

**51st
ANNUAL REPORT
2017 - 2018**



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

STATUTORY AUDITORS

M/s PARVEEN KAPOOR & ASSOCIATES,
Chartered Accountants,
SCO 59, 2nd Floor, Madhya Marg, Sector 26
Chandigarh

REGISTRAR & SHARE TRANSFER AGENTS

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

HEAD OFFICE

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

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



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 51st Annual General Meeting of Shareholders of the Corporation will be held on Tuesday, the 3rd September, 2019 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 17 B, Chandigarh-160017 to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2018 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 Parveen Kapoor & 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 2018-19 at an audit fee of Rs.45,000/- plus applicable GST and admissible TA/DA.

NOTES :

- i) The Register of Members and Share Transfer Books of the Corporation will remain closed from Friday 23rd August 2019 to Tuesday 3rd September 2019 (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) alongwith certified copies of resolutions appointing duly authorised 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 50th Annual General Meeting held on 02.07.2018 appointed M/s Parveen Kapoor & Associates, Chartered Accountants, Chandigarh as Statutory Auditors of the Corporation for the financial year 2017-18 u/s 37(1) of SFC's 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 08.03.2019 have confirmed the eligibility of the existing Audit Firm. The audit firm has also confirmed their eligibility and given 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

R. Khosla
General Manager

Dated : 30th July, 2019
Place : Chandigarh



HARYANA FINANCIAL CORPORATION, CHANDIGARH

Directors on the Board of the Corporation as on 31.03.2018

(under section 10 of the SFCs Act, 1951)

1.	Sh. Rajesh Khullar, IAS Principal Secretary to Hon'ble Chief Minister, Haryana, Chandigarh.	Chairman	Nominated as Director by the State Govt. in terms of Section 10(b) of SFCs Act 1951 & appointed as Chairman in terms of Section 15(1) of SFCs Act, 1951 w.e.f. 15.12.2018
2.	Sh. Sudhir Rajpal, 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. 12.04.2017
3.	Smt. Sukriti Likhi, IAS Kothi No. 44, Sector 24, 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. 30.12.2014, 336th BD Meeting
4.	Sh. Wazeer Singh Goyat, IAS Special Secretary Finance, 8th Floor, 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. 06.11. 2017, 345th BD Meeting
5.	Sh. Narendra Mohan Singh, DGM (L) Small Industries Development Bank of India, SCO 145-146, 2nd Floor, Sector 17-C, Chandigarh	Director	Nominated by SIDBI in terms of Section 10(c) of SFCs Act, 1951. w.e.f. 25.07.2016
6.	Sh. Sanjeev Kumar Bajaj; 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. 21.06.2017 for a period of 3 years
7.	Sh. S.K. Srivastava, 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. 10.11.2016 for a period of 3 years
8.	Sh. T.L. Satyaprakash, 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 21.03.2018

HARYANA FINANCIAL CORPORATION CHANDIGARH



Directors' Report

The Board of Directors, Haryana Financial Corporation has pleasure in presenting this 51st Annual Report on working of the Corporation together with the Audited statements of Accounts for the year ended 31st March, 2018.

Financial Results

During the financial year 2017-18 the Corporation has achieved the following working results :
(Rs. in crore)

		2017 - 18	2016 - 17
A.	Income		
	Income from operations/other income	4.74	6.68
B.	Expenditure		
	Interest & Other Financial Expenses	0.10	0.06
	Personnel Expenses	7.47*	5.65
	Administrative Expenses	0.67	1.37
	Depreciation	0.32	0.35
	Bad Debts written off	0.00	0.02
	Total Expenditure	8.56	7.46
C.	Operating Profit / (Loss) (A - B)	(3.82)	(0.78)
D.	Add : Prior Period Expenditure Adjustment/ Provision against NPAs, Loan Assets & investments written back	(0.63)	(3.06)
	Net Profit / (Loss) (C - D)	(4.45)	(3.84)

* The personnel expenses of Rs. 7.47 crore includes Rs. 1.28 crore on account of implementation of 7th Pay Commission.

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 i.e recovery of its dues during the year are given as under :

(Rs. in crore)

	Performance for the Year 2017-18
Sanction	0.00
Disbursement	0.00
Recovery	2.80



Recovery of Dues

The amount fallen due during the year was Rs. 120.15 lakh, out of which the Corporation recovered Rs. 119.94 lakh i.e. more than 99%. The Corporation also recovered Rs. 1.07 lakh from previous over due which is about 25% of the previous over due. As per requirements of the borrowers, the 'One Time Settlement Schemes' of the Corporation were also extended during the year to make recovery under the NPA cases. The Corporation made efforts to contact the borrowers and pursued them to come forward under the above settlement schemes to settle their cases. During the year, the Corporation was successful to settle 10 accounts. The Corporation also made the recovery out of u/s 29 cases, RC cases, suit filed cases and out of lease finance cases. Due to above measures, the Corporation made recovery of Rs. 2.80 Crore.

