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50th

ANNUAL REPORT

&

ACCOUNTS

2016-17

HIMACHAL PRADESH FINANCIAL CORPORATION

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HIMACHAL PRADESH FINANCIAL CORPORATION
New Himrus Building, Circular Road,
Shimla-171001

NOTICE

In pursuance of Regulation 43 of the Himachal Pradesh Financial Corporation's General Regulations, it is hereby notified that the 49th Annual General Meeting of the Shareholders of the Himachal Pradesh Financial Corporation will be held in the Chamber of Chairperson (Chief Secretary to the Government of Himachal Pradesh) in H.P. Secretariat Shimla-171002 on Monday 31st July 2017 at 11.30 A.M. to transact the following business: -

“To discuss and if deemed fit, to adopt the annual accounts of the Corporation including the Profit and Loss account and the Balance Sheet for the year ending the 31st March 2017, together with a report of the Board of Directors on the working of the Corporation, the auditor's report(s) on the said balance sheet and accounts, proposal for declaration of dividend and capitalization of reserves”.

It is also notified that the share Register of the Corporation will remain closed and the registration of transfer of shares suspended from 29th June 2016 to 29th July 2017 (both days inclusive).

Note: -

1. The last date for deposit of proxies shall be 27th July, 2017.
2. The last date for deposit of certified copies of resolution appointing duly authorized representatives shall be 27th July, 2017.
3. The written order of the State Government authorizing any of its officers to act as its representative at the meeting to be deposited at the Head office of the Corporation on or before 31st July, 2017 by 11.30 A.M.

BY ORDER OF THE BOARD

MANAGING DIRECTOR

Himachal Pradesh Financial Corporation

HEAD OFFICE

New Himrus Building,
Circular Road,
Shimla-171001

Telephones : 2625109, 2624552, 2624765,
: 2620104, 2622526, 2624506, 2624642

EPABX : 2624642

Fax : 0177-2623027

E-Mail : hpfc-hp@nic.in

Website : <http://hpfc.nic.in>

Himachal Pradesh Financial Corporation
BOARD OF DIRECTORS (As on 31.03.2017)

- | | | |
|----|------------------------|---|
| 1. | Sh. V.C. Pharka | <i>Chairman</i>
Nominated by Small Industries Development Bank of India |
| 2. | Sh. R. D. Dhiman | Nominated by the Government of Himachal Pradesh |
| 3. | Sh. Balbir Singh | Nominated by Small Industries Development Bank of India |
| 4. | Sh. V.K. Dhar | Nominated by the Life Insurance Corporation of India |
| 5. | Sh. Vishesh Srivastava | Nominated by the Punjab National Bank |
| 6. | Dr. Arun Kumar Sharma | <i>Managing Director</i>
Appointed by the Government of Himachal Pradesh |

AUDITORS

M/s A. Singhi & Associates
Chartered Accountants
19, Ganj Road, Shimla-171001
Cell: +919218560010
9218660010
Ph.: #01772659788(O)
Ph.: #01776533105(R)
e-mail: amansinghiaca@yahoo.co.in

Himachal Pradesh Financial Corporation
PRINCIPAL OFFICERS

1. Shri V.P. Singh

Chief General Manager

2. Sh. Subhash Rana

General Manager

TEN YEARS				
Year ended on 31st March	2017	2016	2015	2014
During the year				
SANCTION				
(i) Term Loan	-----	-----	-----	-----
(ii) Soft Loan	-----	-----	-----	-----
DISBURSEMENT				
(i) Term Loan	-----	-----	-----	-----
(ii) Soft Loan	-----	-----	-----	-----
As at the end of the Year				
OPERATING INCOME				
(i) Interest	341.68	457.24	523.43	490.82
(ii) Other Income	1.40	6.00	9.06	46.06
	343.08	463.24	532.49	536.88
Cost Of Borrowings	756.74	1281.89	402.79	521.46
GROSS PROFIT (A)	(-) 413.66	(-) 818.65	129.70	15.42
OPERATING EXPENSES				
(i) Staff Cost (Salaries, P.F. & Gratuity)	182.11	198.78	227.06	367.57
(ii) Administrative & General expenses.	28.97	32.24	34.33	35.56
(iii) Bad Debts Written off	1.43	25.28	10.17	4.38
(B)	212.51	256.30	271.56	407.51
Net Profit/Loss before Tax (A-B)	(-) 626.17	(-) 1074.95	(-) 141.86	(-) 392.09
Add: Service Tax written off	0.00	0.00	0.90	-----
Profit after Tax	(-) 626.17	(-) 1074.95	(-) 142.76	(-) 392.09
(i) Appropriation to Reserves	----	----	----	----
(ii) Provision for Dividend	----	----	----	----
(iii) Repayment of subvention	----	----	----	----
(i) Share Capital	9957.11	9957.11	9957.11	9957.11
(ii) Reserves	497.46	497.46	497.46	497.46
(iii) Loans Outstanding	16468.82	16396.46	16823.73	16799.22
(iv) No. of Accounts	460	489	510	540
(v) Refinance Outstanding	2937.16	3052.16	3952.16	4827.16
(vi) Bonds Outstanding	1374.00	2410.00	3226.00	4512.00
(vii) No. of Offices	----	----	----	----
<i>Note-1: *Includes differential amount of gratuity of Rs. 153.14 lakh paid to retirees on account of enhancement of gratuity limit to</i>				

OF GROWTH						(Rs. In Lakhs)
2013	2012	2011	2010	2009	2008	
----- -----	----- -----	16.82 -----	3022.06 -----	3038.80 -----	1127.02 -----	
----- -----	140.00 -----	632.77 -----	2025.70 -----	1752.87 11.00	1515.31 0.80	
871.23 2.93	1255.32 2.37	1130.25 8.51	1762.55 11.13	1648.82 14.82	1821.82 90.05	
874.16	1257.69	1138.76	1773.68	1663.64	1911.87	
654.53	798.69	1515.92	1867.21	1592.86	1639.53	
219.63	459.00	(-)377.16	(-)93.53	70.78	272.34	
1146.06*	440.43	529.67	436.71	0.50	342.97	
30.60	33.05	62.69	68.24	54.76	75.35	
13.70	4.60	8.80	6.49	26.70	39.19	
1190.36	478.08	601.16	511.44	486.96	457.51	
(-) 970.73 -----	(-) 19.08 -----	(-)978.32 -----	(-)605.61 -----	(-)416.18 -----	(-)185.17 -----	
(-) 970.73	(-) 19.08	(-)978.32	(-)605.61	(-)416.18	(-)185.17	
----	----	----	----	----	----	
----	----	----	----	----	----	
----	----	----	----	----	----	
9957.11	9957.11	9957.11	9957.11	4857.11	2857.11	
497.46	497.46	497.46	497.46	497.46	497.46	
17941.53	19666.54	21997.18	24095.46	24028.72	25309.46	
574	639	691	730	785	880	
5627.16	6380.64	6930.64	8028.87	7610.27	8784.69	
5650.50	7735.00	8953.00	8958.50	9106.50	10132.00	
----	----	4	4	4	4	
<i>Rs 10 lakh, provision of Rs 367.05 lakh made toward group gratuity and provision of Rs 253.50 lakh made toward leave encashment</i>						

**BREAK-UP OF TERM LOAN
SANCTIONED**

As on 31st March 2017

FINANCIAL SUMMARY

(Rs. In lakhs)

INDUSTRY	Amount Sanctioned Rs. in lakhs	No. of Application	CAPITAL & RESERVES	
Cement Products	1023.14	53	Authorized Capital	15000.00
Chemicals	7938.04	371	Paid-up Capital	9957.11
Cold Storage & Ice Factory	178.06	27		
Electrical Appliances/Equipments.	5395.71	194	Reserves	497.46
Engineering Goods	2584.89	177		10454.57
Fertilizers	56.19	6		
Food Manufacturing	7565.08	368		
Hotels/Restaurants	10498.04	783	BORROWINGS	
Leather and Fur Products	682.23	59	Bonds	1374.00
Metal Products	7539.36	319	Small Industries	-----
Mineral, Mining & Stone Crushing	1727.66	188	Development Bank of India	2937.16
Petroleum & Coal	17.54	4	Reserve Bank of India	-----
Paper & Paper Products	3218.13	157	State Government	6834.24
Printing Presses	446.08	67	Other loans	29.82
Rubber & Rubber Products/plastic	5979.06	361		11175.22
Service Stations	208.01	66		
Textiles	3465.69	231	EARNINGS	
Transport Equipment	2264.56	151	Gross Income	343.08
Transport Operators	4654.67	2224	(i) Cost of Borrowings	756.74
Miscellaneous Units	5741.13	546	(ii) Administrative & General Expenses	211.08
			(iii) Bad Debts written off	1.43
			Net Profit/loss	(-) 626.17
			Provision for Taxation	-----
Total	71183.27	6352		

**REPORT OF THE BOARD OF DIRECTORS OF
HIMACHAL PRADESH FINANCIAL CORPORATION**
For the year ended 31st March, 2017
(Under Section 36 of the State Financial Corporations Act, 1951)

The Board of Directors of Himachal Pradesh Financial Corporation takes pleasure in presenting the 50th Annual Report on the working of the Corporation along with Audited Statement of Accounts for the year ended 31st March, 2017.

The Himachal Pradesh Financial Corporation has stopped fresh loan sanctions. The Corporation has so far disbursed total loans of Rs. 543.40 crores (consisting of term loans Rs 530.38 crores and soft loans of Rs. 13.02 crores) to 4521 borrowers in the State.

1 RECOVERIES

1.1 TOTAL RECOVERY POSITION FROM ALL CASES:

Loan recovery is the main constituent in the resource mix of the Corporation. The details of amount due and recovered from all cases during the financial year 2016-17 have been given in Table-1.

Table-1
Due and Recovery Position of Financial Year 2016-17

<i>Rupees in lakh</i>				
Sr No	Particulars	Principal	Interest	Total
1	Arrears at the beginning of the year	6658.80	8942.38	15601.18
2	Less: Amount rescheduled	0.00	0.00	0.00
3	Less: amount written off/ back	1.43	491.19	492.62
4	Net Arrears (1-2-3)	6657.37	8451.19	15108.56
5	Due during the year	430.57	1056.25	1486.82
6	Total Demand (4+5)	7087.94	9507.44	16595.38
7	Receipt: Out of Arrears	38.36	119.81	158.17
8	Receipt: Out of Current Demand	169.91	137.70	307.61
9	Total Receipt (7+8)	208.27	257.51	465.78
10	Arrears at the close of the year (6-9)	6879.67	9249.93	16129.60
11	Recovery %age of arrears (7/4)	0.58	1.42	1.05
12	Recovery %age of current demand (8/5)	39.46	13.04	20.69
13	Total recovery percentage (9/6)	2.94	2.71	2.81

During 2016-17, out of total demand of Rs 16,595.38 lakh (principal Rs 7,087.94 lakh and interest Rs 9,507.44 lakh), the Corporation effected recovery of Rs 465.78 lakh (2.81%) against recovery of Rs 1,195.97 lakh (7.12%) during the previous year and thus recorded 61.05% decline in recovery. At the close of the year, an amount of Rs 16129.60 lakh remained in arrear with the loanees.

1.2 RECOVERIES FROM OTHER THAN SUIT-FILED CASES (INCLUDING SOFT LOAN, SEED CAPITAL & SEMFEX)

The detail of amount due and recovered from other than suit-filed cases during the financial year 2016-17 has been presented in Table-2.

