

45th
ANNUAL REPORT
2011 - 2012



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,
SCO 371-372, Sector 35-B,
Chandigarh

STATUTORY AUDITORS

M/s DHILLON & ASSOCIATES,
Quite Office No. 4,
Sector 35-A,
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

OFFICE

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

HARYANA FINANCIAL CORPORATION

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



NOTICE


In terms of Regulation 45 of General Regulations of the Corporation read with Section 36 of the State Financial Corporations Act, 1951, it is hereby notified that the 45th Annual General Meeting of Shareholders of the Corporation will be held on Wednesday, the 6th February, 2013 at 11.30 AM (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, 2012 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 Dhillon & 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 2012-2013 at a audit fee of Rs. 40,000/- 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 Thursday, 31st January 2013 to Wednesday, 6th February 2013 (both days inclusive).
- ii) Nomination papers for 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 22nd January, 2013).
- 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 44th Annual General Meeting held on 19.01.2012 appointed M/s Dhillon & Associates, Chartered Accountants, Chandigarh as Statutory Auditors of the Corporation for the financial year 2011-12 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 05-07-2012 has confirmed their eligibility. The Audit firm has also confirmed their eligibility and given their consent under the provisions of the Companies Act , 1956 and accordingly the case is placed before the shareholders for their re-appointment.

By Order of the Board
for Haryana Financial Corporation


Executive Director

Dated: 2nd January, 2013
Place: Chandigarh



HARYANA FINANCIAL CORPORATION, CHANDIGARH

DIRECTORS ON THE BOARD OF THE CORPORATION AS ON 31.03.2012

1. Sh. Chhatar Singh, IAS Chairman Nominated by the State Govt. in terms of Principal Secretary to Chief Minister, Haryana, Chandigarh. Section 10(b) of SFCs Act and appointed as Chairman by SIDBI in terms of Sub-section (1) of Section 15 of SFCs Act, 1951.
2. Sh. Ajit M. Sharan, IAS Director Co-opted by the Board in terms of Section Financial Commissioner & Principal Secretary to Government of Haryana, (Finance Department), Chandigarh. 10(e)(iv) of SFCs Act, 1951.
3. Sh. Y.S. Malik, IAS Director Nominated by the State Govt. in terms of Financial Commissioner & Principal Secretary to Government of Haryana, Industries Deptt., Chandigarh. Section 10(b) of SFCs Act, 1951.
4. Sh. K.G. Alai Director Nominated by SIDBI in terms of section Chief General Manager, Small Industries Development Bank of India (SIDBI), Videocon Tower, E-1, Jhandewalan Extn., New Delhi. 10(c) of SFCs Act, 1951.
5. Ms Paramjot Kaur Director Nominated by SIDBI in terms of section General Manager, Small Industries Development Bank of India, SCO 145-146, Sector 17-C, Chandigarh. 10(c) of SFCs Act, 1951.
6. Ms Kalpana Gupta Director Nominated by PNB in terms of section Dy. General Manager, Circle Head, Circle Office, PNB, Sec 17-B, Chandigarh. 10(d) to represent shareholders in clause (c) of Sub-Section (3) of Section 4 of SFCs Act, 1951.
7. Sh. Shashi Kapur Director Representing shareholders referred to in H.No. 225, Sector 14, Urban Estate, Gurgaon (Haryana). clause (d) of Sub-Section (3) of Section 4 of SFCs Act, 1951.
8. Sh. Rajeev Arora, IAS Director Appointed by the State Govt. in terms of Managing Director, Haryana Financial Corporation, Chandigarh. Sub-Section (1) of Section 17 of SFCs Act, 1951.



**HARYANA FINANCIAL CORPORATION
CHANDIGARH**

DIRECTOR'S REPORT

The Board of Directors of the Haryana Financial Corporation have great pleasure in presenting the 45th Annual Report together with the audited statements of accounts on the working of the Corporation for the year ended 31st March, 2012.

WORKING RESULTS

During the financial year 2011-12, the Corporation has achieved the following working results :

		(₹ in Crores)	
		2011- 12	2010- 11
A.	Income from operations/other income	15.51	20.54
B.	Interest & Other Financial Expenses	2.37	6.65
C.	Personnel Expenses	11.59	10.27
D.	Administrative Expenses	0.96	0.93
E.	Depreciation	0.61	0.68
F.	Profit/(Loss) before tax & provision for NPAs	(0.02)	2.01
G.	Add Provision against NPAs, leased assets & investment written back	1.60	3.38
H.	Profit/(Loss) before tax	1.58	5.39
I.	Less provision for Deferred Tax	30.80	0.00
J.	Net Profit/(Loss) after deffered tax assets	(29.22)	5.39

OPERATIONAL HIGHLIGHTS

The Corporation has stopped sanctioning of the fresh loans. The Corporation is giving emphasis on recovery of the loans especially from NPAs/bad debts etc. The operational areas of the Corporation viz sanction, disbursement and recovery of its dues during the year are given as under :

PERFORMANCE FOR THE YEAR 2011-12

		(₹ in Crores)
Sanction.		0.00
Disbursement.		2.37
Recovery		45.98

DISBURSEMENT

The Corporation made total disbursement of ₹ 2.37 crore during the year. As already stated above, the Corporation has stopped sanctioning of fresh loans.

RECOVERY OF DUES

The Corporation has given full emphasis for recovery of its loans. The Corporation has also introduced 'One Time Settlement Scheme' for the dues of in NPAs/Loss cases with a view to maximize the recovery and minimize the loan



cases. The borrowers under this category were persuaded to come forward under the above settlement policies to settle their cases. Follow-up in all other cases were made so as to avoid the standard units to fall under NPAs. Efforts were also made for out of court settlement in legal cases. Due to all these concerted efforts, the Corporation made the recovery of ₹ 45.98 crore which includes pre-mature recovery of ₹9.19 crore.

RESOURCES MANAGEMENT

During the year under review, the Corporation was able to meet all its commitments of disbursement and had also repaid the amount due to the banks/others against bonds raised by the Corporation from time to time.

SHARE CAPITAL FROM STATE GOVT.

The State Govt. originally made a provision of share capital of ₹ 1.00 lac in its Annual Plan for the year 2011-12 but due to requirement of refinance under settlement to Small Industries Development Bank of India (SIDBI), the State Govt. was requested to provide another ₹20.00 crore as share capital. The State Govt. agreed to the proposal of the Corporation and sanctioned additional share capital of ₹20.00 crore in its supplementary plan. So during the year the State Govt. has released share capital of ₹20.01 crore against which 2,00,10,000 shares of ₹10/- each were allotted to the State Govt..

REFINANCE

It is pertinent to add here that during the year 2010-11, the Corporation was able to settle the entire outstanding refinance of ₹181.19 crore due to the SIDBI at ₹130.00 crore payable within a period of three years without any further interest. An initial sum of ₹ 5.00 crore was paid against above settlement during the year 2010-11. During the year 2011-12, the Corporation has repaid ₹38.34 crore against above settlement. Accordingly, the Corporation has repaid 1/3rd of settled amount. The balance will also be paid within overall stipulated time.

BONDS

During the year, no SLR Bond quota was allocated to the Corporation. Further, bonds worth ₹ 19.35 crore repaid on maturity during the year.

CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION & ANALYSIS

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.

LISTING

The equity shares of the Corporation are listed at Bombay Stock Exchange Ltd. (BSE Script No. 530927).

AUDIT

The shareholders in its 44th Annual General Meeting held on 19.01.2012 re-appointed M/s Dhillon & Associates, Chartered Accountants, Chandigarh as per panel of the RBI as Statutory Auditors for the financial year 2011-2012, (for 3rd term) who have conducted the audit of the Corporation.

AUDIT BY COMPTROLLER & AUDITOR GENERAL OF INDIA

The audit of the affairs of the Corporation for the year will be undertaken by the Comptroller & Auditor General of India under section 37 (6) of the SFCs Act, 1951 in due course.



BOARD OF DIRECTORS & EXECUTIVE COMMITTEE

The list of the Board of Directors as on 31.03.2012 has separately been given in the Annual Report.

The Board of the Corporation in its 327th meeting held on 10-07-2012 has co-opted Sh. Sanjeev Kaushal, IAS, Principal Secretary to Govt. of Haryana, Finance Department in place of Sh. Ajit M Sharan, IAS.

