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51st

ANNUAL REPORT

&

ACCOUNTS

2017-18

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 51st 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 2018 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 2018, 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 2018 to 30th July 2018 (both days inclusive).

Note: -

1. The last date for deposit of proxies shall be 28th July, 2018.
2. The last date for deposit of certified copies of resolution appointing duly authorized representatives shall be 28th July, 2018.
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, 2018 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 31.03.2018)

Sr.No.	Name	Designation	Nominated by
1	Sh. Vineet Chowdhry	Chairman	Small Industries Development Bank Of India
2	Sh. R.D.Dhiman	Director	The Government of Himachal Pradesh
3	Sh. Balbir Singh	Director	Small Industries Development Bank Of India
4	Sh. V.K. Dhar	Director	The Life Insurance Corporation of India
5	Sh. Deepak Kumar	Director	The Punjab National Bank
6	Sh. H. S. Chaudhry	Managing Director	The Government of Himachal Pradesh

AUDITORS

M/s Mahajan Parshad & Co.
Chartered Accountants
Green House, Near Petrol Pump,
Vikas Nagar, Shimla-171009
Cell: +919418061400
Ph.: #01772620581 (O)
e-mail: parshad2003@yahoo.com

Himachal Pradesh Financial Corporation
PRINCIPAL OFFICERS

- | | |
|---------------------------------|------------------------------|
| 1. Shri V.P. Singh | Chief General Manager |
| 2. Shri. M. S. Chatranta | Manager |
| 3. Shri B.L. Bhardwaj | Asstt. Manager |

TEN YEARS				
Year ended on 31st March	2018	2017	2016	2015
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	255.24	341.68	457.24	523.43
(ii) Other Income	3.10	1.40	6.00	9.06
	258.34	343.08	463.24	532.49
Cost Of Borrowings	761.77	756.74	1281.89	402.79
GROSS PROFIT (A)	(-) 503.43	(-) 413.66	(-) 818.65	129.70
OPERATING EXPENSES				
(i) Staff Cost (Salaries, P.F. & Gratuity)	153.07	182.11	198.78	227.06
(ii) Administrative & General expenses.	25.66	28.97	32.24	34.33
(iii) Bad Debts Written off	0.00	1.43	25.28	10.17
(B)	178.73	212.51	256.30	271.56
Net Profit/Loss before Tax (A-B)	(-) 682.16	(-) 626.17	(-) 1074.95	(-) 141.86
Add: Service Tax written off	0.00	0.00	0.00	0.90
Profit after Tax	(-) 682.16	(-) 626.17	(-) 1074.95	(-) 142.76
(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	17264.48	16468.82	16396.46	16823.73
(iv) No. of Accounts	449	460	489	510
(v) Refinance Outstanding	2937.16	2937.16	3052.16	3952.16
(vi) Bonds Outstanding	900.00	1374.00	2410.00	3226.00
(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)					
2014	2013	2012	2011	2010	2009
-----	-----	-----	16.82	3022.06	3038.80
-----	-----	-----	-----	-----	-----
-----	-----	140.00	632.77	2025.70	1752.87
-----	-----	-----	-----	-----	11.00
490.82	871.23	1255.32	1130.25	1762.55	1648.82
46.06	2.93	2.37	8.51	11.13	14.82
536.88	874.16	1257.69	1138.76	1773.68	1663.64
521.46	654.53	798.69	1515.92	1867.21	1592.86
15.42	219.63	459.00	(-)377.16	(-)93.53	70.78
367.57	1146.06*	440.43	529.67	436.71	0.50
35.56	30.60	33.05	62.69	68.24	54.76
4.38	13.70	4.60	8.80	6.49	26.70
407.51	1190.36	478.08	601.16	511.44	486.96
(-) 392.09	(-) 970.73	(-) 19.08	(-)978.32	(-)605.61	(-)416.18
-----	-----	-----	-----	-----	-----
(-) 392.09	(-) 970.73	(-) 19.08	(-)978.32	(-)605.61	(-)416.18
----	----	----	----	----	----
----	----	----	----	----	----
----	----	----	----	----	----
9957.11	9957.11	9957.11	9957.11	9957.11	4857.11
497.46	497.46	497.46	497.46	497.46	497.46
16799.22	17941.53	19666.54	21997.18	24095.46	24028.72
540	574	639	691	730	785
4827.16	5627.16	6380.64	6930.64	8028.87	7610.27
4512.00	5650.50	7735.00	8953.00	8958.50	9106.50
----	----	----	4	4	4

Rs 10 lakh, provision of Rs 367.05 lakh made toward group gratuity and provision of Rs 253.50 lakh made toward leave encashment

(Rs. In Lakhs)

BREAK –UP OF TERM LOAN SANCTIONED	As on 31st March-2018		FINANCIAL SUMMARY	
INDUSTRY	Amount Sanctioned	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	Reserves	497.46
Electrical Appliances/Equipments.	5395.71	194		10454.57
Engineering Goods	2584.89	177		
Fertilizers	56.19	6	BORROWINGS	
Food Manufacturing	7565.08	368	Bonds	900.00
Hotels/Restaurants	10498.04	783	Small Industries	-----
Leather and Fur Products	682.23	59	Development Bank of India	2837.16
Metal Products	7539.36	319	Reserve Bank of India	-----
Mineral, Mining & Stone Crushing	1727.66	188	State Government	7378.69
Petroleum & Coal	17.54	4	Other loans	0.00
Paper & Paper Products	3218.13	157		11115.85
Printing Presses	446.08	67		
Rubber Products/plastic	5979.06	361	EARNINGS	
Service Stations	208.01	66	Gross Income	258.34
Textiles	3465.69	231	(i) Cost of Borrowings	761.77
Transport Equipment	2264.56	151	(ii) Administrative &	
Transport Operators	4654.67	2224	General Expenses	178.73
Miscellaneous Units	5741 .13	546	(iii) Bad Debts written off	0.00
			Net Profit/loss	(-) 682.16
Total	71183.27	6352	Provision for Taxation	-----

**REPORT OF THE BOARD OF DIRECTORS OF
HIMACHAL PRADESH FINANCIAL CORPORATION**

*For the year ended 31st March, 2018
(Under Section 36 of the State Financial Corporations Act, 1951)*

The Board of Directors of Himachal Pradesh Financial Corporation takes pleasure in presenting the 51st Annual Report on the working of the Corporation along with Audited Statement of Accounts for the year ended 31st March, 2018.

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 2017-18 have been given in Table-1.

