

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

TELEPHONES

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Website: www.hfcindia.org.in

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REF: NO.HFC/55/AGM/Reg.42/2022/

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1312

DATED: 02.11.2022

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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: 55th ANNUAL GENERAL MEETING OF THE CORPORATION
- ANNUAL REPORT FY 2021-22 OF THE CORPORATION.**

This is with regard to compliance under regulation 34 of SEBI (LODR) Regulations, 2015.

We are hereby uploading the Annual Report of the Corporation for the year 2021-22 under regulation 34 of the SEBI (LODR) Regulations, 2015 to be adopted by the shareholders in the AGM fixed for 25.11.2022. 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 37 - 38)
- d) Director Report (at page- 2)
- e) Management discussions Analysis Report (at page- 9)

Yours faithfully,

Encls. As above.


Company Secretary

55th
ANNUAL REPORT
2021 - 2022



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 PREM RAVINDER & CO.,
Chartered Accountants,
16, Plot No. 24, Barkeley Square, Industrial Area,
Phase -1, 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, CHANDIGARH

Directors on the Board of the Corporation as on 31.03.2022
(under section 10 of the SFCs Act, 1951)

1.	Sh. V. Umashankar, IAS Principal Secretary to Hon'ble Chief Minister, Haryana, Chandigarh.	Chairman	Nominated as Director by the State Govt. in terms of Section 10(b) of SFCs Act & appointed as Chairman in terms of Section 15(1) of SFCs Act, 1951 w.e.f. 24.12.2020 for a period of 3 years
2.	Sh. Vijayendra Kumar, IAS Principal Secretary to Govt. of Haryana Industries & Commerce Department, Haryana New Secretariat, Sector - 17 Chandigarh.	Director	Nominated by the State Govt. in terms of Section 10(b) of SFCs Act, 1951. w.e.f. 04.02.2021.
3.	Smt. Amneet P. Kumar, IAS Mission Director, National Health Mission, Bays No. 55-58, Sector - 2, Panchkula, Haryana.	Director	Co-opted by the Board of Directors, Haryana Financial Corporation in terms of Section 10(e)(iv) of SFCs Act, 1951 w.e.f. 21.02.2019.
4.	Smt. G. Komal Kishore, IRS Secretary, Finance & Member Secretary, HBPE	Director	Nominated by the State Govt. vide order dated 02.08.2019.
5.	Sh. Piyush Bhargava, DGM SIDBI, SCO NO.119-120, Sector 17-B, Chandigarh	Director	Nominated by SIDBI w.e.f. 10.01.2022
6.	Sh. Sudhir Kumar, Circle Head, Circle Office, Punjab National Bank, Bank, Square, 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. 07.09.2021 for a period of 3 years.
7.	Sh. Harvinder Singh, Senior Divisional Manager, Life Insurance Corporation of India, Sector 17-B, Chandigarh.	Director	Nominated by Life Insurance Corporation of India and appointed by HFC in terms of Section 4(3)(c) of SFCs Act, 1951 w.e.f. 07.09.2021 for a period of three years.
8.	Sh. Vikas Gupta, IAS MD, HSIIDC & HFC, CEO, Authority for Citizen Resources Information Depository; Advisor, Civil Aviation, Haryana and Secretary to Government Haryana, Civil Aviation Department.	Managing Director	Appointed by the State Govt. in terms of Sub-section (1) of Section 17 of SFCs Act, w.e.f. 30.11.2021

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 55th Annual General Meeting of Shareholders of the Corporation will be held on Friday, the 25th November, 2022 at 11.30 AM (I.S.T) in the Committee Room of The Haryana State Cooperative Apex Bank Ltd. (HARCO Bank), 1st Floor, SCO 78-80, Bank Square, Sector 17B, Chandigarh – 160017 to transact the following business:-

ORDINARY BUSINESS

1 To receive, consider and adopt the audited Balance Sheet as at 31st March, 2022 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 reappoint M/s Prem Ravinder & Co., 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 2022-23 at an audit fee of Rs. 50,000/- plus applicable GST and admissible TA/DA.

NOTES :

i) The Register of Members and Share Transfer Books of the Corporation will remain closed from 14th November, 2022 to 24th November, 2022(both days inclusive).

ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Corporation. Proxies in order to be effective must be deposited (as per format published in the annual report) with the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.

iii) The Institutional Shareholders i.e. SIDBI / Banks / Co-op Banks /Insurance Companies and Bodies Corporate/ Companies etc. in order to attend & vote at the meeting shall submit authorization (as per format published in the Annual Report) along with certified copies of resolutions appointing duly authorized representative. Authorizations in order to be effective must be deposited with the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.

iv) The Shareholders of the Corporation in its 54th Annual General Meeting held on 07.07.2022 appointed M/s Prem Ravinder & Co., Chartered Accountants, Chandigarh as Statutory Auditors of the Corporation for the financial year 2021-22 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 21.09.2022 have confirmed the eligibility of the existing Audit Firm for conducting audit for 2022-23. The audit firm has also confirmed their eligibility and given their consent/ declaration under the provisions of the Companies Act/ RBI Guidelines and accordingly the case is placed before the Shareholders for their re-appointment.

By Orders of the Board
for Haryana Financial Corporation


Company Secretary

Dated : 20th Oct., 2022
Place : Chandigarh

HARYANA FINANCIAL CORPORATION CHANDIGARH



Directors' Report

The Board of Directors of Haryana Financial Corporation has pleasure in presenting the 55th Annual Report on the working of the Corporation together with the Audited statements of Accounts for the year ended 31st March, 2022.

Financial Results

During the financial year 2021-22 the Corporation has achieved the following working results.

(Rs. in crore)

		2021-22	2020-21
A.	Income		
	Income from operations	30.94	0.01
	Other Income	4.40	3.61
	Total Income	35.34	3.62
B.	Expenditure		
	Interest & Other Financial Expenses	0.26	0.04
	Personnel Expenses	4.21	3.96
	Administrative Expenses	0.71	0.56
	Bad debts / Leasing Assets written off	4.72	0.32
	Depreciation	0.14	0.16
	Total Expenditure	10.04	5.04
C.	Operating Profit / (Loss) (A - B)	25.30	(1.42)
D.	Add : Excess Provision against Investments written back	4.72	2.99
E.	Less : i) Provision against NPAs Loan Assets & Investments	4.29	—
	ii) Provision against Income Tax	4.00	—
	Net Profit / (Loss) (C + D - E)	21.73	1.57

Operational Highlights

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

(Rs. in Lakh)

	Performance for the Year 2021-22
Sanction	0.00
Disbursement	0.00
Recovery	0.77

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, 2022 is also annexed with this report.

DEMATERIALIZATION FACILITY

The demat facility of the Corporation has been activated. The ISIN No. issued to the Corporation is INE737G01016

Listing

The equity shares of the Corporation are listed at Bombay Stock Exchange Ltd. (BSE Script Code No. 530927). The Corporation has paid the Annual Listing fee of Rs. 3.00 lakh plus GST to the Stock Exchange (BSE) within time. The State Govt. (being promoters) has filed an exemption application with SEBI in accordance with Regulation 42 of SEBI (Delisting of equity shares) regulations, 2021 for delisting of shares of the Corporation from Bombay Stock Exchange.

Audit

The shareholders in its 54th Annual General Meeting held on 07.07.2022 as per provisions of section 37 of State Financial Corporations' Act, 1951 appointed M/s Prem Ravinder & Co., Chartered Accountants, Chandigarh (on the panel of the RBI) as Statutory Auditors for the financial year 2021-22, (for 1st 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 existing Statutory Auditors M/s Prem Ravinder & Co., Chartered Accountants, Chandigarh for F.Y 2022-23 is subject to confirmation of the same by the RBI. Accordingly, the RBI vide their letter dated 21.09.2022 have confirmed the eligibility of the Statutory Auditor for F.Y 2022-23.