SIDBI, the shareholder has nominated Ms Paramjot Kaur, GM, SIDBI, as director on the Board of the Corporation in place of Sh. S. Mukhopadhyay, GM on 20.06.2011 u/s 10(c) of the SFCs Act, 1951. Further, SIDBI has withdrawn the nomination of Sh. K.G. Alai, CGM as director on the Board of the Corporation w.e.f. 08.05.2012. No other officer has been appointed as director in place of Sh. K.G. Alai. Subsequently, the SIDBI has nominated Mr Manish Sinha, DGM, as director on the Board of the Corporation in place of Ms Paramjot Kaur, GM on 03.08.2012 u/s 10(c) of the SFCs Act, 1951.

On 10.05.2011 the Punjab National Bank (shareholder of the Corporation) has withdrawn their nomination of Sh. A.K. Loomba, DGM from the Board of the Corporation. Ms Kalpana Gupta, DGM of Punjab National Bank was nominated / elected as a director in the AGM held on 19.01.2012 for a period of three years under section 4(3)(c) of SFCs Act, 1951.

On 01.06.2011 the LIC of India (shareholder of the Corporation) has withdrawn the nomination of Sh. Raghupal Singh, Senior Divisional Manager under section 4(3)(c) of SFCs Act, 1951.

The State Govt. vide its orders dated 23-11-2012 appointed Sh. Tarun Bajaj, IAS, as Managing Director of the Corporation in place of Sh. Rajeev Arora, IAS.

The Board of Directors placed on record its appreciation for the keen interest taken by the outgoing directors in the deliberations of meetings of the Board during their association with the Board.

During the year under review 3 meetings of Board of Directors were held. No meeting of Executive Committee was held during the year.

ACKNOWLEDGEMENTS

The Board of Directors wish to place on record its gratitude to Govt. of Haryana, Department of Finance & Department of Industries for their continuous co-operation and support in all the operational matters.

The Board of Directors wish to place on record its gratitude to Small Industrial Development Bank of India (SIDBI) for their continued support and guidance in all operational and financial matters.

The Board wishes to take opportunity to thanks the Banks, Bond subscribers and shareholders for extending their support & co-operation.

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

For and on behalf of Board of Directors
MANAGING DIRECTOR

**CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION & ANALYSIS****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 & Exchange Board of India (SEBI) on Corporate Governance as per clause 49 of the Listing Agreement is applicable to the limited extent, being a listed company. The Corporation recognizes the importance of customers, shareholders and others. Efforts are being made to make the necessary compliances as per requirements of the Stock Exchanges (BSE) and Listing Agreement etc.

2. Board of Directors**2(a) Composition of Board**

The constitution of the Board of Directors of the Corporation as per section 10 of State Financial Corporations Act, 1951. The detail of the Directors have been given in the Annual Report separately. The Board of Directors consisted of eight Directors viz Chairperson, Managing Director, Director nominated by Government of Haryana, two representatives of Small Industries Development Bank of India (SIDBI), one Director of Banks/ Insurance Companies, one Director opted by Board of Directors and one Director from public shareholders. Except Managing Director, all other Directors are Non-Executive. The Chairman is also a Non-Executive Director.

2(b) Board Meeting

During the year 2011-12 three meetings of the Board of Directors were held.

2(c) Fidelity & Secrecy

As per requirements the certificate of fidelity and secrecy and other details were obtained from the incoming directors, placed before the Board and taken on record.

3. Audit Committee

The Audit Committee of the Corporation was re-constituted by the Board in its 323rd meeting held on 31.03.2011. The committee comprises of Sh. Ajit M Sharan, IAS, Chairman of the Audit Committee, director nominated by SIDBI and Sh. Shashi Kapur, Members (as on 31.03.2012). All the above Directors are non executive & are independent Directors. During the year under reference the audit committee met four times.

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 ₹ 500/- for attending Board & other meetings besides TA/DA.

Sh. Shashi Kapur, Director hold 1000 shares of ₹ 10/- each of the Corporation. None of the other directors hold equity shares of the Corporation in their individual capacity.

5. Shareholders/Investors Grievances Committee.

The Corporation have since constituted Shareholders / Investors Grievances Committee. The committee consist of Director nominated by SIDBI & Sh. Shashi Kapur, Director elected by Public Shareholders of the Corporation. The Punjab National Bank has since withdrawn the nomination of Sh. A. K. Loomba, the third Director/Member of the committee and a member in his place is being appointed. The above Directors are non executive and independent Directors.



6. General Body Meetings

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

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

2008-2009	42nd AGM	---DO---	30.07.2009	11.00 A.M.
2009-2010	43rd AGM	---DO---	19.01.2011	11.30 A.M.
2010-2011	44th AGM	---DO---	19.01.2012	11.30 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 the two newspapers - "The Indian Express (English Ed.) and Dainik Bhaskar (Hindi Ed.), 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 are circulated to the members / shareholders. The Annual Reports are being despatched under UPC.

9. General Shareholders information

9.1 Annual General Meetings

- Date and Time 06-02-2013 at 11.30 A.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 are/will be as under :

Results for quarter ending June, 2012 published on 22nd September, 2012

Results for quarter ending Sept, 2012 published on 25th December, 2012

Results for quarter ending Dec, 2012 will be published by 15th February, 2013

Results for quarter ending Mar, 2013 will be published by 15th May, 2013

9.3 Book Closure date 31st January to 6th February, 2013

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

₹ 23.50 on July 2010

₹ 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.,
'Beetal House', 3rd Floor, 99 Madangir, Behind Local
Shopping Centre, Near Dada Harsukhdas Mandir,
New Delhi - 110062,
Phone : 011-29961281-82, Fax : 011-29961284

9.10 Share Transfer System

The Share Transfer Committee of the Corporation was reconstituted on 26.03.2010. As on 31.03.2012 the Share Transfer Committee consisted of the following members :

1	Managing Director of the Corporation	Chairman
2	Sh. Ashwani Kumar Sharma Executive Director	Member
3	Sh. Ashok Pahwa General manager	Member
4	Sh. Arun Ajmani Addl. Gen. Manager	Member

M/s Beetal Financial & Computer Services (P) Ltd., New Delhi is the Registrar and Share Transfer Agent (RTA) of the Corporation and carries out the process of share transfer. The 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 as on 31st March, 2012

Category of shareholders as per section 4(3) of SFCs Act, 1951	No. of Shareholders	No. of shares held of ₹10/- each	%age of holding
a State Govt. (Haryana)	1	20,18,61.650	97.28%
b SIDBI	1	43,26,550	2.08%
c Banks, Financial Institutions, Insurance Co., Central/State Govt. Institutions/Non Govt. Institutions	9	2,01,700	0.10%
d Others (Shareholders other than those referred to in clause (a), (b), (c) above)	1920	11,18,200	0.54%
TOTAL	1931	20,75,08,100	100%

9.12 Dematerialisation of Shares

The shares of the Corporation are in physical forms. 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.certain measures.

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 4 Branch Offices in the various districts of Haryana. There is no plant/manufacturing unit of the Corporation.

9.15 Address for Correspondence

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

The Compliance Officer
Haryana Financial Corporation
Secretarial Cell

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 to set up in State of Haryana.

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 cheap source of funds. Accordingly, the Corporation is facing 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.

iii) Corporation Performance

Due to the above, the Corporation has stopped fresh operation i.e. sanction of the loans. The Corporation is making disbursement in the partly disbursed cases. The emphasis is being made for recovery of its dues. The Corporation has disbursed ₹ 2.37 crore during the year. Further, a sum of ₹ 45.98 crore has been recovered during the year. Now new settlement schemes have been launched for the NPAs/Loss Portfolio to maximize recovery out of bad debts.

iv) Opportunities/Resources

During the year 2010-11, the Corporation took up the matter with the SIDBI for restructuring of its debts to reduce the interest cost of the funds. The Corporation was able to settle the entire outstanding refinance of ₹ 181.19 crore due to the SIDBI at ₹ 130.00 crore payable within a period of 3 years without any further interest. Thus, the Corporation has reduced its liability and recurring expenses towards interest.

During the year 2011-12, the Corporation has obtained an additional share capital of ₹ 20.01 crore from the State Government. With the above financial support and recovery, the Corporation has repaid first installment of ₹ 43.34 crore (₹ 5.00 crore during FY 2010-11 and ₹ 38.34 crore during FY 2011-12) to the SIDBI.

