

NOTICE

Notice is hereby given that the 7th Annual General Meeting of NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION will be held on Tuesday, the 4th day of July, 2006 at 12.30 P.M. at the Registered Office of the Company at Red Cross Bhawan, Sector-12, Faridabad -121007 to transact the following business: -

ORDINARY BUSINESS:

- 01.** To receive, consider and adopt Directors' Report, Audited Balance Sheet as on 31st March, 2004 and Income and Expenditure Account for the period ended on that date along with the reports of Auditors thereon.

SPECIAL BUSINESS

- 02.** To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution;

“RESOLVED THAT pursuant to provisions of Section 224(8)(aa) and other applicable provisions, if any, of the Companies Act, 1956 authority be and is hereby granted in favour of the Board of Directors of the company to fix the remuneration of Statutory Auditors of the Company for the financial year 2004-2005 to be appointed by the Comptroller & Auditor General of India (C. & A.G.)

FURTHER RESOLVED THAT the authority granted hereinabove shall be exercisable by the Board of Directors at the meeting of the Board of Directors of the Company and not otherwise.”

By Order of the Board of Directors

For NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT
CORPORATION

Place: Faridabad
Date: 28/06/ 2006

Sd/-

(R.K.Mishra)
Company Secretary

Note: A MEMBER ENTITLED TO ATTEND THE MEETING MAY APPOINT ANOTHER PERSON (WHETHER A MEMBER OR NOT) AS HIS /HER PROXY TO ATTEND AND VOTE ON A POLL. PROXY TO BE VALID SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. A BLANK PROXY FORM IS ENCLOSED.

Annexure to the Notice of the 7th Annual General Meeting

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

National Handicapped Finance and Development Corporation being a Government Company, the authority to appoint the Statutory Auditors of the Company vests with Comptroller and Auditor General of India in terms of Section 619 of the Companies Act, 1956. The Statutory Auditors of the Company for the Financial Year 2004-05 and 2005-06 are yet to be appointed by Comptroller and Auditor-General of India.

Your Company has taken up the matter of appointment of Statutory Auditors of the company for the financial year 2004-2005 and 2005-2006 with the Comptroller and Auditor General of India (C. &A.G.).

As per the statutory provision i.e. Section 224(8)(aa) of the companies Act, 1956, the remuneration of the Statutory Auditor shall be fixed by the Company in General meeting or in such manner as the Company in general meeting may determine. In the absence of any specific instruction at the general meeting, the remuneration of statutory auditors has to be fixed at the General meeting of the Company.

As a normal corporate practice, general meeting (except Annual General Meeting) is called only to address matters of extra-ordinary nature; which warrants the convening of the Extra-ordinary General meeting. In view of this, it would be prudent to authorise the Board of Directors to fix the remuneration of statutory auditors for the financial year 2004-2005. The concerned Section 224(8)(aa) allows that the general meeting can decide the manner in which the remuneration of statutory auditors appointed by the Comptroller and Auditor-General of India can be determined.

Your consent to the proposed resolution is solicited.

None of the directors of the company is individually concerned or interested in this resolution; though the resolution intends to empower the Board as body to fix the remuneration of the Statutory Auditors.

By Order of the Board of Directors
For NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT
CORPORATION

Place: Faridabad
Date: 28/06/ 2006

Sd/-
(R.K.Mishra)
Company Secretary

DIRECTORS' REPORT TO MEMBERS OF THE CORPORATION

Gentlemen,

Your Directors are pleased to present the seventh Annual Report on operations of your Corporation together with the audited statement of accounts for the period from 1st April 2003 to 31st March 2004 alongwith Statutory Auditors' report thereon.

01. ABOUT THE CORPORATION

The Corporation was incorporated as a Company 'not for profit' under Section 25 of the Companies Act, 1956, on 24th January 1997 to serve as a catalyst in the economic & social development of persons with disability. As on date of this report, the Authorised share capital of the Corporation is Rs.400.00 Crore with the paid-up share capital of Rs. 74.30 Crores divided into 7,43,010 nos. of equity shares of Rs. 1,000/- each. The entire equity is held by Government of India.