Table-2
Due and Recovery Position from other than Suit-filed Cases

<i>Rupees in lakh</i>				
Sr No	Particulars	Principal	Interest	Total
1	Arrears at the beginning of the year	1336.09	1962.90	3298.99
2	Add: Fresh RC cases	74.36	8.00	82.36
3	Less: amount written off/back	1.43	151.46	152.89
4	Less: Amount rescheduled	0.00	0.00	0.00
5	Net Arrears	1409.02	1819.44	3228.46
6	Due during the year	409.16	444.73	853.89
7	Total Demand (5+6)	1818.18	2264.17	4082.35
8	Total Receipt	110.79	162.11	272.90
9	Arrears at the close of the year	1707.39	2102.06	3809.45
10	Total recovery percentage (8/7)	6.09	7.16	6.68

During 2016-17, out of total demand of Rs.4,082.35 lakhs (principal Rs 1,818.18 lakhs and interest Rs 2,264.17 lakh), the Corporation effected recovery of Rs 272.90 lakhs (6.68%) against recovery of Rs 877.41 lakhs (21.00%) during the previous year and thus recorded 68.90% decline in recovery. At the close of the year, an amount of Rs 3809.45 lakhs remained in arrear with the loanees.

1.3 RECOVERIES FROM SUIT-FILED CASES (INCLUDING SOFT LOAN, SEED CAPITAL & SEMFEX)

The detail of amount due and recovered from suit-filed cases during the financial year 2016-17 has been depicted in Table-3.

Table-3
Due and Recovery Position from Suit-filed Cases

<i>Rupees in lakh</i>				
Sr No	Particulars	Principal	Interest	Total
1	Arrears at the beginning of the year	5322.71	6979.48	12302.19
2	Less: SF cases transferred to RC	74.36	8.00	82.36
3	Less: amount written off/back	0.00	339.73	339.73
4	Net Arrears	5248.35	6631.75	11880.10
5	Due during the year	21.41	611.52	632.93
6	Total Demand (4+5)	5269.76	7243.27	12513.03
7	Total Receipt	97.48	95.40	192.88
8	Arrears at the close of the year	5172.28	7147.87	12320.15
9	Total recovery percentage (7/6)	1.85	1.32	1.54

During 2016-17, out of total demand of Rs 12,513.03 lakhs (principal Rs 5,269.76 lakhs and interest Rs 7,243.27 lakhs), the Corporation effected recovery of Rs 192.88 lakhs (1.54%) against recovery of Rs 318.56 lakhs (2.52%) during the previous year and thus recorded 39.45% decline. At the close of the year, an amount of Rs 12320.15 lakhs remained blocked in suit filed cases.

1.4 RECOVERIES FROM SOFT LOAN/ SEED CAPITAL (SEMFEX CASES)

The details of amount due and recovered from soft loan/ seed capital (SEMFEX) cases during the financial year 2016-17 have been presented in Table-4.

Table-4
Due and Recovery Position from Soft Loan/ Seed Capital / Semfex Cases

<i>Rupees in lakh</i>				
Sr No	Particulars	Principal	Interest	Total
1	Arrears at the beginning of the year	143.46	64.80	208.26
2	Less: amount written back	0.00	5.52	5.52
3	Net Arrears	143.46	59.28	202.74
4	Due during the year	0.00	6.25	6.25
5	Total Demand (3+4)	143.46	65.53	208.99
6	Total Receipt	4.38	4.76	9.14
7	Arrears at the close of the year	139.08	60.77	199.85
8	Total recovery percentage (6/5)	3.05	7.26	4.37

During 2016-17, out of total demand of Rs 208.99 lakhs (principal Rs 143.46 lakhs and interest Rs 65.53 lakhs) in soft loan cases/ Seed capital cases, the Corporation effected recovery of Rs 9.14 lakhs (4.37%) against recovery of Rs 8.28 lakhs (3.82%) during the previous year. At the close of the year, an amount of Rs 199.85 lakhs remained overdue with the borrowers.

1.5 EXCLUSIVE REVENUE RECOVERY CASES (INCLUDING SOFT LOAN, SEED CAPITAL & SEMFEX)

The detail of amount due and recovered from Revenue Recovery Cases during the financial year 2016-17 has been given in Table-5.

Table-5
Due and Recovery Position from RC Cases

<i>Rupees in lakh</i>				
Sr No	Particulars	Principal	Interest	Total
1	Arrears at the beginning of the year	308.14	1451.41	1759.55
2	Add: Fresh RC Cases	74.36	8.00	82.36
3	Less: amount written back/ adjusted	1.43	151.46	152.89
4	Net Arrears	381.07	1307.95	1689.02
5	Due during the year	0.00	106.56	106.56
6	Total Demand (4+5)	381.07	1414.51	1795.58
7	Total Receipt	30.59	75.00	105.59
8	Arrears at the close of the year	350.48	1339.51	1689.99
9	Total recovery percentage (7/6)	8.03	5.30	5.88

During 2016-17, out of total demand of Rs 1,795.58 lakh (principal Rs 381.07 lakh and interest Rs 1414.51 lakh) in RC cases, the Corporation effected recovery of Rs 105.59 lakh (5.88%) against recovery of Rs 8.28 lakh (3.82%) during the previous year. At the close of the year, an amount of Rs 1,689.99 lakh remained overdue in RC cases. Besides above, the Corporation has also initiated simultaneous recovery action by issuing recovery certificate u/s 32-G of SFC Act in respect of litigation cases.

2. RESOURCES

2.1 SHARE CAPITAL

The Authorized Capital and Paid –up Capital of the Corporation remained at previous year’s level of Rs 15,000 lakh and Rs 2,857.11 lakh respectively. The share application money of Rs 7100.00 lakh received from the State Government in earlier years as pass through arrangement pertaining to HRTC is pending for allotment of shares as the HRTC has not so far allotted shares in favour of HPFC.

2.2 BONDS

During 2016-17, the Corporation did not raise any bond but redeemed bonds Rs 1036.00 lakh. At the close of the year, bonds amounting to Rs.1374 lakh remained outstanding.

2.3 REFINANCE/LOC

During 2016-17, the Corporation did not avail any refinance from SIDBI but paid Rs 115.00 lakh to SIDBI against earlier OTS and at the close of the year, an amount of Rs.110.00 lakh remained outstanding against OTS.

2.4 LOAN FROM BANK

During 2016-17, the Corporation did not raise any loan from any Bank, but paid an amount of Rs 85.00 lakh to Kangra Central Cooperative Bank Ltd. (KCCB) and at the close of the year, an amount of Rs 29.82 lakh remained outstanding including up to date interest.

3. FINANCIAL RESULTS

During 2016-17, the Corporation earned total revenue of Rs. 343.08 lakh (previous year Rs 463.24 lakh) and incurred revenue expenditure of Rs 969.25 lakh (previous year Rs 1538.19 lakh) and thus recorded business loss of Rs 626.17 lakh against business loss of Rs 1074.95 lakh in the previous year before provisioning. The business loss during this year amounting to Rs.525.26 lakh is primarily due to the provision of interest on loans given by the State Government to repay the government guaranteed bonds. Otherwise the business loss of the Corporation without State Government interest is Rs.100.91 lakh and net loss is of Rs.114.71 lakh after the provision of NPAs for Rs. 13.80 lakh. The loss is mainly because of stoppage of mandated lending activity of the Corporation by the State Government during August 2008 and continuous decline in loan assets base of the HPFC.

4. DIVIDEND

Due to loss incurred by the Corporation, no dividend has been declared. Past dividend liability amounting to Rs 1269.82 lakh would be met after receiving subvention from the State Government.

5 AUDIT AND INSPECTION

In pursuance of Section 37(i) of the State Financial Corporations Act, 1951, (as amended from time to time) the Reserve Bank of India recommended name of M/s A. Singhi & Associates, Chartered Accountants, Shimla for appointment of Statutory Auditors and their appointment was approved by the Shareholders of the Corporation in the Special General Meeting. The Internal Audit is being looked after by the Internal Audit Cell of the Corporation headed by SAS Officer of the State Government. The Accountant General Himachal Pradesh has also carried out the audit of the Corporation for the year 2015-16.

6 MANAGEMENT

6.1 BOARD OF DIRECTORS

The Corporation is managed by the Board of Directors, constituted under the provisions of the SFCs Act. During the year under report, the Board of Directors held four meetings. The changes took place in the composition of Board of Directors during the year is that Shri V.K. Dhar was nominated as Director on 28.06.2016 in place of Shri Gurmel Singh Parmar by LIC of India.

The Board places on record its appreciation of valuable services rendered by the outgoing Director Shri Gurmel Singh Parmar.

6.2 CHAIRMAN

Shri V.C. Pharka, IAS, Chief Secretary to the Government of Himachal Pradesh was nominated as Chairman of the Corporation in place of Shri P.Mitra, IAS with effect from 01.06.2016.

6.3 MANAGING DIRECTOR

Dr. Arun Kumar Sharma, IAS continued to be Managing Director of the Corporation during this year.

7. ACKNOWLEDGEMENT

The Board of Directors wishes to place on record thanks to the Government of Himachal Pradesh, Small Industries Development Bank of India, HPSIDC, HIMCON and Banks for support, cooperation, guidance and cordiality.

The Board also places on record appreciation for the hard work done by the Managing Director, Officers and Staff of the Corporation for achieving recovery target fixed by the Board.

For and on behalf of the Board of Directors

MANAGING DIRECTOR

STATEMENTS

LIST OF DIRECTORS ON THE BOARD OF HPFC AS ON 31.03.2017

Sr N o	Name of Director	Occupation & Address	By whom nominated/ elected	Date of nomination	Tenure
1.	Sh. V.C. Pharka, IAS	Chief Secretary to the Govt. of Himachal Pradesh Shimla-171002	Nominated as Director by the State Govt. & Chairman by the SIDBI.	23.06.2016 as Director and 31.05.2016 as Chairman	Director: -At the pleasure of State Govt. Chairman: 3 Years
2.	Sh. R.D. Dhiman, IAS	Principal Secretary (Inds) to the Govt. of Himachal Pradesh, Shimla-171002	State Govt.	18.09.2013	At the pleasure of State Government
3.	Sh. Balbir Singh	Dy. General Manager, Small Industries Development Bank of India, Ludhiana.	Small Industries Dev. Bank of India.	22.06.2015	At the pleasure of SIDBI
4.	Sh. V.K. Dhar	Sr. Divisional Manager, Life Insurance Corporation of India, Shimla-9	LIC of India	28.06.2016	At the pleasure of LIC
5.	Sh. Vishesh Shrivastava	Dy. General Manager, Circle Head, Punjab National Bank, Circle Office Shimla-171001	Punjab National Bank	26.06.2015	At the pleasure of Punjab National Bank
6.	Dr. Arun Kumar, IAS	Managing Director, HPFC, Shimla-171001	Appointed by the State Government	16.06.2015	At the pleasure of State Govt.

