

**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.