02. GENERAL PERFORMANCE

This Corporation has made good progress in respect of sanctions and disbursements, during the current financial year. An amount of Rs. 2772.93 lac was sanctioned during the current financial year 2003-2004 as against Rs. 1756.12 lac sanctioned during the previous financial year 2002-2003, an increase of 57.90 % (Approx.) over the financial year 2002-03.

An amount of Rs.2691.55 lac was disbursed during the financial year 2003-2004 as against Rs.1845.45 lac disbursed during the financial year 2002-2003, thereby registering a growth of 45.84 % over the previous financial year 2002-03.

The disbursements made during the financial year 2003-04 through channelising agencies in respect of project financing has registered a growth of about 53% over the previous financial year; whereas the disbursement made under Micro Financing Scheme channelised through Non-Government Organisations grew by 85% (approx) over the same period.

3. FINANCIAL HIGHLIGHTS

Financial highlights achieved during the current financial year are as under:

(Amt. in Rs. Lac)

Particulars	2003- 2004	2002- 2003
Total Income	343.84	338.71
Operating and General Expenses	91.00	72.34
Surplus (before Depreciation & Tax)	252.83	266.37
Depreciation	4.57	3.89
Surplus Before Tax	248.26	262.48
Provision for Tax	Nil	Nil
Surplus after Tax	248.26	262.48

04. APPROPRIATIONS

Your Corporation registered a surplus of income over expenditures for an amount of Rs. 248.26 Lac during the financial year 2003-04 under report. The Corporation is established with an objective, not oriented towards profit. And in terms of Section 25 of the Companies Act, 1956; the Corporation is prohibited from declaring dividend. Hence, the entire amount of excess of income over expenditure, amounting to Rs. 248.26 Lac is transferred to General Reserve to be used for promotion of objectives of the Corporation.

05. BOARD OF DIRECTORS

Smt. Jayati Chandra, Ex-J.S.(D.D), Ministry of Social Justice & Empowerment ceased to be Director of the Company w.e.f. 16th November 2005.

Shri G.N.Pegu, I.A.S.(OR:75) Joint Secretary,(Disability Division),Ministry of S.J. & E. was appointed as director on the Board of NHFDC with effect from 16th November 2005 for a period of three years or until further orders, whichever is earlier.

Shri R.N.Yadav, Dy. General Manager, Small Industries Development Bank of India (SIDBI), has been appointed on 26th December 2005 as Director on the Board of NHFDC for a period three years or until further orders, whichever is earlier in the place of Shri Harsh Kaul, General Manager, S.I.D.B.I. (ex-Director of the Company).

06. APPOINTMENT OF AUDITORS

M/s M.L. Bhansali & Co., Chartered Accountants, have been appointed as Statutory Auditors of the Corporation for the Financial Year 2003-2004 by Comptroller & Auditor General of India vide letter no M/s M.L. Bhansali & Co., Chartered Accountants of the Corporation were appointed by Comptroller and Auditor General of India (C&A.G.) as Statutory Auditors in respect of audit of accounts of the Corporation for the financial year 2003-04 vide C.&A.G. letter no CA.V/COY/CENTRAL GOVT., HANDIF(1)/1097 dated 10-12-2004.

The statutory Auditors for the financial year 2004-2005 are yet to be appointed by C. & A.G. of India.

07. DIRECTORS' RESPONSIBILITY STATEMENT

Board of Directors state that:

- In the preparation of Annual accounts, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departure except to the extent pointed out in the Auditors' report.
- The Directors had selected such accounting policies and adopted them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and the income and expenditure account for the period ended on that date.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding assets of the Corporation and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

08. FIXED DEPOSITS:

During the financial year under consideration, the Corporation has not accepted any deposits from the Public.