STATEMENT FOR PROFIT AND LOSS ACCOUNT FOR THREE YEARS ENDED ON 31ST MARCH 2017

(Rs. In lakhs)

Particulars	2015	2016	2017
I INCOME			
(a) Interest on Advances	438.47	392.10	256.18
(b) (i) Interest on investments and deposits	84.40	64.87	85.39
(ii) Interest on Government Securities	-	-	-
(iii) Interest on Bonds & Debentures			
(c) Interest on advances to Staff	0.56	0.27	0.10
(d) Interest on investment in shares of industrial concerns	-	-	-
(e) Guarantee Commission and Brokerage	-	-	-
(f) Underwriting commission	-	-	-
(g) Agency commission received from State Government	-	-	-
(i) Profit from sale of:			
(i) Acquired Assets	-	-	-
(ii) Other Assets	-	-	-
(h) Investigation Fees	-	-	-
(i) Commitment Charges	-	-	-
(k) Other Income			
(i) Miscellaneous Income	1.06	2.15	1.24
(ii) Processing Fee	8.00	-	-
(iii) Sale of Application Forms	-	-	-
(iv) Income Pertaining to Previous Years	-	3.85	0.17
TOTAL	532.49	463.24	343.08
II EXPENDITURE			
(a) Interest Paid on			
(i) Bonds & Debentures	319.70	243.89	164.28
(ii) State Govt. Loan	-	963.18	525.26
(iii) Borrowing from RBI	-	-	-
(iv) Staff Provident Fund	70.37	66.50	62.86
(v) Borrowing from notified Institution			
(a) SIDBI	-	-	-
(b) Others (Bank)	12.72	8.31	4.34
(b) Salary & Allowances including Provident and Medical Fund Contribution			
(i) Managing Director	0.15	15.60	25.40
(ii) Other Staff	226.32	179.58	156.61
(iii) Group Gratuity Exp. LIC (Provision)	0.00	0.00	0.00
(iv) Group Leave Encashment Exp. LIC (Provision)	0.00	2.99	0.00
(vi) Gratuity Paid to Retirees (Including Arrears on a/c of enhancement in the limit of gratuity.	0.00	0.00	0.00

(Rs. In lakhs)

Particulars	2015	2016	2017
(c) Fees & Traveling Allowances paid to Director & Committee Members	0.11	0.00	0.00
(d) Traveling and other Allowances			
(i) Managing Director	-	1.00	1.14
(ii) Other Staff	0.32	0.12	0.15
(e) Rent, Rate, Taxes, Insurance & Lighting	10.57	9.99	10.13
(f) Auditor's Fee	0.48	0.54	0.49
(g) Law & Professional Charges	0.16	0.59	0.40
(h) Loss on sale of investments	----	0.65	0.18
(i) Service Tax written off	-0.90	0.00	0.00
(j) Bad Debts & other losses written off	10.17	25.28	1.43
(k) Other Expenses	22.68	19.37	16.48
(l) Honorarium to Chairman	0.60	0.60	0.10
(l) Net Profit/ Loss	(-) 142.76	(-) 1074.95	(-) 626.17
TOTAL	532.49	(-) 463.24	(-) 343.08

APPROPRIATIONS

(a) Net profit/loss as above	(-) 142.76	(-) 1074.95	(-) 626.17
(b) Provision for Taxation for the year	----	-----	-----
(c) Amount Allocated to :			
(i) General Reserve	----	-----	-----
(ii) Special Reserve fund for purpose of section 36 (i) (viii) of Income Tax Act, 1961	----	-----	-----
(iii) Reserve for Bad & Doubtful Debts	----	-----	-----
(d) Amount appropriated for payment of guaranteed dividend			
(i) From Profit	----	-----	-----
(ii) From subvention received from State Government	----	-----	-----
(e) Amount to State Government in repayment of subvention received for payment of guaranteed dividend	----	-----	-----
(f) Provision for Non- Performing Assets	(-) 33.80	(-) 109.34	13.80
(g) Net Profit/Loss Carried to Balance Sheet	(-) 108.97	(-) 965.61	(-) 639.97

SOURCES AND USES OF FUNDS

Particulars	(Rs. In lakh)		
	2014-15 (Actuals)	2015-16 (Actuals)	2016-17 (Actuals)
I BUSINESS			
1 Effective Sanctions			
(i) Investments in Shares	-	-	-
(ii) Term Loan	(-)	(-)	(-)
(iii) Seed Capital/Soft Loan	-	-	-
Total	0.00	0.00	0.00
2 Disbursements			
(i) Term Loan	-	-	-
(ii) Seed Capital/Soft Loan	-	-	-
(iii) Central Govt. Subsidy/incentive	-	-	-
(iv) State Govt. Subsidy/incentive	-	-	-
(v) Investments	-	-	-
(vi) Others	-	-	-
Total	0.00	0.00	0.00
3 Repayments			
(i) SIDBI Refinance	875.00	900.00	115.00
(ii) Bonds	1286.00	816.00	1036.00
(iii) Deposits	-	-	-
(iv) RBI (Adhoc Bonds)	-	-	-
(v) Others	52.60	41.68	80.66
Total	2213.60	1757.68	1231.66
4 Revenue Payments			
(i) Interest	402.79	318.70	231.48
(ii) FringeBenefit Tax	-	-	-
(iii) Administrative Expenses	271.56	256.30	226.30
(iv) Income Tax	-	-	-
(v) Dividend	-	-	-
(vi) Others(Service Tax written off)	0.90	0.00	0.00
Total	675.25	575.00	457.78
5 CGF Claims paid to DICGC		-	-
6 Refund of Subvention		-	-
7 Other Cash Outgoings	167.72	16.87	127.80
8 Closing Cash and bank balances	936.11	966.04	1034.73
Grand Total	3992.68	3315.59	2851.97

Statement No. 3(Contd.)

		(Rs. In lakh)		
Particulars	2014-15 (Actuals)	2015-16 (Actuals)	2016-17 (Actuals)	
II RESOURCES				
9	Opening Cash and bank balance	1101.71	936.11	966.04
10	Increase in Capital	-	-	-
	(i) State Government	-	-	-
	(ii) IDBI/SIDBI	-	-	-
	Total	1101.71	936.11	966.04
11	Borrowings			
	(i) SIDBI Refinance	-	-	-
	(ii) Bonds	-	-	-
	(iii) Deposits	-	-	-
	(iv) RBI (Adhoc Bonds)	-	-	-
	(v) State Govt.	1653.00	1104.50	1305.74
	Total	1653.00	1104.50	1305.74
12	Reimbursement of Seed Capital/Subsidied and incentives			
	(i) SIDBI Seed Capital	-	-	-
	(ii) Central Govt. Subsidy/incentives	-	-	-
	(iii) State Govt. Subsidy/incentives	-	-	-
	Total	-	-	-
13	Recovery of term loans (Principal)	611.78	802.61	208.27
14	Revenue Receipts			
	(i) Interest	438.89	393.36	256.18
	(ii) Others	94.02	71.14	86.90
	Total	532.91	464.50	343.08
15	Income from Sale of investment			
	(i) Face -value	-	-	-
	(ii) Profit/Loss	-	-	-
16	Suvention received	-	-	-
17	Other cash inflow	93.28	7.87	28.84
	Grand Total	3992.68	3315.59	2851.97

**COMPARATIVE SUMMARISED BALANCE SHEET FOR THREE YEARS
ENDED ON 31ST MARCH**

Particulars	2015	2016	2017
(Rs. In lakh)			
ASSETS			
Cash in Hand and Bank Balance with Banks in Current /Fixed Accounts	936.11	966.04	1034.73
Investments			
(i) Government Securities			
(ii) In Share of industrial concerns			
(iii) Debentures/Shares etc (underwriting)	7100.60	7100.60	7100.60
(iv) Other	5.01	5.01	5.01
Loan and Advances	8274.30	7445.04	7218.88
Other Assets	129.87	112.44	106.92
Dividend Deficit Account	78.76	78.76	78.76
Net Loss as per Profit & Loss Account	14500.75	15466.36	16106.33
TOTAL	31025.40	31174.25	31651.23
LIABILITIES			
Capital and Reserves			
(i) Paid up Capital	9957.11	9957.11	9957.11
(ii) Reserves (out of which for Bad & Doubtful Debts)	497.46	497.46	497.46
Bonds and Debentures	3388.92	2536.21	1446.01
Borrowings			
(i) Reserve Bank of India			
(ii) SIDBI	3952.16	3052.16	2937.16
(iii) State Government	4424.00	5528.50	6834.24
(iv) Kangra Central Co-oprative Bank	152.17	110.48	29.82
Subvention from State Government	78.76	78.76	78.76
Provision for Non-Performing Advances	7303.17	7193.83	7207.63
Other Liabilites	1271.65	2219.74	2663.04
TOTAL	31025.40	31174.25	31651.23

**PARTY WISE DISTRIBUTION OF THE SHARES OF THE CORPORATION
AS ON 31 MARCH 2017**

(Rs. In Lakh)				
Particulars	No. of Share holders	No. of Share held	Share holding	%age to total Capital
<hr/>				
(i) State Government				
(a) Under Section 4(3) of State Financial Corporation Act, 1951	1	*9297787	9297.79	93.38
(b) Under Section 4(5) of State Financial Corporation Act, 1951				
(ii) Small Industries Development Bank of India	1	**654885	654.89	6.58
(iii) Other Financial Institutions				
(a) Nationalised Banks	1	2000	2.00	0.02
(b) Other Banks	1	125	0.12	0.00
(c) Co-operative Banks	1	5	0.00	0.00
(d) Life Insurance Corporation of India	1	1115	1.12	0.01
(e) Others	1	5	0.00	0.00
(iv) Private Share Holders	17	1185	1.19	0.01
<hr/>				
TOTAL	24	9957107	9957.11	100.00

*includes 1,62,000 special shares of Rs. 100/- Under Section 4A of the SFCs, Act 1951

** includes 1,12,000 special shares of Rs. 100/- Under Section 4A of the SFCs, Act 1951

**DETAILS OF BORROWINGS AND BONDS
AS ON 31ST MARCH 2017**

A. BORROWINGS

		(Rs. In lakh)		
Sources	Limit (2016-17)	Amount Availed	Outstanding As on 31.03.2017	
1	Reserve Bank of India	-	-	-
2	SIDBI	-	-	2937.16
3	State Government	-	-	6834.24
4	Others	-	-	29.82
TOTAL				9801.22

B. BONDS

Date of Issue	Amount issued	Interest %	Balance Amount	Maturity Date
10.08.2007 #	770.00	9.20	154.00	10.08.2018
08.04.2009 #	300.00	9.32	180.00	10.05.2019
17.08.2010 #	1600.00	8.74	1040.00	17.09.2020
TOTAL			1374.00	
# Non-SLR Bonds				

**PARTY WISE DISTRIBUTION OF BONDS AND DEBENTURES ISSUED
DURING LAST THREE YEARS AND BONDS REDEEMED DURING THE YEAR**

Particulars	(Rs. In lakhs)												
	2014-15			2015-16			2016-17			Value of New Bonds			
	No. of Bond holders	Date of issue	Face value of Bonds issued	No. of Bond holders	Date of issue	Face value of Bonds issued	No. of Bond holders	Date of issue	Face value of Bonds issued	Redeemed /Prepaid	Outstanding as on 31.03.2017	Received in cash	Converted for old Bonds
	1	2	3	4	5	6	7	8	9	10	11	12	13
1. IDBI Pension	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-
2. State Bank of India and its subsidiaries	-	-	-	-	-	-	-	-	-	18.00	593.00	-	-
3. Other Commercial Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Co-operative Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Life Insurance Corporation of India	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Other Financial Institutions (Insurance Co. Trusts etc.)	-	-	-	-	-	-	-	-	-	1018.00	781.00	-	-
7. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL										1036.00	1374.00		

