on 31.03.2015 against other properties at Panchkula (Residential flats and Corporate building). All the liabilities towards borrowings of the Corporation have been settled during the current financial year. The Corporation has also initiated steps for the deployment of surplus staff and got 22 employees deployed in Haryana Government / Haryana Government Undertaking through Surplus Staff Cell of Haryana. Due to the above facts, the Corporation has not created a provision of Deferred Tax liability.

No amount towards deferred tax asset is outstanding in the books of accounts of the Corporation. The Corporation has not sanctioned any advance since 2010. In such circumstances it is not feasible to create any deferred tax liability for the current financial year.

E. Subvention amounting to Rs.7,17,53,106/- is receivable from State Govt. for payment of the minimum guaranteed dividend for the financial years 1996-97 to 2000-01 (upto 05.09.2000) against the guarantee given by the State Govt. under Section 6 read with Section 35 of the State Financial Corporations Act, 1951 for which claim has been lodged with the State Govt. Against above, the Corporation has since paid Rs.1,65,56,484/- to the retail investors/others from its own sources, the said amount has been shown under the head - Dividend Paid (adjustable against subvention to be received from State Govt.) in 'Schedule 'K' - Other Current Assets'. The State Govt. guarantee has been withdrawn w.e.f. 06.09.2000 as per SFCs (Amendment) Act, 2000 and thereafter no dividend has been provided / declared.

F. The value of primary and collateral securities of all the Loans and Advances as on the date of Balance sheet is not re-assessed. However, adequate provision against non-performing assets (NPAs) has been made in the books of accounts as on 31.03.2015 as per the provisioning norms of SIDBI.

G. The Corporation had advanced loans (prior to 01.04.2001) in the name of various equipment supplier to lessees for purchase of Leasing Equipments. In some of the cases, the lessees have not submitted bills and other documents against purchase of these equipments. The entire outstanding amount of Rs. 5,71,48,124/- of Loans for Leasing Equipment (advance) and Rs. 2,74,73,338/- of Vehicle Sub Leasing has been prudential written off during the year.

H. Loans and advances are categorised and provisioning made there against on the basis of guideline received from SIDBI as Standard, Sub Standard, Doubtful and Loss Assets as detailed below :

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	5.72	0.02	11.68	0.12	-0.10
Non-Performing Loan Assets					
Sub Standard Assets					
Upto 6 Months	0.31	0.05	01.10	0.16	-0.03
NPA 6 Months to 1 year	0.31	0.08			
Doubtful Assets I	0.05	0.02	6.17	1.55	-1.53
Doubtful Assets II	10.67	10.67	4.98	1.99	8.68
Doubtful Assets III	0.33	0.33	35.45	35.45	-35.12
Loss Assets	0.67	0.67	09.56	09.56	-8.89
Total	18.06	11.84	68.94	48.83	-36.99

Corporation has written back excess provision of Rs. 36.99 crore (Rs. 0.10 crore against standard loan assets and Rs. 36.89 crore against Non-performing loan assets) during the year.

(Rs. in Crores)

Leasing Portfolio	Current Year		Previous Year	
	Amount	Provision	Amount	Provision
Loan for Leasing Equipments (Advance)	0.00	0.00	5.71	5.71
Vehicle Sub Leasing	0.00	0.00	2.75	2.75
Equipment Leasing	4.52	4.52	4.72	4.72
Vehicle Leasing	0.51	0.51	0.51	0.51
Total	5.03	5.03	13.69	13.69

Provision on Leasing Portfolio has been made at 100 percent of the portfolio. During the year, the Corporation has written back excess provision of Rs. 8.46 crore against leasing portfolio. During the year, the Corporation has prudentially written off the loan and leasing portfolio amounting to Rs. 50.84 crore as Bad Debt Written off.

I. 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 to the extent of Rs. 3.94 crore upto 31.03.2015 against which the Corporation has already made provision of Rs. 4.18 crore upto 31.03.2014. Therefore, provision of Rs. 0.24 crore has been written back during the year which has been shown in Schedule 'E' - Provisions.

J. The Leasing Assets under Schedule 'F' - 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 the Accounting Standard (AS-19) because it is applicable only on the leasing activities done after 01.04.2001.