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 203 as on 31.03.2011 to 182 as on 31.03.2012. 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 statement 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-160017 (Entry Backside)**

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

e-mail : sharmasarinassociate@yahoo.com

sharmasarin@cslaws.com

Website : www.cslaws.com

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of HARYANA FINANCIAL CORPORATION

We have examined the compliance of conditions of Corporate Governance by **HARYANA FINANCIAL CORPORATION** for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the Corporation entered with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Corporation for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Corporation.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Corporation has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no Investor Grievance was pending for a 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 viability of the Corporation nor efficiency or effectiveness with which the Management has conducted the affairs of the Corporation.

For Sharma Sarin & Associates
Company Secretaries



P.D.Sharma

25/6/2012

Place : Chandigarh

Dated: 25-06-2012

DHILLON & ASSOCIATES

CHARTERED ACCOUNTANTS

QUIET OFFICE NO. 4, SECTOR 35-A, CHANDIGARH

TELEFAX : 0172-2609257, 2602157

E-MAIL : rkm731@yahoo.co.in

Service Tax No. AAAFD 6557F/ST001

AUDITOR'S REPORT

The Members

Haryana Financial Corporation

Chandigarh

In accordance with the provision of section 37(1) of State Financial Corporations Act 1951 (As amended by The State Financial Corporations (Amendment) Act, 2000), we have audited the attached Balance Sheet of Haryana Financial Corporation as at 31st March, 2012 and also the annexed Profit & Loss Account for the year ended on the date together with schedules forming integral part of the accounts. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- A) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- B) In our opinion, proper books of accounts have been kept by the Corporation so far as it appears from our examination of those records.
- C) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with books of account.
- D) In our opinion and to the best of our information and according to the explanations given to us the said accounts give a true and fair view :
- In case of Balance Sheet the State of Affairs of the Corporation as at 31st March, 2012 and
 - In case of Profit & Loss Account of the Loss for the year ended on that date.

For Dhillon & Associates
Chartered Accounts

Place : CHANDIGARH

Dated : 29th August, 2012



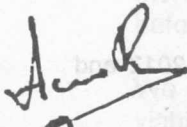
Charanjit Kumar
Charanjit kumar (F.C.A.)
Partner
Membership No. 099126
Firm Regd. No. 002783N

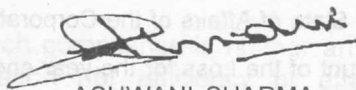


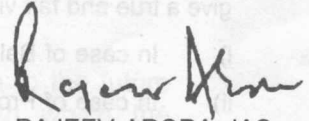
HARYANA FINANCIAL CORPORATION, CHANDIGARH
BALANCE SHEET AS ON 31ST MARCH, 2012

As at 31.03.2011 Amount (₹)	CAPITAL & LIABILITIES	SCHEDULE	As at 31.03.2011 Amount (₹)
1,874,981,000	SHARE CAPITAL	A	2,075,081,000
165,253,013	RESERVES AND SURPLUS	B	165,253,011
343,500,000	BONDS AND DEBENTURES	C	150,000,000
1,766,812,153	BORROWINGS	D	1,383,412,153
169,196,296	OTHER LIABILITIES	E	159,340,559
749,188,534	PROVISIONS	F	733,104,134
5,068,930,996	TOTAL		4,666,190,859
	PROPERTY & ASSETS		
196,323,372	CASH AND BANK BALANCES	G	151,953,915
1,499,144,180	INVESTMENTS	H	1,499,144,180
1,452,858,144	LOANS AND ADVANCES	I	1,129,910,779
145,396,655	FIXED ASSETS	J	127,061,058
126,864,433	OTHER ASSETS	K	125,547,057
308,000,000	DEFERRED TAX ASSET		0
1,340,344,212	PROFIT AND LOSS ACCOUNTS (ACCUMULATED LOSSES)	L	1,632,573,870
5,068,930,996	TOTAL		4,666,190,859
	NOTES ON ACCOUNTS	S	

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


ASHOK PAHWA
 GENERAL MANAGER


ASHWANI SHARMA
 EXECUTIVE DIRECTOR


RAJEEV ARORA, IAS
 MANAGING DIRECTOR

In terms of our separate report of even date attached
 For DHILLON & ASSOCIATES
 CHARTERED ACCOUNTANTS

PLACE : CHANDIGARH
 DATED : 29th August 2012




 Charanjit kumar (F.C.A.)
 Partner
 Membership No. 099126
 Firm Regd. No. 002783N

HARYANA FINANCIAL CORPORATION, CHANDIGARH
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

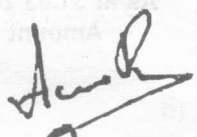


For the year ended
 31.03.2011
 Amount (₹)

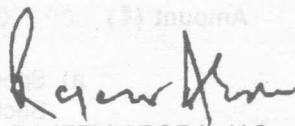
For the year ended
 31.03.2012
 Amount (₹)

	<u>INCOME</u>	<u>SCHEDULE</u>	
168,567,529	INCOME FROM OPERATIONS	M	98,417,442
36,844,662	OTHER INCOME	N	56,725,073
<u>205,412,191</u>	TOTAL INCOME		<u>155,142,515</u>
	 <u>EXPENDITURE</u>		
66,476,715	INTEREST EXPENSES	O	23,659,155
20,954	OTHER FINANCIAL EXPENSES	P	19,043
102,669,898	PERSONNEL EXPENSES	Q	115,971,317
16,129,817	ADMINISTRATIVE EXPENSES	R	15,744,058
<u>185,297,384</u>	TOTAL EXPENDITURE		<u>155,393,573</u>
<u>20,114,807</u>	OPERATING PROFIT / (LOSS)		<u>(251,058)</u>
33,754,813	ADD : PROVISION AGAINST NPAs WRITTEN BACK		16,021,400
<u>53,869,620</u>	PROFIT / (LOSS) BEFORE TAX		<u>15,770,342</u>
0	LESS : DEFERRED TAX WRITTEN OFF		308,000,000
3,830	ADD : REFUND OF FRINGE BENEFIT TAX (FY 2007-08)		0
<u>53,873,450</u>	NET PROFIT/(LOSS)		<u>(292,229,658)</u>
	NOTES ON ACCOUNTS	S	
0.29	EARNING PER SHARE		NIL

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


 ASHOK PAHWA
 GENERAL MANAGER


 ASHWANI SHARMA
 EXECUTIVE DIRECTOR


 RAJEEV ARORA, IAS
 MANAGING DIRECTOR

In terms of our separate report of even date attached
 For DHILLON & ASSOCIATES
 CHARTERED ACCOUNTANTS




 Charanjit kumar (F.C.A.)
 Partner
 Membership No. 099126
 Firm Regd. No. 002783N

PLACE : CHANDIGARH
 DATED : 29th August 2012



SCHEDULE 'A' - SHARE CAPITAL

As at 31.03.2011 Amount (₹)			As at 31.03.2012 Amount (₹)
	AUTHORISED		
<u>3,000,000,000</u>	300,000,000 Equity Shares of ₹10/- each		<u>3,000,000,000</u>
	ISSUED AND SUBSCRIBED		
1,909,055,000	a) 210,915,500 (Previous year 190,905,500) Equity Shares of ₹10/- each issued under section 4 of State Financial Corporations' Act, 1951	2,109,155,000	
6,266,000	b) 626,600 Shares of ₹10/- each issued under section 4A(1) of the State Financial Corporations' Act, 1951 as special class of shares.	6,266,000	
<u>1,915,321,000</u>			<u>2,115,421,000</u>
	PAID-UP		
1,915,321,000	Issued & Subscribed	2,115,421,000	
40,340,000	Less : Amount Forfeited - 4,034,000 equity shares of ₹10/- each	40,340,000	
<u>1,874,981,000</u>	Balance 207,508,100 (Previous year 187,498,100) shares of ₹10/- each	<u>2,075,081,000</u>	
1,868,715,000	a) 206,881,500 (Previous year 186,871,500) Equity Shares of ₹10/- each under section 4 of State Financial Corporation' Act, 1951 fully paid up.	2,068,815,000	
6,266,000	b) 626,600 Shares of ₹10/- each issued under section 4A(1) of the State Financial Corporations Act, 1951 as special class of shares.	6,266,000	2,075,081,000
<u>1,874,981,000</u>	TOTAL		<u>2,075,081,000</u>