SANCTIONS AND DISBURSALS OF TERM LOANS

Particulars	2015-16								2016-17			
	SSI		SRTO		Others		Total		SSI		SRTO	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
A. SANCTIONS												
(i) Gross sanctions
(ii) Sanctions subsequently cancelled/ reduced/lapsed relating to :-
(a) Current year's sanctions
(b) Previous year's sanctions
(c) TOTAL (a+b)
(iii) Effective sanctions [(i) - (ii - a)]
B. DISBURSALS

(Rs. In lakh)

Since inception											
Others		Total		SSI		SRT0		Others		Total	
No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
.	.	.	.	3456.00	38675.36	2224.00	4654.67	649.00	27853.24	6329.00	71183.27
.	.	.	.								
.	.	.	.								
.	.	.	.	68.00	4365.56	14.00	50.43	8.00	898.50	90.00	5314.49
.	.	.	.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	13265.64
.	18580.13
.	.	.	.	3388.00	34309.80	2210.00	4604.24	641.00	26954.74	6239.00	65868.78
.	.	.	.								
.	28355.00	.	4264.98	.	20418.27	.	53038.25

PURPOSE-WISE ANALYSIS OF TERM LOAN SANCTIONS (EFFECTIVE)

Particulars	2016-17									
	SSI		SRT0		Others		Total		SSI	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
ASSISTANCE FOR										
New Projects	-	-	-	-	-	-	-	-		
Expansions	-	-	-	-	-	-	-	-		
Diversification	-	-	-	-	-	-	-	-		
Rehabilitation	-	-	-	-	-	-	-	-		
Modernisation/ replacement	-	-	-	-	-	-	-	-	431	6914.13
Power Generation	-	-	-	-	-	-	-	-		
Quality Control	-	-	-	-	-	-	-	-		
Polution Control	-	-	-	-	-	-	-	-		
Research & Developn	-	-	-	-	-	-	-	-		
Over run finance	-	-	-	-	-	-	-	-		
Others	-	-	-	-	-	-	-	-		
TOTAL	-	-	-	-	-	-	-	-	431	6914.13

(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)**(Rs. In lakh)**

Total (Live Cases)					
SRTO		Others		Total	
No.	Amt.	No.	Amt.	No.	Amt.
82	216.72	35	3684.46	548	10815.31
82	216.72	35	3684.46	548	10815.31

INDUSTRY WISE CLASSIFICATION OF TERM LOAN SANCTIONED & DISBURSMENT

	Sanctions (effective)							
	2015-16				2016-17			
	SSI		Total		SSI		Total	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1 Cement	-	-	-	-	-	-	-	-
2 Chemicals	-	-	-	-	-	-	-	-
3 Cold Storage & Ice Factory	-	-	-	-	-	-	-	-
4 Electrical Appliances/ Goods	-	-	-	-	-	-	-	-
5 Engineering Goods	-	-	-	-	-	-	-	-
6 Fertilizers	-	-	-	-	-	-	-	-
7 Food Manufacturing	-	-	-	-	-	-	-	-
8 Hotel & Restaurants	-	-	-	-	-	-	-	-
9 Leather Products	-	-	-	-	-	-	-	-
10 Metal Products	-	-	-	-	-	-	-	-
11 Minerals	-	-	-	-	-	-	-	-
12 Miscellaneous	-	-	-	-	-	-	-	-
13 Petroleum & Coal	-	-	-	-	-	-	-	-
14 Paper Products	-	-	-	-	-	-	-	-
15 Printing Presses	-	-	-	-	-	-	-	-
16 Rubber & Plastics	-	-	-	-	-	-	-	-
17 Service Stations	-	-	-	-	-	-	-	-
18 Stone Crushers	-	-	-	-	-	-	-	-
19 Textiles	-	-	-	-	-	-	-	-
20 Transport Equipments	-	-	-	-	-	-	-	-
21 Transport Operators	-	-	-	-	-	-	-	-
22 Watches & Parts	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-

(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

(Rs. In lakh)

				Disbursements					
Total (Live Cases)				2015-16		2016-17		Total (Live Cases)	
SSI		Total		SSI	Total	SSI	Total	SSI	Total
No.	Amt.	No.	Amt.	Amt.	Amt.	Amt.	Amt.	Amt.	Amt.
6	125.21	8	241.33	-	-	-	-	123.09	190.21
43	988.06	49	1171.98	-	-	-	-	937.40	1120.82
4	53.47	4	53.47	-	-	-	-	49.24	49.24
24	319.70	28	968.70	-	-	-	-	282.87	763.79
19	162.96	21	252.96	-	-	-	-	149.12	237.12
1	15.30	1	15.30	-	-	-	-	15.30	15.30
48	970.64	47	970.64	-	-	-	-	942.91	942.91
33	737.04	37	933.92	-	-	-	-	710.96	877.32
7	87.98	8	197.98	-	-	-	-	87.98	99.00
28	310.38	32	2149.07	-	-	-	-	272.83	2106.67
5	58.00	5	58.00	-	-	-	-	57.65	57.65
69	629.04	70	774.04	-	-	-	-	602.27	744.44
1	3.16	1	3.16	-	-	-	-	3.16	3.16
26	466.10	35	700.96	-	-	-	-	462.64	697.49
4	33.88	4	33.88	-	-	-	-	16.36	16.36
39	498.67	41	588.67	-	-	-	-	460.99	550.97
3	7.00	3	7.00	-	-	-	-	7.00	7.00
12	89.90	12	89.90	-	-	-	-	85.02	85.02
38	1181.13	39	1211.12	-	-	-	-	1116.86	1146.85
20	168.31	20	168.31	-	-	-	-	159.53	159.53
-	-	82	216.72	-	-	-	-	-	215.56
1	8.20	1	8.20	-	-	-	-	8.20	8.20
431	6914.13	548	10815.31	-	-	-	-	6551.38	10094.61

AREA WISE DISTRIBUTION OF TERM LOANS (SANCTIONED AND DISBURSED)

Name of the District	Sanctions (effective)								
	Small Scale								
	2015-16		2016-17		Total(Live Cases)		2015-16		
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	
I. Backward Districts									
1	Bilaspur	-	-	-	-	10	144.32	-	-
2	Chamba	-	-	-	-	3	20.07	-	-
3	Hamirpur	-	-	-	-	7	97.82	-	-
4	Kangra	-	-	-	-	48	496.94	-	-
5	Kinnaur	-	-	-	-	4	27.29	-	-
6	Kullu	-	-	-	-	6	382.28	-	-
7	Lahaul-Spiti	-	-	-	-	-	-	-	-
8	Mandi	-	-	-	-	14	270.56	-	-
9	Shimla	-	-	-	-	43	184.61	-	-
10	Sirmaur	-	-	-	-	77	1336.07	-	-
11	Solan	-	-	-	-	156	3342.29	-	-
12	Una	-	-	-	-	63	611.9	-	-
TOTAL		-	-	-	-	431	6914.15	-	-

(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN SINCE INCEPTION)

(Rs. In lakh)

Disbursements									
SRTOs		Small-Scale					SRTOs		Total
2016-17		Total(Live Cases)		2015-16	2016-17		2015-16	2016-17 (Live Cases)	
No.	Amt.	No.	Amt.	Amt.	Amt.	Amt.	Amt.	Amt.	Amt.
-	-	11	18.16	-	-	142.98	-	-	18.02
-	-	1	3.02	-	-	19.13	-	-	3.01
-	-	2	2.85	-	-	93.50	-	-	2.85
-	-	4	7.37	-	-	482.97	-	-	7.31
-	-	-	-	-	-	24.89	-	-	-
-	-	1	3.50	-	-	372.79	-	-	3.50
-	-	-	-	-	-	-	-	-	-
-	-	3	13.59	-	-	269.48	-	-	13.59
-	-	42	118.09	-	-	157.06	-	-	117.99
-	-	6	16.95	-	-	1200.98	-	-	16.92
-	-	10	24.43	-	-	3191.73	-	-	23.62
-	-	2	8.76	-	-	595.87	-	-	8.76
-	-	82	216.72	-	-	6551.38	-	-	215.57

AREA WISE DISTRIBUTION OF TERM LOANS (SANCTIONED AND DISBURSED)
(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

Name of the District	Sanctions (effective)						Disbursements		
	2015-16		2016-17		Total (Live Cases)		2015-16	2016-17	Total (LiveCases)
	No.	Amt.	No.	Amt.	No.	Amt.	Amt.	Amt.	Amt.
I. Backward Districts									
1 Bilaspur	-	-	-	-	22	307.48	-	-	303.18
2 Chamba	-	-	-	-	4	23.09	-	-	22.14
3 Hamirpur	-	-	-	-	9	100.67	-	-	96.35
4 Kangra	-	-	-	-	54	564.30	-	-	550.28
5 Kinnaur	-	-	-	-	4	27.28	-	-	24.89
6 Kullu	-	-	-	-	9	542.59	-	-	502.58
7 Lahaul-Spiti	-	-	-	-	-	-	-	-	-
8 Mandi	-	-	-	-	18	294.20	-	-	293.14
9 Shimla	-	-	-	-	87	421.70	-	-	346.50
10 Sirmaur	-	-	-	-	86	1499.14	-	-	1315.01
11 Solan	-	-	-	-	188	6348.19	-	-	5969.91
12 Una	-	-	-	-	67	686.67	-	-	670.63
TOTAL	-	-	-	-	548	10815.31	0.00	-	10094.61

MATURITY- WISE BREAKUP OF SANCTIONS (GROSS)
(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

(Rs. In lakh)

Maturity Period	Sanctions						As on 31st March 2017		
	2014-15		2015-16		2016-17		[Cumulative]		
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	
	1	2	3	4	5	6	7	8	9
1 With in one year	-	-	-	-	-	-	-	-	-
2 Between 2 and 5 years	-	-	-	-	-	-	-	2232	4845.31
3 Between 5 and 10 years	-	-	-	-	-	-	-	4120	66337.96
4 Between 10 and 15 years	-	-	-	-	-	-	-	-	-
5 More than 15 years	-	-	-	-	-	-	-	-	-
TOTAL		-	-	-	-	-	-	6352	71183.27

Statement No.14

SIZE - WISE BREAKUP OF SANCTIONS (GROSS)
(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

(Rs. In lakh)

Maturity Amount	Sanctions						As on 31st March 2017		
	2014-15		2015-16		2016-17		[Cumulative]		
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	
	1	2	3	4	5	6	7	8	9
1 Up to Rs. 25,000	-	-	-	-	-	-	-	271	53.36
2 Rs. 25,001 to Rs. 50,000	-	-	-	-	-	-	-	518	173.21
3 Rs. 50,001 to Rs. 1,00,000	-	-	-	-	-	-	-	817	710.41
4 Rs. 1,00,001 to Rs. 2,00,000	-	-	-	-	-	-	-	955	1501.89
5 Rs. 2,00,001 to Rs. 5,00,000	-	-	-	-	-	-	-	1648	5289.74
6 Rs. 5,00,001 to Rs. 10,00,000	-	-	-	-	-	-	-	881	6252.27
7 Rs. 10,00,001 to Rs. 30,00,000	-	-	-	-	-	-	-	846	16081.38
8 Rs. 30,00,001 to Rs. 60,00,000	-	-	-	-	-	-	-	258	11725.66
9 Above Rs. 60,00,000	-	-	-	-	-	-	-	158	29395.35
TOTAL		-	-	-	-	-	-	6352	71183.27