Audit By Comptroller & Auditor General of India

The Comptroller & Auditor General of India (CAG) had conducted the audit of the accounts of the Corporation upto FY 2020-21 and their reports have been placed before the State Legislature as per provisions of State Financial Corporations Act, 1951 upto F.Y 2016-17. The reports for F.Y 2017-18, 2018-19 and 2019-20 have been sent to Industries Deptt., but are yet to be placed before the State Legislature. The report for F.Y 2020-21 is yet to be sent to the Industries Deptt., Haryana for being placed before the State Legislature in view of revised norms of State Legislature for Paper less functioning.

Cash flow Statement

In conformity with the provisions of SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ending on 31.03.2022 is annexed with the Annual Accounts.

Board of Directors

The list of the Board of Directors as on 31.3.2022 has separately been given in the Annual Report.

During the year under review, two meetings of Board of Directors were held on 08.06.2021 and 11.02.2022. The detail of the number of meeting of the Board held during the FY 2021-22 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.

Further, the Board of Directors of the Corporation in its meeting held on 11.02.2022 reconstituted the Winding up Committee, which comprises of the following :

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

Acknowledgements

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

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

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

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

Dated : 27th Oct., 2022
Place : Chandigarh

For and on behalf of Board of Directors

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 31.03.2022 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 was no director (elected) by the shareholders u/s 10(e) of the SFCs Act, 1951 as on 31.03.2022 (Sh. Mohinder Kumar Chopra was appointed under the said category by the Shareholders in 54th AGM held on 07.07.2022). 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 31.03.2022) 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 2021-22 two meetings of the Board of Directors were held on 08.06.2021 and 11.02.2022.

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
2018-2019	52nd AGM	HARCO Bank, Sector 17B, Chandigarh	13.07.2021	11.30 AM
2019-2020	53rd AGM	HARCO Bank, Sector 17B, Chandigarh	25.03.2022	11.30 AM
2020-2021	54th AGM	HARCO Bank, Sector 17B, Chandigarh	07.07.2022	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 25.11.2022 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, 2022 : by 15th Aug, 2022
- 30th Sept, 2022 : by 15th Nov, 2022
- 31st Dec, 2022 : by 15th Feb, 2023
- 31st March, 2023 : by 30th May, 2023

9.3 Book Closure date 14.11.2022 to 24.11.2022

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 Dematerialization 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 had 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. In accordance with orders of Board of Directors of the Corporation in its Meeting held on 22.07.2019, a demat request was again filed by the Corporation to NSDL, which has been approved by NSDL and the ISIN issued to the Corporation is INE737G01016

9.11 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. Sandeep Chawla Executive Director/HSIIDC (Additional Charge – HFC)	Member
3.	Ms. Manisha Gupta Deputy General Manager	Member
4.	Ms. Vandana Jindal Deputy General Manager	Member
5.	Ms. Puja Vasudeva Company Secretary	Member

As per SEBI Guidelines, transfer of shares can be done through demat mode only. Shares received by the Corporation for transmission are sent to Registrar/Share Transfer Agent (RTA). The RTA after completion of formalities forward the share transmission register containing all the details to the Corporation for approval. A meeting of the Share Transfer/Transmission Committee is then held to approve the transmission(s) and forward its minutes to the RTA for necessary action. Thereafter, the Registrar makes the endorsement on the share certificates and forwards the share certificates duly transferred to transferee. The same procedure is adopted for the shares directly received by the RTA.

9.12 Shareholding pattern as on 31st March, 2022

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%

9.13 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 Gurgaon and Panipat. 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 Corporations 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 Corporation introduced new One Time Settlement Schemes during the year to effect recovery from NPAs. The schemes were valid upto 31.03.2022. During the year a sum of Rs. 0.77 lakh 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 24 as on 31.03.2021 to 19 as on 31.03.2022. The Corporation is making its efforts to reduce the administrative burden and at the same time motivate the existing staff and get support from them to discharge their responsibilities.

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

Partners

P D Sharma

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

G S Sarin

B.Com., LL.B., MFC, FCS



SHARMA SARIN & ASSOCIATES
COMPANY SECRETARIES

OFFICE

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

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

e-mail : sharmasarinassociate@yahoo.com

sharmasarin@cslaws.com

Website : www.cslaws.com

CORPORATE GOVERNANCE HARYANA FINANCIAL CORPORATION

TO
THE MEMBERS OF
HARYANA FINANCIAL CORPORATION
SECTOR 17,
CHANDIGARH

Dated : 06.10.2022

In accordance with clause 49 of the Listing Agreement entered into by **HARYANA FINANCIAL CORPORATION** with Mumbai stock exchange, We have examined all relevant records of the Corporation as Stipulated in SEBI LODR, REGULATION 07 SUB REG 03 for the Financial year ended on 31st March,2022.

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

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

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

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

From Sharma Sarin & Associates

Company Secretaries

Company Secretaries

P.D. Sharma

(Partner)

FCS NO. 2285

C.P.No.2692

Place : Chandigarh

Date : 06/10/2022

UDIN: F002285D001144021

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2022
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

TO
THE MEMBERS,
HARYANA FINANCIAL CORPORATION
SECTOR 17,
CHANDIGARH

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

Based on my verification of the **HARYANA FINANCIAL CORPORATION** books, papers, minute books, forms and returns filed and other records maintained by the Corporation and also the information provided by the Corporation, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Corporation has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **HARYANA FINANCIAL CORPORATION** ("the Corporation") for the financial year ended on 31st March, 2022 according to the provisions of:

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



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

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

(vi) **OTHER APPLICABLE ACTS :**

- (a) The Finance Act, 2018.
- (b) Prevention of Money Laundering Act, 2002 and the prevention of Money-Laundering (Amendment) Act 2012.
- (c) Banking Companies (period of preservation of records) rules, 1985
- (d) Bankers Book Evidence Act , 1891
- (e) Employee's State Insurance act, 1948, and rules made thereunder.
- (f) The Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and rules made thereunder.
- (g) The Payment of Bonus Act, 1956, and rules made thereunder.
- (h) The Payment of Gratuity Act, 1972.
- (i) Indian Contract Act, 1872.
- (j) The Apprentices Act, 1961.
- (k) The Workmen's Compensation act, 1923.



- (l) Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013.
- (m) The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
- (n) The Public Financial Institutions (obligations as to Fidelity and Secrecy) Act, 1983
- (o) The Credit Information Companies (Regulation) Act, 2005
- (p) The State Bank of India Act, 1955
- (q) The Income Tax Act, 1961

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

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

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

Qualifications:

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

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



VISHAL ARORA
COMPANY SECRETARY

The Corporation is a Government Sector Undertaking established under a special law: There are procedural and administrative delays found regarding the compliance during the conduct of the Audit. The requirements of the SEBI (LODR) Regulations have not been fully complied because of administrative problems and Corporation being not into any active business.

The management has informed us that the procedural requirements are not complied because of the paucity of staff and no new employment is made. Further to this as informed by the Management the delisting of securities of the Corporation is under the active consideration of the State Government and all these factors summed up has caused delays in the compliances.

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

I) Regulation 29 The Corporation has not furnished the Notice of Board Meeting to Stock Exchange.

II) Regulation 44 The Submission of voting result to Stock Exchange has not been done. The Corporation is required to provide e voting facility to its shareholders which is not being done.