SCHEDULE 'B' - RESERVES AND SURPLUS

As at 31.03.2011 Amount (₹)			As at 31.03.2012 Amount (₹)
	a) Special Reserve for the purpose of Section 36(1)(viii) of the Income Tax Act. 1961		
178,567,013	Balance as per the last Balance Sheet	178,567,013	
166,800,000	Less : Utilised towards provisioning for NPA upto Previous year	<u>166,300,000</u>	
<u>11,767,013</u>			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
22,976,000	d) Shares forfeiture Reserve		22,976,000
<u>165,253,013</u>	TOTAL		<u>165,253,013</u>



SCHEDULE 'C' - BONDS AND DEBENTURES

As at 31.03.2011
Amount (₹)

As at 31.03.2012
Amount (₹)

BONDS - SLR (GUARANTEED BY THE STATE GOVERNMENT UNDER SECTION 7(1) OF STATE FINANCIAL CORPORATIONS' ACT, 1951)

16,000,000	11.50%	Bonds 2011 of ₹100 Each --40th Series	0
9,000,000	12.00%	Bonds 2012 of ₹100 Each --41st Series	0
50,000,000	09.90%	Bonds 2011 of ₹100 Each --61st Series	0
11,000,000	08.35%	Bonds 2011 of ₹100 Each --62nd Series	0
72,500,000	08.30%	Bonds 2012 of ₹100 Each --63rd Series	0
35,000,000	08.00%	Bonds 2012 of ₹100 Each --64th Series	0
67,500,000	07.92%	Bonds 2012 of ₹100 Each --65th Series	67,500,000
2,500,000	06.50%	Bonds 2013 of ₹100 Each --66th Series	2,500,000
80,000,000	06.75%	Bonds 2013 of ₹100 Each --67th Series	80,000,000
343,500,000		TOTAL	150,000,000

SCHEDULE 'D' - BORROWINGS

As at 31.03.2011
Amount (₹)

As at 31.03.2012
Amount (₹)

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 :

	i)	Guaranteed by State Government	
1,050,000,000		- Refinance under LOC and TUF scheme	1,050,000,000
	ii)	Not Guaranteed by State Government	
716,812,153		- Refinance under LOC, TUF scheme and Seed Capital, MUN,NEF scheme	333,412,153
1,766,812,153		TOTAL	1,383,412,153



SCHEDULE 'E' - OTHER LIABILITIES

As at 31.03.2011
Amount (₹)

As at 31.03.2012
Amount (₹)

a) OTHER LIABILITIES

3,781,261	Interest accrued but not due :		
9,902	On Bonds and Debentures	1,123,672	
	On Borrowings	0	1,123,672
565,936	Unclaimed Dividend		565,936
22,571,955	Provision against Gratuity		0
47,895,012	Provision against Leave Encashment		50,849,778
0	Provision against Compassionate Assistance		4,287,374
16,519,527	Sundry Deposits		23,706,140
5,177,950	Earnest Money		4,198,450
11,208,618	Borrowers' Imprest		8,258,432
6,910,000	Security Deposits		7,168,832
3,088,000	Sundry Creditors		3,088,000
2,104,100	Other Expenses Payable		3,312,038

b) STATE GOVT. FUNDS (AS AN AGENCY)

1) SUBSIDIES

5,463	TUF Subsidy	0	
97,160	Credit Linked Capital Subsidy	97,160	
924,055	Central Subsidy	924,055	
75,357	Generating Set Subsidy	75,357	
3,825,238	State Subsidy	3,825,238	
2,679,260	NHB Subsidy Reserve Fund	2,679,260	7,601,070

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	
910,434	Interest Due - Seed Money RIS	938,702	
5,739,423	Seed Money from State Govt.	5,739,423	
651,254	Seed Money RIS	651,254	
10,880	Interest Received - Agency Funds	11,098	
31,906,450	Interest Received - Seed Money (Agency)	35,238,299	43,274,837

c) CONTINGENT PROVISION AGAINST STANDARD ASSETS

2,690,000	Upto previous year	1,843,000	
0	Add : Provision during the year	63,000	
847,000	Less : Excess provision provided in earlier years written back	0	1,906,000
<u>169,196,296</u>	TOTAL		<u>159,340,559</u>



SCHEDULE 'F' - PROVISIONS

As At 31.03.2011 Amount (₹)		As At 31.03.2012 Amount (₹)
	i) Provision for Non-performing Loan Assets :	
427,215,000	Upto previous year	398,426,000
28,789,000	Less : Excess provision provided in earlier years written back	15,909,000
		382,517,000
139,630,771	ii) Provision for non-performing leasing assets	139,630,771
166,800,000	iii) Adjusted out of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961	166,800,000
	iv) Provision for diminution in value of Investments :	
48,450,576	Upto previous year	44,331,763
4,118,813	Less : Excess provision provided in earlier years written back	175,400
		44,156,363
749,188,534	TOTAL	733,104,134

SCHEDULE 'G' - CASH AND BANK BALANCES

As At 31.03.2011 Amount (₹)		As At 31.03.2012 Amount (₹)
	CASH IN HAND	
427,893	i) Corporation Funds	380,769
214	ii) Agency Funds & Seed Money	214
		380,983
	BALANCE WITH SCHEDULED BANKS	
	i) In Current Accounts	
(13,110,183)	a) Corporation Funds	12,530,300
5,448	b) Agency Funds	5,666
		12,535,966
209,000,000	ii) In Fixed/Short Term Deposits	139,036,966
196,323,372	TOTAL	151,953,915

SCHEDULE 'H' - INVESTMENTS

As At 31.03.2011 Amount (₹)	Investments (As per annexure to Schedule 'H') :	As At 31.03.2012 Amount (₹)
1,450,000,000	I) Held till maturity - Unquoted	1,450,000,000
	II) Available for sale	
34,439,260	a) Quoted	34,439,260
14,704,920	b) Unquoted	14,704,920
1,499,144,180	TOTAL	1,499,144,180

SCHEDULE 'I' - LOANS AND ADVANCES

As At 31.03.2011 Amount (₹)		As At 31.03.2012 Amount (₹)
1,347,750,192	Loans & advances (as per annexure to Schedule 'I')	1,035,748,259
12,946,574	Interest accrued and due	2,315,799
3,275,000	Adhoc Limit - Boughtout Deals	3,275,000
		1,041,339,058
1,363,971,766	Soft loan - NEF, MUN & SEMFEX	3,950,259
4,264,916		1,045,289,317
1,368,236,682	Loans for Leasing Equipments (Advance)	57,148,124
57,148,124	Vehicle Sub-Leasing	27,473,338
27,473,338		27,473,338
1,452,858,144	TOTAL	1,129,910,779



SCHEDULE 'J' - FIXED ASSETS

CORPORATION'S ASSETS

(Amount in ₹)

Sr. No.	PARTICULARS	WDV AS ON 01.04.2011 (1)	ADDITIONS		SOLD/ TRNSFRD DURING THE YEAR (4)	VALUE (5)	RATE OF DEP. %AGE (6)	TOTAL DEP. DURING THE YEAR (7)	WDV AS ON 31.03.2012 (8)
			UPTO 30.09.2011 (2)	AFTER (3)					
A) LAND & BUILDING									
	1. Land	18,202,591	0	0	11,711,865	6,490,726	0	0	6,490,726
	2. Building -Office	41,575,385	0	0	0	41,575,385	10	4,157,539	37,417,846
	-Residential	25,092,547	0	0	0	25,092,547	5	1,254,627	23,837,920
	TOTAL	84,870,523	0	0	11,711,865	73,158,658		5,412,166	67,746,492
B) FURNITURE & FITTINGS									
	1. Furniture	1,025,551	0	0	0	1,025,551	10	102,552	922,999
	2. Safes, Cabinets & Padlocks	314,102	0	0	0	314,102	10	31,411	282,691
	3. Misc.	200,866	0	0	0	200,866	10	20,084	180,782
	4. Electric Fittings	1,386,714	0	12,619	0	1,399,333	10	139,302	1,260,031
	TOTAL	2,927,233	0	12,619	0	2,939,852		293,349	2,646,503
C) PLANT & MACHINERY									
	1. Computers	129,346	0	0	0	129,346	60	77,608	51,738
	2. Typewriters, Duplicators etc.	5,290	0	0	0	5,290	15	795	4,495
	3. Staff Cars & Jeep	1,926,499	0	0	51,500	1,874,999	15	281,250	1,593,749
	4. Bicycles	10,318	0	0	0	10,318	15	1,546	8,772
	TOTAL	2,071,453	0	0	51,500	2,019,953		361,199	1,658,754
	Grand Total - (A+B+C)	89,869,209	0	12,619	11,763,365	78,118,463		6,066,714	72,051,749
D) CAPITAL WORK IN PROGRESS									
	1. Computer Software	511,743	0	0	511,743	0	0	0	0