**Table-1
Due and Recovery Position of Financial Year 2017-18**

<i>Rupees in lakh</i>				
Sr No	Particulars	Principal	Interest	Total
1	Arrears at the beginning of the year	6879.67	9249.93	16129.60
2	Less: Amount rescheduled	0.00	0.00	0.00
3	Less: amount written off/ back	0.00	26.94	26.94
4	Net Arrears (1-2-3)	6879.67	9222.99	16102.66
5	Due during the year	48.56	1153.74	1202.30
6	Total Demand (4+5)	6928.23	10376.73	17304.96
7	Receipt: Out of Arrears	0.00	82.80	82.80
8	Receipt: Out of Current Demand	133.99	113.28	247.27
9	Total Receipt (7+8)	133.99	196.08	330.07
10	Arrears at the close of the year (6-9)	6794.24	10180.65	16974.89
11	Recovery %age of arrears (7/4)	0.00	0.90	0.51
12	Recovery %age of current demand (8/5)	275.93	9.82	20.57
13	Total recovery percentage (9/6)	1.94	1.89	1.91

During 2017-18, out of total demand of Rs.17,304.96 lakh (principal Rs.6,928.23 lakh and interest Rs.10,376.73 lakh), the Corporation effected recovery of Rs.330.07 lakh (1.91%) against recovery of Rs.465.78 lakh (2.81%) during the previous year and thus recorded 29.13% decline in recovery. At the close of the year, an amount of Rs.16,974.89 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 2017-18 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	1707.39	2102.06	3809.45
2	Add: Fresh RC cases	0.00	0.00	0.00
3	Less: amount written off/back	0.00	0.74	0.74
4	Less: Amount rescheduled	0.00	0.00	0.00
5	Net Arrears	1707.39	2101.32	3808.71
6	Due during the year	48.56	418.46	467.02
7	Total Demand (5+6)	1755.95	2519.78	4275.73
8	Total Receipt	55.94	82.12	138.06
9	Arrears at the close of the year	1700.01	2437.66	4137.67
10	Total recovery percentage (8/7)	3.19	3.25	3.22

During 2017-18, out of total demand of Rs.4,275.73 lakhs (principal Rs.1,755.95 lakhs and interest Rs.2,519.78 lakh), the Corporation effected recovery of Rs.138.06 lakhs (3.22%) against recovery of Rs.272.90 lakhs (6.68%) during the previous year and thus recorded 49.4168.90% decline in recovery. At the close of the year, an amount of Rs.4137.67 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 2017-18 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	5172.28	7147.87	12320.15
2	Less: SF cases transferred To RC	0.000	0.00	0.00
3	Less: amount written off/back	0.00	26.20	26.20
4	Net Arrears	5172.28	7121.67	12293.95
5	Due during the year	0.00	735.28	735.28
6	Total Demand (4+5)	5172.28	7856.95	13029.23
7	Total Receipt	78.05	113.96	192.01
8	Arrears at the close of the year	5094.23	7742.99	12837.22
9	Total recovery percentage (7/6)	1.50	1.45	1.47

During 2017-18, out of total demand of Rs.13,029.23 lakhs (principal Rs5,172.28 lakhs and interest Rs.7,856.95 lakhs), the Corporation effected recovery of Rs.192.01 lakhs (1.47%) against recovery of Rs.192.88 lakhs (2.54%) during the previous year and thus recorded 0.45% decline. At the close of the year, an amount of Rs.12,837.15 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 2017-18 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	139.08	60.77	199.85
2	Less: amount written back	0.00	0.74	0.74
3	Net Arrears	139.08	60.03	199.11
4	Due during the year	0.00	4.63	4.63
5	Total Demand (3+4)	139.08	64.66	203.74
6	Total Receipt	2.75	1.90	4.65
7	Arrears at the close of the year	136.33	62.76	202.09
8	Total recovery percentage (6/5)	1.98	2.93	2.28

During 2017-18, out of total demand of Rs.203.74 lakhs (principal Rs.139.08 lakhs and interest Rs.64.66 lakhs) in soft loan cases/ Seed capital cases, the Corporation effected recovery of Rs.4.65 lakhs (2.28%) against recovery of Rs.9.14 lakhs (4.37%) during the previous year. At the close of the year, an amount of Rs.202.09 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 2017-18 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	350.48	1339.51	1689.99
2	Add: Fresh RC Cases	0.00	0.00	0.00
3	Less: amount written back/ adjusted	0.00	0.74	0.74
4	Net Arrears	350.48	1338.77	1689.25
5	Due during the year	0.00	147.38	147.38
6	Total Demand (4+5)	350.48	1486.15	1836.63
7	Total Receipt	10.77	35.03	45.80
8	Arrears at the close of the year	339.71	1451.12	1790.83
9	Total recovery percentage (7/6)	3.07	2.35	2.49

During 2017-18, out of total demand of Rs.1,836.63 lakh (principal Rs.350.48 lakh and interest Rs.1,486.15 lakh) in RC cases, the Corporation effected recovery of Rs.45.80 lakh (2.49%) against recovery of Rs.105.59 lakh (5.88%) during the previous year. At the close of the year, an amount of Rs.1,790.83 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 2017-18, the Corporation did not raise any bond but redeemed bonds Rs.474.00 lakh. At the close of the year, bonds amounting to Rs.900.00 lakh remained outstanding.

2.3 REFINANCE/LOC

During 2017-18, the Corporation did not avail any refinance from SIDBI but paid Rs.100.00 lakh to SIDBI against earlier OTS and at the close of the year, an amount of Rs.10.00 lakh remained outstanding against OTS.

2.4 LOAN FROM BANK

During 2017-18, the Corporation did not raise any loan from any Bank, but paid an amount of Rs.29.72.00 lakh to Kangra Central Cooperative Bank Ltd. (KCCB) and account stands closed.

3. FINANCIAL RESULTS

During 2017-18, the Corporation earned total revenue of Rs.258.34 lakh (previous year Rs.343.08 lakh) and incurred revenue expenditure of Rs.940.49 lakh (previous year Rs.969.25 lakh) and thus recorded business loss of Rs.682.15 lakh against business loss of Rs.626.17 lakh in the previous year before provisioning. The business loss during this year amounting to Rs.595.28 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.86.87 lakh and net profit is of Rs.45.69 lakh after reversal provision of NPAs for Rs.132.56 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 Mahajan Parshad & Co., 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 2017-18.

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 following changes took place in the composition of Board of Directors during the year under report:

Shri Vineet Chaudhry, IAS was nominated as director by the State Government on 17.01.2018 in place of Shri V.C. Pharka, IAS, Shri Deepak Kumar, DGM, was nominated as Director on 05.10.2017 in place of Sh. Vishesh Shrivastava, by PNB.

The Board places on record its appreciation of valuable services rendered by the outgoing Directors Shri V.C. Pharka IAS and Shri Deepak Kumar.

6.2 CHAIRMAN

Shri Vineet Chaudhry, IAS, Chief Secretary to the Government of Himachal Pradesh was nominated as Chairman of the Corporation in place of Shri V.C. Pharka, IAS with effect from 17.01.2018.