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

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



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

PLACE: CHANDIGARH
DATE: 21.09.2022
UDIN: F004566D001011572

VISHAL ARORA
COMPANY SECRETARY

"Annexure -A"

TO
THE MEMBERS,
HARYANA FINANCIAL CORPORATION
SECTOR 17,
CHANDIGARH

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

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



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

PLACE: CHANDIGARH
DATE: 21.09.2022

Auditor's Certificate (F.Y.2021-22)

In accordance with the provisions of section 37(1) of the State Financial Corporations Act, 1951, we have audited the Balance Sheet of Haryana Financial Corporation as at 31 March, 2022 and also the annexed Profit and Loss Account for the years ended on the date.

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

- a) The operations of Haryana Financial Corporation have been conducted in accordance with provisions of the SFCs Act, 1951.
- b) The income recognition, asset classification and provisioning have been done as per the guidelines issued by SIDBI from time to time.
- c) The investment of surplus fund is made in accordance with the prudential norms laid down by the Board of Directors.
- d) Authentication of Calculate of CRAR and assessment of capital adequacy ratio in the 'Notes on Accounts' attached to the Balance Sheet and various other ratio/ items have been disclosed in the 'Notes of Accounts' (Schedule Q- Point O)
- e) The corporation has no Govt. guarantee outstanding as on 31.03.2022 as the account with SIDBI has already been settled.
- f) The level of risk management practices and compliance to regulatory directives issued by SIDBI with regard to exposure norms, segregation of refinanced assets is not applicable because the corporation is in the process of winding up and it has repaid/settled entire refinance with SIDBI. In view of the above, the corporation has not taken any step with regard to the valuation of loci assets. However at the time of settlement or sale of mortgaged assets, valuation of assets is being done on case to case basis.
- g) All the Loans & Advance of the Corporation, financial statements and salaried to staff have been computerized.

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

For Prem Ravinder & Co.
Chartered Accountants
Registration No. 006573N



Vishav Garg
Vishav Garg
Partner
No. 515718

UDIN-22515718AVPVGK1156

Place : Chandigarh
Date : 27-09-2022

INDEPENDENT AUDITORS' REPORT

The Members,
Haryana Financial Corporation
Chandigarh

Report on the Financial Statements

We have audited the accompanying financial statements of Haryana Financial Corporation (HFC), which comprise of the **Balance Sheet as at 31st March, 2022** and the Statement of Profit and Loss and Cash Flow statement for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

1. Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

2. Management's responsibility for the Financial Statements

The Corporation's Management is responsible for the preparation and presentation of these Financial Statements that give a true and fair view of the financial position, financial performance and the cash flows of the Corporation in accordance with the accounting standards and principles generally accepted in India and as per the requirements of Small Industries Development Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies. making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India and provisions of section 37 of the State Financial Corporations Act 1951 as amended by SFCs (Amendment) Act 2000. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedure selected depend upon the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Corporation has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit opinion on the financial statements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

4. Emphasis of Matter

We draw attention to the Paragraph B of Schedule 'Q' (Notes on Accounts) in regard to Contingent Liabilities as under :

- a) Note no. B(1) regarding contingent liability in respect of units disposed off but in dispute-amount indeterminate.
- b) Note no. B (2) regarding Liability in respect of claim lodged against the corporation by ex-employees/pensioners to the extent of Rs.4.42 crores (approx.) not acknowledged and other court cases /appeals filed by the employees/ex-employees/pensioners against which amount is indeterminate.

There is a Contingent liability amounting to Rs.123.49 lacs in respect of claims lodged by Loanees/Auction purchasers. The Corporation is generally unable to reasonably estimate possible loss for proceedings or disputes other than estimated.

Our opinion is not modified in respect of these matter.

5. Information other than the Financial Statements and Auditor's Report thereon

The Corporation's Board of Directors and Management is responsible for the preparation of the other information. The other information comprises the information included in the Corporation's Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact and we have nothing to report in this regard.



6. Material Uncertainty Related to Going Concern

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the corporation's financial reporting process.

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

7. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true & fair view in conformity with the accounting principles laid down by SIDBI for SFCs and generally accepted in India :

- In the case of the Balance Sheet, of the state of affairs of the Corporation as at 31st March, 2022.
- In the case of the Statement of Profit & Loss Account, of the Profit of the Corporation for the year ended on that date, and
- In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

8. Report on Other Legal and Regulatory Requirements

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

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



Place : Chandigarh
Date : 27-09-2022

For Prem Ravinder & Co.
Chartered Accountants
Registration No. 006573N

Vaibhav Garg
Vaibhav Garg
Partner
M.No.515718
UDIN-22515718AVPVGK1156



HARYANA FINANCIAL CORPORATION, CHANDIGARH

BALANCE SHEET AS AT 31ST MARCH, 2022


As at 31.03.2021 (Amount in Rs.)	Particulars	Schedule	As at 31.03.2022 (Amount in Rs.)
	A EQUITY & LIABILITIES		
	1 Shareholders' funds		
2,076,581,000	a) Share capital	A	2,076,581,000
165,826,950	b) Reserves and surplus	B	165,826,950
	2 Current liabilities		
448,389,542	a) Other current liabilities	C	447,174,397
119,315,770	b) Provisions	D	115,044,028
2,810,113,262	Total		2,804,626,375
	B ASSETS		
	1 Non-current assets		
67,325,328	a) Fixed assets	E	18,552,659
1,450,000,000	b) Non-current investments	F	1,450,000,000
71,091,903	2 Loans and Advances	G	71,850,963
	3 Current Assets		
47,624,180	a) Current investments - Shares	H	45,144,180
22,843,504	b) Current investments - Fixed Deposits	H	294,613,761
23,590,661	b) Cash and bank balances	I	5,509,915
49,958,439	c) Other current assets	J	58,511,227
1,077,679,247	4 Profit and Loss Accounts	K	860,443,670
2,810,113,262	Total		2,804,626,375

Notes on Accounts

Q


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


Pujá Vasudeva
Company Secretary


Vandana Jindal
Dy. General Manager


Vikas Gupta, IAS
Managing Director




Vaibhav Garg
FCA (Partner)

Membership No. 515718
Firm Regd. No. 06573N

UDIN : 22515718AVPVGK1156

Place : Chandigarh

Dated : 27th September, 2022

HARYANA FINANCIAL CORPORATION, CHANDIGARH
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022



For the year ended
31.03.2021
 (Amount in Rs.)

For the year ended
31.03.2022
 (Amount in Rs.)

	INCOME	Schedule	
42,797	Revenue from Operations	L	309,356,776
36,122,407	Other Income	M	44,013,324
36,165,204	Total Revenue		353,370,100
OPERATIONAL EXPENDITURE			
377,930	Other Financial & Misc. Expenses	N	2,583,591
39,579,071	Employees Benefit Expenses	O	42,128,277
5,604,371	Administrative Expenses	P	7,089,636
1,601,614	Depreciation	E	1,444,733
3,167,438	Bad Debts Written Off		0
0	Leasing Assets Written Off		47,156,778
50,330,424	Total Expenditure		100,403,015
(14,165,220)	Profit / (Loss) before provisioning		252,967,085
2,138,438	Add : Provision Against NPAs Loans Assets Written Back		0
0	: Provision Against NPAs Leasing Assets Written Back		47,156,778
27,758,164	: Provision Against Investments Written Back		0
0	Less : Provision Against Investments		42,100,964
0	: Provision Against NPAs Loans Assets		784,072
0	: Provision for Income Tax		40,000,000
0	: Additional Provision for Income tax - FY 2019-20		3,250
15,731,382	Net Profit /(Loss)		217,235,577
	Notes on Accounts	Q	
(0.08)	Earning Per Share		1.05

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

Puja
 Puja Vasudeva
 Company Secretary

Vandana
 Vandana Jindal
 Dy. General Manager

Vikas
 Vikas Gupta, IAS
 Managing Director



Vaibhav Garg

Vaibhav Garg
 FCA (Partner)