LEASING ASSETS

Particulars	WDV of Equipments leased as on 01.04.11	Additions During the Year	Sale/ Adjustment	Value as on 31.03.2012	Lease Rentals Received During the Year	Interest out of Rentals Received	Principal out of rentals Charged to Depreciation	WDV of Equipments leased as on 31.03.2012
E) LEASING ASSETS	55,015,703	0	4,902	55,010,801	1,561	69	1,492	55,009,309

Total Depreciation : 6,068,206

Total WDV (A+B+C+D+E) : 127,061,058



SCHEDULE 'K' - OTHER ASSETS

As at 31.03.2011 Amount (₹)		As at 31.03.2012 Amount (₹)
14,502,500	Staff loans	11,259,925
747,973	Advances against Expenses	1,063,163
	Tax deducted at source :	
781,770	Financial year 2009-10	0
1,820,206	Financial year 2010-11	1,820,206
0	Financial year 2011-12	1,845,235
	Excess Income Tax deposited :	
0	Financial year 1981-82	1,479,647
0	Financial year 1982-83	9,570,353
53,000	Fringe benefit tax	0
0	Excess funds against gratuity with LIC	3,524,224
123,027	Security Deposits	114,963
1,047,938	Advance for purchase of plot	0
122,147	Advance to HSIIDC for Head Office Building	122,147
12,248,625	Claims recoverable	2,433,645
	Interest Accrued but not due :	
30,381,738	On Loans and advances	29,271,486
15,778,721	On staff advances and deposits	10,383,092
	Rent due but not received	1,391,500
1,311,000	Dividend Paid - Adjustable against Subvention from State Govt.	16,556,484
16,556,484	State Government loans (As an Agency) :	
594,661	i) Agency Loans	594,661
30,248,057	ii) Seed Money Agency	33,554,556
546,586	iii) Seed Money (RIS)	561,770
<u>126,864,433</u>	TOTAL	<u>125,547,057</u>

SCHEDULE 'L' - PROFIT AND LOSS ACCOUNTS

(ACCUMULATED LOSSES)

As at 31.03.2011 Amount (₹)		As at 31.03.2012 Amount (₹)
1,394,217,662	Accumulated loss as per last Balance Sheet	1,340,344,212
0	Add : Net loss for the year	292,229,658
53,873,450	Less : Net profit for the year	0
<u>1,340,344,212</u>	TOTAL	<u>1,632,573,870</u>



SCHEDULE 'M' - INCOME FROM OPERATIONS

For the year ended
31.03.2011
Amount (₹)

For the year ended
31.03.2012
Amount (₹)

166,775,832	Interest Income on :		
503,000	Loans & Advances	98,417,169	
	Leasing Equipment Advances	0	98,417,169
854,422	Profit on Sale of Shares		0
266,000	Dividend on Investments		141,000
168,275	Upfront Fee/Processing Fee		(140,727)
<u>168,567,529</u>	TOTAL		<u>98,417,442</u>

SCHEDULE 'N' - OTHER INCOME

For the year ended
31.03.2011
Amount (₹)

For the year ended
31.03.2012
Amount (₹)

566,523	Miscellaneous Income		(632,221)
90,290	Interest Income on :		
(230,921)	Income Tax	1,108,430	
11,187,083	Staff Advances	480,892	
	Deposits with Banks	31,130,574	32,719,896
9,635,122	Amount received out of bad debts written off		7,742,721
18,715	Vehicle Lease Rental - Staff Members		1,561
15,577,608	Rental Income		16,889,387
242	Prior period excess provision written back- Wealth Tax		3,729
<u>36,844,662</u>	TOTAL		<u>56,725,073</u>

SCHEDULE 'O' - INTEREST EXPENSES ON BONDS & BORROWINGS

For the year ended
31.03.2011
Amount (₹)

For the year ended
31.03.2012
Amount (₹)

38,637,120	Interest on Bonds	22,461,911
27,755,744	Interest on Refinance	0
73,765	Interest on Deposits/Earnest Money	723,517
9,902	Interest on limit against Fixed Deposits with Banks	473,727
184	Interest on Service Tax	0
<u>66,476,715</u>	TOTAL	<u>23,659,155</u>

SCHEDULE 'P' - OTHER FINANCIAL EXPENSES

For the year ended
31.03.2011
Amount (₹)

For the year ended
31.03.2012
Amount (₹)

20,954	Bank Charges	19,043
<u>20,954</u>	TOTAL	<u>19,043</u>



SCHEDULE 'Q' - PERSONNEL EXPENSES

For the year ended
31.03.2011
Amount (₹)

For the year ended
31.03.2012
Amount (₹)

	Salaries & Allowances :		
110,613	a) Managing Director	0	
82,319,532	b) Other Staff	<u>87,836,974</u>	87,836,974
8,298,443	Contribution to Staff Provident Fund		8,838,792
(1,591,486)	Gratuity Premium		228,122
7,641,711	Leave Salary		9,583,448
3,012,653	Medical Expenses		2,589,432
54,000	Training & Participation Fees		58,000
352,102	Staff Welfare		298,449
182,011	Uniforms		16,575
1,274,681	Compassionate Assitance		5,446,992
251,489	EDLI Premium		278,529
764,149	Administrative Expenses on Provident Fund		796,004
<u>102,669,898</u>	TOTAL		<u>115,971,317</u>

SCHEDULE 'R' - ADMINISTRATIVE EXPENSES

For the year ended
31.03.2011
Amount (₹)

For the year ended
31.03.2012
Amount (₹)

	Travelling and other Expenses :		
1,219,589	a) Staff	635,437	
47,213	b) Directors & Committee Members	<u>40,338</u>	675,775
3,500	Directors & Committee Members' Fees		500
10,202	Director's Meeting Expenses		0
2,747,904	Rent, Taxes, Insurance, Electricity etc.		2,727,859
786,928	Postage, Telegram & Telephone		564,782
473,843	Printing & Stationary		483,723
64,614	Computer Expenses		580,640
619,640	Publicity & Business Promotion		116,732
6,742,710	Depreciation		6,068,206
552,801	Repairs and Renewals-Office Equipments		345,655
475,967	Repairs and Maintenance-Staff cars		548,611
1,334,725	Legal Charges		964,741
49,059	Books & News Papers		35,828
219,190	Repairs & Renewals - Residential Building		380,313
294,765	Professional Charges		1,587,437
44,120	Audit Fee		40,000
132,009	Entertainment		107,817
133,000	Wealth Tax		350,000
120,751	Others - Misc. Expenses		83,440
0	Short Deduction TDS		2,430
57,287	Branch Office Shifting Charges		79,569
<u>16,129,817</u>	TOTAL		<u>15,744,058</u>



SCHEDULE - 'S'

Notes on Accounts

1 Significant Accounting Policies

- a) 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.
- b) The amount received from the borrowers against loans and advances is appropriated in the following orders :
- Miscellaneous Expenses.
 - Interest.
 - Principal.
- c) In cases, where the Corporation sells borrower's assets on deferred payment basis, respective borrowers' loan accounts are credited by the full amount of the sale proceeds. The deferred part of sale proceeds is treated as fresh loans to the auction purchasers and recovered as per the terms of the sale agreements.
- d) During the year, 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 for prompt recovery of NPAs. The Corporation has approved 125 cases of settlement under above policy upto 31-07-2012.