6.3 MANAGING DIRECTOR

Dr. Arun Kumar Sharma, IAS continued to be Managing Director of the Corporation up to 02.08.2017 and Shri H.S. Chaudhry IAS has been appointed as Managing Director of the Corporation w.e.f. 03.08.2017.

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

Statement No. 1

LIST OF DIRECTORS ON THE BOARD OF HPFC AS ON 31.03.2018

Sr No	Name of Director	Occupation & Address	By whom nominated/ elected	Date of nomination	Tenure
1.	Sh. Vineet Chaudhry, IAS	Chief Secretary to the Govt. of Himachal Pradesh Shimla-171002	Nominated as Director by the State Govt. & Chairman by the SIDBI.	17.01.2018 as Director and 17.01.2018 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.	17.01.2018	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. Deepak Kumar	Dy. General Manager, Circle Head, Punjab National Bank, Circle Office Shimla-171001	Punjab National Bank	05.10.2017	At the pleasure of Punjab National Bank
6.	Sh. H.S. Chaudhry, IAS	Managing Director, HPFC, Shimla-171001	Appointed by the State Government	03.08.2017	At the pleasure of State Govt.

**STATEMENT FOR PROFIT AND LOSS ACCOUNT FOR THREE YEARS ENDED
ON 31ST MARCH 2018**

(Rs. In lakhs)

Particulars	2016	2017	2018
I. INCOME			
(a) Interest on Advances	392.10	256.18	196.08
(b) (i) Interest on investments and deposits	64.87	85.39	59.10
(ii) Interest on Government Securities	0.00	0.00	0.00
(iii) Interest on Bonds & Debentures	0.00	0.00	0.00
(c) Interest on advances to Staff	0.27	0.10	0.06
(d) Interest on investment in shares of industrial concerns	0.00	0.00	0.00
(e) Guarantee Commission and Brokerage	0.00	0.00	0.00
(f) Underwriting commission	0.00	0.00	0.00
(g) Agency commission received from State Government	0.00	0.00	0.00
(h) Profit from sale of:-			
(i) Acquired Assets	0.00	0.00	0.00
(ii) Other Assets	0.00	0.00	0.00
(j) Investigation Fees	0.00		0.00
(k) Commitment Charges	0.00		0.00
(l) Other Income			
(i) Miscellaneous Income	2.15	1.24	3.10
(ii) Processing Fee	0.00	0.00	0.00
(iii) Sale of Application Forms	0.00	0.00	0.00
(iv) Income Pertaining to Previous Years	3.85	0.17	0.00
TOTAL:-	463.24	343.08	258.34
II EXPENDITURE			
(a) Interest Paid on			
(i) Bond & Debentures	243.89	164.28	108.80
(ii) State Govt. Loan	963.18	525.26	595.28
(iii) Borrowing from RBI	0.00	0.00	0.00
(iv) Staff Provident Fund	66.50	62.86	56.54
(v) Borrowing from notified Institution			
(a) SIDBI	0.00	0.00	0.00
(b) Others (Banks)	8.31	4.34	1.16
(b) Salary & Allowances including Medical and Provident and Fund Contribution			
(i) Managing Director	15.60	25.40	10.77
(ii) Other Staff	179.58	156.61	142.31
(iii) Group Gratuity Exp. LIC (Provision)	0.00	0.00	0.00
(iv) Group Leave Encashment Exp. LIC (Provision)	2.99	0.00	0.00

(Rs. In lakhs)

Particulars	2016	2017	2018
(c) Fee & traveling Allowances paid to Director & Committee Members	0.00	0.00	0.03
(d) Travelling and other Allowances:			
(i) Managing Director	1.00	1.14	0.00
(ii) Other Staff	0.12	0.15	0.02
(e) Rent, Rate, Taxes, Insurance & Lighting	9.99	10.13	10.15
(f) Auditor's fee	0.54	0.49	0.52
(g) Law & Professional Charges	0.59	0.40	0.46
(h) Loss on sale of investments	0.65	0.18	0.00
(i) Service Tax written off	0.00	0.00	0.00
(j) Bad Debts & other losses written off	25.28	1.43	0.00
(k) Other Expenses	19.37	16.48	14.45
(l) Honorarium to Chairman	0.60	0.10	0.00
(m) Net Profit/ Loss	(-) 1074.95	(-) 626.17	(-) 682.15
TOTAL	463.24	343.08	258.34
APPROPRIATIONS			
(a) Net profit / loss as above	(-) 1074.95	(-) 626.17	(-) 682.15
(b) Provision for Taxation for the year	0.00	0.00	0.00
(c) Amount Allocated to:			
(i) General Reserve	0.00	0.00	0.00
(ii) Special Reserve fund for purpose of section 36(i) (viii)of income tax Act,1961	0.00	0.00	0.00
(iii) Reserve for Bad & Doubtful Debts	0.00	0.00	0.00
(d) Amount appropriated for payment of guaranteed dividend			
(i) From Profit	0.00	0.00	0.00
(ii) From Subvention received from State Government	0.00	0.00	0.00
(e) Amount to State Government in repayment of subvention received for payment of guaranteed dividend	0.00	0.00	0.00
(f) Provision for Non-Performing Assets	(-) 109.34	13.80	(-) 132.56
(g) Net Profit /Loss Carried to Balance Sheet	(-) 965.61	(-) 639.97	(-) 549.59

Statement No. 3**SOURCES AND USES OF FUNDS**

(Rs. In lakh)			
Particulars	2015-16 (Actuals)	2016-17 (Actuals)	2017-18 (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	900.00	115.00	100.00
(ii) Bonds	816.00	1036.00	474.00
(iii) Deposits	-	-	-
(iv) RBI (Adhoc Bonds)	-	-	-
(v) Others	41.68	80.66	30.00
Total	1757.68	1231.66	604.00
4 Revenue Payments			
(i) Interest	318.70	231.48	166.49
(ii) FringeBenefit Tax	-	-	-
(iii) Administrative Expenses	256.30	226.30	178.73
(iv) Income Tax	-	-	-
(v) Dividend	-	-	-
(vi) Others(Service Tax written off)	0.00	0.00	0.00
Total	575.00	457.78	345.22
5 CGF Claims paid to DICGC	-	-	-
6 Refund of Subvention	-	-	-
7 Other Cash Outgoings	16.87	127.80	71.64
8 Closing Cash and bank balances	966.04	1034.73	966.50
Grand Total	3315.59	2851.97	1987.36

Statement No. 3(Contd.)