Membership No. 515718
 Firm Regd. No. 06573N

UDIN : 22515718AVPVGK1156

Place : Chandigarh

Dated : 27th September, 2022



Schedule 'A' - Share Capital

As at 31.03.2021 Amount (Rs.)			As at 31.03.2022 Amount (Rs.)
	Authorised		
<u>3,000,000,000</u>	300,000,000 Equity Shares of Rs.10/- each		<u>3,000,000,000</u>
	Issued And Subscribed		
2,110,655,000	a) 211,065,500 (Previous year 211,065,500) Equity Shares of Rs.10/- each issued under section 4 of SFCs' Act, 1951	2,110,655,000	
	b) 626,600 Shares of Rs.10/- each issued under Section 4A(1) of the SFCs' Act,1951 as special class of shares.		
<u>6,266,000</u>		<u>6,266,000</u>	
<u>2,116,921,000</u>			<u>2,116,921,000</u>
	Paid-Up		
2,116,921,000	Issued & Subscribed	2,116,921,000	
40,340,000	Less : Amount Forfeited - 4,034,000 equity shares of Rs.10/- each	40,340,000	
<u>2,076,581,000</u>	Balance 207,658,100 (Previous year 207,658,100) shares of Rs.10/- each	<u>2,076,581,000</u>	
2,070,315,000	a) 207,031,500 (Previous year 207,031,500) Equity Shares of Rs.10/- each under section 4 of SFCs' Act,1951 fully paid up.	2,070,315,000	
6,266,000	b) 626,600 Shares of Rs.10/- each issued under section 4A(1) of the SFCs' Act, 1951 as special class of shares.	<u>6,266,000</u>	<u>2,076,581,000</u>
<u><u>2,076,581,000</u></u>	Total		<u><u>2,076,581,000</u></u>

Schedule 'B' - Reserve and Surplus

As at 31.03.2021 Amount (Rs.)			As at 31.03.2022 Amount (Rs.)
	a) Special Reserve for the purpose of Section 36(1)(viii) of the Income Tax Act,1961		
178,567,013	Gross Amount	178,567,013	
166,800,000	Less : Utilised towards provisioning for NPAs in earlier years	<u>166,800,000</u>	
<u>11,767,013</u>			<u>11,767,013</u>
105,510,000	b) Share Premium		105,510,000
25,000,000	c) Special Reserve Fund (Section 35A of SFCs' Act)		25,000,000
573,937	d) Reserve under clause 91(vii) of General Regulation of HFC		573,937
<u>22,976,000</u>	e) Shares Forfeiture Reserve		<u>22,976,000</u>
<u><u>165,826,950</u></u>	Total		<u><u>165,826,950</u></u>



Schedule 'C' - Other Current Liabilities

As at 31.03.2021
Amount (Rs.)

As at 31.03.2022
Amount (Rs.)

a) Other Liabilities			
55,196,622	Dividend Payable		55,196,622
2,628,225	Provision against Gratuity		0
16,115,540	Provision against Leave Encashment		14,640,954
215,070	Provision against Compassionate Assistance		0
118,165,508	Sundry Deposits		119,769,468
222,445,297	Advance from HSIIDC - Sale of properties		222,445,297
10,180,250	Earnest Money		10,050,000
3,579,443	Borrowers' Imprest		3,579,546
6,900,000	Security Deposit		6,900,000
0	Stale Cheques		21,465
366,246	GST payable		340,812
9,825	TDS on GST payable		16,242
1,344,925	Provision against expenses payable		2,835,429
b) State Government Funds (As an Agency)			
1) Subsidies :			
97,160	Credit Linked Capital Subsidy	97,160	
2,550,776	State Subsidy	<u>2,550,776</u>	2,647,936
8,594,655	2) Balance Amount - Seed Money Agency/RIS		8,730,626
<u>448,389,542</u>	Total		<u>447,174,397</u>

Schedule 'D' - Provisions

As at 31.03.2021
Amount (Rs.)

As at 31.03.2022
Amount (Rs.)

i) Provision for Non-performing Loan Assets :			
73,231,000	Opening balance	71,092,562	
0	Add : Provision during the year	758,438	
<u>2,138,438</u>	Less : Excess provision provided in earlier years written back	<u>0</u>	71,851,000
71,092,562			
ii) Provision for non-performing leasing assets			
47,156,778	Opening balance	47,156,778	
<u>0</u>	Less : Provision adjusted against writing off assets	<u>47,156,778</u>	0
47,156,778			
iii) Provision against Claims Recoverable (Loans cases)			
1,066,430	Opening balance	1,066,430	
0	Add : Provision during the year	25,634	1,092,064
iv) Provision for diminution in value of Investments :			
27,758,164	Opening balance	0	
0	Add : Provision during the year	42,100,964	
<u>27,758,164</u>	Less : Excess provision provided in earlier years written back	<u>0</u>	42,100,964
0			
<u>119,315,770</u>	Total		<u>115,044,028</u>



Schedule 'E' - Fixed Assets

(Amount in Rs.)

Sr. No.	Particulars	WDV as on	Assets put to use for		Sold/ Transferred during the year (4)	Liability written off	Value (5)	Rate of Dep. % age (6)	Total Dep. during the year (7)	WDV as on
		01.04.2021 (1)	more than 180 days (2)	less than 180 days (3)						31.03.2022 (8)
A) Land & Building										
	1. Land	5,993,616	0	0	241,458		5,752,158	0	0	5,752,158
	2. Building - Office	12,956,486	0	0	0		12,956,486	10	1,295,648	11,660,838
	Total	18,950,102	0	0	241,458	0	18,708,644		1,295,648	17,412,996
B) Furniture & Fittings										
	1. Furniture	262,675	0	0	0		262,675	10	26,267	236,408
	2. Safes, Cabinets & Padlocks	98,344	0	0	0		98,344	10	9,835	88,509
	3. Misc.	61,120	0	0	0		61,120	10	6,113	55,007
	4. Electric Fittings	474,480	0	47,500	0		521,980	10	49,823	472,157
	Total	896,619	0	47,500	0	0	944,119		92,038	852,081
C) Plant & Machinery										
	1. Computers	16,852	0	22,800	0		39,652	40	11,301	28,351
	2. Typewriters, Duplicators etc.	888	0	0	0		888	15	133	755
	3. Staff Cars & Jeep	302,429	0	0	0		302,429	15	45,364	257,065
	4. Bicycles	1,660	0	0	0		1,660	15	249	1,411
	Total	321,829	0	22,800	0	0	344,629		57,047	287,582
	Grand Total - (A+B+C)	20,168,550	0	22,800	0	0	19,997,392		1,444,733	18,552,659
	Previous Year	21,759,954	0	48,210	38,000	0	21,770,164		1,601,614	20,168,550

Particulars	WDV of Equipments leased as on 01.04.2021	Additions During the Year	Leasing Assets written off	Value as on 31.03.2022	Lease Rentals Received During the Year	Interest out of Rentals Received	Principal out of rentals Charged to Depreciation	WDV of Equipments leased as on 31.03.2022
D) Leasing Assets	47,156,778	0	47,156,778	0	0	0	0	0
Previous Year	47,156,778	0	0	47,156,778	0	0	0	47,156,778

	FY 2020-21	FY 2021-22
Total Depreciation :	1,601,614	1,444,733
Total WDV (A+B+C+D) :	67,325,328	18,552,659



Schedule 'F' - Non-current Investments

As at 31.03.2021 Amount (Rs.)	Investments (As per annexure to Schedule 'F' & 'H') :	As at 31.03.2022 Amount (Rs.)
1,450,000,000	Investment in the Equity of Haryana Power Generation Corp. Ltd.	1,450,000,000
<u>1,450,000,000</u>	Total	<u>1,450,000,000</u>