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. The details of the sources are discussed in the subsequent paras.

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 & 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, 2018 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 of Rs. 2.50 lakh plus service tax to the Stock Exchange (BSE) within time.

Audit

The shareholders in its 50th Annual General Meeting held on 02.07.2018 as per provisions of section 37 of State Financial Corporations' Act, 1951 appointed M/s Parveen Kapoor & Associates, Chartered Accountants, Chandigarh (on the panel of the RBI) as Statutory Auditors for the financial year 2017-2018 (for 1st term) who have conducted the audit of the Corporation.

As per RBI guidelines, in the normal course, an audit firm may continue for a term of 4 years in one spell. The re-appointment of the existing statutory auditors M/s Parveen Kapoor & Associates, Chartered Accountants, Chandigarh (on the panel of the RBI) as Statutory Auditors for F.Y. 2018-19 is subject to confirmation of the same by the RBI. Accordingly, the RBI vide their letter dated 08.03.2019 have confirmed the eligibility of the Statutory Auditors for F.Y. 2018-19.

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 2016-17 and their report has been placed before the State Legislature as per provisions of State Financial Corporations Act, 1951. The audit of the accounts of the Corporation for the F.Y. 2017-18 has also been conducted by the Comptroller & Auditor General of India and their report has been received and the same will be placed before State Legislature.



Cash flow Statement

In conformity with the provisions of SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ended on 31.03.2018 is annexed with the Annual Accounts.

Board of Directors

The list of the Board of Directors as on 31.03.2018 has separately been given in the Annual Report.

During the year under review, 2 meetings of Board of Directors have been held. The detail of the number of meeting of the Board held during the FY 2017-18 forms part of the report on Corporate Governance in terms of regulation 34(3) of SEBI (LODR) Regulations, 2015.

Position of Winding Up/Liquidation of Corporation

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

Acknowledgements

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

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

The Board of Directors placed on record its appreciation of the contribution made by past Managing Directors Dr. Raja Sekhar Vundru, 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

Date : 30.07.2019

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, 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 prescribed 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 prescribed the **composition of Board of Directors** of the Corporation. The details of the Directors of the Corporation as on 31.03.2018 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 Government u/s 10(b) will be nominated as Chairman of the Corporation. Further as per provisions of section 17 read with section 10(f) of the SFCs Act, 1951, the State Govt. will appoint the Managing Director of the Corporation. As per the above provisions the State Govt. has nominated two Directors. SIDBI has nominated one Director against the provision of two Directors. The banks/insurance companies have nominated two Directors as per provision. There are two directors (elected) by the shareholders u/s 10(e) of the SFCs Act, 1951. The Board has also co-opted two Directors as per provision in the SFCs Act, 1951. Except Managing Director all other Directors are non-executive. The Chairman is also a Non-Executive Director. There was one woman director (as on 31.03.2018) 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 2017-18 two meetings of the Board of Directors were held. The dates on which the Board Meetings were held are as follows :

344th Board Meeting dated 21.06.2017

345th Board Meeting dated 06.11.2017



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 Special Secretary Finance, Finance Department, Chairman of the Audit Committee (as on 31.03.2018), Director nominated by SIDBI u/s 10(c), two Directors nominated/elected by banks / LIC (shareholders mentioned in clause (c) of sub-section (3) of section 4 read with section 10(d) of the State Financial Corporations Act, 1951). All the above Directors are non executive. 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 Managing Director, Chairman of the Committee, Director nominated by SIDBI u/s 10(c), two Directors nominated / elected by banks / LIC (shareholders mentioned in clause(c) of sub-section (3) of section 4 read with section 10(d) of the State Financial Corporations Act, 1951). All the above Directors (except Managing Director) are non-executive directors. 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/HCS 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

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 and independent Directors.

6. General Body Meetings

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

Year	AGM	Location	Date	Time
2014-2015	48th AGM	HO of the Corporation	20.10.2015	12.45 P.M.
2015-2016	49th AGM	—DO—	10.11.2016	11.30 A.M.
2016-2017	50th AGM	HARCO Bank, Sector 17B Chandigarh	02.07.2018	01.00 P.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, Manager 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 clarify 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 / AOSM / 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 Bhaskar (Hindi Edition), Chandigarh.

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

The Annual Report containing 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 | 03.09.2019 at 11.30 A.M. |
| - 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, 2019 | : | by 15th Aug, 2019 |
| - 30th Sept, 2019 | : | by 15th Nov, 2019 |
| - 31st Dec, 2019 | : | by 15th Feb, 2020 |
| - 31st March, 2020 | : | by 30th May, 2020 |

9.3 Book Closure date

23rd Aug., to 3rd September, 2019

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