

48th
ANNUAL REPORT
2014 - 2015



Haryana Financial Corporation

BANKERS

PUNJAB NATIONAL BANK
Bank Square, Sector 17
Chandigarh-160017

ORIENTAL BANK OF COMMERCE
Bank Square, Sector 17
Chandigarh-160017

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

HDFC Bank
Industrial Area, Phase - 1
Chandigarh

STATUTORY AUDITORS

M/s R.P. MALLICK & ASSOCIATES,
Chartered Accountants,
H.No. 1442, Sector 44-B
Chandigarh

REGISTRAR & TRANSFER AGENTS

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

OFFICE

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

HARYANA FINANCIAL CORPORATION

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



Notice

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

- 1 To receive, consider and adopt the audited Balance Sheet as on 31st March, 2015 and the Profit and Loss Accounts of the Corporation for the year ended on that date together with Report of the Board of Directors on the working of the Corporation throughout the year and the Auditor's Report on the said Balance Sheet and Accounts.
- 2 To re-appoint M/s R.P.Mallick & Associates, Chartered Accountants of Chandigarh as the Statutory Auditors of the Corporation from the conclusion of the present Annual General Meeting till the conclusion of the next Annual General Meeting for conducting audit for the financial year 2015-16 at an audit fee of Rs.31,250/- plus applicable service tax and admissible TA/DA.
- 3 To appoint one Director nominated in the prescribed manner by the shareholders referred to in clause 4(3) (c) of SFCs Act 1951 (i.e. from Schedule Banks, Insurance Companies etc.) for a period of three years.
- 4 To elect one Director in the prescribed manner by the shareholders referred to in clause (d) of sub section 3 of section 4 of SFCs Act 1951 (i.e. from Public Shareholders) for a period of three years.

NOTES:

- i) The Register of Members and Share Transfer Books of the Corporation will remain closed from Wednesday 14th October, 2015 to Tuesday the 20th October, 2015 (both days inclusive).
- ii) Nomination papers for nomination/election as Directors by the shareholders (category 'c'&'d') in order to be effective must reach, complete in all respects (as per applicable format published in the Annual Report), at Head Office of the Corporation on a working day not less than 14 clear days before the date fixed for the meeting (i.e by 5th October, 2015).
- iii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Corporation. Proxies in order to be effective must be deposited (as per format published in the annual report) with the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.
- iv) The Institutional Shareholders i.e. SIDBI / Banks / Co-op Banks /Insurance Companies and Bodies Corporate/ Companies etc. in order to attend & vote at the meeting submit authorization (as per format published in the Annual Report) along with certified copies of resolutions appointing duly authorized representative. Authorizations in order to be effective must be deposited with the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.
- v) The Shareholders of the Corporation in its 47th Annual General Meeting held on 17.11.2014 appointed M/s R.P.Mallick & Associates, Chartered Accountants, Chandigarh as Statutory Auditors of the Corporation for the financial year 2014-15 u/s 37 (1) of SFCs Act, 1951 and they have conducted the audit for the year. As per RBI guidelines, an Auditor can be re-appointed upto four terms. The RBI vide their letter dated 13.5.2015 has confirmed their eligibility. The audit firm has also confirmed their eligibility and given their consent /declaration under the provisions of the Companies Act/RBI guidelines and accordingly the case is placed before the shareholders for their re-appointment.

By Order of the Board
for Haryana Financial Corporation

General Manager

Dated: 16th September, 2015

Place: Chandigarh



HARYANA FINANCIAL CORPORATION, CHANDIGARH

Directors on the Board of the Corporation as on 31.03.2015

(under section 10 of the SFCs Act, 1951)

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

HARYANA FINANCIAL CORPORATION CHANDIGARH



Directors' Report

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

Financial Results

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

(Rs. in crore)

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

Operational Highlights

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

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

Recovery of Dues

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

Resources Management

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

Share Capital from State Government

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

Refinance

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

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

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

Corporate Governance/ Management Discussion & Analysis Report

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

Listing

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

Audit

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

M/s R.P. Mallick & Associates, Chartered Accountants, Chandigarh are eligible for re-appointment for the FY 2015-16 i.e. for 3rd term. The RBI vide letter dated 13. 05. 2015 have confirmed their eligibility. Further as per RBI guidelines, M/s R.P. Mallick & Associates, Chartered Accountants, Chandigarh have also submitted the necessary declaration and other details to the effect that their appointment, if made, would be within the prescribed limits and they are not disqualified for such appointment within the meaning of provisions of Companies Act/RBI guidelines.

The item for re-appointment has been included in the notice for the AGM.

Audit By Comptroller & Auditor General of India

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

Cash flow Statement

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

Board of Directors

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

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

Acknowledgements

Your Directors take this opportunity to place on record its gratitude to State Government, Department of Industries, Small Industrial Development Bank of India (SIDBI) for their continuous co-operation and support in all the operational/ financial matters.

The Board wishes to take opportunity to thank the Banks and Shareholders for extending their support & co-operation.

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

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

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

For and on behalf of Board of Directors

Managing Director

Place : Chandigarh

CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION & ANALYSIS REPORT

Corporate Governance Report

1. Brief Statement

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

2. Board of Directors

2(a) Composition of Board

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

2(b) Board Meeting

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

334th Board Meeting dated 24.06.2014 (adjourned to 05.07.2014)

335th Board Meeting dated 29.09.2014

336th Board Meeting dated 30.12.2014

337th Board Meeting dated 25.03.2015

2(c) Fidelity & Secrecy

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

3. Audit Committee

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

3(A) Committee of Directors

The Committee of Directors of the Corporation was constituted / re-constituted by the Board in its 336th meeting held on 30.12.2014. The committee comprised Sh. Vineet Garg, IAS, Managing Director, Chairman of the Committee, Director nominated by SIDBI and Sh. Subhash Chander, Director both as Members (as on 31.03.2015). The Committee of Directors has been constituted u/c 41 of the Listing Agreement to approve / take on record the quarterly financial results of the Corporation.

4. Remuneration Committee

The Corporation has not constituted Remuneration Committee as the Non-Executive Directors are not entitled for any remuneration. The Managing Director of the Corporation is an IAS officer and is appointed by the State Government, Haryana and the remuneration payable is in accordance with the conditions prescribed by the State Government, Haryana. The other Directors are entitled to sitting fee (Rs 500 for attending Board & other meetings) besides TA/DA.

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

5. Shareholders/Investors Grievances Committee

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

6. General Body Meetings

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

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

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

7. Disclosures

a) Disclosures on materially significant related party transactions

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

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

Nil

8. Means of Communication

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

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

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

9. General Shareholders information

9.1 Annual General Meeting

- Date and Time
- Venue

20th October, 2015 at 12.45 P.M.

Head Office of the Corporation

9.2 Financial Calendar (Tentative)

(from 1st April to 31st March)

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

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

9.3 Book Closure date

14th to 20th October, 2015

9.4 Dividend payment date

(Not applicable)

No dividend has been recommended by the Board

9.5 Listing of Shares

Bombay Stock Exchange Ltd. (BSE)

9.6 Stock code/Script Code

530927

9.7 Stock Market Data

The shares are thinly traded.

The available quotes at BSE

Rs. 24.65 on 13.07.2011

9.8 Share price performance

Refer 9.7

9.9 Registrar & Transfer Agents

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

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

9.10 Share Transfer System

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

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