

**49th**  
**ANNUAL REPORT**  
**2015 - 2016**



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**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 : [rnd@hfcindia.org](mailto:rnd@hfcindia.org) , [contact@hfcindia.org](mailto:contact@hfcindia.org)  
Website : [www.hfcindia.org](http://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 49th Annual General Meeting of Shareholders of the Corporation will be held on Thursday, the 10th November, 2016 at 11.30 AM (I.S.T.) at Head Office of the Corporation i.e. Bays Nos. 17, 18 & 19, Sector 17-A, Opposite. L.I.C. Building, Chandigarh, to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2016 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 2016-17 at an audit fee of Rs.31,250/- plus applicable service tax and admissible TADA.
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 consider and approve the proposal/recommendation of the Board for windingup/liquidation of Haryana Financial Corporation u/s 45 of the State Financial Corporations Act, 1951 to the State Govt.

### NOTES:

- i) The Register of Members and Share Transfer Books of the Corporation will remain closed from Monday 7th November, 2016 to Thursday the 10th November, 2016 (both days inclusive).
- ii) Nomination papers for nomination/election as Directors by the shareholders (category 'c') 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 26th October, 2016).
- 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 48th Annual General Meeting held on 20.10.2015 appointed M/s R.P.Mallick & Associates, Chartered Accountants, Chandigarh as Statutory Auditors of the Corporation for the financial year 2015-16 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 17.5.2016 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.
- vi) The Corporation has since stopped fresh business/sanction of the loan since May, 2016. The Committee of the Board constituted by the Board to study pros and cons for winding up/merger of the Corporation held on 17.11.2011 considered various options for winding up/merger of HFC as suggested by the IFCI (Financial Consultant) and observed that winding up is the best option. The provision of liquidation of the Corporation has been given in section 45 of the SFCs Act, 1951 reproduced as under :-

"Liquidation of Financial Corporation - No provision of law relating to winding up of Companies or Corporation shall apply to the Financial Corporation and, the Financial Corporation shall not be placed in liquidation, save by order of the State Government and in such manner as it may direct".

The above section lays down that legal provisions relating to winding-up of companies and corporations shall not be applicable to the Financial Corporation. Similarly, the Financial Corporation will not be placed in liquidation except by order of the State Government in a matter indicated by the Government. In view of the same, the Board of the Corporation in its 340th meeting held on 30.12.2015 has decided that the State Govt. be requested to take further action for winding up of the Corporation in view of the provisions of the SFCs Act, 1951.

As regards the matters with financial liabilities of the Corporation, it is submitted that the Corporation has since repaid the Bonds/refinance to the banks/others. There is no outstanding loan against the Corporation. However, there is accumulated loss of Rs.105.22 crore as on 31.3.2016.

In view of the above, the matter is placed before the shareholders to consider and approve the recommendation of the Board for winding up/liquidation of Haryana Financial Corporation u/s 45 of the SFCs Act, 1951 to the State Govt.

By Order of the Board  
for Haryana Financial Corporation  
*R. Kumar*  
Deputy General Manager

Dated : 6th October, 2016  
Place : Chandigarh



# HARYANA FINANCIAL CORPORATION, CHANDIGARH

Directors on the Board of the Corporation as on 31.03.2016

(under section 10 of the SFCs Act, 1951)

1.	Sh. Rajesh Khullar, 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 w.e.f. 15.12.2015
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. w.e.f. 08.12.2014
3.	Smt. Sukriti Likhi, IAS Managing Director HAFED Panchkula,	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. 30.12.2014
4.	Smt. Kiran Lekha Walla, Finance Advisor, Haryana Bureau of Public Enterprises, Civil Secretariat, Haryana Chandigarh.	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. 30.12.2015
5.	Sh. Vibhor Swaroop, 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. w.e.f. 22.06.2015
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.) w.e.f. 17.11.2014
7.	Sh. Satish Kumar Dua, Circle Head, Circle Office, Punjab National, Bank, Sector 17 B, Chandigarh	Director	Nominated by PNB in terms of section 10(d) to represent shareholders in clause (c) of Sub-Section (3) of Section 4 of SFCs Act, 1951. (Banks, Insurance Cos. etc.) w.e.f. 20.10.2015
8.	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. w.e.f. 17.11.2014
9.	Sh. Sudhir Rajpal, 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. w.e.f. 14.12.2015

# HARYANA FINANCIAL CORPORATION CHANDIGARH



## Directors' Report

Your Directors present this 49th Annual Report together with the Audited statements of Accounts on the working of the Corporation for the year ended 31st March, 2016.