09. PARTICULARS OF EMPLOYEES:

No employee of the Corporation was in receipt of remuneration exceeding the limits prescribed in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

10. EXPLANATIONS TO OBSERVATIONS / QUALIFICATIONS MADE BY STATUTORY AUDITORS

A. With reference to Para 6 (a) of the report of Statutory Auditors:

The Corporation is working out to study the practice in this regard in other similar corporation and if felt necessary, to lay down the norms for identifying / classifying non-performing assests and provisioning to be made in that respect.

B. With reference to Para 6 (b) of the report of Statutory Auditors:

NHFDC raises demands on State Channelising Agencies and Non-Government Organisations on quarterly basis. In view of the observations of the Statutory Auditors, it was decided that the State Channelising Agencies and Non-Government Organisations in future will be given time in each demand statement to bring to notice discrepencies, if any, and in case no discrepancy has been brought to the notice in the given time, it will be considered as cnfirmation of the demand amount.

C. With reference to Para 6 (c) of the report of Statutory Auditors:

The loan ledgers of the Company have been reconciled in-house from time to time. Till now, neither the internal auditors nor the statutory auditors have pointed out any specific discrepancy in this regard in any individual account.

However, the Company shall engage independent outside agency to get the loan ledgers reconciled completely and get it certified from them.

D. With reference to Para 6 (d) of the report of Statutory Auditors:

NHFDC is persuing with the SCA to recover NHFDC dues at the earliest possible. NHFDC will soon take necessary steps for enforcing the Government Guarantee furnished by the state of Andhra Pradesh, for repayment of amount due from Andhra Pradesh Vikalangula Co-operative Corporation.

E. With reference to Para 6 (e) of the report of Statutory Auditors:

NHFDC is persuing with the SCA to recover NHFDC dues at the earliest possible.

As a result of the persistent efforts, the recovery of NHFDC dues has gone up to 50.19% as on date, in comparison to 42.19 % on 31st March 2004.

F. With reference to Para 6 (f) of the report of Statutory Auditors:

NHFDC is persuing with the SCA to recover NHFDC dues at the earliest possible. The amount due from the SCA is covered under Block Government Guarantee furnished with NHFDC by the state of Madhya Pradesh.

As a result of the persistent efforts, the overdue amount from the SCA has reduced to Rs. 24.88 lac and overdue interest amount from the SCA as on date of this report has reduced to Rs. 0.38 lac.

As a result of the persistent efforts, the recovery of NHFDC dues has gone up to 53.57 % as on date, in comparison to 32.06 % on 31st March 2004.

G. With reference to Para 6 (g) of the report of Statutory Auditors:

NHFDC is persuing with the SCA to recover NHFDC dues at the earliest possible. NHFDC has received Govt. Order from the state of Madhya Pradesh for furnishing additional Guarantee against loanings to the SCA and that the amount outstanding is covered under the Government Order.

H. With reference to Para 6 (h) of the report of Statutory Auditors:

NHFDC is persuing with the SCA to recover NHFDC dues at the earliest possible. The overdue amount is covered within Block Government Guarantee furnished with NHFDC by the state of Maharashtra.

I. With reference to Para 6 (i) of the report of Statutory Auditors:

NHFDC is making persistent efforts to recover NHFDC dues at the earliest possible. Actions like, blacklisting the defaulting Non-Government Organisations and informing various funding agencies about the defaults made by NGO etc. have already been initiated. NHFDC is also exploring the possibility of taking actions like lodging F.I.R.s , instituting civil suits against the defaulting Non-Government Organisations.

NHFDC has got security of upto 25% of the loan amount in the form of FDRs pledged to it and in some cases aneded property has been mortgaged to NHFDC as security, the mortgage of the land of not less than 40% of the loan amount has been ensured.