SECTOR- WISE CLASSIFICATION OF TERM LOAN (ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

	Sanctions (effective)						Disbursement		
	2015-16		2016-17		Total (Live Cases)		2015-16	2016-17	Total
	No.	Amt.	No.	Amt.	No.	Amt.	Amt.	Amt.	(Live Cases) Amt.
SRTO	-	-	-	-	82	216.72	-	-	215.56
Small Scale Sector									
(a) Tiny Sector (including composite loans)	-	-	-	-			-	-	
(b) Other SSI Units	-	-	-	-	431	6914.13	-	-	6551.38
Others	-	-	-	-	35	3684.46	-	-	3327.67
TOTAL	-	-	-	-	548	10815.31	-	-	10094.61

CONSTITUTION- WISE DISTRIBUTION OF TERM LOAN (ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

	Sanctions (effective)						Disbursement		
	2015-16		2016-17		Total (Live Cases)		2015-16	2016-17	Total
	No.	Amt.	No.	Amt.	No.	Amt.	Amt.	Amt.	(Live Cases) Amt.
Public Limited Companies	-	-	-	-	8	219.06	-	-	219.06
PVT. Ltd Companies	-	-	-	-	140	7352.61	-	-	6791.69
Co-operatives			-	-	1	50.00	-	-	46.00
Partnership Firms			-	-	96	1325.87	-	-	1277.60
Proprietorship concerns	-	-	-	-	303	1867.77	-	-	1760.26
Hindu Undivided Family Firms	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	548	10815.31	0.00	-	10094.61

RECOVERY PERFORMANCE (ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

		2015-16			2016-17		
		Principal	Interest	Total	Principal	Interest	Total
A.	Demand						
	(i) Arrears at the beginning of the year.	7092.87	8541.65	15634.52	6658.80	8942.38	15601.18
	Less: Reschedulements etc.	25.28	65.88	91.16	1.43	491.19	492.62
		<u>7067.59</u>	<u>8475.77</u>	<u>15543.36</u>	<u>6657.37</u>	<u>8451.19</u>	<u>15108.56</u>
	(ii) Current demand less reschedulement	393.82	859.97	1253.79	430.57	1056.25	1486.82
	Net Total Demand	<u>7461.41</u>	<u>9335.74</u>	<u>16797.15</u>	<u>7087.94</u>	<u>9507.44</u>	<u>16595.38</u>
B.	Recovery						
	(iii) Out of arrears (Excluding net receipts from DICGC)	566.46	257.31	823.77	38.36	119.81	158.17
	(iv) Out of Current demand	236.15	136.05	372.2	169.91	137.7	307.61
	Total	<u>802.61</u>	<u>393.36</u>	<u>1195.97</u>	<u>208.27</u>	<u>257.51</u>	<u>465.78</u>
C.	Arrears at the end of the year	6658.80	8942.38	15601.18	6879.67	9249.93	16129.60
	% of B (iv) to A(ii)	59.96	15.82	29.69	39.46	13.04	20.69
	% of B to A	10.76	4.21	7.12	2.94	2.71	2.81
	C as % of Loans Outstanding	40.61	54.54	95.15	41.77	56.17	97.94

ARREARS POSITIONS AS ON 31ST MARCH , 2017
(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

Table A: Principal in Arrears (Rs. In lacs)

Age of arrears	No. of Accounts	Principal Outstanding in respect of arrears affected portfolio	Amount of Principal instalments in arrear	(3) as % of total loan outstanding	(4) as % of total loan outstanding	
1	2	3	4	5	6	
1	0-3 months	0	0.00	0.00	0.00	
2	3 months - 12 months	0	0.00	0	0.00	
3	1-2 years	0	0.00	0	0.00	
4	2-3 years	0	0.00	0	0.00	
5	3-5 years	7	331.38	234.18	2.01	
6	5-7 years	15	2700.40	2698.6	16.40	
7	7-10 years	18	129.47	129.47	0.79	
8	Over 10 years	434	3817.43	3817.43	23.18	
Total		474	6978.68	6879.68	42.38	41.77

Table B: Principal & Interest in Arrears (Rs. In lacs)

Age of arrears	No. of Accounts	Outstanding in arrears affected portfolio			Amount of arrears			(5) % as of total loans outstanding	(8) % as of total loans outstanding	
1	2	Principal	Interest	Total	Principal	Interest	Total	9	10	
1	0-3 months	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	3 months - 12 months	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3	1-2 years	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4	2-3 years	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5	3-5 years	7	331.38	16.17	347.55	234.18	16.17	250.35	2.11	
6	5-7 years	15	2700.40	2073.26	4773.66	2698.60	2073.26	4771.86	28.99	
7	7-10 years	18	129.47	65.82	195.29	129.47	65.82	195.29	1.19	
8	Over 10 years	486	3817.43	7094.68	10912.11	3817.42	7094.68	10912.10	66.26	
Total		526	6978.68	9249.93	16228.61	6879.67	9249.93	16129.60	98.54	97.94

Table C: Arrear on the basis of size of loan (Rs. In lacs)

Amount of loan Sanctioned	No. of Accounts	Principal in arrear	Interest in arrear	Total arrears	
1	2	3	4	5	
1	Up to Rs. 0.50 lacs	27	8.57	11.24	19.81
2	Rs. 0.50 lacs to Rs. 1.00 lacs	24	14.61	25.00	39.61
3	Rs. 1.00 lacs to Rs. 2.00 lacs	60	70.05	149.32	219.37
4	Rs. 2.00 lacs to Rs. 5.00 lacs	132	295.74	849.96	1145.70
5	Rs. 5.00 lacs to Rs. 10.00 lacs	96	492.53	1014.46	1506.99
6	Rs. 10.00 lacs to Rs. 20.00 lacs	66	594.71	1135.39	1730.10
7	Rs. 20.00 lacs to Rs. 30.00 lacs	53	809.28	1342.12	2151.40
8	Rs. 30.00 lacs to Rs. 60.00 lacs	51	1397.12	1952.31	3349.43
9	Above 60.00 lacs	17	3197.06	2770.13	5967.19
Total		526	6879.67	9249.93	16129.60

Table D: Breakup of Arrears

(Rs. In lacs)

	No. of accounts	Outstanding balance in defaulted accounts	Amount of principal & interest in arrears			(2) as % of outstanding	(5) as % of outstanding
			Principal	Interest	Total		
			1	2	3		
I. Industry-wise Break-up							
1 Cement	7	315.28	110.83	197.94	308.77	1.91	1.87
2 Chemicals	47	2289.45	1027.73	1227.73	2255.46	13.90	13.70
3 Cold Storage & Ice Factory	4	68.00	41.16	22.44	63.60	0.41	0.39
4 Electrical Appliances/ Goods	26	974.51	341.56	620.59	962.15	5.92	5.84
5 Engineering Goods	20	520.54	149.74	361.90	511.64	3.16	3.11
6 Fertilizers	1	20.44	11.81	6.44	18.25	0.12	0.11
7 Food Manufacturing	46	1526.36	794.30	714.42	1508.72	9.27	9.16
8 Hotel & Restaurants	36	1621.08	360.82	1250.72	1611.54	9.84	9.79
9 Leather Products	8	258.89	142.92	103.04	245.96	1.57	1.49
10 Metal Products	29	3680.27	1835.70	1831.68	3667.38	22.35	22.27
11 Minerals	5	184.78	53.23	128.84	182.07	1.12	1.11
12 Miscellaneous	65	974.55	516.58	432.67	949.25	5.92	5.76
13 Petroleum & Coal	1	3.46	2.06	1.40	3.46	0.02	0.02
14 Paper Products	33	1060.42	385.64	642.87	1028.51	6.44	6.25
15 Printing Presses	4	42.14	10.15	30.32	40.47	0.26	0.25
16 Rubber & Plastics	40	737.12	319.32	393.18	712.50	4.48	4.33
17 Service Stations	3	13.39	6.89	6.30	13.19	0.08	0.08
18 Stone Crushers	12	280.24	74.75	204.03	278.78	1.70	1.69
19 Textiles	37	1037.23	530.72	388.36	919.08	6.30	5.58
20 Transport Equipments	19	198.03	49.97	146.38	196.35	1.20	1.19
21 Transport Operators	82	652.50	108.42	536.80	645.22	3.96	3.92
22 Watches & Parts	1	7.28	5.37	1.88	7.25	0.04	0.04
TOTAL	526	16465.96	6879.67	9249.93	16129.60	99.98	97.94

Statement No. 18 (Contd.)

Table E: Breakup of Arrears

		(Rs. In lacs)						
		No. of accounts	Outstanding balance in defaulted accounts	Amount of principal & interest in arrears			(2) as % of outstanding	(5) as % of outstanding
				Principal	Interest	Total		
		1	2	3	4	5	6	7
II. District-wise Break-up								
1	Bilaspur	22	565.42	258.93	291.28	550.21	3.43	3.34
2	Chamba	4	66.20	11.38	54.74	66.12	0.40	0.40
3	Hamirpur	9	144.79	76.62	62.47	139.09	0.88	0.84
4	Kangra	52	1234.42	382.28	830.89	1213.17	7.50	7.37
5	Kinnaur	4	28.74	20.10	8.63	28.73	0.17	0.17
6	Kullu	9	935.70	250.54	586.97	837.51	5.68	5.09
7	Lahaul-Spiti	0	0.00	0.00	0.00	0.00	0.00	0.00
8	Mandi	16	224.56	63.11	160.54	223.65	1.36	1.36
9	Shimla	85	1117.25	253.24	857.40	1110.64	6.78	6.74
10	Sirmaur	85	1999.65	831.05	1108.33	1939.38	12.14	11.78
11	Solan	177	9199.40	4307.32	4790.44	9097.76	55.86	55.24
12	Una	63	949.82	425.10	498.24	923.34	5.77	5.61
Total		526	16465.95	6879.67	9249.93	16129.60	99.98	97.94
III. Sector-wise Break-up								
1	Public	0	0.00	0.00	0.00	0.00	0.00	0.00
2	Joint	0	0.00	0.00	0.00	0.00	0.00	0.00
3	Private	141	11089.46	4974.69	5971.19	10945.88	67.34	66.46
4	Co-operative	1	62.19	36.10	26.09	62.19	0.38	0.38
5	Other	384	5314.30	1868.88	3252.65	5121.53	32.27	31.10
Total		526	16465.95	6879.67	9249.93	16129.60	99.98	97.94
IV. Client-wise Break-up								
1	Small	495	10616.64	4303.02	6031.15	10334.17	64.47	62.75
2	Others	31	5849.31	2576.65	3218.78	5795.43	35.52	35.19
Total		526	16465.95	6879.67	9249.93	16129.60	99.98	97.94

NORMAL INTEREST RATE STRUCTURE AS ON 31.03.2017

Sr. No.	Eligibility Conditions	Rate of Interest
1	Existing units earning net profits for the last three year, showing an increase in profits in last three years: OR	12% (At Sub-PLR)
	30% increase in net worth during the last three years; OR	
	Projects rated as CAAA or CAA+ or CAA- or equivalent or SMERA Rating Scale showing highest / high safety.	
2.	Other projects eligible for financing.	12.5 % (At PLR)
	In case of sale of assets on deferred payment basis.	12.5%
3.	Energy saving projects (RSES) in Micro, Small and medium sector.	11.25%
<p>Note: Additional interest @ 1% shall be charged on the default amount for the period of default.</p>		

ACCOUNTS



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Independent Auditors Report

The Shareholder's of Himachal Pradesh Financial Corporation,
Shimla-HP 171001

Report on the Financial Statements

We have audited the accompanying financial statements of Himachal Pradesh Financial Corporation, which comprise the Balance Sheet as at 31st March, 2017, and the Profit and Loss Account for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance in accordance with the accounting standards with the accounting principles generally accepted in India, including the Accounting Standards issued by Institute of Chartered Accountants of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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.