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, at the time of settlement in terms of the above policies, the account are recasted by appropriating the amount realized by way of sale of mortgaged assets by the Corporation or sale by promoters/guarantors/mortgagers 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.

e) Retirement Benefits

i) Gratuity to staff is covered under the Group Gratuity Scheme of Life Insurance Corporation of India. The Board of Directors in its meeting held on 22.12.2011 has approved the enhancement of gratuity limit payable to staff (w.e.f. 01.04.09) from ₹3.50 lakh to ₹10.00 lakh. However provision for shortfall on account of enhanced gratuity limit amounting to ₹3.11 crore as per actuarial valuation of Life Insurance Corporation of India (LIC) has not been provided in the books of account, as the same is yet to be approved by State Government. The Corporation is regularly paying the gratuity premium to LIC (on basis of present gratuity limit of ₹3.50 lakh) and as per LIC letter dated 25.04.12, the present value of gratuity liability is ₹4.30 crore and the fund size towards gratuity of Corporation with LIC is ₹4.65 crore. The excess amount ₹0.35 crore has been appropriated to relevant head and shown in balance sheet under the head 'Other Assets'. Provision for leave Encashment payable to staff amounting to ₹5.08 crore is 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.

f) Asset Classification and Provisioning

- i) Loans and Advances have been categorised and provisioning has been made their against as per guidelines received from SIIDBI which are as under :

<u>Category</u>	<u>Age of Default for Principal and/or Interest (in months)</u>	<u>Provisioning on Loans Outstanding (%age)</u>
Standard	0 - 3	0.25
Standard Upgraded A/c and Restructured A/c	0 - 3	2.00
Sub-standard	Above 3- 15	15.00
Doubtful-I	Above 15-27	25.00
Doubtful-II	Above 27-51	40.00
Doubtful-III	Above 51	100.00
Loss	No Security available	100.00



Provision of 2% has been made on the standard assets which are upgraded from NPAs for the first year from the date of upgradation and on restructured accounts classified as standard assets in the first two years from the date of restructuring.

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 the latest balance sheet. In case the latest balance sheet is not available, the shares have been valued at ₹ 1/- per company. In case of Investment in equity shares (held to maturity) evaluation has been done at acquisition price.

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 31.03.2012 has been made. Lease finance in respect of Loans for Leasing Equipments (advance) and Vehicle Sub Leasing cases are treated as loans, for the purpose of provisioning.

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

g) **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.

2. **Contingent liabilities**

i) Liability in respect of units disposed off but in dispute - amount indeterminate.

ii) The contingent liabilities in respect of claims lodged against the Corporation by ex-employees/pensioners and other claims (16 cases) are to the extent of ₹ 5.53 crore (approx.) not acknowledged. In addition to above there are 25 court cases/appeals filed by the employees/ex-employees against which amount is indeterminate.

(iii) As per MoU signed by the Corporation with SIDBI on 25th March 2004 and renewed on 7th August, 2009, certain benefits, relief and concessions were provided by SIDBI, to the Corporation which as per terms of the MoU can ipso-facto be withdrawn at the sole discretion of SIDBI in the event of non-compliance of terms and conditions of this MoU. There shall be a liability of ₹ 1384.35 lacs upto 31.05.2010, if the reliefs/concessions so given by the SIDBI are withdrawn. Further in view of One-time Settlement of outstanding refinance by SIDBI as discussed in note 3 below, the provision of accrued interest w.e.f. 01.06.2010 onwards has not been made during the current financial year.

(iv) A demand of ₹ 1.59 crore (approx.) (after adjusting the refund of ₹ 1.10 crore against assessment year 2005-06) has been raised by the income Tax Department for the AYs 1981- 82 and 1982- 83 on account of excess amount refunded by income tax department in the earlier years against which appeals are pending with ITAT.

(v) Sale Tax assessments for the financial years 2004-05, 2005-06, 2006-07 & 2007-08 has been completed by the Assessing Authority, Panchkula & sales tax/VAT liability for these financial years has been assessed at ₹ 119.41 lacs. As the Corporation has filed appeals with higher authority so the above liability of ₹ 119.41 lacs has not been provided in the accounts against these orders.

(vi) Gratuity to staff is covered under the Group Gratuity Scheme of Life Insurance Corporation of India. The Board of Directors in its meeting held on 22.12.2011 has approved the enhancement of gratuity limit payable to staff (w.e.f. 01-04-09) from ₹ 3.50 lakh to ₹ 10.00 lakh. However, provision for shortfall on account of enhanced gratuity limit amounting to ₹ 3.11 crore as per actuarial valuation of Life Insurance Corporation of India (LIC) has not been provided in the books of account, as the same is yet to be approved by State Government.

3. SIDBI vide their letter dated 10.01.2011 has approved one time settlement of outstanding refinance amount of ₹ 181.68 crore at ₹ 130 crore with no further interest (outstanding and future) to be paid within three years subject to the condition that in the event of default(s) in the payment of OTS dues, SIDBI shall have right to reverse the waiver of dues as envisaged under OTS and restore the original liability, including the State Government Guarantee. Keeping in view the above OTS, no provision of accrued interest w.e.f. 01.06.2010 onwards has been made during the current financial year. The effect of principal waiver (₹ 51.68 crore) has not been given in the books of account and the effect of waiver shall be made in the year of final payment as per OTS, as the waiver is linked with the payment of OTS amount to be paid within a period of three years. Against the total OTS amount of ₹ 130 crore, the Corporation has paid ₹ 43.33 crore upto 31.03.12 being the 1/3rd of the total OTS amount. During the Financial year 2012-13 the Corporation has also paid ₹ 5.00 crore to SIDBI.



4. The report of the financial consultant namely IFCI Ltd. appointed by the Corporation to study the pros. and cons. of merger/winding up of the Corporation has been received. After considering the report of the financial consultant, the Board of Directors of the Corporation in its meeting held on 10 - 07 - 2012 has decided to complete the process of sale of properties/settlement of liabilities by 31- 03 - 2015. The Board of directors of the Corporation as well State Govt., Haryana have approved transfer of three properties of the Corporation to HSIIDC for ₹ 46.45 crore and disposal of other properties of the Corporation through open auction. The Corporation has requested the respective agencies (HUDA/Housing Board etc.) for necessary permission for transfer / sale of properties. The steps in this direction are being taken by the Corporation.
5. Subvention amounting to ₹ 7,17,53,106 is receivable from State Govt. for payment of the minimum guaranteed dividend for the period of 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 ₹ 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 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.
6. 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 31.03.2012 as per the provisioning norms of SIDBI.
7. The Corporation advanced loans in the name of various equipment suppliers 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. A sum of ₹ 5,71,48,124/- is still outstanding in this regard as on 31.03.2012 which has been shown under the head " Loans for Leasing Equipments (Advance)" in Schedule - 'I' - 'Loans and Advances'. The Corporation has already initiated necessary action for recovery of this amount.
8. Loans and advances are categorised and provisioning made there against on the basis of guidelines received from Small Industries Development Bank of India as Standard, Sub Standard, Doubtful and Loss Assets as detailed below :

(₹ in Crore)

Assets Classification	Current Year		Previous Year		Change over the prev. year
	Loan	Provision	Loan	Provision	
Standard Assets :	40.62	0.19	73.72	0.18	0.01
Including Upgraded A/c and Restructured A/c					
Non-Performing Loan Assets :					
Sub Standard Assets	9.46	1.42	4.99	0.50	0.92
Doubtful Assets	41.97	41.67	43.69	43.33	-1.66
Loss Assets	11.85	11.85	12.70	12.70	-0.85
	<u>103.90</u>	<u>55.13</u>	<u>135.10</u>	<u>56.71</u>	<u>-1.59</u>

Corporation has made additional provision of ₹0.01 crore against standard assets and has written back excess provision of ₹1.59 crore against Non-performing loan assets during the Year.

Provision on Leasing Portfolio has been provided at 100 percent of the portfolio. No additional provision has been made during the year, as the provision of ₹13.96 crore has already been provided upto 31.03.11.

(₹ in Crore)

Leasing Portfolio	Current Year		Previous Year	
	Amount	Provision	Amount	Provision
Loan for Leasing Equipments (Advance)	5.71	5.71	5.71	5.71
Vehicle Sub Leasing	2.75	2.75	2.75	2.75
Equipment Leasing	4.99	4.99	4.99	4.99
Vehicle Leasing	0.51	0.51	0.51	0.51
	<u>13.96</u>	<u>13.96</u>	<u>13.96</u>	<u>13.96</u>