J. With reference to Para 6 (j) of the report of Statutory Auditors:

NHFDC is making efforts to take the physical custody of the assets. The corporation has taken back the physical custody of Computer System (with Monitor) with the softwre from the administrative Ministry on 12-01-2006 and the said Compter system is now in use in the office of NHFDC. Thus, out of the gross value of the assets amounting to Rs. 2,08,277/- as indicated in the report of Statutory Auditors, assets worth Rs. 76,882/- (Rupees Seventy Six thousand eight hundred and eighty two Only) has already been taken back by NHFDC. The gross value of balance of the assets with the Administrative Ministry is Rs. 22,481/- whereas the book value (depreciated value) of these assets has reduced to Nil. The administrative Ministry has informed that these assets are no more traceable. Board of Directors are of the view that it would be prudent to write off these assets from the books of the Company rather than persuing with the administrative exercise to trace and take possession of these assets. Hence, Board directs that the balance of the assets with the administrative Ministry worth nil book value (Gross value Rs. 22,481/-) be written off from the books/resgisters of NHFDC.

In respect of the two Air conditioners and voltage stabilisers (Gross Value worth Rs. 1,08,914/-) with Ex-Minister for Social Welfare, NHFDC has been persuing for taking back the physical custody of these assets and had taken up the matter with the Administrative Ministry. The latest communication from Chairman-cum-Managing Director , NHFDC in this regard was forwarded to the administrative Ministry vide NHFDC letter no. NHF/2/20/98/31266 dated 19-12-2005.

K. With reference to Para 6 (k) of the report of Statutory Auditors:

Board of Directors at the 27th meeting held on 18th december 2003 accorded approval for waiver of provisions pertaining to penal interest on State Channelising Agencies subject to approval of Government. The matter is yet to be decided.

L. With reference to Para 6 (l) of the report of Statutory Auditors:

The Company had applied through the Administrative Ministry for being granted exemption u/s 10 of the Income tax Act. The said application has been rejected by the Finance Ministry vide their letter dated 23-06-2005. The Company sought the opinion of reputed Chartered Accountant firms for advice in this regard and would address the issues pertaining to income tax matters in the near future.

M. With reference to Para 6 (m) of the report of Statutory Auditors:

During the financial year 2005-2006, the Company impressed upon various State Governments to furnish necessary guarantee. As a result of the persistent efforts, the Company could obtain additional Government Guarantee / Government order for furnishing the Guarantee to the tune of Rs. 38.79 Crores since 1st April 2005.

Further, in many of the State Channelising Agencies belonging to the U.T.s, it is practically difficult for the U.T. Government to execute Government Guarantee in favour of a wholly owned Government Company (owned by Government of India).

N. With reference to Para 6 (n) of the report of Statutory Auditors:

The Company shall take necessary action in this regard to put in place a system for detailed checking of the demand raised.

11. ACKNOWLEDGEMENTS

Your Directors are also grateful to the various other Government Departments and Agencies, Company's Auditors and Comptroller and Auditor General of India for their continued guidance and advice.

For and on behalf of Board of Directors

Date: 15 May, 2006
Place: New Delhi

Sd/-
(Rakesh Garg)
Chairman-cum-Managing Director

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION, FARIDABAD FOR THE YEAR ENDED 31ST MARCH 2004.

The Comptroller and Auditor General of India has decided not to review the report of the Auditors on the accounts of National Handicapped Finance And Development Corporation, Faridabad, for the year ended 31st March 2004 and as such he has no comments to make under Section 619(4) of the Companies Act, 1956.

Sd/-

(Meera Swarup)

**Principal Director of Commercial Audit and
Ex-officio Member, Audit Board – III, New Delhi**

**Place : New Delhi
Dated : 7 June, 2006**

STATUTORY AUDITORS' REPORT

The Members,
NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION,
Red Cross Bhawan,
Sector-12,
Faridabad – 121 007,

We have audited the attached Balance Sheet of NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION, as on 31st March 2004 and also the Income and Expenditure Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

This report does not include the statement on the matters specified in the Companies (Auditor's Report) Order, 2003 issued by Central Government of India under Section 227(4A) of the Companies Act, 1956, as the said order is not applicable to this Corporation since it is registered under section 25 of the said Act.