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 the Institute of Chartered Accountants of India. 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 procedures selected depend on the auditor's judgment, 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 Company'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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements, read with our observation given in "Emphasis of matters" section of the report, give the information required by the State Financial corporation in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2017; and
- ii) In the case of the statement of Profit and Loss, of the Loss of the Corporation for the year ended on that date.

Emphasis of Matters

A

- i) As explained to us, most of the assets of the financed units have been inspected by the officials of the Corporation. However, the valuation reports of the securities have not been obtained. The short fall in the value of the Securities due to passage of time, obsolescence and depreciation has not been considered.
- ii) The Corporation has written off Loans & Advances amounting to Rs.1.43 Lakh declared as bad for recovery during the year. Further, Loans & Advances of Rs. 7207.62 Lakh (net of DICGC claim of Rs. 11.26 Lakh) are classified as Non-performing loans as on 31.03.2017. The Corporation has incurred losses of Rs.6.40 Crore during the year and accumulated losses stands at Rs.161.06 Crores as on 31.03.2017, which has resulted in the negative Net Worth of the Corporation. Further, the Company has incurred cash losses in the current financial year and in the immediately preceding financial year. In our opinion, continuous monitoring for recovery of Loans & Advances needs to be strengthened to avoid such huge losses.
- iii) Loans and advances are not shown net of provisions for sub-standard/ doubtful/ loss assets due to which the loans and advances and provisions are overstated by Rs.72.08 crores.
- iv) In the absence of availability of current valuation of securities in respect of loan sanctioned by the Corporation, we were unable to verify whether securities held by the Corporation in respect of loans sanctioned are adequate to cover the outstanding term loan. In respect of doubtful advances, the assets available have not been correctly evaluated to arrive at the shortfall. The loss, removal and sale of primary securities have been considered as the only factor to classify the advances as loss assets. Hence, shortfall thus charged to the account by way of provision is not proper, as the valuation for such securities are not realistic.
- v) As explained to us, the Internal Audit is covering part of activities. We suggest that all area of operation should be covered in the Internal Audit.
- vi) As required vide AS-22 the deferred tax has not been calculated / provided in view of continued losses.
- vii) As per direction of State Government, the main line of activity i.e. financing has been discontinued since earlier years and the Corporation has main focus only on the recovery of outstanding loans and advances. As such the continuity of main business has been affected and all Loans and advances have become Non-performing assets and have been classified as such by the corporation.

B. Subject to our comments in Para “A of Emphasis of Matters” above and further subject to :-

- i) Note No. C-2 regarding NPA classification of Loans and Advances, which is not based on present value of securities, in the absence of which the amount of additional provision required as per guidelines of SIDBI /IDBI in this behalf on the basis of present value of securities could not be ascertained.
- ii) Note No. C-4 and C-5 regarding non-accounting of waiver of loan liability by SIDBI under One Time Settlement. SIDBI has raised a claim of Rs. 44,28,613.00 on account of interest on delayed payments as per OTS. No provision has been made against the same. Thus, the Loss as well as the Borrowings are understated by Rs. 44,28,613.00. Further, corporation is in default to repay the OTS amount within the stipulated period.
- iii) Note no. C- 8 regarding non provision of additional demand of Income tax of Rs. 20,92,244.00 for the AY 2013-14 against which the corporation has preferred an appeal.
- iv) Note no. C-9 regarding the default in repayment of State Government loan of Rs. 31.63 crore including interest of Rs. 14.88 Crore thereon.

- v) Note No. C-10 regarding non-receipt of the subvention claims against dividend amounting to Rs.1269.82 lakh for earlier years, pending with the State Government.
- vi) Note no. C-13 regarding non receipt of confirmation of investment amounting to Rs. 71 crore from HRTC received by the corporation as pass through vehicle during the year 2008-09. Further, we are unable to comment on such investment pending final direction from the State Government.
- vii) Note No. C-14 regarding non- confirmation of receivables and payables. Any adjustment /effect on the profit and loss account and the balance sheet on this account is not ascertainable.
- viii) No provision has been made for rent of Branch Office Jharmajri. The liability is unascertainable [Refer Note No. C-15].
- ix) Note No. C-16 regarding non-provision of interest tax recoverable of Rs. 1496119.00 as the matter is sub-judice.

We, further, report that had the qualifications, where amount ascertainable in above paragraphs being considered, the loans and advances would have been Rs.11,26,401.00 net of provision for NPA as against the reported figures of Rs. 72,18,88,686.00. The loss of the corporation for the year would have been Rs.6,84,25,342.00 Accumulated loss of Rs.1,61,50,61,338.00 and Borrowings from SIDBI Rs.29,81,44,663.00 against the reported loss for the year Rs. 6,39,96,729.00 Accumulated loss Rs. 1,61,06,32,725.00 and Borrowings from SIDBI Rs.29,37,16,050.00 respectively.

Report on Other Legal and Regulatory Requirements

We report that:

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books.
3. The Balance Sheet and Profit and Loss Account of the Company dealt with by this report are in agreement with books of accounts.
4. The going concern matter describe in sub-paragraph A(ii) and A(vii) under the Emphasis of matters paragraph above, in our opinion, may have an adverse effect on the functioning of the corporation.

For A. Singhi & Associates,
Chartered Accountants
FRN: 021593N

Place: Shimla
Dated: 28/06/2017

(CA Aman Singhi)
Partner
Membership No. 509257

MANAGEMENT REPLY TO OBSERVATIONS OF STATUTORY AUDITORS

Emphasis of Matters:

A

- (i) In the opinion of management, the value of loans and advances except loans classified as NPAs have the value at least equal to the amount at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The valuation of primary and collateral securities of loan and advances as on the date of balance sheet has not been re-assessed. However, 100% provision against Non-Performing Assets (NPAs) has been made in the books of accounts as on 31.03.2017 as per the provisioning norms of SIDBI.
- (ii) The figures of loan and advances written off, non performing assets norms, losses during the year and accumulated losses as on 31.03.2017 stated by the Auditor are the correct figure which have been incorporated in the Balance Sheet and Profit and Loss Account . The mandated lending activity of the Corporation has been stopped and is now looking after recovery work alone to avoid losses. The stoppage of lending activity has resulted into gross NPA as on 31.03.2017 at 100% whereas the net NPA of 100%, entire loan portfolio of the Corporation in litigation resulting increase in accumulated losses and therefore the net worth of the Corporation have become negative.
- (iii) The Corporation has indicated figures of total loan assets as well as total provisioning in the Balance Sheet to make it more transparent.
- (iv) The value of loans and advances except loans classified as NPAs have the value at least equal to the amount at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The adequate provision against Non-Performing Assets (NPAs) has been made in the books of accounts as on 31.03.2017 as per the provisioning norms of SIDBI.
- (v) The Corporation has its own Audit Manual and operational areas are also under purview of Internal Audit. The Corporation has, however stopped further lending.
- (vi) No provision for income tax has been made due to carry forwarded losses.
- (vii) Due to continuous losses, the State Government has stopped the mandated lending activity of the Corporation during August 2008 which has resulted in to continuous decline in Net Assets base of the HPFC. The stoppage of lending activity has affected sanction and disbursement of loans and the Corporation is looking after recovery work alone.

B

- (ii) The decision of interest on defaulted amount for the delayed period will be taken after the repayment of entire OTS amount to SIDBI. Although SIDBI has raised a claim of Rs.4428613/- on account of interest on delayed payment as per OTS but the Corporation from time to time has requested SIDBI not to charge any interest on delayed period in view of weak financial position of the Corporation which has warranted primarily due to stoppage of its mandated lending activity. The Corporation is in default to repay the OTS amount within stipulated period due to resource crunch as the mandated lending activity of the Corporation has been stopped which resulted into low asset base of the Corporation.

BALANCE SHEET
&
PROFIT AND LOSS
ACCOUNT

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2017

CAPITAL AND LIABILITIES	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
1 CAPITAL			
Authorised			
15,000,000 Shares of Rs.100 each	150000000		150000000
Issued,Subscribed and Paid-up			
[i] 2,583,107 Shares of Rs.100 each fully paid up u/s 6(1) of SFCs (Amendment) Act,2000 (Previous Year - Same)	258310700		258310700
[ii] 2,74,000 Shares of Rs. 100 each fully paid-up (u/s 4A of SFCs Act,1951) (Previous Year - Same)	27400000	285710700	27400000
[iii] Share Application Money		710000000	710000000
2 RESERVE FUND AND OTHER RESERVES			
[i] Reserve Fund u/s 35	2920312		2920312
[ii] Reserves for Bad & Doubtful Debts	3919201		3919201
[III] Other Reserves			
[a] Special Reserve Fund u/s 36(i) (viii) of I.T. Act 1961	24717093		24717093
[b] Special Reserve Fund u/s 35A	18189352	49745958	18189352
3 BONDS AND DEBENTURES			
[Guaranteed by the State Govt. u/s-7]	137400000		
Add:- Interest accrued but not due	7201534	144601534	253620977
4 BORROWINGS U/S 7			
[i] From SIDBI (in trust of securities offered by the Corporation's constituents against loans advanced to them by the Corporation)		293716050	305216050
[ii] From State Govt.	683424000		649167924
Add:- Interest Accrued	148844348	832268348	
[iii] From Kangra Central Cooperative Bank Ltd. (Project Based Term Loan)		2982353	11048139
TOTAL CARRIED OVER		2319024943	2264509748

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2017

	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
1 CASH AND BANK BALANCE			
[a] Cash in hand	39791		25426
[b] Balance with Banks u/s 33 (2) of SFCs Act, 1951			
[i] Reserve Bank of India	0		0
[ii] Scheduled Banks in Current Accounts	7935755		10639199
in Short Term Deposits	11565623		5040679
[c] CPF Deposits	83930156		80896454
[d] Postage Stamps in Hand	2130	103473455	1822
2 INVESTMENTS			
Government Securities			
[i] Central Government	0		0
[ii] State Government	0		0
[iii] Debentures and Shares acquired under under-writing agreement u/s 25 (i) (da)			0
a) 60 Equity Shares of Rs.1,000 each fully paid-up of M/s Himachal Consultancy Organisation Ltd., Shimla (Unquoted at face value; Held till Maturity)	60000		60000
b) Investments in Immovable Property	501000		501000
[iv] Himachal Road Transport Corp. Shimla	71000000	710561000	71000000
3 LOANS AND ADVANCES			
[As per Schedule "A"]			
[i] Direct Loans	707980485		730025333
[ii] Soft Loans from Special Share Capital	3886507		3956507
[iii] Seed Capital Loans under Semfex Scheme	530195		679940
[iv] National Equity Fund	9491499	721888686	9709328
[v] Add: Interest accrued but not due	0		132909
TOTAL CARRIED OVER		1535923141	1551668597

**HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2017**

CAPITAL AND LIABILITIES	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
TOTAL BROUGHT OVER		2319024943	2264509748
5 GUARANTEES & UNDERWRITING AGREEMENTS			
[i] Guaranteed u/s 25 as per contra	0	0	0
[ii] Underwriting Agreements u/s 25 as per contra	0	0	0
6 SUBVENTION PAID BY THE STATE GOVERNMENT ON ACCOUNT OF DIVIDEND (SEC 6 READ WITH SEC 35)		7876000	7876000
7 OTHER LIABILITIES			
[i] Borrowers' Imprest	2106173		2076243
[ii] Staff Provident Fund (Net)	79417595		82115402
[iii] Amount Realised from DICGC	1126403		1126403
[iv] Earnest Money /Unknown Parties	21883259		20004937
[v] Token Money for OTS - Pending Adjustment	5173228		7551681
[vi] Central Govt. Subsidy	5236479		5236479
[vii] State Govt. Interest Subsidy	256994		256994
[viii] Others Payable	0		39684
[ix] Bills Payable	1992828		5869635
[x] Pension Payable	266958		728338
[xi] TDS Payable	0		10311
[xii] Interest on Bonds Payable	0		625850
[xiii] Service Tax Payable	0	117459917	14662
TOTAL CARRIED OVER		2444360860	2398042367

**HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2017**

PROPERTY AND ASSETS	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
TOTAL BROUGHT OVER		1535923141	1551668597
4 PREMISES, LAND AND BUILDING			
LEASE HOLD, RESIDENTIAL STAFF FLATS			
Cost upto last Balance Sheet	12229207		
Additions during the year	0		
Less: Adjustments during the year	0		
	12229207		
Less: Depreciation written off upto last Balance Sheet	6068688		
Add : Depreciation for the year	300017	6368705	5860502
			6160519
5 MOTOR VEHICLE, FURNITURE AND FIXTURES ETC.			
Cost upto last Balance Sheet	5544739		
Additions during the year	731384		
	6276123		
Less: Sales/Adjustments during the year	33978		
	6242145		
Less: Depreciation written off upto last Balance Sheet	5186976		
Less: Depreciation pertain to previous year	12911		
Add : Depreciation for the year	80204	5254269	987876
			357763
6 OTHER ASSETS			
[i] Advances to Staff			
[a] House Building	75200		145596
[b] Accrued Interest on HBA	1796248		2647561
[c] Travelling	20000		23226
[d] LIC amt. recoverable from staff	1151		0
TOTAL CARRIED OVER	1892599	1542771519	1561003262

**HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2017**

CAPITAL AND LIABILITIES	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
TOTAL BROUGHT OVER		2444360860	2398042367
8 PROVISION FOR NON PERFORMING ADVANCES			
Balance as per last Balance Sheet	719373573		
Add: Provision during the year	1388712	720762285	719373573
9 CONTINGENT PROVISION AGAINST STANDARD ASSETS			
Balance as per last Balance Sheet	8875		
Less: Provision reversed during the year	8875	0	8875
GRAND TOTAL		3165123145	3117424815

Accounting policies, notes on accounts: Schedule 'B'

PLACE: SHIMLA
DATE: 28th June, 2017

(Er. V.P. Singh)
Chief General Manager

(Dr.Arun Kumar Sharma)
Managing Director

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2017

PROPERTY AND ASSETS	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
TOTAL BROUGHT OVER	1892599	1542771519	1561003262
[ii] Other Advances	27480		29036
[iii] Stationery in Hand	140502		118551
[iv] Pre-paid Expenses	74678		53001
[vi] Service Tax Recoverable	201731		201731
[vii] Security Deposits (Refundable)	1850		1850
[viii] Society Deduction Recoverable From Staff	942		2269
[ix] Investment Deposit A/c with IDBI u/s 32AB of I.T. Act,1961	7000	2346782	7000 0
 7 DIVIDEND DEFICIT ACCOUNT		 7876000	 7876000
 8 ADVANCE INTEREST TAX		 1496119	 1496119
 9 PROFIT AND LOSS ACCOUNT			
Balance as per last Balance Sheet	1546635996		
Profit as per Profit and Loss Account	63996729	1610632725	1546635996
GRAND TOTAL		3165123145	3117424815

" In terms of our report of even date annexed".
for M/s A.Singhi & Associates,
Chartered Accountants

Director

(Aman Singhi)
Partner
Membership No.509257
FRN 021593M

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2017

Amount in Rupees

EXPENDITURE	AMOUNT	TOTAL	PREVIOUS YEAR
To Interest on Borrowing			
(a) Interest on Deposits, Bonds, Debentures and Bank Borrowings	23147286		
(b) Interest on State Govt. Loan	<u>52526424</u>	75673710	128188775
To Salaries and Allowances			
(a) Managing Director (including Medical Re-imbursment - Rs.9865/= , Previous year: 10075/=	2540164		
(b) Honorarium to Chairman	10000		
(c) Others (including Medical Re-imbursment Rs.2,24,443/= Previous year: Rs.2,78,025/=)	<u>14440814</u>	16990978	18197288
To Travelling & Other Allowances			
(a) Managing Director	113501		100050
(b) Directors	0		0
(c) Others	<u>15543</u>	129044	12426
To Contribution to Staff Provident Fund	1219794		1381594
To Rent, Rates, Taxes, Lighting and Insurance etc.	1012795		998660
To Postage,Telegram and Stamps etc.	61852		51804
To Telephones etc.	112095		141225
To Printing and Stationery	146468		151781
To Publicity and Advertisement	21393		25523
To Repairs and Renewals	75834		64520
To Bank Charges and Commission	6607		5929
To Audit Charges	49450		54027
To Depreciation	380221		445409
TOTAL CARRIED OVER	3086509	92793732	149819011

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2017

Amount in Rupees

INCOME	AMOUNT	TOTAL	PREVIOUS YEAR
By Interest on			
(a) Loans & Advances	25617912		39209785
(b) Investments & Deposits	8539441		6486892
(c) Advances to Staff	10284	34167637	27552
 By Other Income			
(a) Miscellaneous Income	57424		167923
(b) Sale of Application forms	0		100
(c) Dividend	12000		24000
(d) Profit on sale of assets	54423	123847	0
By Excess Depreciation of earlier years written back		12911	23768
By Income pertains to earlier year		0	384852
By Excess Provision of Expenses Written Back		3884	0
By Excess Provision of NPAs Written Back		0	10934196
 By Net Loss for the Year			
(a) Before Provisions for NPAs	62616892		
(b) Provision for NPAs	1379837	63996729	96560879
TOTAL CARRIED OVER		98305008	153819947

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2017

Amount in Rupees

EXPENDITURE	AMOUNT	TOTAL	PREVIOUS YEAR
TOTAL BROUGHT OVER	3086509	92793732	149819011
To Law & Professional Charges	40025		58530
To Expenses/ Loss pertains to earlier year	18401		78566
To Other Expenses			
(a) Books & Newspapers	9100		6865
(b) Entertainment	1505		2450
(c) Miscellaneous not Enumerated	53511		45602
(d) Loss on sale of Fixed Assets	0		65318
(e) Group Leave Encashment (LIC)	0		299269
(f) Vehicle Running and Maintenance	258778		503849
(g) Staff Welfare	150637		128468
(h) Meeting Expenses	11463		9141
(j) Fees & Subscription	<u>358510</u>	3988439	275073
To Bad Debts Written Off		143000	2527805
To Provision for NPAs		1379837	0
GRAND TOTAL		98305008	153819947

Accounting policies, notes on accounts: Schedule 'B'

PLACE: SHIMLA
DATE: 28th June, 2017

Er. V.P. Singh
Chief General Manager

(DR. Arun Kumar Sharma)
Managing Director

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2017

Amount in Rupees

INCOME	AMOUNT	TOTAL	PREVIOUS YEAR
TOTAL BROUGHT OVER		98305008	153819947

98305008

153819947

" In terms of our report of even date annexed".

Director

(Aman Singhi)

Partner

Membership No. 509257

FRN-021593M

SCHEDULE SHOWING PARTICULARS OF LOANS AND ADVANCES

	This year	Previous Year
I. PARTICULARS OF LOANS AND ADVANCES		
(a) Debts considered good in respect of which the Corporation is fully secured	409,848,914	499,888,769
(b) Debts previously fully secured but now secured to the extent of Rs.6,38,45,015/=	1,237,033,147	1,139,757,587
	1,646,882,061	1,639,646,356
Less: (i) Overdue interest as on 31.3.2017 (including suit filed cases)	924,993,374	894,237,974
(ii) Funded interest as on 31.3.2017	0	1,037,274
(iii) Advance payment	0	0
Balance as per Balance Sheet (Including Other charges of Rs.2,40,21,200 debited to parties)	721,888,687	744,371,108
(c) Debts due by concerns in which one or more Directors of the Corporation are interested as Directors, Partners , Proprietors, Share-holders or Managing Agents or in the case of private Companies as Members	-----	-----
(d) Total amount of Loans disbursed during the year to concerns in which one or more directors of the Corporation are interested as Directors,Partners Proprietors, Share-holders or Managing Agents or in the case of private Companies as Members	-----	-----
(e) (i) Total amount of instalments whether of Principal or Interest of which default were made at any time during the year	286,297	273,961
(ii) Total amount of instalments whether of Principal or Interest overdue at the end of the year (excluding those against whom legal suits have been filed and disclosed under (iv) below)	380,945,646	338,119,719
(iii) Total amount of instalments whether of Principal or Interest overdue by the concerns in which Directors of the Corporation are interested		
(iv) Total amount due from Borrowers against whom suits have been filed	1,232,015,214	1,221,998,222
(f) Debts Guaranteed by the State Government & its undertakings & Scheduled Banks	-----	-----
(g) Debts due by the loanee concerns whose management has been taken over by the Corporation	-----	-----

REFERRED TO IN THE BALANCE SHEET AS ON 31ST MARCH, 2017

SCHEDULE "A"

Amt. in Rupees

	This year	Previous Year
II. CLASSIFICATION OF LOANS & ADVANCES		
ACCORDING TO THE SIZE OF INDUSTRIAL UNITS		
(i) Debts due from Small Industrial concerns	1,282,038,140	1,306,729,042
(ii) Debts due from concerns other than those included in (i) above	364,843,921	332,917,314
	<u>1,646,882,061</u>	<u>1,639,646,356</u>
Less: (i) Over due interest as on 31.3.2017 (including Suit Filed Cases)	924,993,374	894,237,974
(ii) Funded Interest as on 31.3.2017	0	1,037,274
(iii) Advance payment		0
Balance as per Balance Sheet	<u>721,888,687</u>	<u>744,371,108</u>

III. ACCORDING TO THE CONSTITUTION OF THE INDUSTRIAL UNITS

(a) Proprietary	356,248,548	371,605,322
(b) Partnership	175,283,370	183,075,629
(c) Hindu Un-divided Family	0	0
(d) Co-operative Societies	6,219,243	7,215,343
(e) Private Limited Companies	1,078,346,925	1,046,981,461
(f) Public Limited Companies	30,783,975	30,768,600
	<u>1,646,882,061</u>	<u>1,639,646,356</u>
Less: (i) Over due interest as on 31.3.2017 (including Suit Filed Cases)	924,993,374	894,237,974
(ii) Funded Interest as on 31.3.2017	0	1,037,274
(iii) Advance Payment	0	0
Balance as per Balance Sheet	<u>721,888,687</u>	<u>744,371,107</u>

IV. ACCORDING TO HEALTH OF INDUSTRIAL UNITS

(a) Standard Accounts	0	4,587,274
(b) Sub-Standard Accounts	0	0
(c) Doubtful Accounts	742,823,004	668,666,416
(d) Loss Assets Accounts	904,059,058	966,392,666
	<u>1,646,882,061</u>	<u>1,639,646,356</u>
Less: (i) Over due interest as on 31.3.2017 (including Suit Filed Cases)	924,993,374	894,237,974
(ii) Funded Interest as on 31.3.2017	0	1,037,274
Balance as per Balance Sheet	<u>721,888,687</u>	<u>744,371,108</u>

NOTE: Loans to Companies/concerns, where charge registration is pending and/or assets are un-insured/under insured due to certain reasons, have been considered secured, unless otherwise stated.