### Financial Results

During the financial year 2015-16 the Corporation has achieved the following working results :

( Rs. in crore)

		2015 - 16	2014 - 15
<b>A.</b>	<b>Income</b>		
	Income from operations/other income	6.46	6.97
	Profit on Sale of Assets	-	9.06
	Waiver of principal amount of Refinance	-	51.68
	<b>Total Revenue (A) :</b>	<b>6.46</b>	<b>67.71</b>
<b>B.</b>	<b>Expenditure</b>		
	Interest & Other Financial Expenses	0.10	0.43
	Employees Benefit	6.56	9.33
	Administrative Expenses	0.78	0.80
	Depreciation	0.39	0.42
	Bad Debts written off	0.04	50.84
	<b>Total Expenditure (B) :</b>	<b>7.87</b>	<b>61.82</b>
<b>C.</b>	<b>Profit / (Loss) before provisioning ( A - B )</b>	<b>(1.41)</b>	<b>05.89</b>
<b>D.</b>	<b>Add :</b>		
	: Provision against NPAs, leased assets & Investments written back	4.96	45.90
	: Prior period adjustment	0.00	0.04
	<b>Net Profit/(Loss) ( C + D )</b>	<b>3.55</b>	<b>51.83</b>

### 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 2015-16 ( Rs. In crore)
Sanction	0.00
Disbursement	0.00
Recovery	10.72



## **Recovery of Dues**

During the year, 'One Time Settlement Scheme' of the Corporation was also 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. 10.72 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**

As already mentioned in the last Director's Reports, the Corporation has since repaid the refinance under OTS to SIDBI. As on 31.03.2016, 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 SEBI (Listing Obligations & Disclosures Requirements) Regulations 2015 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, 2016 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 48th Annual General Meeting held on 20.10.2015 as per provisions of section 37 of State Financial Corporations' Act, 1951 appointed M/s R.P. Mallick & Associates, Chartered Accountants, Chandigarh (on the panel of the RBI) as Statutory Auditors for the financial year 2015-2016 (for 3rd 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 2016-17 i.e. for 4th term. The RBI vide their letter dated 17.05.2016 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 2014-15 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 2015-16 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 SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ending on 31.03.2016 is annexed with the Annual Accounts.

### **Board of Directors**

The list of the Board of Directors as on 31.03.2016 has separately been given in the Annual Report.

During the year under review, 4 meetings of Board of Directors have been held. The detail of the number of meeting of the Board held during the FY 2015-16 forms part of the report on Corporate Governance in terms of regulation 34(3) of SEBI (LODR) Regulations, 2015.

### **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 the 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. Sanjeev Kaushal, IAS and by the past Managing Director Sh. Vineet Garg, 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

## 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, 1956 is not applicable to the Corporation. Accordingly, as per regulations 15(2) (b) of SEBI (Listing Obligations and Disclosure 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. 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 their under.

### 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 31.03.2016 have been given in the Annual Report separately. The Board of Directors comprised nine 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), two Director of Banks /Insurance Companies nominated by LIC and PNB 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. There are two women directors on the Board of the Corporation in the list referred above.

#### 2(b) Board Meeting

During the year 2015-16 four meetings of the Board of Directors were held. The dates on which the Board Meetings were held are as follows :

- 338th Board Meeting dated 29.06.2015
- 339th Board Meeting dated 21.09.2015
- 340th Board Meeting dated 30.12.2015
- 341st Board Meeting dated 31.03.2016

#### 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 341st meeting held on 30.3.2016. The committee comprised of Smt. Kiran Lekha Walia, Finance Advisor, Chairman of the Audit Committee, Sh. Vibhor Swaroop, Director nominated by SIDBI and Sh. Subhash Chander, Director both as Members ( as on 31.03.2016 ). All the above Directors are non-executive. The scope of the audit committee is as per 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 in its 336th meeting held on 30.12.2014. The committee comprised Sh. Sudhir Rajpal, IAS, Managing Director, Chairman of the Committee, Director nominated by SIDBI and Sh. Subhash Chander, Director both as Members (as on 31.03.2016). 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 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 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.

### 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 31.03.2016, the committee comprised of Sh. Vibhor Swaroop, 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
2012-2013	46th AGM	At HO of the Corporation Bays Nos. 17,18 & 19, Sector 17 A, Chandigarh	18.12.2013	11.00A.M.
2013-2014	47th AGM	—DO—	17.11.2014	11.00 A.M.
2014-2015	48th AGM	—DO—	20.10.2015	12.45 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](http://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 10th November, 2016 at 11.30 A.M.
- Venue Head Office of the Corporation

### **9.2 Financial Calendar (Tentative)** (from 1st April to 31st March)

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

- 30th June, 2016 : by 15th Aug, 2016
- 30th Sept, 2016 : by 15th Nov, 2016
- 31st Dec, 2016 : by 15th Feb, 2017
- 31st March, 2017 : by 30th May, 2017

### **9.3 Book Closure date**

7th to 10th November, 2016

### **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 (as on 31.03.2016) consisted of the following members :

- |   |  |          |
|---|--|----------|
| 1 | Sh. Sudhir Rajpal, IAS<br>Managing Director  | Chairman |
| 2 | Sh. Rakesh Khurana<br>Deputy General Manager | Member   |
| 3 | Ms. Manisha Gupta<br>Asst. General Manager   | Member   |
| 4 | Ms. Vandana Jindal<br>Asst. General Manager  | Member   |
| 5 | Ms. Madhu<br>Asst. General Manager           | Member   |