We report that:

1. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of accounts as required by law have been kept by the Corporation so far, as appears from our examination of such books;
3. The Balance Sheet and Income & Expenditure account dealt with by this report are in agreement with the books of accounts;
4. In our opinion, the Balance Sheet and Income & Expenditure Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
5. The provisions of Section 274(1) (g) of Companies Act, 1956 are not applicable to the Corporation
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts **subject to**
 - a) ***The Corporation has not framed the policy of prudential norms for the purpose of identifying non-performing assets and the creation of provision in the books of accounts for the overdue installments of principal amount of loans and interest overdue thereon, therefore Loans and advances has not been classified. In absence of the same, impact on accounts, if any, arising from the classification is not ascertainable.***

- b) *The confirmation of loans and the interest due thereon from the State Channeling Agencies and Non-Government Organisations is not available. In absence of the same, the impact on accounts, if any, arising from non-confirmation / reconciliation can not be ascertained.*
- c) *We have observed that the General Ledger does not have individual account of each SCA's / NGO's, and the Corporation has maintained a separate loan register for each SCA's / NGO's, but the same is not reconciled with the General Ledger. In absence of the same, the impact on accounts, if any, arising from reconciliation is not ascertainable.*
- d) *That a sum of Rs. 269.44 lacs have been released to Andhra Pradesh Vikalangula Co-operative Corporation (APVCC) upto 31st March, 2004. A sum of Rs. 64.83 lakhs was overdue on APVCC as on 31st March, 2004 including Rs. 4.66 lakhs towards overdue interest against the loan disbursed till that date. The overdue amount as on 31st Jan, 2006 against total loans disbursed is Rs. 108.10 lakhs including overdue interest of Rs. 11.41 lakhs. No satisfactory recovery is coming in spite of several assurances given by APVCC. An immediate action plan should be prepared and act upon this plan strictly for the recovery of overdue amount including invoking of the Block Government Guarantee.*
- e) *That a sum of Rs. 935.73 lakhs have been released to Mahila Vikas Samabaya Nigam, Orissa (MVSNO) upto 31st March, 2004. A sum of Rs. 142.40 lakhs was overdue amount as on 31st March, 2004 including Rs. 4.17 lakhs towards overdue interest against the loans disbursed till that date. The overdue amount as on 31st Jan, 2006 against the total loans disbursed is Rs. 228.92 lakhs. Recovery of these loans is very low, so more efforts and personal visits are required to be made for immediate recovery of over due amounts.*
- f) *That a sum of Rs. 85.47 lakhs have been released to Madhya Pradesh Adivasi Vitt Evam Vikas Nigam, Madhya Pradesh upto 31st March, 2004. The overdue amount as on 31st March, 2004 is Rs. 27.87 lakhs against the above loan including interest of Rs. 2.59 lakhs. The overdue amount as on 31st Jan, 2006 for total loans disbursed is Rs.45.01 lakhs including overdue interest of Rs. 2.78 lakhs. An immediate action is required to be taken for proper recovery of overdue amounts including invoking of the Block Government Guarantee.*
- g) *That a sum of Rs. 52.45 lakhs have been released to Madhya Pradesh Pichra Varg & Alpsankhayak Vitt Vikas Nigam, Madhya Pradesh upto 31st March, 2004. The overdue amount as on 31st March, 2004 is Rs. 6.79 lakhs against the above loan including interest of Rs. 0.43 lakhs. The overdue amount as on 31st Jan, 2006 for total loans disbursed is Rs.14.39 lakhs including overdue interest of Rs. 0.22 lakhs. An immediate action is required to be taken for proper recovery of overdue amounts.*
- h) *That a sum of Rs. 50.00 lakhs have been released to Mahatma Phule Backward Class Development Corporation Limited, Maharashtra (MPBCDC) upto 31st March, 2004. A sum of Rs. 15.69 lakhs is overdue as on 31st March, 2004 including overdue interest of Rs.0.25 lakhs. The total overdue amount as on 31st Jan, 2006 is Rs. 22.64 lakhs. The Corporation should take effective steps for recovery of overdue amounts.*