		(Rs. In lakh)		
Particulars	2015-16 (Actuals)	2016-17 (Actuals)	2017-18 (Actuals)	
II RESOURCES				
9	Opening Cash and bank balance	936.11	966.04	1034.73
10	Increase in Capital	-	-	-
	(i) State Government	-	-	-
	(ii) IDBI/SIDBI	-	-	-
	Total	936.11	966.04	1034.73
11	Borrowings			
	(i) SIDBI Refinance	-	-	-
	(ii) Bonds	-	-	-
	(iii) Deposits	-	-	-
	(iv) RBI (Adhoc Bonds)	-	-	-
	(v) State Govt.	1104.50	1305.74	544.45
	Total	1104.50	1305.74	544.45
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)	802.61	208.27	133.99
14	Revenue Receipts			
	(i) Interest	393.36	256.18	196.08
	(ii) Others	71.14	86.90	62.26
	Total	464.50	343.08	258.34
15	Income from Sale of investment			
	(i) Face -value	-	-	-
	(ii) Profit/Loss	-	-	-
16	Suvention received	-	-	-
17	Other cash inflow	7.87	28.84	15.85
	Grand Total	3315.59	2851.97	1987.36

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

Particulars	2016	2017	2018
(Rs. In lakh)			
ASSETS			
Cash in Hand and Bank Balance with Banks in Current /Fixed Accounts	966.04	1034.73	966.5
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	7445.04	7218.88	7083.82
Other Assets	112.44	106.92	103.17
Dividend Deficit Account	78.76	78.76	78.76
Net Loss as per Profit & Loss Account	15466.36	16106.33	16655.92
TOTAL	31174.25	31651.23	31993.78
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	2536.21	1446.01	946.60
Borrowings			
(i) Reserve Bank of India			
(ii) SIDBI	3052.16	2937.16	2837.16
(iii) State Government	5528.50	6834.24	7378.69
(iv) Kangra Central Co-operative Bank	110.48	29.82	0.00
Subvention from State Government	78.76	78.76	78.76
Provision for Non-Performing Advances	7193.83	7207.63	7075.06
Other Liabilities (Including State Govt. Interest)	2219.74	2663.04	3222.94
TOTAL	31174.25	31651.23	31993.78

**PARTY WISE DISTRIBUTION OF THE SHARES OF THE
CORPORATION
AS ON 31 MARCH 2018**

		(Rs. In Lakh)		
Particulars	No. of Share holders	No. of Share held	Share holding	%age to total Capital
(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
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 2018**

A. BORROWINGS

		(Rs. In lakh)		
Sources	Limit (2017-18)	Amount Availed	Outstanding As on 31.03.2018	
1	Reserve Bank of India	-	-	-
2	SIDBI	-	-	2837.16
3	State Government	-	-	7368.69
4	Others	-	-	0.00
TOTAL				10205.85

B. BONDS

Date of Issue	Amount issued	Interest %	Balance Amount	Maturity Date
08.04.2009 #	300.00	9.32	120.00	10.05.2019
17.08.2010 #	1600.00	8.74	780.00	17.09.2020
TOTAL		1900.00	900.00	
# 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)												
	2015-16			2016-17			2017-18			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 31.03.2018	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	133.00	345.00	.	.
3. Other Commercial Banks
4. Co-operative Banks
5. Life Insurance Corporation of India
6. Other Financial Intitutions (Insurance Co. Trusts etc.)	341.00	555.00	.	.
7. Others
TOTAL										474.00	900.00		

Statement No. 8

(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	2017-18									
	SSI		SRT0		Others		Total		SSI	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
ASSISTANCE FOR										
New Projects	-	-	-	-	-	-	-	-		
Expansions	-	-	-	-	-	-	-	-		
Diversification	-	-	-	-	-	-	-	-		
Rehabilitation	-	-	-	-	-	-	-	-		
Modernisation/ replacement	-	-	-	-	-	-	-	-	419	6584.28
Power Generation	-	-	-	-	-	-	-	-		
Quality Control	-	-	-	-	-	-	-	-		
Polution Control	-	-	-	-	-	-	-	-		
Research & Developn	-	-	-	-	-	-	-	-		
Over run finance	-	-	-	-	-	-	-	-		
Others	-	-	-	-	-	-	-	-		
TOTAL	-	-	-	-	-	-	-	-	419	6584.28

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

Total (Live Cases)					
SRTO		Others		Total	
No.	Amt.	No.	Amt.	No.	Amt.

83	218.97	35	3684.46	537	10487.71
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83	218.97	35	3684.46	537	10487.71
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Statement No.10

(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

(Rs. In lakh)

				Disbursements					
Total (Live Cases)				2016-17		2017-18		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	970.81	48	1154.78	-	-	-	-	920.20	1103.62
4	53.48	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
47	970.65	47	970.64	-	-	-	-	942.91	942.91
31	582.55	35	779.42	-	-	-	-	556.90	723.26
7	87.98	8	197.98	-	-	-	-	87.98	99.00
26	288.27	30	2126.96	-	-	-	-	250.72	2084.56
5	58.00	5	58.00	-	-	-	-	57.65	57.65
66	568.55	67	713.54	-	-	-	-	541.77	683.94
1	3.16	1	3.16	-	-	-	-	3.16	3.16
25	437.96	34	672.82	-	-	-	-	434.50	669.35
4	33.88	4	33.88	-	-	-	-	16.36	16.36
37	457.27	39	547.27	-	-	-	-	420.77	510.76
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
19	162.32	19	162.31	-	-	-	-	153.53	153.53
-	-	83	218.97	-	-	-	-	-	217.81
1	8.20	1	8.20	-	-	-	-	8.20	8.20
419	6584.28	537	10487.71	-	-	-	-	6223.15	9768.64

AREA WISE DISTRIBUTION OF TERM LOANS (SANCTIONED AND DISBURSED)

Name of the District	Sanctions (effective)								
	Small Scale								
	2016-17		2017-18		Total(Live Cases)		2016-17		
	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	-	-	-	-	46	471.84	-	-
5	Kinnaur	-	-	-	-	4	27.29	-	-
6	Kullu	-	-	-	-	5	371.77	-	-
7	Lahaul-Spiti	-	-	-	-	-	-	-	-
8	Mandi	-	-	-	-	13	122.56	-	-
9	Shimla	-	-	-	-	43	184.61	-	-
10	Sirmaur	-	-	-	-	73	1240.73	-	-
11	Solan	-	-	-	-	152	3291.37	-	-
12	Una	-	-	-	-	63	611.90	-	-
TOTAL		-	-	-	-	419	6584.28	-	-

(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

(Rs. In lakh)

Disbursements									
SRTOs		Small-Scale					SRTOs Total		
2017-18		Total(Live Cases)		2016-18	2017-18	Total(Live Cases)	2016-17	2017-18 (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	-	-	458.30	-	-	7.31
-	-	-	-	-	-	24.89	-	-	-
-	-	1	3.50	-	-	362.29	-	-	3.50
-	-	-	-	-	-	-	-	-	-
-	-	3	13.59	-	-	121.48	-	-	13.59
-	-	42	118.09	-	-	157.06	-	-	117.99
-	-	6	16.95	-	-	1105.65	-	-	16.92
-	-	11	26.68	-	-	3142.00	-	-	25.87
-	-	2	8.76	-	-	595.87	-	-	8.76
-	-	83	218.97	-	-	6223.15	-	-	217.82