K. The State Govt. has appointed Corporation as agent for disbursement of its various subsidies, seed money and agency loans. Unutilized amount against various subsidies has been shown under the sub head "(b)(1) State Govt. Funds (As an Agency)" of Schedule 'D' - Other Current Liabilities. Liabilities towards State Govt. against Agency & Seed Money Loans have been shown against '(b)(2)' under the said sub head. The balance of Agency and Seed Money loans has been shown in Schedule 'K' - Other Current Assets. The amount of interest accrued in these loans is credited to respective interest account under Other Liabilities and debited to relevant loan account as the amount so received from the borrowers on this account is payable to the State Government.

L. Sundry Deposits under Schedule 'D' - Other Current Liabilities include a sum of Rs.1095 lakh being the sale price in case of M/s Surendera Enterprises Pvt. Ltd., Rewari, a joint financing case with Haryana State Industrial and Infrastructure Development Corporation Ltd. (HSIIDC). A new loan account of Rs. 821.25 lakh in the name of auction purchaser namely M/s Balaji Enterprises under the head Loan & Advances was opened after receipt of Rs. 273.75 lakh i.e. 25% of the sale amount. Being joint financing case, the sale proceeds are yet to be shared between HFC and HSIIDC on pro-rata.

M. Claim Recoverable under Schedule 'K' - Other Assets includes a sum of Rs. 38,09,712/- (Rupees thirty eight lakh nine thousand seven hundred twelve only) recoverable in case of M/s S.K. Wood Products, Yamunanagar. 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 23.08.2007. Later on Auction Purchasers filed writ petition in the Hon'ble Punjab & 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 with the directions to the Corporation to refund the amount alongwith 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 and received Rs.14.00 lakh upto 30.04.2015.

1 Capital

a)	CRAR %		51.49%
b)	The amount of subordinated debt raised and outstanding as Tier - II capital		---
c)	Risk Weighted Assets		
	i. On Balance Sheet items		19462.15
	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	20765.81	100.00

2 Asset Quality and Credit Concentration

e)	% age of net NPAs to Net loans and advances		8.51
f)	Amount and %age of Net NPAs under the prescribed asset classification categories	Amount	% age
	i. Sub Standard Assets	49.54	7.96
	ii. Doubtful Assets	3.43	0.55
	Total :	52.97	8.51
g)	Amount of provision made during the year		
	i. Provision for Standard Assets		-9.48
	ii. Provision for NPAs		-3689.89
	iii. Provision for Investments		-24.06
	iv. Provision for Leasing Assets		-866.22
	Total		-4589.65
h)	Movement in Net NPA		
	i. Sub Standard Assets		-43.64
	ii. Doubtful Assets		-757.61
i)	Credit Exposure as percentage to Capital Funds and percentage to Total Assets		

Particulars	Principal	To Total Capital	To Total Assets Funds
Largest single borrower	584.04	2.60%	2.93%
Largest borrower group	584.04	2.60%	2.93%
The 10 Largest single borrowers	1546.75	6.90%	7.75%
The 10 Largest borrower groups	1546.75	6.90%	7.75%

j) Credit exposure to 5 largest industrial sectors as % to total loan assets 1415.06 79.78%

3 Liquidity

k) Maturity pattern of Rupee assets and liabilities as per Balance Sheet and

l) Maturity pattern of foreign currency assets and liabilities on the following format :

Items	Less than or equal to 1 year	More than 1 year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years upto 10 years	More than 10 years	Total
Rupee assets	1256.98	291.41	61.94	2237.89	0.00	16098.73	19946.95
Foreign Currency Assets	-----NIL -----						
TOTAL	1256.98	291.41	61.94	2237.89	0.00	16098.73	19946.95
Rupee Liabilities	5292.59	80.00	80.00	80.00	120.00	23090.64	28743.23
Foreign Currency Liabilities	-----NIL -----						
TOTAL	5292.59	80.00	80.00	80.00	120.00	23090.64	28743.23

4 Operating Results

m) Interest income as a percentage to average working funds	1.62%
n) Non-interest income as a percentage to average working funds	28.03%
o) Net Profit/(Loss) as a percentage to Average Working Funds	22.70%
p) Net Profit/(Loss) per employee	Rs. 52.36 lakh

5 Earning per Share

(Amount in Rs.)

a) Profit/(Loss) after Tax	518,319,419
Profit/(Loss) attributable to ordinary Share Holders	518,319,419

b) Weighted Average of Common Stock	No.	Period Outstanding (days)	Weighted Average
-------------------------------------	-----	---------------------------	------------------

Shares outstanding as on 31.3.2015

207658100

365

207658100.