9. As per guidelines issued by SIDBI, provision towards diminution in the value of investments of ₹3.10 crore in respect of listed shares and ₹1.31 crore in respect of unlisted shares, totalling to ₹4.41 crore is required to be made upto 31.03.2012 against which the Corporation has already made provision of ₹4.43 crore upto 31.03.2011. Therefore, provision of ₹0.02 crore has been written back during the year which has been shown in Schedule 'F' - Provisions.
10. Amount of ₹3,74,17,846/- shown as Building-Office under Schedule 'J' - Fixed Assets includes ₹68,06,312/- paid and ₹30,88,000/- to be paid by the Corporation against allotment of 4 suites in HUDCO Place, Andrews Ganj, New Delhi. Though the physical possession of the same is with Corporation, but title documents in this regard are yet to be executed in favour of the Corporation.
11. The Leasing Assets under Schedule 'J' - 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.
12. 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 'E' - Other 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 have been shown in Schedule 'K' - Other 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 Govt. These are outstanding since long and are subject to confirmation by the State Government.
13. During the year the Corporation has received State Government guarantee in respect of SLR Bonds already issued (61st series to 67th series). As on 31.03.2012 a sum of ₹15.00 crore is outstanding against 65th to 67th series of SLR Bonds.
14. During the financial year 2007-08, the Corporation created deferred tax assets amounting to ₹ 33.50 crore on the basis of timing difference in depreciation and long term capital loss and a part of above amount was set off against the profits earned during the year 2008-2009. During financial year 2010-11, the Corporation decided to stop fresh operational activities and a financial consultant was also appointed to study the pros. and cons. of merger/ winding up of the Corporation. The Comptroller & Auditor of General of India (CAG) in its Separate Audit Report (SAR) for the financial year 2010-11 observed that deferred tax assets were overstated and accumulated losses were understood by ₹ 30.80 crore. The Corporation while giving the comments on the above report, agreed to reverse the entries of deferred tax assets after the final decision on winding up/merger of the Corporation is taken by the Corporation / State Government. Keeping in view the above facts the outstanding amount of deferred tax assets of ₹30.80 crore has been reversed by debiting the profit and loss account during the year.
15. Disclosure requirements for SFCs in compliance of SIDBI's guidelines :

		F.Y. 2011-12 (₹ in Lacs)	
A	CAPITAL		
a)	CRAR %		18.69%
b)	The amount of subordinated debt raised and outstanding as Tier - II capital		---
c)	Risk Weighted Assets		
	1. On Balance Sheet items		29989.00
	2. Off Balance Sheet		---
d)	The Share holding pattern as on the date of the Balance Sheet	Amount	% age
	1. Govt. of Haryana	20186.17	97.28
	2. SIDBI	432.65	2.08
	3. Commercial Banks, Insurance Cos. etc.	20.17	0.10
	4. Private Shareholders	111.82	0.54
	TOTAL	<u>20750.81</u>	<u>100.00</u>
B	ASSET QUALITY AND CREDIT CONCENTRATION		
e)	% age of net NPAs to Net loans and advances		17.12%
f)	Amount and %age of Net NPAs under the prescribed asset classification categories	Amount	% age
	1. Sub Standard Assets	804.75	16.50
	2. Doubtful Assets	30.43	0.62
	TOTAL :	<u>835.18</u>	<u>17.12</u>



(₹ in Lacs)

g)	Amount of provision made during the year			
	1. Provision for Standard Assets			0.63
	2. Provision for NPAs			-159.09
	3. Provision for Investments			-1.75
	TOTAL			- 160.21
h)	Movement in Net NPA			
	1. Sub Standard Assets			356.00
	2. Doubtful Assets			- 6.52
i)	Credit Exposure as percentage to Capital Funds and percentage to Total Assets			
	Particulars	Principal	To Total Capital Funds	To Total Assets
	Largest single borrower	598.90	1.59%	1.97%
	Largest borrower group	521.37	1.38%	1.72%
	The 10 Largest single borrowers	2005.71	5.31%	6.61%
	The 10 Largest borrower groups	1847.49	4.90%	6.09%
j)	Credit exposure to five largest industrial sectors as % to total loan assets	4778.88		45.82%

C LIQUIDITY

(₹ in Lacs)

- 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 than 10 years	Total
Rupee assets	2980.47	2118.89	1434.48	6519.12	0.00	17283.21	30336.17
Foreign Currency Assets			-----NIL-----				
TOTAL	2980.47	2118.89	1434.48	6519.12	0.00	17283.21	30336.17
Rupee Liabilities	6506.10	4413.00	80.00	80.00	120.00	22944.59	34143.69
Foreign Currency Liabilities			-----NIL-----				
TOTAL	6506.10	4413.00	80.00	80.00	120.00	22944.59	34143.69



D OPERATING RESULTS

m)	Interest income as a percentage to average working funds	4.06%
n)	Non-interest income as a percentage to average working funds	0.74%
o)	Net Profit/(Loss) as a percentage to Average Working Funds	(9.06)%
p)	Net Profit/(Loss) per employee	₹ (16.06) lakh

E EARNING PER SHARE

(Amount in ₹)

a)	Profit/(Loss) after Tax	(292,229,658)
	Profit/(Loss) attributable to ordinary Share Holders	(292,229,658)

b)	Weighted Average of Common Stock	No.	Period Outstanding (days)	Weighted Average
	Shares outstanding as on 31.3.2012	207508100	365	192595675

EARNING PER SHARE (a/b)

NIL

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

NIL

16. 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.
17. Schedules 'A' to 'S' form integral part of the Balance Sheet and Profit & Loss Account.

ASHOK PAHWA
GENERAL MANAGER

ASHWANI SHARMA
EXECUTIVE DIRECTOR

RAJEEV ARORA, IAS
MANAGING DIRECTOR

In terms of our separate report of even date attached
For DHILLON & ASSOCIATES
CHARTERED ACCOUNTANTS



Charanjit kumar (F.C.A.)
Partner
Membership No. 099126
Firm Regd. No. 002783N

PLACE : CHANDIGARH
DATED : 29th August 2012



ANNEXURE TO SCHEDULE - 'H'

STATEMENT SHOWING PARTICULARS OF INVESTMENTS IN SHARES AS ON 31st March, 2012

S.No.	Name of the Company	Face value	Cost per Share	Value per Share as on 31.3.2012	No. of Shares	Cost as on 31.3.2012	Value as on 31.03.2012
I) HELD TO MATURITY							
1.)	HARYANA POWER GENERATION CORP. LTD.	1000.00	1000.00	1000.00	1450000	1450000000	1450000000
II) AVAILABLE FOR SALE							
A LISTED : ORDINARY - FULLY PAID UP							
1.	GLOBAL INDS. LTD., GGN	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., PPT	10.00	10.00		250000	2500000	1
4.	INDO BRITAIN AGRO FARMS LTD.	10.00	10.00		180300	1803000	1
5.	ARAVALI PIPES LTD., HSR	10.00	15.00		205000	3075000	1
6.	DOON VALLEY RICE MILLS, KNL	10.00	30.00		100000	3000000	1
7.	PAM RAFFIA LTD., PKL	10.00	10.00		10406	104060	1
8.	SWET CHEMANTIBIOTIC LTD., KNL	10.00	10.00		44800	448000	1
9.	GRM OVERSEAS LTD., PNP.	10.00	20.00	27.00 *	125000	2500000	3375000
10.	M/S KLA BIOTECH INDS. LTD. (Formerly RCC CEMENT LTD., Gurgaon)	10.00	10.00		150000	1500000	1
11.	UMA FABRICS LTD., GGN	10.00	10.00		350000	3500000	1
12.	SHIVA SUITEX LTD., GGN.	10.00	10.00		500000	5000000	1
13.	BHARAT POLYFAB LTD., REWARI	10.00	12.50		500000	6250000	1
					<u>2862106</u>	<u>34439260</u>	<u>3375012</u>
B. UNLISTED : ORDINARY - FULLY PAID UP							
1.	INA POLYSTER BUTTON LTD., FBD.	10.00	10.00		200000	2000000	1
2.	APEX MULTITECH LTD., PKL.	10.00	10.00		200000	2000000	1
3.	NITIKACEMENTS LTD., PKL.	10.00	14.00		214280	2999920	1
4.	INA POLYSTER BUTTONS LTD.,	10.00	10.00		200000	2000000	1
5.	APEX MULTITECH LTD., PKL	10.00	15.00		375000	5625000	1
6.	HARDICON	100.00	100.00	2016.00 **	800	80000	1612800
					<u>1190080</u>	<u>14704920</u>	<u>1612805</u>
III) HELD FOR TRADING							
						NIL	
GRAND TOTAL (I + II + III)					<u>5502186</u>	<u>1499144180</u>	<u>1454987817</u>
						COST	1499144180
						VALUE	1454987817
						DIMINUTION	44156363

Note : (*) Value of the shares as on 31st March, 2012.

(**) Value of share has been determined on the basis of balance sheet as on 31st March, 2012.