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

Name of the District	Sanctions (effective)						Disbursements			
	2016-17		2017-18		Total (Live Cases)		2016-17	2017-18	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	-	-	-	-	52	539.20	-	-	525.62
5	Kinnaur	-	-	-	-	4	27.28	-	-	24.89
6	Kullu	-	-	-	-	8	532.09	-	-	492.08
7	Lahaul-Spiti	-	-	-	-	-	-	-	-	-
8	Mandi	-	-	-	-	17	146.20	-	-	145.13
9	Shimla	-	-	-	-	88	421.70	-	-	346.50
10	Sirmaur	-	-	-	-	82	1403.8	-	-	1219.67
11	Solan	-	-	-	-	184	6299.53	-	-	5922.45
12	Una	-	-	-	-	67	686.67	-	-	670.63
TOTAL		-	-	-	-	537	10487.71	0.00	-	9768.64

Statement No.13**MATURITY- WISE BREAKUP OF SANCTIONS (GROSS)**
(ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

(Rs. In lakh)

Maturity Period	Sanctions						As on 31st March 2018		
	2015-16		2016-17		2017-18		[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 2018		
	2015-16		2016-17		2017-18		[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

Statement No.15**SECTOR- WISE CLASSIFICATION OF TERM LOAN (ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)**

	Sanctions (effective)						Disbursement		
	2016-17		2017-18		Total (Live Cases)		2016-17	2017-18	Total (Live Cases)
	No.	Amt.	No.	Amt.	No.	Amt.	Amt.	Amt.	Amt.
SRT0	-	-	-	-	83	218.97	-	-	217.81
Small Scale Sector									
(a) Tiny Sector (including composite loans)	-	-	-	-			-	-	
(b) Other SSI Units	-	-	-	-	419	6584.28	-	-	6223.15
Others	-	-	-	-	35	3684.46	-	-	3327.68
TOTAL	-	-	-	-	537	10487.71	-	-	9768.64

Statement No. 16**CONSTITUTION- WISE DISTRIBUTION OF TERM LOAN (ALL TYPES OF ACCOUNTS)**

	Sanctions (effective)						Disbursement		
	2016-17		2017-18		Total (Live Cases)		2016-17	2017-18	Total (Live Cases)
	No.	Amt.	No.	Amt.	No.	Amt.	Amt.	Amt.	Amt.
Public Limited Companies	-	-	-	-	8	219.06	-	-	219.06
PVT. Ltd Companies	-	-	-	-	137	7277.27	-	-	6716.35
Co-operatives			-	-	1	50.00	-	-	46.00
Partnership Firms			-	-	93	1292.08	-	-	1244.98
Proprietorship concerns	-	-	-	-	298	1649.3	-	-	1542.25
Hindu Undivided Family Firms	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	537	10487.71	0.00	-	9768.64

RECOVERY PERFORMANCE (ALL TYPES OF ACCOUNTS INCLUDING SOFT LOAN)

	2016-17			2017-18		
	Principal	Interest	Total	Principal	Interest	Total
A. Demand						
(i) Arrears at the beginning of the year.	6658.80	8942.38	15601.18	6879.67	9249.93	16129.60
Less: Reschedulements etc.	1.43	491.19	492.62	0.00	26.94	26.94
	<u>6657.37</u>	<u>8451.19</u>	<u>15108.56</u>	<u>6879.67</u>	<u>9222.99</u>	<u>16102.66</u>
(ii) Current demand less reschedulement	430.57	1056.25	1486.82	48.56	1153.74	1202.30
Net Total Demand	<u>7087.94</u>	<u>9507.44</u>	<u>16595.38</u>	<u>6928.23</u>	<u>10376.73</u>	<u>17304.96</u>
B. Recovery						
(iii) Out of arrears (Excluding net receipts from DICGC)	38.36	119.81	158.17	0	82.8	82.8
(iv) Out of Current demand	169.91	137.7	307.61	133.99	113.28	247.27
Total	<u>208.27</u>	<u>257.51</u>	<u>465.78</u>	<u>133.99</u>	<u>196.08</u>	<u>330.07</u>
C.						
Arrears at the end of the year	6879.67	9249.93	16129.60	6794.24	10180.65	16974.89
% of B (iv) to A(ii)	39.46	13.04	20.69	275.93	9.82	20.57
% of B to A	2.94	2.71	2.81	1.93	1.89	1.91
C as % of Loans Outstanding	41.77	56.17	97.94	39.35	58.97	98.32

Statement No. 18

**ARREARS POSITIONS AS ON 31ST MARCH , 2018
(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	0.00
2 3 months - 12 months	0	0.00	0	0.00	0.00
3 1-2 years	0	0.00	0	0.00	0.00
4 2-3 years	0	0.00	0	0.00	0.00
5 3-5 years	5	295.54	246.9	1.71	1.43
6 5-7 years	15	2691.92	2690.12	15.59	15.58
7 7-10 years	16	112.00	112	0.65	0.65
8 Over 10 years	423	3745.22	3745.22	21.69	21.69
Total	459	6844.68	6794.24	41.56	39.35

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	0.00
2 3 months - 12 months	0	0.00	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	0.00
4 2-3 years	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5 3-5 years	5	295.54	26.21	321.75	246.90	26.21	273.11	1.86	1.58
6 5-7 years	15	2691.92	2681.38	5373.30	2690.12	2681.38	5371.50	31.12	31.11
7 7-10 years	16	112.00	47.22	159.22	112.00	47.22	159.22	0.92	0.92
8 Over 10 years	480	3745.22	7425.84	11171.06	3745.22	7425.84	11171.06	64.71	64.71
Total	516	6844.68	10180.65	17025.33	6794.24	10180.65	16974.89	98.61	98.32

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	26	8.57	10.98	19.55
2 Rs. 0.50 lacs to Rs. 1.00 lacs	24	14.61	25.18	39.79
3 Rs. 1.00 lacs to Rs. 2.00 lacs	59	69.90	234.59	304.49
4 Rs. 2.00 lacs to Rs. 5.00 lacs	131	283.41	882.37	1165.78
5 Rs. 5.00 lacs to Rs. 10.00 lacs	95	482.52	1104.53	1587.05
6 Rs. 10.00 lacs to Rs. 20.00 lacs	63	544.87	1109.46	1654.33
7 Rs. 20.00 lacs to Rs. 30.00 lacs	52	797.35	1395.10	2192.45
8 Rs. 30.00 lacs to Rs. 60.00 lacs	50	1390.21	1957.60	3347.81
9 Above 60.00 lacs	16	3202.80	3460.84	6663.64
Total	516	6794.24	10180.65	16974.89