Earning Per Share (a/b)

2.50

6

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

NIL

- O. 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.
- P. Schedules 'A' to 'S' form integral part of the Balance Sheet and Profit & Loss Account.

Ashok Pahwa
General Manager

Vineet Garg, IAS
Managing Director

In terms of our separate report of even date attac

For R.P. Mallick & Associates
Chartered Accountants



R.P. Mallick
FCA (Prop.)

Membership No. 083882
Firm Regd. No. 04867N

Place : Chandigarh

Dated : 11th August 2015



Annexure to Schedule - 'G & J'

Statement Showing Particulars of Investments in shares as on 31st March, 2015

S.No.	Name of the Company	Face value	Cost per Share	Value per Share as on 31.3.2015	No. of Shares	Cost as on 31.3.2015	Value as on 31.03.2015
(Amount in Rs.)							
(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	45.50	124000	2480000	5766000*
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., GGN.)	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	3034.00	800	80000	2427200**
	Total (ii)				1190080	14704920	2427205
	Total (II) (Un-quoted investments (i + ii))				3777186	45144180	2427216
III)	Total Current Investments (Quoted + Unquoted)				3901186	47624180	8193216
	Total Investments (I + II + III)				5351186	1497624180	1458193216
					COST	1497624180	
					VALUE	1458193216	
					DIMINUTION	39430964	

Note : (*) Value of the shares as on 31st March, 2015.

(**) Value of share has been determined on the basis of balance sheet as on 31st March, 2014.

Details of Loans and Advances - as on 31.03.2015

I. Particulars of Loans & Advances

1.	Debts considered good in respect of which the Corporation is fully secured :-	57,200	
	(i) Standard Assets	<u>6,194</u>	63,394
	(ii) Sub Standard Assets		
2.	Debts previously fully secured	107,231	
	(i) Doubtful Assets	<u>6,741</u>	113,972
	(ii) Loss Assets		177,366
			<u>3,226</u>
	Soft Loans - SIDBI		<u>180,592</u>
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		386,373
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).		3,778,780
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.)		50,492,617
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.113,629 thousands		113,972

II The Classification of Loans and Advances according to the size of the Industrial Units

i)	Debts due from small scale industrial concerns	173,851	
ii)	Debts due from concerns other than those included under (i) above	<u>6,741</u>	180,592

III The Classification of Loans and Advances according to the Constitution of the Industrial Units.

a)	Proprietorship	81,960	
b)	Partnership	3,873	
c)	Private Limited Companies	94,759	
d)	Public Limited Companies	<u>0</u>	180,592

HARYANA FINANCIAL CORPORATION, CHANDIGARH

CASH FLOW STATEMENT FOR THE PERIOD FROM 01.04.14 TO 31.03.15



Sources	Amount (Rs. in lakh)
1. Opening Cash and Bank Balances	791.53
2. Recovery of Principal	
Term Loans	814.25
Leasing Advances	20.01
Disinvestment of Equity	0.20
	<u>834.46</u>
3. Interest Receipts	
Term Loans	349.96
Leasing Advances	7.13
Other Interest (Staff Advances + STD)	85.20
	<u>442.29</u>
4. Misc. Income :	
Dividend on Investments	2.70
Profit on Sale of Shares	0.51
Rent Received	206.10
Misc. Income	2.05
Recovery out of Bad Debts	116.04
	<u>327.40</u>
5. Advance from HSIIDC - Sale of Properties	250.00
6. Sale of Branch Office Faridabad Building	487.01
7. Other Cash Inflows	30.49
	<u>3163.18</u>
	Total
	3163.18
	<u><u>3163.18</u></u>
Uses	
1. Repayments - Refinance - SIDBI	1033.00
2. Interest Payments on	
OD Against FDs	0.10
Others	29.67
	<u>29.77</u>
3. Salary & Wages	928.51
4. Administrative & Other Expenses	51.44
5. Other Cash Outgoings	58.05
6. Income Tax against pending appeals	88.38
7. Closing Cash and Bank Balances	974.03
	<u>974.03</u>
	Total
	3163.18
	<u><u>3163.18</u></u>

Ashok Pahwa
General Manager

Vineet Garg, IAS
Managing Director

Declaration & Certificate
I hereby declare that the above information is true and correct to the best of my knowledge and belief and I am willing to stand for election to the office of the Managing Director/Registrar/Secretary of the Corporation.

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Bays Nos. 17, 18 & 19, Sector 17-A

Chandigarh - 160 017