ANNEXURE TO SCHEDULE - 'I'

DETAILS OF LOANS AND ADVANCES - AS ON 31.03.2012

(₹ in Thousands)

I. PARTICULARS OF LOANS & ADVANCES

1.	Debts considered good in respect of which the Corporation is fully secured :-		
	(i) Standard Assets	406,189	
	(ii) Sub Standard Assets	<u>94,677</u>	500,866
2.	Debts previously fully secured		
	(i) Doubtful Assets	416,419	
	(ii) Loss Assets	<u>118,464</u>	534,883
			1,035,749
	Soft Loans - SIDBI		<u>3,950</u>
			<u>1,039,699</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		696,828
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).		2,147,808
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.)		33,929,859
v)	Debts guaranteed by the State Govt.		231,996
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 ₹531,840 thousands		534,883

II THE CLASSIFICATION OF LOANS AND ADVANCES ACCORDING TO THE SIZE OF THE INDUSTRIAL UNITS

i)	Debts due from small scale industrial concerns	877,136
ii)	Debts due from concerns other than those included under (i) above	<u>162,563</u>
		<u>1,039,699</u>

III THE CLASSIFICATION OF LOANS & ADVANCES ACCORDING TO THE CONSTITUTION OF THE INDUSTRIAL UNITS.

a)	Proprietorship	240,740
b)	Partnership	151,625
c)	Private Limited Companies	495,513
d)	Public Limited Companies	<u>151,821</u>
		<u>1,039,699</u>

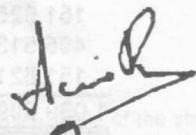


HARYANA FINANCIAL CORPORATION, CHANDIGARH
CASH FLOW STATEMENT FOR THE PERIOD FROM 01.04.11 TO 31.03.12

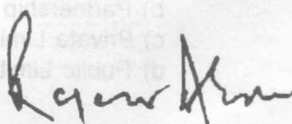
Amount (₹ in lacs)

<u>USES</u>			
1.	DISBURSEMENTS OF LOANS		237.36
2.	REPAYMENTS		
	REFINANCE - SIDBI LOC/NRS	3834.00	
	SLR BONDS	1935.00	5769.00
3.	INTEREST PAYMENTS ON		
	SLR BONDS	251.19	
	OTHERS	12.07	263.26
4.	SALARY & WAGES		1332.96
5.	ADMINISTRATIVE & OTHER EXPENSES		98.82
6.	OTHER CASH OUTGOINGS		72.74
7.	CLOSING CASH AND BANKS BALANCES		1519.54
	TOTAL		9293.68
<u>SOURCES</u>			
1.	OPENING CASH AND BANK BALANCES		1963.24
2.	INCREASE IN SHARE CAPITAL		2001.00
3.	RECOVERY OF TERM LOANS - PRINCIPAL		3364.68
4.	INTEREST RECEIPTS		
	TERM LOANS	1101.58	
	OTHER INTEREST (STAFF ADV. + STD)	381.16	1482.74
6.	LEASE RENTALS		0.02
7.	MISC INCOME :		
	DIVIDEND ON INVESTMENTS	1.41	
	RENT RECEIVED	168.08	
	RECOVERY OUT OF BAD DEBTS	77.43	246.92
8.	AMOUNT RECEIVED - SURRENDERS OF PLOTS		127.60
9.	OTHER CASH INFLOWS		107.48
	TOTAL		9293.68




ASHOK PAHWA
 GENERAL MANAGER


ASHWANI SHARMA
 EXECUTIVE DIRECTOR


RAJEEV ARORA, IAS
 MANAGING DIRECTOR

**HARYANA FINANCIAL CORPORATION
CHANDIGARH**



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

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

We, the undersigned, being the parties referred to in clause (d) of Sub-section (3) of Section 4 of the State Financial Corporations Act, 1951 and holding shares of the Haryana Financial Corporation, the numbers of which are given hereunder against our respective names, do hereby nominate

Shri _____ having

folio no. _____ Resident of _____

as a candidate for election of director at the forthcoming **45th Annual General Meeting** of the Haryana Financial Corporation to be held in Chandigarh at **11.30 a.m. on 6th February, 2013** or at any adjournment thereof to represent the parties other than those referred to in clause (a) (b) & (c) of sub-section (3) of section 4 of the State Financial Corporations Act, 1951 on the Board of Directors of the Haryana Financial Corporation.

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

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

DECLARATION BY THE CANDIDATE

I, _____ S/o _____

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

Signature of the Candidate Nominated

Declaration signed before me by
the candidate nominated

(Judge/ Magistrate/Registrar/
Sub Registrar of Assurance/
or other Gazetted Officer

Dated



**HARYANA FINANCIAL CORPORATION
CHANDIGARH**

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

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

(Applicable to Institutions & Companies)

Resolved that Shri _____ of M/s _____
_____ having folio no. _____

be and is hereby nominated as a candidate as for nomination/election as a director at the forthcoming **45th Annual General Meeting** of the shareholders of the Haryana Financial Corporation to be held at Head Office of the Corporation i.e. Bays Nos 17, 18, & 19, Sector 17-A, Opp. L.I.C. Building Chandigarh at **11.30 a.m. on 6th February, 2013** or at any adjournment thereof to represent as a class of shareholders on the Board of Directors of the Corporation.

CHAIRMAN'S CERTIFICATE

Certified that the above is true copy of the resolution passed at the duly convened meeting of the Directors of Company M/s _____ held on _____ at _____
The undersigned was the Chairman of the said meeting.

Signature of the Chairman
(Rubber Stamp of the Company)

DECLARATION BY THE CANDIDATE

I, _____ S/o Shri _____
Resident of _____

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

Signature of the Candidate (Nominated)

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

Dated



**HARYANA FINANCIAL CORPORATION
CHANDIGARH**

PROXY FORM

(Vide General Regulation 58)

I/We _____

Resident of _____

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

appoint Sh. _____ of _____

(or failing him Sh. _____ of _____

_____) as my / our proxy to vote for me/us and on my/our behalf at the **45th**

Annual General Meeting of Shareholders of the Corporation to be held at the Head Office of the Corporation i.e.

Bays Nos 17,18, & 19, Sector 17-A, (Opp. L.I.C. Building), Chandigarh at **11.30 a.m. on 6th February, 2013** or at any

adjournment thereof.

Dated this _____ day of _____ 2013.

Affix ₹ 1/-
Revenue Stamp

Signature of Shareholder(s)

Specimen Signature of Proxy holder(s)

Folio No. _____

For Office use Only

No. of Shares

No. of Votes

Denoting Nos.

Class of Shareholders



HARYANA FINANCIAL CORPORATION
CHANDIGARH

**HARYANA FINANCIAL CORPORATION
CHANDIGARH**

SPECIMEN OF AUTHORISATION FORM

(Applicable to Institutions & Companies)

Resolved that Shri _____

(or failing him Shri _____

be and is hereby appointed to act as DULY AUTHORISED REPRESENTATIVE of
M/s. _____ Folio No. _____

to exercise voting rights and other powers on its behalf at the **45th Annual General Meeting** of the Shareholders of
the Haryana Financial Corporation to be held at the Head Office of the Corporation i.e. Bays Nos. 17,18, & 19, Sector
17-A, Chandigarh at **11.30 a.m. on 6th February, 2013** or at any adjournment thereof.

CHAIRMAN

CHAIRMAN'S CERTIFICATE

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

held on _____ at _____

The undersigned was the Chairman of the said meeting.

Specimen Signature of Authorised person(s)

Signature of the Chairman
(Rubber Stamp of the Company)



**HARYANA FINANCIAL CORPORATION
CHANDIGARH**

**FORM FOR ATTENDANCE/IDENTIFICATION AND FOR DETERMINING THE VOTING RIGHTS OF
SHAREHOLDERS (FOR 45th AGM 2011-2012)**

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

1. Name of the Shareholder (in full) _____
 2. Registered Address _____
 3. Registered Number of Shares _____
 4. Class of the Shareholder (General Regulation 7(vii)) _____
 5. a) Whether he is entitled to vote at the General Meeting
- Note :** To be entitled to vote, a shareholder must have been registered as a shareholder for a period of not less than 90 days prior to the date of a General Meeting.
6. Number of votes to which he is entitled
 - 7)
 - i) Attending in person
 - ii) Attending through a proxy.
 - iii) Attending through a duly authorised representative

Place _____

Date _____

Signature

Folio No.

Category of shareholders as per section 4(3) of SFCs Act, 1951

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

U.P.C. / BOOK - POST

To,

If undelivered, please return to :
HARYANA FINANCIAL CORPORATION
Bays Nos. 17, 18 & 19, Sector 17-A
Chandigarh - 160 017