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	4	5	6	7
I.	Industry-wise Break-up							
1	Cement	7	315.28	110.83	197.94	308.77	1.83	1.79
2	Chemicals	45	2388.89	1006.87	1347.21	2354.08	13.84	13.64
3	Cold Storage & Ice Factory	4	75.54	41.16	30.08	71.24	0.44	0.41
4	Electrical Appliances/ Goods	26	963.63	335.50	615.66	951.16	5.58	5.51
5	Engineering Goods	20	505.07	134.43	361.90	496.33	2.93	2.87
6	Fertilizers	1	19.23	11.81	6.44	18.25	0.11	0.11
7	Food Manufacturing	46	1658.06	787.86	851.98	1639.84	9.60	9.50
8	Hotel & Restaurants	35	1689.15	309.36	1371.33	1680.69	9.78	9.73
9	Leather Products	8	257.13	140.91	103.04	243.95	1.49	1.41
10	Metal Products	29	4074.51	1835.70	2224.89	4060.59	23.60	23.52
11	Minerals	5	211.13	53.23	155.19	208.42	1.22	1.21
12	Miscellaneous	62	948.12	504.11	420.27	924.38	5.49	5.35
13	Petroleum & Coal	1	1.13	0.00	1.13	1.13	0.01	0.01
14	Paper Products	33	1114.63	379.91	702.03	1081.94	6.46	6.27
15	Printing Presses	4	42.53	10.15	30.70	40.85	0.25	0.24
16	Rubber & Plastics	39	716.30	318.34	372.42	690.76	4.15	4.00
17	Service Stations	3	13.41	6.89	6.33	13.22	0.08	0.08
18	Stone Crushers	12	284.20	72.32	210.71	283.03	1.65	1.64
19	Textiles	38	1125.17	577.92	478.97	1056.89	6.52	6.12
20	Transport Equipments	18	195.71	47.66	146.38	194.04	1.13	1.12
21	Transport Operators	79	655.57	103.91	544.17	648.08	3.80	3.75
22	Watches & Parts	1	7.28	5.37	1.88	7.25	0.04	0.04
TOTAL		516	17261.67	6794.24	10180.65	16974.89	99.98	98.32

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	587.67	256.75	315.70	572.45	3.40	3.32
2	Chamba	4	74.29	10.88	63.33	74.21	0.43	0.43
3	Hamirpur	9	145.87	76.62	62.47	139.09	0.84	0.81
4	Kangra	52	1272.91	371.76	882.13	1253.89	7.37	7.26
5	Kinnaur	4	28.30	17.11	11.17	28.28	0.16	0.16
6	Kullu	7	1028.02	288.39	690.19	978.58	5.95	5.67
7	Lahaul-Spiti	0	0.00	0.00	0.00	0.00	0.00	0.00
8	Mandi	14	183.74	23.81	158.93	182.74	1.06	1.06
9	Shimla	85	1152.75	248.77	896.79	1145.56	6.68	6.64
10	Sirmaur	81	1925.55	798.69	1070.03	1868.72	11.15	10.82
11	Solan	173	9841.35	4277.48	5459.39	9736.87	57.00	56.40
12	Una	65	1021.22	423.98	570.52	994.50	5.92	5.76
Total		516	17261.67	6794.24	10180.65	16974.89	99.98	98.32
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	140	11747.23	4940.64	6663.78	11604.42	68.04	67.22
4	Co-operative	1	62.41	36.10	26.10	62.20	0.36	0.36
5	Other	375	5452.03	1817.50	3490.77	5308.27	31.58	30.75
Total		516	17261.67	6794.24	10180.65	16974.89	99.98	98.32
IV. Client-wise Break-up								
1	Small	485	10918.45	4222.56	6464.47	10687.03	63.24	61.90
2	Others	31	6343.22	2571.68	3716.18	6287.86	36.74	36.42
Total		516	17261.67	6794.24	10180.65	16974.89	99.98	98.32

NORMAL INTEREST RATE STRUCTURE AS ON 31.03.2018

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

 <p>Rajinder Parshad, M. No.088857 B.com FCA DISA, Partner</p>	<p>Mahajan Parshad & Co. Chartered Accountants H.O.: Green House, Near Petrol Pump Vikas Nagar, Shimla-171009 Ph. 2620581 Mob. 94180 61400 BO.: 255/2, Purani Mandi, Near K V Enterprises, Mandi-175001 Mob.9816064141</p>
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Independent Auditors Report

The Shareholders 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, 2018, 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, 2018; 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) Loans & Advances of Rs.7075.06 Lakhs (net of DICGC claim of Rs. 8.76 Lakhs) are classified as Non-performing loans as on 31.03.2018. The Corporation has incurred losses of Rs.549.59 Lakhs during the year and accumulated losses stands at Rs.16655.92 Lakhs as on 31.03.2018, 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.7075.06 Lakhs.
- 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. 51,49,751.00 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. 51,49,751.00. 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. 48.64 crore including interest of Rs. 20.84 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. 8,76,403.00 net of provision for NPA as against the reported figures of Rs. 70,83,82,278.00. The loss of the corporation for the year would have been Rs. 6,01,08,642.00 Accumulated loss of Rs.1,67,07,41,367.00 and Borrowings from SIDBI Rs.28,88,65,801.00 against the reported loss for the year Rs. 5,49,58,891.00 Accumulated loss Rs. 1,66,55,91,616.00 and Borrowings from SIDBI Rs. 28,37,16,050.00 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 Mahajan Parshad & Co
Chartered Accountants
FRN: 011254N

Place: Shimla
Dated:30th June 2018

(CA Rajinder Parshad)
Partner
Membership No. 088857

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 31.03.2018 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 31.03.2018 stated by the Auditor are the correct figure which has 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 31.03.2018 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 31.03.2018 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.5149751/- 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, 2018

CAPITAL AND LIABILITIES	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
1 CAPITAL			
Authorised			
15,000,000 Shares of Rs.100 each	1500000000		1500000000
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)	<u>27400000</u>	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	<u>18189352</u>	49745958	18189352
3 BONDS AND DEBENTURES			
[Guaranteed by the State Govt. u/s-7]	90000000		
Add:- Interest accrued but not due	<u>4659643</u>	94659643	144601534
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)		283716050	293716050
[ii] From State Govt.	737869000		
Add:- Interest Accrued	<u>208371861</u>	946240861	832268348
[iii] From Kangra Central Cooperative Bank Ltd. (Project Based Term Loan)		0	2982353
TOTAL CARRIED OVER		<u>2370073212</u>	<u>2319024943</u>

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2018

PROPERTY AND ASSETS	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
1 CASH AND BANK BALANCE			
[a] Cash in hand	43585		39791
[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	8559674		7935755
in Short Term Deposits	5849828		11565623
[c] CPF Deposits	82197113		83930156
[d] Postage Stamps in Hand	33	96650233	2130
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	710000000
3 LOANS AND ADVANCES			
[As per Schedule "A"]			
[i] Direct Loans	694749077		707980485
[ii] Soft Loans from Special Share Capital	3886507		3886507
[iii] Seed Capital Loans under Semfex Scheme	530195		530195
[iv] National Equity Fund	9216499	708382278	9491499
TOTAL CARRIED OVER		1515593511	1535923141

**HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2018**

CAPITAL AND LIABILITIES	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
TOTAL BROUGHT OVER		2370073212	2319024943
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	2085898		2106173
[ii] Staff Provident Fund (Net)	77225166		79417595
[iii] Amount Realised from DICGC	876403		1126403
[iv] Earnest Money /Unknown Parties	21921856		21883259
[v] Token Money for OTS - Pending Adjustment	2561566		5173228
[vi] Central Govt. Subsidy	5236479		5236479
[vii] State Govt. Interest Subsidy	256994		256994
[viii] Bills Payable	2348092		1992828
[ix] Pension Payable	748002		266958
[x] Provision for Leaveencashment	662335	113922791	0
TOTAL CARRIED OVER		2491872003	2444360860

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2018

PROPERTY AND ASSETS	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
TOTAL BROUGHT OVER		1515593511	1535923141
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	6368705		
Add : Depreciation for the year	285406	6654111	5575096
			5860502
5 MOTOR VEHICLE, FURNITURE AND FIXTURES ETC.			
Cost upto last Balance Sheet	6242145		
Additions during the year	0		
	6242145		
Less: Sales/Adjustments during the year	0		
	6242145		
Less: Depreciation written off upto last Balance Sheet	5254269		
Less: Adjustments during the year	0		
Add : Depreciation for the year	241268	5495537	746608
			987876
6 OTHER ASSETS			
[i] Advances to Staff			
[a] House Building	41600		75200
[b] Accrued Interest on HBA	1375468		1796248
[c] Travelling	20000		20000
[d] LIC/GIS amt. recoverable from staff	3380		1151
TOTAL CARRIED OVER	1440448	1521915215	1544664118

**HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2018**

CAPITAL AND LIABILITIES	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
TOTAL BROUGHT OVER		2491872003	2444360860
8 PROVISION FOR NON PERFORMING ADVANCES			
Balance as per last Balance Sheet	720762285		
Less: Provision reversed during the year	<u>13256408</u>	707505877	720762285
9 CONTINGENT PROVISION AGAINST STANDARD ASSETS			
Balance as per last Balance Sheet	0		
Less: Provision reversed during the year	<u>0</u>	0	0
GRAND TOTAL		3199377880	3165123145

Accounting policies, notes on accounts: Schedule 'B'

PLACE: SHIMLA
DATE: 20th June, 2018

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

(Dr.Sunil Kumar chaudhry)
Managing Director

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
BALANCE SHEET AS AT 31st MARCH, 2018

PROPERTY AND ASSETS	AMOUNT	TOTAL	Amount in Rupees PREVIOUS YEAR
TOTAL BROUGHT OVER	1440448	1521915215	1544664118
[ii] Other Advances [Sundry Advance]	295937		27480
[iii] Stationery in Hand	87313		140502
[iv] Pre-paid Expenses	43109		74678
[vi] Advance Income Tax A.Y. 2013-14	418500		0
[vii] Service Tax Recoverable	201731		201731
[viii] Security Deposits (Refundable)	1850		1850
[ix] Society Deduction Recoverable From Staff	3042		942
[x] Investment Deposit A/c with IDBI u/s 32AB of I.T. Act,1961	7000	2498930	7000
7 DIVIDEND DEFICIT ACCOUNT		7876000	7876000
8 ADVANCE INTEREST TAX		1496119	1496119
9 PROFIT AND LOSS ACCOUNT			
Balance as per last Balance Sheet	1610632725		
Profit as per Profit and Loss Account	54958891	1665591616	1610632725
GRAND TOTAL		3199377880	3165123145

" In terms of our report of even date annexed".
for M/s Mahajan Parshad & Co.,
Chartered Accountants

Director

(Rajinder Parshad)
Partner
Membership No.088857
FRN 011254N

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2018

Amount in Rupees

EXPENDITURE	AMOUNT	TOTAL	PREVIOUS YEAR
To Interest on Borrowing			
(a) Interest on Deposits, Bonds, Debentures and Bank Borrowings	16649138		
(b) Interest on State Govt. Loan	<u>59527513</u>	76176651	75673710
To Salaries and Allowances			
(a) Managing Director (including Medical Re-imbursment Rs.5506/=, Previous year: Rs.9865/=)	1076801		
(b) Others (including Medical Re-imbursment Rs.1,82,216/= Previous year: Rs.2,24,443/=)	<u>13292690</u>	14369491	
			16990978
To Travelling & Other Allowances			
(a) Managing Director	0		113501
(b) Directors	2935		0
(c) Others	<u>2636</u>	5571	15543
To Contribution to Staff Provident Fund	937618		1219794
To Rent, Rates, Taxes, Lighting and Insurance etc.	1014538		1012795
To Postage, Telegram and Stamps etc.	26597		61852
To Telephones etc.	78482		112095
To Printing and Stationery	132094		146468
To Publicity and Advertisement	12251		21393
To Repairs and Renewals	61025		75834
To Bank Charges and Commission	3880		6607
To Audit Charges	52030		49450
To Depreciation	526674		380221
TOTAL CARRIED OVER	2845189	90551713	95880241

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2018

Amount in Rupees

INCOME	AMOUNT	TOTAL	PREVIOUS YEAR
By Interest on			
(a) Loans & Advances	19607870		25617912
(b) Investments & Deposits	5909962		8539441
(c) Advances to Staff	<u>6275</u>	25524107	10284
 By Other Income			
(a) Miscellaneous Income	295309		57424
(b) Sale of Application forms	0		0
(c) Dividend	14761		12000
(d) Profit on sale of assets	<u>0</u>	310070	54423
By Excess Depreciation of earlier years written back		0	12911
By Excess Provision of Expenses Written Back		0	3884
By Excess Provision of NPAs Written Back		13256408	0
 By Net Loss for the Year			
(a) Before Provisions for NPAs	68215299		
(b) Provision for NPAs	<u>-13256408</u>	54958891	63996729
 TOTAL CARRIED OVER			
		94049476	98305008

HIMACHAL PRADESH FINANCIAL CORPORATION, SHIMLA
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2018

Amount in Rupees

EXPENDITURE	AMOUNT	TOTAL	PREVIOUS YEAR
TOTAL BROUGHT OVER	2845189	90551713	95880241
To Law & Professional Charges	46083		40025
To Expenses/ Loss pertains to earlier year	0		18401
To Other Expenses			
(a) Books & Newspapers	8271		9100
(b) Entertainment	3180		1505
(c) Miscellaneous not Enumerated	42991		53511
(d) Vehicle Running and Maintenance	201278		258778
(e) Staff Welfare	147299		150637
(f) Meeting Expenses	16492		11463
(g) Fees & Subscription	<u>186980</u>	3497763	358510
To Bad Debts Written Off		0	143000
To Provision for NPAs		0	1379837
GRAND TOTAL		94049476	98305008