Schedule 'G' - Loans and Advances

As at 31.03.2021 (Amount Rs.)		As at 31.03.2022 (Amount Rs.)
67,816,903	Loans & advances	68,575,963
<u>3,275,000</u>	Adhoc Limit - Boughtout Deals	<u>3,275,000</u>
<u>71,091,903</u>	Total	<u>71,850,963</u>

Schedule 'H' - Current Investments

As at 31.03.2021 Amount (Rs.)	Investments (As per annexure to Schedule 'F' & 'H') :	As at 31.03.2022 Amount (Rs.)
2,480,000	i) (a) Quoted	0
45,144,180	(b) Unquoted	<u>45,144,180</u>
22,843,504	ii) Fixed Deposits with Banks	294,613,761
<u>70,467,684</u>	Total	<u>339,757,941</u>

Schedule 'I' - Cash and Bank Balances

As at 31.03.2021 Amount (Rs.)		As at 31.03.2022 Amount (Rs.)
54,946	Cash in hand	58,404
	Balance with Schedule Banks	
10,989,356	i) In Current/Saving Accounts	5,451,511
<u>12,546,359</u>	ii) Short Term Deposits	<u>0</u>
<u>23,590,661</u>	Total	<u>5,509,915</u>



Schedule 'J' - Other Current Assets

As at 31.03.2021		As at 31.03.2022
Amount (Rs.)		Amount (Rs.)
149,200	Staff Loans	70,000
294,446	Advance against expenses	292,945
604,296	Sale Tax deposited against demand (Pending in appeals)	500,000
0	TDS - Financial Year 2021 - 22	3,421,301
2,951,372	Income Tax Refund -FY 2019-20	140,712
2,876,540	Income Tax Refund -FY 2020-21	2,876,540
	Income Tax deposited against demand (Pending in appeal):	
7,048,576	Financial year 1980-81	7,048,576
7,430,044	Financial year 1981-82	7,430,044
7,929,497	Financial year 1982-83	7,929,497
139,963	Security Deposits	22,408,117
7,472,424	Claims recoverable	139,963
	Interest Accrued but not due :	4,501,773
492,939	On Staff advances	234,762
110,983	On Deposits	9,284,160
12,458,159	Funds with LIC - Leave Encashment Policy	9,518,922
49,958,439	Total	14,640,954
		58,511,227

Schedule 'K' - Profit and Loss Accounts

For the Year Ended		For the Year Ended
31.03.2021		31.03.2022
Amount (Rs.)		Amount (Rs.)
1,093,410,629	Accumulated loss as per last Balance Sheet	1,077,679,247
15,731,382	Less : Net Profit for the year	217,235,577
1,077,679,247	Total	860,443,670
		860,443,670

Schedule 'L' - Revenue from Operations

For the Year Ended		For the Year Ended
31.03.2021		31.03.2022
Amount (Rs.)		Amount (Rs.)
42,797	Interest Income on Loans & Advances	720,452
0	Amount received out of bad debits written off	6,442,004
0	Profit on Sale of Shares	302,194,320
42,797	Total	309,356,776
		309,356,776



Schedule 'M' - Other Income

For the year ended 31.03.2021 Amount (Rs.)		For the year ended 31.03.2022 Amount (Rs.)
219,561	Miscellaneous Income	5,756
0	Interest Income on :	
	Income Tax Refunds	280,740
15,445	Staff Advances	1,351
2,215,505	Deposits with Banks	10,717,686
3,100,000	Dividend on Investments	295,866
30,571,896	Rental Income	32,711,925
<u>36,122,407</u>	Total	<u>44,013,324</u>

Schedule 'N' - Other Financial & Misc. Expenses

For the year ended 31.03.2021 Amount (Rs.)		For the year ended 31.03.2022 Amount (Rs.)
21,570	Bank Charges	21,957
2,360	Demat Charges	7,094
0	Brokerage & Underwriting Commission	2,100,540
0	Delisting Charges	100,000
354,000	Stock Exchange Fee	354,000
<u>377,930</u>	Total	<u>2,583,591</u>

Schedule 'O' - Employees Benefit Expenses

For the year ended 31.03.2021 Amount (Rs.)		For the year ended 31.03.2022 Amount (Rs.)
27,418,032	Salaries & Allowances : Other Staff	23,670,750
3,358,072	Payment to Security Agency (Outsourcing Staff)	3,405,041
2,117,348	Contribution to Staff Provident Fund	2,037,064
62,764	Provisioning- Gratuity / Leave Encashment	1,095,128
0	Gratuity/Leave Encashment Premium	13,096
0	Gratuity Payment	3,212,109
0	Provisioning - Leave Salary	794,385
0	Leave Travelling Concession	1,100,814
1,244,526	Medical Expenses	2,103,314
29,439	Staff Welfare	106,598
51,184	Provisioning - Compassionate Assistance	0
4,044,305	Pension	4,463,933
160,690	EDLI Premium	19,275
149,799	Administrative Expenses on Provident Fund	106,770
942,912	Retiral dues to dismissed employees	0
<u>39,579,071</u>	Total	<u>42,128,277</u>



Schedule 'P' - Administrative Expenses

For the year ended 31.03.2021 Amount (Rs.)		For the year ended 31.03.2022 Amount (Rs.)
	Travelling and other Expenses :	
180,376	a) Staff & Others	108,851
3,420	b) Statutory Auditors	0
0	Directors' Meetings Expenses	108,851
313,968	Rent, Taxes, Insurance, Electricity etc.	9,210
194,458	Postage, Telegram & Telephone	255,376
172,051	Printing & Stationery	290,008
49,476	Computer Expenses	362,735
30,183	Publicity & Business Promotion	39,036
98,585	Repairs and Renewals - Office Equipments	160,688
222,783	Repairs and Maintenance - Staff Cars	107,007
705,981	Legal Charges	240,153
16,844	Books & News Papers	613,495
113,650	Professional Charges	18,054
33,014	Property and Fire tax	1,032,785
45,000	Audit Fee	393,393
13,556	Entertainment	50,000
0	Other Expenses - Service Tax/VAT	18,962
3,411,026	Security Charges (Guards at units under possession)	104,296
5,604,371	Total	7,089,636



Schedule - 'Q'

Notes on Accounts

A Significant Accounting Policies

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

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

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

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

4 The Corporation introduced new settlement policies namely, "The Policy for Compromise Settlement of Chronic Non-Performing Assets (Doubtful Loan Accounts) of Haryana Financial Corporation - 2021" and "The Policy for Compromise Settlement of Loss Accounts of Haryana Financial Corporation - 2021" in the financial year 2021- 22 which were valid upto 31.03.2022 to reduce NPAs/written off portfolios.

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

5 Retirement Benefits

i) Gratuity to staff is covered under the Group Gratuity Scheme of Life Insurance Corporation of India. The Corporation deposited the entire payable amount as per actuarial valuation of Life Insurance Corporation of India (LIC). so nothing is payable at the end of the year.

Leave Encashment to staff is covered under the Group Leave Encashment Scheme of Life Insurance Corporation of India. The Corporation deposited the outstanding amount payable as per actuarial valuation of Life Insurance Corporation of India (LIC). The fund size of Leave Encashment Policy with LIC is Rs.1,46,40,954 shown in Schedule 'J' - Other Current Assets. Total Provision against Leave Encashment at the end of year is Rs.1,46,40,954 shown in Schedule 'C' - Other Current Liability.

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

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

During the year, the Corporation has booked a sum of Rs.10.95 lakh as expenditure towards provisioning of Leave Encashment/Gratuity .