FOR M/s A.Singhi & Associates,
Chartered Accountants

[Er. V.P.Singh]
Chief General Manager

[DR. Arun Kumar Sharma]
Managing Director

[Aman Singhi]
Partner

NOTES ON ACCOUNTS:**A. ACCOUNTING POLICIES**

1. System of Accounting – Mercantile System of Accounting.
2. Depreciation has been charged as per written down value method on the rates prescribed in Schedule II of the Companies Act, 2013.
3. Income in respect of standard assets has been recognized on accrual basis and in case of NPAs on receipt basis.
4. Appropriations of receipts:
Realizations from the borrowers have been appropriated in the following manner:
 - (a) Receipt from normal cases: First towards other monies (miscellaneous expenses), then towards current year's income and the balance receipt has been adjusted against principal amount.
 - (b) Receipt from litigation cases, cases settled under one time settlement scheme and from sale of taken over units: First towards other monies (miscellaneous expenses), then towards principal and the balance receipt has been adjusted against interest income.
5. In one time settlement cases, the effect of write off/write back, is given at the time of receipt of final payment.
6. Dividend on investment is accounted for on receipt basis.
7. Provision for NPAs has been calculated on outstanding amount of principal and misc. charges after deducting claims received from DICGC.
8. Investments have been stated at cost.
9. The Corporation has taken group gratuity policy and leave encashment policy from Life Insurance Corporation of India to meet out the retirement benefits of the employees of the Corporation.

B. CONTINGENT LIABILITIES NOT PROVIDED FOR

1. Income tax cases pending/considered pending (including cases under appeal/reference/ ratification at different levels) – Amount unascertained.

C. NOTES

1. Provision for Loans and Advances
Loan assets are classified based on record of recovery as Standard, Sub-standard, Doubtful and Loss. Provision has been made as per guidelines received from SIDBI vide letter No. SIDBI No. 6190/IFV/SFCs/Policy dated 13th February, 2015.

i. Standard assets	0.25% of loans
ii. Sub-standard assets	15% of loans
iii. Doubtful Assets	100% of unsecured portion plus 25%/40%/100% of secured portion depending on the period for which the loans remained doubtful.
iv. Loss Assets	100% of loans
2. Loans have been generally classified on the basis of original value of securities in the absence of availability of present value of the same. In case of taken over units, the value of securities have been considered as per the latest valuation reports.
3. As on 31st March 2017, five industrial units were in the custody of the Corporation in exercise of its rights u/s 29 of the State Financial Corporations' Act, 1951. Pending final settlement/ disposal, accounts stand unadjusted.
4. The Corporation has arrived at conditional one time settlement with SIDBI for the outstanding loan amounting to Rs.6715 lac. As per terms of OTS, the same will be applicable only when the entire settled amount is paid to SIDBI. In view of the above, the adjustment of waiver of liability will be made at the time of final payment.

5. In view of one time settlement with SIDBI the interest from 01.04.2011 on the refinance has not been provided for. Further decision on charging interest on defaulted amount for the delayed period will be taken after the payment of entire OTS amount to SIDBI.
6. No provision has been made for Group Gratuity Policy of LIC since the LIC has raised nil demand against this policy for the current financial year.
7. As per decision taken on 30.09.2003, the Corporation is sharing sale proceeds with the Excise and Taxation Department in respect of industrial units which are taken over and sold u/s 29 of the SFCs' Act, 1951.
8. The Income Tax Authority has raised a demand of Rs. 20,92,244/- for assessment year 2013-14. No provision has been made for the same as the Corporation has preferred an appeal before the Appellate Authority against the said demand.
9. The Corporation has accounted for interest of Rs. 5,25,26,424/- during the year on State Government loans at simple rate of interest @ 8.50% in view of the directions from the Government. The repayment amounting to Rs.14,88,44,348/- towards interest and Rs. 16,75,00,000/- towards principal is due up to 31.03.2017.
10. Due to losses/inadequate profits of the Corporation in the earlier years and because of non-receipt of subvention from the State Government, no dividend has been declared/ paid. Subvention claims for earlier years amounting to Rs. 1269.82 lakh are pending with the State Government. Dividend for earlier years would be paid after receiving subvention from the State Government.
11. The Corporation is maintaining CPF Trust and has provided interest @ 8.10% up to 30.09.2016 and @ 8% w.e.f. 01.10.2016 to 31.03.2017.
12. No provision for income tax has been made due to carry forward losses.
13. The Corporation had received Rs.71.00 crore during the year 2008-09 as share capital as pass through vehicle (cash neutral support) with the specific directions that these funds were to be invested in Himachal Road Transport Corporation (HRTC). These funds include Rs. 3.00 crore for which the Government has directed to give as subsidy/ grant-in-aid. However, the Corporation has no power under the statute to provide subsidy/ grants to any other Corporation. In view of the same, the entire amount of Rs. 71.00 crore has been treated as Investment in HRTC. The corporation has not received any documentary evidence regarding treatment of these funds in HRTC. The matter has been taken up with the Government by the corporation to seek specific direction regarding treatment of these funds by the corporation as well as by HRTC, keeping in view the stoppage of lending activities by the corporation. The response from the State Govt. is still awaited and the final treatment will be given only after receipt of necessary direction in the matter.
14. The balances of debit and credit on account of amounts recoverable and payable including Loans and Advances under different heads are subject to confirmation.
15. The rent of Jharmajri Office, which was closed in earlier years, has not been finalized by the Industries Department; hence no provision of rent has been made.
16. Assets also include Rs 14, 96,119.00 recoverable on account of interest tax from Income Tax Department. The matter is under litigation and adjustment will be made at the time of final settlement.
17. In the opinion of the management, subject to above notes, the value of current assets, loans and advances except loans classified as NPAs have the value at least equal to the amount at which they are stated in the Balance Sheet, if realized in the ordinary course of business.
18. The mandated lending activity of the Corporation has been stopped which has resulted in to gross NPA as on 31.03.2017 to 100 % where as the net NPA of 100% low asset base, almost entire loan portfolio of the corporation is in litigation and therefore the net worth of the Corporation has become negative.
19. Disclosures in compliance with SIDBI's guidelines.

(A.) CAPITAL

- (a) Core Capital Risk Weighted Adequacy Ratio (CRAR):(-) 38.59%
 (b) Supplementary Capital Risk Weighted Adequacy Ratio : nil
 (c) Amount of sub-ordinated debt raised and outstanding as Tier-II capital: nil
 (d) Shareholding pattern:

(Rupees in lakh)

S. No.	Category	Ordinary share capital	Special share capital	Total	%age of holding
1	State Government	9135.79*	162.00	9297.79 *	93.38
2	SIDBI	542.89	112.00	654.89	6.58
3.	Banks & Financial Institutions	3.24	-	3.24	0.03
4.	Private share holders	1.19	-	1.19	0.01
	Total	9683.11	274.00	9957.11	100.00

*including share application money of Rs 7100 lakh.

(B.) ASSET QUALITY AND CREDIT CONCENTRATION

- (a) **Percentage of NPAs to Loans & Advances** Gross 100%
 Net 100%

- (b) **Amount and percentage of net NPAs to Net Loans & Advances:**

(Rupees in lakh)

Asset category	Gross Loans	%age	Provisions	Loan after provisions	%age
Standard	0.00	0.00	0.00	0.00	0.00
Sub-standard	0.00	0.00	0.00	0.00	0.00
Doubtful*	3645.34	50.58	3645.34	0.00	0.00
Loss Assets	3562.28	49.42	3562.28	0.00	0.00
Total	7207.62	100.00	7207.62	0.00	0.00

*Note: After adjustment of claims of Rs. 11.26 lakhs received from DICGC

- (c) **Amount of provision made during the year**

(Rupees in lakh)

S. No.	Assets & other	Provisions
1	Loans & Advances	13.80
1.1	Standard Assets	-0.09
1.2	Sub-Standard Assets	-0.92
1.3	Doubtful Assets	141.04
1.4.	Loss Assets	-126.23
2	Income tax	Nil
3	Investments	Nil

Note: The above figures do not include loan of Rs.1.43 lakh directly written off to Profit & Loss Account during the year against which provisions of NPAs were made in the earlier year(s).

(d) Movements in net NPAs

- (i.) Sub Standard = Rs 5.19 lakh (100% decrease)
(ii.) Doubtful = Rs 198.03 lakh (100% decrease)

Credit exposure as percentage to capital employed and to total assets in respect of:

Particulars	Capital employed	Total Assets
a) the largest single borrower	Rs.1188 lakh (5.29%)	16.45%
b) the largest borrower group	Rs.1669 lakh (7.44%)	23.11%
c) 10 largest single borrowers	Rs.3189.18 lakh (14.21%)	44.17%
d) all borrower groups (1)	Rs.1669 lakh (7.44%)	23.11%

(C.) LIQUIDITY**Maturity pattern of rupee/foreign, current assets & liabilities.***(Rupees in crore)*

Item	<= 1 yr	>1<= 3 yr	>3<= 5 yr	>5<= 7 yr	>7<= 10 yr	> 10 yr	Total
Rupee assets	71.70	0.48	-	-	-	-	72.18
Foreign currency	-	-	-	-	-	-	-
Total assets	71.70	0.48	-	-	-	-	72.18
Rupee liabilities*	6.14	6.40	2.60	0.00	0.00	0.00	15.14
Foreign currency	-	-	-	-	-	-	-
Total liabilities*	6.14	6.40	2.60	0.00	0.00	0.00	15.14

*The liabilities of SIDBI on account of refinance & LOC have been taken at Rs 1.10 crore as per Approved OTS.

(D.) OPERATING RESULTS

- (e) Interest income as percentage to average working funds = 1.52%
(f) Non-interest income as percentage to average working funds = 0.01%
(g) Operating profit as a percentage to average working funds = Nil
(h) Return on average assets = Nil
(i) Operating profit per employee = Nil
(j) Net profit per employee = Nil

20. Schedule No A & B forming integral part of the Balance Sheet have been duly authenticated.

21. Figures have been rounded off to the nearest rupee and figures of the previous year have been regrouped and re-arranged wherever necessary to make them comparable with the figures of the current year.

A. Singhi & Associates,
Chartered Accountant

(V.P. Singh)
Chief General Manager

(Dr. Arun Kumar Sharma)
Managing Director

(Aman Singhi)
Partner