Accounting policies, notes on accounts: Schedule 'B'

PLACE: SHIMLA
DATE: 20th June, 2018

Er. V.P. Singh
Chief General Manager

(DR.Sunil Kumar Chaudhry)
Managing Director

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

INCOME	AMOUNT	TOTAL	<i>Amount in Rupees</i> PREVIOUS YEAR
TOTAL BROUGHT OVER		94049476	98305008

	94049476	98305008
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" In terms of our report of even date annexed".
for ***M/s Mahajan Parshad & Co.,***
Chartered Accountant

Director

(Rajinder Parshad)
Partner
Membership No. 088857
FRN-011254N

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	440,652,540	409,848,914
(b) Debts previously fully secured but now secured to the extent of Rs.6,69,48,016/=	1,285,795,111	1,237,033,147
	1,726,447,651	1,646,882,061
Less: (i) Overdue interest as on 31.3.2018 (including suit filed cases)	1,018,065,372	924,993,374
(ii) Funded interest as on 31.3.2018	0	0
(iii) Advance payment	0	0
Balance as per Balance Sheet (Including Other charges of Rs.2,39,13,821 debited to parties)	708,382,279	721,888,687
(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	293,033	286,297
(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)	413,767,925	380,945,646
(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	1,283,721,904	1,232,015,214
(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, 2018

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	1,323,352,776	1,282,038,140
(ii) Debts due from concerns other than those included in (i) above	403,094,875	364,843,921
	<u>1,726,447,651</u>	<u>1,646,882,061</u>
Less: (i) Over due interest as on 31.3.2017 (including Suit Filed Cases)	1,018,065,372	924,993,374
(ii) Funded Interest as on 31.3.2017	0	0
(iii) Advance payment		
Balance as per Balance Sheet	<u>708,382,279</u>	<u>721,888,687</u>
III. ACCORDING TO THE CONSTITUTION OF THE INDUSTRIAL UNITS		
(a) Proprietary	374,196,834	356,248,548
(b) Partnership	171,102,479	175,283,370
(c) Hindu Un-divided Family	0	0
(d) Co-operative Societies	6,241,148	6,219,243
(e) Private Limited Companies	1,143,953,390	1,078,346,925
(f) Public Limited Companies	30,953,800	30,783,975
	<u>1,726,447,651</u>	<u>1,646,882,061</u>
Less: (i) Over due interest as on 31.3.2017 (including Suit Filed Cases)	1,018,065,372	924,993,374
(ii) Funded Interest as on 31.3.2017	0	0
(iii) Advance Payment	0	0
Balance as per Balance Sheet	<u>708,382,279</u>	<u>721,888,687</u>
IV. ACCORDING TO HEALTH OF INDUSTRIAL UNITS		
(a) Standard Accounts	0	0
(b) Sub-Standard Accounts	0	0
(c) Doubtful Accounts	815,928,657	742,823,004
(d) Loss Assets Accounts	910,518,994	904,059,058
	<u>1,726,447,651</u>	<u>1,646,882,061</u>
Less: (i) Over due interest as on 31.3.2017 (including Suit Filed Cases)	1,018,065,372	924,993,374
(ii) Funded Interest as on 31.3.2017	0	0
Balance as per Balance Sheet	<u>708,382,279</u>	<u>721,888,687</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 Mahajan Parshad & Co.,
Chartered Accountants

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

[DR. Sunil Kumar Chaudhry]
Managing Director

[Rajinder Parshad]
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 2018, 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 lakh. 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. The Corporation has made Provision for Group leave encashment of LIC of Rs. 6,62,335/- for the current financial year against demand of shortfall in the Corpus.
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, out of which an amount of Rs.4,18,500/- (i.e. 20% of total demand) has been deposited by the Corporation with the income tax authority as per their condition. The said amount has been shown as Income Tax recoverable and further no provision has been made for the balance amount as the Corporation has preferred an appeal before the Appellate Authority against the said demand.
9. The Corporation has accounted for interest of Rs. 5,95,27,513/- 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.20,83,64,875/- towards interest and Rs. 27,80,10,000/- towards principal is due up to 31.03.2018.
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 @ 7.90% up to 30.06.2017, @ 7.80% w.e.f. 01.07.2017 to 31.12.2017 and @7.60% w.e.f. 01.01.2018 to 31.03.2018.
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 31.03.2018 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.

SCHEDULE "B"

(A.) CAPITAL

- (a) Core Capital Risk Weighted Adequacy Ratio (CRAR):(-) 42.74%
- (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*	3583.87	50.65	3583.87	0.00	
Loss Assets	3491.19	49.35	3491.19	0.00	0.00
Total	7075.06	100.00	7075.06	0.00	0.00

*Note: After adjustment of claims of Rs. 8.76 lakhs received from DICGC

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

(Rupees in lakh)

S. No.	Assets & other	Provisions
1	Loans & Advances	-132.56
1.1	Standard Assets	0.00
1.2	Sub-Standard Assets	0.00
1.3	Doubtful Assets	-61.47
1.4.	Loss Assets	-71.09
2	Income tax	Nil
3	Investments	Nil

(d) **Movements in net NPAs**

- (i.) Sub Standard = Nil (100% NPA)
(ii.) Doubtful = Nil (100% NPA)

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 (5.07%)	16.77%
b) the largest borrower group	Rs.1669 lakh (7.12%)	23.56%
c) 10 largest single borrowers	Rs.3191.69 lakh (13.61%)	45.06%
d) all borrower groups (1)	Rs.1669 lakh (7.12%)	23.56%

(C.) LIQUIDITY

Maturity pattern of rupee/foreign, current assets & liabilities.

(Rupees in crore)

Item	<= 1 y r	>1<= 3 yr	>3<= 5 yr	>5<= 7 yr	>7<= 10 yr	> 10 yr	Total
Rupee assets	70.43	0.40	-	-	-	-	70.83
Foreign currency	-	-	-	-	-	-	-
Total assets	70.43	0.40	-	-	-	-	70.83
Rupee liabilities*	3.30	3.20	2.60	0.00	0.00	0.00	9.10
Foreign currency	-	-	-	-	-	-	-
Total liabilities*	3.30	3.20	2.60	0.00	0.00	0.00	9.10

**The liabilities of SIDBI on account of refinance & LOC have been taken at Rs 0.10 crore as per Approved OTS.*

(D.) OPERATING RESULTS

- (e) Interest income as percentage to average working funds = 1.09%
- (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.

Mahajan Parshad & Co.,
Chartered Accountant

(V.P. Singh)
Chief General Manager

(Dr. Sunil Kumar Chaudhry)
Managing Director

(Rajinder Parshad)
Partner