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



6 Asset Classification and Provisioning

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

Standard Assets

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

Non-Performing Assets

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

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

iii) During the year the Corporation has written off the entire outstanding amount in respect of Equipment Leasing and Vehicle Leasing cases, where 100% provisioning was provided in the earlier years and the provision already made has been shown as written back in the books of accounts.

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

7 Depreciation

Depreciation on fixed assets has been provided on written down value method at the rates prescribed under provisions of Income Tax Rules 1962.

B. Contingent liabilities

- 1 Liability in respect of units disposed off but in dispute - amount indeterminate.
2. The contingent liabilities in respect of claims lodged against the Corporation by ex-employees/pensioners (7 cases) are to the extent of Rs.4.42 crore (approx.) not acknowledged. In addition to above there are 20 court cases / appeals filed by the employees / ex-employees / pensioners against which amount is indeterminate.
Further, there is contingent liability amounting to Rs.123.49 lakh in respect of claims lodged by Loanees/Auction purchasers. The corporation is generally unable to reasonably estimate possible loss for proceedings or disputes other than estimated, including where parties have not claimed an amount of damages. There is uncertainty as to the outcome of pending appeals or legal cases pending at any stage..



A sum of Rs.224.08 lakh Shown in Other Assets Schedule 'J' – Other Current Assets' deposited with Income Tax Department against demand for Financial Years 1980-81 to 1982-83 and the Corporation has filed appeals before Hon'ble High Court against the orders of Income Tax department. Since the matter is sub-judice, no provision against this amount has been provided in the books of accounts.

- 3 The Sales Tax assessments for the financial years 2004-05, 2005-06 & 2006-07 have been completed by the Assessing Authority, Panchkula & Sales Tax/VAT liability for these financial years was assessed at Rs. 64.40 lakh. The Corporation filed appeals before Hon'ble Pb & Haryana High Court against the orders of ITAT and a sum of Rs.5.00 lakh was deposited on 30.03.2011 as token amount against the demand and shown in Other Current Assets Schedule –'J'. The appeals have been decided in favour of the Corporation vide orders dt.05.05.2022. The matter is being followed up for the refund of token amount.

The sale tax assessment for the financial year 2007-08 was also completed and an additional demand of Rs. 60.01 lakh was raised. The Corporation filed appeal before the Court of Jt. ETC(A), Ambala against the above demand. The case was remanded back to Assessing Authority, Panchkula for fresh decision vide orders dt.19.03.2013 of appellate authority. The fresh decision of sale tax department is still awaited. A sum of Rs.1.04 lakh deposited towards additional Sale Tax demand (FY 2008-09) shown in Other Current Assets has been provided as Sale Tax during the year. Sale Tax number was surrendered on 05.12.2014 and the sale tax returns were filed till FY 2014-15 and no assessment is pending.

4. The Corporation auctioned mortgaged property in case of M/s S.K.Wood Products, Yamuna Nagar at a price of Rs.56.00 lakh. The auction purchaser deposited an amount of Rs.16.00 lakh and failed to deposit the remaining amount. The Corporation forfeited the amount of Rs.16.00 lakh. Auction purchaser filed a case against the Corporation and the same was decided against the Corporation. An appeal with the Higher Court has been filed by the Corporation. The case is yet to be decided.

- C. The Corporation decided to transfer its Corporate Office Building at Sector 6, Panchkula to HSIIDC at sale consideration of Rs. 27.51 crore. The Corporation received advance of Rs. 22.24 crore upto 31.03.2022. The balance amount is still receivable from HSIIDC. The building will be transferred to HSIIDC after receipt of balance payment.

The Corporation has recommended to the State Government for its winding up/ liquidation u/s 45 of SFCs Act 1951. The State Government has appointed Managing Director HSIIDC as Nodal Officer for completing the formalities of winding up.

The Board of Directors of the Corporation in its meeting held on 22.07.2019 constituted a Committee under the chairmanship of the Director of Industries & Commerce, Haryana to give its recommendations regarding steps/ modalities regarding winding up of the Corporation considering legal/ financial aspect and to give detailed modalities/ steps for liquidating all the assets (including loan assets) and liabilities (including court cases) of the Corporation. A total of three meetings of the Committee were held on 17.09.2019, 26.09.2019 & 14.10.2019.

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

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

No meeting of the newly constituted Winding Up Committee has been held till 31st March, 2022.



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

Further, the State Government has submitted a revised application dated 18.04.2022 and justification for exemption vide letter dated 19.07.2022 to SEBI in response to its email dt.02.03.2022 and 01.06.2022 respectively.

- D.** No amount towards deferred tax asset / liability is outstanding in the books of accounts of the Corporation. The Corporation has stopped fresh sanctions since May, 2010. In such circumstances it is not feasible to create any deferred tax asset/liability for the current financial year. The Corporation has recommended to the State Government for its winding up/ liquidation u/s 45 of SFCs Act 1951 and their decision is awaited.
- E.** The value of primary and collateral securities of all the Loan & Advances as on the date of the balance sheet is not re-assessed. However, adequate provision against non-performing assets (NPAs) has been made in the books of accounts as on 31.03.2022 as per the provisioning norms of SIDBI.
- F.** Loans and Advances are categorised on the basis of guidelines received from SIDBI as standard, sub-standard, doubtful and loss assets and provisioning has been made as under: (Rs. in Lakh)

Assets Classification	Current Year		Previous Year		Change in provision over the previous year
	Loans outstanding	Provision	Loans outstanding	Provision	
Standard Loan Assets : Including Upgraded A/c and Restructured A/c	0.00	0.00	0.00	0.00	0.00
Non-Performing Loan Assets					
Sub Standard Assets Upto 6 Months	0.00	0.00	0.00	0.00	0.00
NPA 6 Months to 1 year	0.00	0.00	0.00	0.00	0.00
Doubtful Assets I	0.00	0.00	0.00	0.00	0.00
II	0.00	0.00	0.00	0.00	0.00
III (Including Adhoc Limit)	656.31	656.31	648.72	648.72	7.59
Loss Assets	62.20	62.20	62.20	62.20	0.00
Claims Recoverable	--	10.92	--	10.66	0.26
Total	718.51	729.43	710.92	721.58	7.85

Provisioning of Rs.7.59 lakh has been made against Non-performing/Loss loan assets and Rs.0.26 lakh against Claims Recoverable has been provided during the year and shown in Schedule 'D'- Provisions (Rs. in Lakh)

Leasing Portfolio	Current Year		Previous Year	
	Amount	Provision	Amount	Provision
Equipment Leasing	0.00	0.00	420.30	420.30
Vehicle Leasing	0.00	0.00	51.27	51.27
Total	0.00	0.00	471.57	471.57

During the year, the Corporation has written off the leasing assets amounting to Rs.471.57 lakh against which 100 per cent provision of the portfolio already made has been written back