- i) ***That a sum of Rs. 206.29 lakhs has been released to NGOs upto 31st March, 2004 under Micro Financing Scheme, against the said release of funds, an overdue sum of Rs.39.33 lakhs (including interest of Rs. 0.65 lakhs) is recoverable towards the demand raised by the Corporation. The total overdue amount as on 31st Jan, 2006 is Rs. 76.90 lakhs including overdue interest of Rs. 1.99 lakhs. The Corporation should take effective steps for recovery of overdue amounts.***
- j) ***The value of assets of Rs. 208277/- are currently used by the Ministry and Ex-Minister for social welfare, on which the Corporation does not have any control or custody of these assets.***
- k) ***Note No. 4A(a) of Schedule M regarding penal interest @3%/2% as applicable to be charged from channelising agencies for default in repayment, the effect neither ascertained nor considered in preparation of the accounts.***
- l) ***Note No. B(1) of Schedule M regarding Income tax matters where income tax return has not been filed alongwith tax audit report and liability, if any has not been ascertained and provided for;***
- m) ***Note No. B(5) of Schedule M regarding shortfall of block government guarantee amounting to Rs. 1607.55 lakhs against loan to various state channelising agencies, to that extent are considered to be unsecured.***
- n) ***In our opinion, scope of work of Internal Audit needs to be strengthened to cover up detailed checking of demand raised by the Corporation including instalments of principal and charging of interest thereon, to commensurate with the size and operations of the Corporation***

and read together with notes on accounts thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i) In the case of Balance Sheet, of the State of Affairs of the Corporation as at 31st March 2004; and
- ii) In the case of Income and Expenditure Account of surplus for the year ended on the date.

**For M.L. BHANSALI & CO.
CHARTERED ACCOUNTANTS**

Sd/-

**M.L. BHANSALI
(PARTNER)
M. No. 84782**

Place : Camp at New Delhi
Date : 15-05-2006

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION RED CROSS
BHAWAN, SECTOR - 12, FARIDABAD (HARYANA)

BALANCE SHEET AS AT 31 ST MARCH 2004

PARTICULARS

(Amount in Rupees)

A. SOURCES OF FUNDS:

SCHEDULES AS AT 31.03.2004 AS AT 31.03.2003

SHAREHOLDER'S FUND

SHARE CAPITAL	A	62,30,10,000	52,30,10,000
SHARE APPLICATION MONEY (PENDING FOR ALLOTMENT)		0	10,00,00,000
RESERVE & SURPLUS	B	18,54,97,997	16,07,21,239
TOTAL		80,85,07,997	78,37,31,239

B. APPLICATION OF FUNDS:

FIXED ASSETS

Gross Block	C	49,21,979	46,00,109
Less : Accumulated Depreciation		34,00,598	29,43,797
Net Block		15,21,381	16,56,312

**CURRENT ASSETS, LOANS AND
ADVANCES**

a) CURRENT ASSETS:

Cash and Bank Balances	D	23,51,74,595	38,52,95,299
Other Current Assets	E	29,17,149	2,02,04,059

b) Loans and Advances

F	57,13,37,486	37,87,12,059
	80,94,29,230	78,42,11,417

**LESS: CURRENT LIABILITIES &
PROVISIONS**

a) Current Liabilities	G	19,97,351	18,52,750
b) Provisions	H	4,45,263	2,83,740
		24,42,614	21,36,490

Net Current Assets		80,69,86,616	78,20,74,927
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TOTAL		80,85,07,997	78,37,31,239
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Accounting Policies & Notes on Accounts

M

Schedules "A" to "M" form an integral part of accounts

For and on behalf of Board of Directors

Sd/-

Certified in terms of our audit report of even
date attached.

(Rakesh Garg)

For and on behalf of
M.L.BHANSALI & CO.

