

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

TELEPHONES

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REF: NO.HFC/53/AGM/Reg.42/2022/ 2506

DATED: 31.03.2022

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<http://listing.bseindia.com>
corp.relations@bseindia.com

The Bombay Stock Exchange Ltd.
Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001.

Dear Sir,

**RE: 53rd ANNUAL GENERAL MEETING OF THE CORPORATION
- ANNUAL REPORT FY 2019-20 OF THE CORPORATION.**

This is in continuation to our letter dated 28.02.2022 under regulation 42 of SEBI (LODR) Regulations, 2015 uploading the notice for convening 53rd AGM and date of book closure etc.

We are hereby uploading the Annual Report of the Corporation for the year 2019-20 under regulation 34 of the SEBI (LODR) Regulations, 2015 adopted by the shareholders in the AGM held on 25.03.2022. The annual report contains :-

- a) Audited financial statement i.e. Balance Sheet, profit and Loss Account etc..
- b) Financial statement audited by Statutory Auditors.
- c) Cash flow statement (at page 35 - 36)
- d) Director Report (at page- 2)
- e) Management discussions Analysis Report (at page- 8)

Yours faithfully,

Encls. As above.


Company Secretary

53rd
ANNUAL REPORT
2019 - 2020



Haryana Financial Corporation



BANKERS

PUNJAB NATIONAL BANK
Bank Square, Sector 17
Chandigarh-160017

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

STATUTORY AUDITORS

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

REGISTRAR & SHARE TRANSFER AGENTS

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

HEAD OFFICE

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

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



Notice

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

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

NOTES :

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

By Orders of the Board
for Haryana Financial Corporation

Company Secretary

Dated : 25.02.2022
Place : Chandigarh



HARYANA FINANCIAL CORPORATION, CHANDIGARH

Directors on the Board of the Corporation as on 31.03.2020

(under section 10 of the SFCs Act, 1951)

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

HARYANA FINANCIAL CORPORATION CHANDIGARH



Directors' Report

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

Financial Results

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

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

Operational Highlights

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

(Rs. in crore)

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

Resources Management

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



Share Capital from State Government

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

Corporate Governance/ Management Discussion & Analysis Report

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

Listing

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

Audit

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

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

Audit By Comptroller & Auditor General of India

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

Cash flow Statement

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

Board of Directors

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

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

Position of Winding Up/Liquidation of Corporation

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

Acknowledgements

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

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

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

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

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

Dated : 28.02.2022

Place : Chandigarh

For and on behalf of Board of Directors

Sd/-

Managing Director



CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION & ANALYSIS REPORT

Report on Corporate Governance

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

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

2. Board of Directors

2(a) Composition of Board

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

2(b) Board Meetings

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

349th Board Meeting dated 22.07.2019

2(c) Fidelity & Secrecy

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



3 Audit Committee

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

3(A) Committee of Directors

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

4. Remuneration Committee

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

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

5. Shareholders/Investors Grievances Committee

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

6. General Body Meetings

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

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

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

7. Disclosures

a) Disclosures on materially significant related party transactions

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

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

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

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

8. Means of Communication

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

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

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

9. General Shareholders information

9.1 Annual General Meeting

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

9.2 Financial Calendar (Tentative)

(from 1st April to 31st March)

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

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

9.3 Book Closure date 15.03.2022 to 24.03.2022

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

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

9.6 Stock code/Script Code 530927

9.7 Stock Market Data
The shares are thinly traded.

The available quotes at BSE Rs. 24.65 on 13.07.2011

9.8 Share price performance Refer 9.7

9.9 Registrar & Transfer Agents

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

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

9.10 Share Transfer System

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

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

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

* - Retired on 30.04.2021

9.11 Shareholding pattern as on 31st March, 2020

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

9.12 Dematerialisation of Shares

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

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

- Nil -

9.14 Plant Locations

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

9.15 Address for Correspondence

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

The Compliance Officer

Haryana Financial Corporation

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

Sector 17- C, Chandigarh-160017.

Ph. No. 0172-2714530, 2702755-57

Fax No. 0172-2702666

E-mail: hfcsectt@gmail.com

MANAGEMENT DISCUSSION & ANALYSIS REPORT

i) **Term Lending Institution**

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

ii) **Risks, Threats and Concerns**

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

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

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

iii) **Corporation's Performance**

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

iv) **Opportunities/Resources**

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

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

v) **Internal Control System**

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

vi) **Human Resources**

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

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