- G.** As per guidelines issued by SIDBI, provision towards diminution in the value of investments in respect of listed & Un-listed shares is required to be made which is to the extent of Rs.421.01 lakh upto 31.03.2022 which has been shown in Schedule 'D'- Provisions. During the year, the Corporation has disinvested its equity with M/s GRM Overseas Ltd., Panipat (1,24,000 shares) and earned a profit of Rs.3021.94 lakh and shown in Schedule – 'L' - Revenue from Operations.
- H.** The State Government has appointed Corporation as agent for disbursement of its various subsidies, seed money and agency loans. Unutilized amount of Rs. 26.48 lakh against various subsidies and balance amount of Seed Money Agency/ RIS amounting to Rs.87.31 lakh has been shown under the sub head "(b) (1) & (2) State Govt. Funds (As an Agency)" of Schedule 'C' – Other Current Liabilities.
- I.** Sundry Deposits under Schedule 'C' – Other Current Liabilities amounting to Rs.1197.69 lakh includes a sum of Rs.1066.10 lakh in case of M/s Surendera Enterprises Pvt. Ltd., Rewari a joint financing case with Haryana State Industrial and Infrastructure Development Corporation Ltd. (HSIIDC). The unit was auctioned for Rs.1095 lakh on 14.6.2012 to M/s Balaji Enterprises (AP) on deferred payment basis. Out of sale amount of Rs.1095 lakh, down payment of Rs.273.75 lakh i.e. 25% received from auction purchaser (AP) and a new loan account of Rs. 821.25 lakh (75% of auction price) in the name of the AP under the head Loans and Advances was opened. The AP paid a sum of Rs.678.20 lakh (including interest and down payment) to the Corporation and defaulted in further repayment. Corporation repossessed the unit and decided to forfeit the above amount. Against the above action of the Corporation, the AP filed a suit against the Corporation in the Court of Civil Judge (JD), Rewari. The AP also raised the issue of shortage of land area. The suit of the AP was dismissed vide orders dt. 04.07.2018. Now as per orders dt. 18.08.2021 of Hon'ble Supreme Court of India, the case titled Balaji Enterprises V/s HFC has been restored to its original number in Distt. Court Rewari and is pending. Keeping in view the above circumstances, the proper accounting entries are yet to be passed and amount is still kept in Sundry Deposit A/c. Further, out of Rs.1095 lakh, a sum of Rs.28.90 lakh was paid to HSIIDC being a joint financing case and the balance amount of Rs.1066.10 lakh is kept in sundry.
- J.** Earnest Money amounting to Rs.1,00,50,000/- shown under Schedule 'C' – Other Current Liabilities being the amount of earnest money received in e- auction of primary security held on 14.11.2019 in case of M/s Devi Dayal Castings Pvt. Ltd., Gurgaon. Principal and Misc. expenses outstanding in this case have been prudentially written off in financial year 2014-15 with retaining the Recovery rights. The borrower has filed a contempt petition in the Hon'ble Supreme Court and also a stay application against e-auction. Vide orders dt.13.12.2019, the Hon'ble Supreme Court of India has directed the Corporation not to take any coercive steps and the matter is pending in Hon'ble Supreme Court.
- K.** Borrowers' Imprest amounting to Rs.35,79,546/- shown under Schedule 'C' – Other Current Liabilities is the amount received from the parties at the time adjustment of loan account for payment of pending bills (legal fee, security charges etc.) to be submitted by the respective agencies. The balance excess amount, if any after the adjustment of above expenses is refunded to the parties. In some cases, excess amounts were received / recovered through auction of properties over and above the outstanding loan amounts and were claimed by different parties (borrowers/auction purchasers etc.) and the matter goes to Court for decision, thus the amount is kept pending under this head till the decision of Court.
- L.** Claims Recoverable under Schedule 'J'- Other Current Assets amounting to Rs.45,01,773/-, it includes a sum of Rs.22,09,712/- recoverable in case of M/s S.K.Wood Products, Yamuna Nagar. In this case the collateral security was sold to Sh. S.K.Saini and Sh. Robin Saini (auction purchasers) for Rs. 24.30 lakh on 23.08.07 and credited to the loan account of the loanee. Later on Auction Purchasers filed writ petition in the Hon'ble Punjab & Haryana High Court, Chandigarh seeking relief that the property purchased by them had no access and the Corporation may provide the access to the auctioned land or refund the amount. The case was decided by Hon'ble Punjab & Haryana High Court, Chandigarh and the Hon'ble Court directed the Corporation to refund the amount along with interest. Accordingly the Corporation refunded a sum of Rs. 38,01,285/- including interest to the auction purchaser by debiting Claim Recoverable Account as the loan account of loanee M/s S.K.Wood Products has already been adjusted.



The Corporation again auctioned the above property at a price of Rs.56.00 lakh. The auction purchaser deposited an amount of Rs.16.00 lakh and failed to deposit the remaining amount, the received amount of Rs.16.00 lakh was forfeited and credited to claims recoverable account. Auction purchaser filed a case against the Corporation which has been decided in favour of auction purchaser. An appeal has been filed against the above orders before the Higher Court. Now the recoverable amount in the above case is Rs.22,09,712/- including Rs.8,427/- debited subsequently towards expenses.

Brief detail of Claims Recoverable is as under:

S.No.	Amt. (Rs.)	Particulars
1	2209712	As per detail given above in c/o S.K.Wood
2	1092064	Provision made shown in Schedule 'D' - Provisions.
3	241458	Recoverable from HSIIDC against resumption of Plots at Sonipat.
4	567010	Recoverable from HSIIDC against settlement in c/o Bruno sante
5	368162	A.Vashishta - PF amount (court case)
6	23367	Recoverable from M/s Reliance Bulk Drugs
Total	4501773	

Further, a sum of Rs.32,12,109/- was deposited with The Controlling Authority under payment of Gratuity Act on different dates (in the year 2012 to 2016) on account of gratuity in view of court orders in respect of nine retirees and shown as Claims Recoverable in the books of accounts. During the current financial year the Corporation has provided the aforesaid amount towards provision against Gratuity. The appeals filed by the Corporation in the higher court are yet to be decided.

M. The Corporation is maintaining Fixed Assets Purchase register where all items of fixed assets are entered with date, amount of purchase and its location. Mostly the fixed asset item is purchased on the request of the particular division/branch and after the purchase of the item, the same is under the control of that particular division/branch. As the purchases are of meager amount, no separate physical verification is being done by the Corporation.

HSIIDC allotted Plot No. 37 - 38 at Industrial Area, Sonapat to the Corporation in the year 1994 for Rs. 2.41 lakh. The Corporation paid the entire amount and shown in the books of accounts under the head Fixed Assets - Land. HSIIDC resumed the above plots and the Corporation requested HSIIDC to either restore the plots or refund the amount paid by the Corporation. During the year, the Corporation has reversed the entry already shown in the Land account and the amount has been shown in Claims Recoverable under Schedule 'J'- Other Current Assets.

N. A tentative provision of Income Tax amounting to Rs. 400.00 lakh on account of Capital Gains on disinvestment of equity shares has been made in the books of account.

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

		F.Y. 2021-22
		(Rs. in lakh)
1	Capital	
a)	CRAR %	66.51%
b)	The amount of subordinated debt raised and outstanding as Tier - II capital	---
c)	Risk Weighted Assets	
	i. On Balance Sheet items	19441.83
	ii. Off Balance Sheet	---



d) The Share holding pattern as on the date of the Balance Sheet	Amount	% age
i. Government of Haryana	20201.17	97.28
ii. SIDBI	432.65	2.08
iii. Commercial Banks, Insurance Cos. etc.	20.17	0.10
iv. Private Shareholders	111.82	0.54
Total	<u>20765.81</u>	<u>100.00</u>

2 Asset Quality and Credit Concentration

e) Amount of provision made during the year		
i. Provision for NPAs		7.84
ii. Provision for Investments		421.01
iii Provision for Leasing Assets (Leasing Assets written off and provision written back)		-471.57
Total		<u>-42.72</u>

3. Operating Results

f) Interest income as a percentage to average working funds	0.64 %
g) Non-interest income as a percentage to average working funds	18.59 %
h) Net Profit/(Loss) as a percentage to Average Working Funds	11.82 %
i) Net Profit/(Loss) per employee	Rs. 114.33 lakh

4. Earning per Share

(Amount in Rs.)

a) Profit/(Loss)after Tax			217,235,577
b) Weighted Average of Common Stock	No.	Period Outstanding (days)	Weighted Average
Shares outstanding as on 31.03.2022	207658100	365	207658100
Profit/(Loss) Per Share (a/b)			1.05

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

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


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


Pujja Vasudeva
Company Secretary


Vandana Jindal
Dy. General Manager


Vikas Gupta, IAS
Managing Director




Vaibhav Garg

Vaibhav Garg
FCA (Partner)
Membership No. 515718
Firm Regd. No. 06573N

Place : Chandigarh

Dated : 27th September, 2022

Annexure to Schedule - 'F' & 'H'



Statement Showing Particulars of Investments in shares as on 31st March, 2022

(Amount in Rs.)

S.No.	Name of the Company	Face value	Cost per Share	Value per Share	No. of Shares	Cost	Value	
----- as on 31.3.2022 -----								
(I) Non-current Investments								
1.	Haryana Power Generation Corp. Ltd.	1000.00	1000.00	1000.00	1450000	1450000000	1450000000	
(II) Current Investments : Un-quoted								
i) Listed : Ordinary - Fully Paid Up								
1.	Global Inds. Ltd., Gurgaon	10.00	10.00		300000	3000000	1	
2.	Green Mark Infra Ltd. (Formerly Jivan Flora Ltd., Gurgaon)	10.00	12.00		146600	1759200	1	
3.	Veer Vardhman Inds., Panipat	10.00	10.00		250000	2500000	1	
4.	Indo Britain Agro Farms Ltd.	10.00	10.00		180300	1803000	1	
5.	Aravali Pipes Ltd., Hisar	10.00	15.00		205000	3075000	1	
6.	Doon Valley Rice Mills, Karnal	10.00	30.00		100000	3000000	1	
7.	Pam Raffia Ltd., Panchkula	10.00	10.00		10406	104060	1	
8.	Swet Chem Antibiotic Ltd., Karnal	10.00	10.00		44800	448000	1	
9.	UMA Fabrics Ltd., Gurgaon	10.00	10.00		350000	3500000	1	
10.	Shiva Suitex Ltd., Gurgaon	10.00	10.00		500000	5000000	1	
11.	Bharat Polyfab Ltd., Rewari	10.00	12.50		500000	6250000	1	
	Total (i)				2587106	30439260	11	
ii) Unlisted : Ordinary - Fully Paid Up								
1.	INA Polyester Buttons Ltd., Faridabad	10.00	10.00		200000	2000000	1	
2.	Apex Multitech Ltd., Panchkula	10.00	10.00		200000	2000000	1	
3.	Nitika Cements Ltd., Panchkula	10.00	14.00		214280	2999920	1	
4.	INA Polyester Buttons Ltd., Faridabad	10.00	10.00		200000	2000000	1	
5.	Apex Multitech Ltd., Panchkula	10.00	15.00		375000	5625000	1	
6.	Hardicon	100.00	100.00	3804.00	800	80000	3043200	
	Total (ii)				1190080	14704920	3043205	
	Total (II) (Un-quoted investments (i + ii))				3777186	45144180	3043216	
III) Total Current Investments (Quoted + Unquoted)						3777186	45144180	3043216
Total Investments (I + II + III)						5227186	1495144180	1453043216
						COST	1495144180	
						VALUE	1453043216	
						DIMINUTION	42100964	

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

HARYANA FINANCIAL CORPORATION, CHANDIGARH
CASH FLOW STATEMENT FOR THE PERIOD FROM 01.04.21 TO 31.03.22



Amount (Rs.)


	FY 2021-22	FY 2020-21
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before income tax & provisioning	252,967,085	(14,165,220)
Add :		
Depreciation	1,444,733	1,601,614
Bad debts written off	47,156,778	3,167,438
Increase/(decrease) in Current Liabilities		
Gratuity	(2,628,225)	(59,240)
Leave	(1,474,586)	122,004
Compassionate Assistance	(215,070)	(143,384)
Earnest Money	(130,250)	(10,000,000)
Borrowers Imprest	103	(205,122)
Sundry Deposits	1,603,960	2,458,672
Stale Cheques	21,465	0
Tax payable	(19,017)	8,588
Provision against expenses payable	1,490,504	(1,825,788)
Seed Money Agency / RIS	135,971	0
Increase/(decrease) in Loans and Advances (Assets)	(759,060)	(1,028,327)
Increase/(decrease) in Current Assets		
Staff Advances	79,200	113,116
Advance Income Tax, TDS	(40,509,595)	(2,304,820)
Claim Recoverable	2,970,651	19,650
Interest Accrued but not due	(8,915,000)	227,978
Funds with LIC - Staff Leave Encashment	(2,182,795)	0
Sundry Advances	15,01	28,966
Less :		
Profit on Sale of Shares	302,194,320	0
Other Income :		
Rent	32,711,925	30,571,896
Dividend on investments	295,866	3,100,000
Misc. Income	5,756	219,561
Interest on deposits/staff advances & I.Tax refund	10,999,777	2,230,950
Net cash from operating Activities (A)	(95,169,291)	(58,106,282)



Amount (Rs.)

CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of fixed Assets	(70,300)	(48,210)
Sale of fixed assets and profit	241,458	38,000
Sale of Shares and Profit	304,674,320	0
Dividend on investments	295,866	3,100,000
Net cash from Investment Activities (B)	305,141,344	3,089,790
CASH FLOW FROM FINANCING/OTHER ACTIVITIES		
Rental Income	32,711,925	30,571,896
Misc. Income	5,756	219,561
Interest on deposits/staff advances & I.Tax refund	10,999,777	2,230,950
Net cash from Other Cash Flows (C)	43,717,458	33,022,407
Net cash flows (A+B+C)	253,689,511	(21,994,085)
Net increase/(decrease) in cash and cash equivalents	253,689,511	(21,994,085)
Cash and Cash equivalents at the beginning of the year	46,434,165	68,428,250
Cash and Cash equivalents at the end of the year	300,123,676	46,434,165


Puja Vasudeva
Company Secretary


Vandana Jindal
Dy. General Manager


Vikas Gupta, IAS
Managing Director

Place : Chandigarh

Dated : 27th September, 2022





Vaibhav Garg
FCA (Partner)

Membership No. 515718
Firm Regd. No. 06573N

UDIN : 22515718AVPVGK1156



**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 **55th**

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

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

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

Dated this _____ day of _____ 2022.

Affix Re 1/-
Revenue Stamp

Signature of Shareholder(s)

Specimen Signature of Proxy holder(s)

Folio No. _____

For Office use Only

No. of Shares

No. of Votes

Denoting Nos.

Class of Shareholders



**HARYANA FINANCIAL CORPORATION
CHANDIGARH**

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

Resolved that Shri _____

or failing him Shri _____

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

_____ Folio No. _____

to exercise voting rights and other powers on its behalf at the **55th Annual General Meeting** of the Shareholders of the Haryana Financial Corporation be held in the Committee Room of The Haryana State Cooperative Apex Bank Ltd. (HARCO Bank), 1st Floor, SCO 78-80, Bank Square, Sector 17B, Chandigarh at **11.30 a.m. on Friday, the 25th November, 2022** or at any adjournment thereof.

CHAIRMAN

CHAIRMAN'S CERTIFICATE

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

Company _____

held on _____ at _____

The undersigned was the Chairman of the said meeting.

Signature of the Chairman
(Rubber Stamp of the Company)

Specimen Signature of Authorised person(s)



HARYANA FINANCIAL CORPORATION CHANDIGARH

FORM FOR ATTENDANCE/IDENTIFICATION AND FOR DETERMINING THE VOTING RIGHTS OF SHAREHOLDERS (FOR 55th AGM for the FY 2021-2022)

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

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

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

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

Place _____

Date _____

Signature

Folio No.

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

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

BOOK - POST

To,

If undelivered, please return to :
HARYANA FINANCIAL CORPORATION
30 Bays Building (Ground Floor)
Sector 17- C, Chandigarh - 160 017
Ph. : 2702755-57, 2702568 Fax : 2721624,2702666