Chairman-cum-Managing Director

Sd/-

CHARTERED ACCOUNTANTS

G.N.Pegu

Sd/-

(Director)

(M.L.BHANSALI)

Sd/-

Sd/-

Partner

(G.S.Panwar)

(R.K.Mishra)

Place : CAMP AT NEW DELHI

Manager(Finance)

Company Secretary

Date : 15.5.2006

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION RED CROSS
BHAWAN, SECTOR - 12, FARIDABAD (HARYANA)
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004

PARTICULARS	SCHEDULES	FOR THE YEAR ENDED 31.03.04	FOR THE YEAR ENDED 31.03.03
<i>(Amount in Rupees)</i>			
A. INCOME:			
Interest from Loans	I	1,20,81,497	96,94,085
Other Receipts	J	2,23,02,795	2,41,77,517
TOTAL :		3,43,84,292	3,38,71,602
B. EXPENDITURES :			
Payments to and Provisions for Employees	K	33,24,996	26,67,730
Administrative Expenses	L	58,25,737	45,66,992
Depreciation	C	4,56,801	3,88,698
Excess of Income over Expenditure transferred to		2,47,76,758	2,62,48,182
General Reserve			
TOTAL :		3,43,84,292	3,38,71,602
Accounting Policies & Notes on Accounts	M		
Schedules "A" to "M" form an integral part of accounts			
Certified in terms of our audit report of even date attached.		For and on behalf of Board of Directors	
For and on behalf of M.L.BHANSALI & CO. CHARTERED ACCOUNTANTS		Sd/- (Rakesh Garg) Chairman-cum-Managing Director	
Sd/- (M.L.BHANSALI) Partner Place :CAMP AT NEW DELHI Date : 15.5.2006		Sd/- (G.N.Pegu) Director Sd/- (R.K.Mishra) Company Secretary	
	Sd/- (G.S.Panwar) Manager(Finance)		

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

		<u>SCHEDULE 'A'</u> <u>(Amount in Rupees)</u>
	AS AT 31.03.04	AS AT 31.03.03
<u>SHARE CAPITAL</u>		
AUTHORISED :		
40,00,000 Equity Shares of Rs.1,000/- each	400,00,00,000	400,00,00,000
ISSUED, SUBSCRIBED & PAID-UP :		
6,23,010 Equity Shares	62,30,10,000	52,30,10,000
(Previous year 5,23,010 equity shares) of Rs.1,000/- each fully paid		
Total	62,30,10,000	52,30,10,000
		<u>SCHEDULE 'B'</u> <u>(Amount in Rupees)</u>
	AS AT 31.03.04	AS AT 31.03.03
RESERVE AND SURPLUS		
GENERAL RESERVE :		
As per last Balance Sheet B/F	16,07,21,239	13,44,73,057
Add: Transferred from Income and Expenditure Account	2,47,76,758	2,62,48,182
Total	18,54,97,997	16,07,21,239

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'C'
(Amount in Rupees)

S.NO	Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		Cost as at 31.03.03	Addition dur. the year	Sales/ Adjust-ment	Total cost as at 31.03.04	Depr. as at 31.03.03	Depr. for the year	Total depr.as at 31.03.04	As at 31.03.04	As at 31.03.03
1	Furniture	6,15,759	1,02,068	0	7,17,827	4,42,478	1,27,561	5,70,039	147788	1,73,281
2	Fixtures and Fittings	12,73,469	0	0	12,73,469	8,06,002	84,612	8,90,614	382855	4,67,467
3	Office Equipment	8,65,776	15,622	0	8,81,398	4,34,217	70,702	5,04,919	376479	4,31,559
4	Computers	13,00,317	1,71,503	0	14,71,820	10,85,946	1,42,307	12,28,253	243567	2,14,371
5	Air Conditioners & Coolers	4,01,115	0	0	4,01,115	1,73,804	31,619	2,05,423	195692	2,27,311
6	Cycle	1,350	0	0	1,350	1,350	0	1,350	0	0
	TOTAL	44,57,786	2,89,193	0	47,46,979	29,43,797	4,56,801	34,00,598	13,46,381	15,13,989
7	Add: Capital work in progress-computer	1,42,323	1,75,000	1,42,323	1,75,000	0	0	0	175000	1,42,323
	TOTAL	46,00,109	4,64,193	1,42,323	49,21,979	29,43,797	4,56,801	34,00,598	15,21,381	16,56,312
	Previous year	44,09,586	1,90,523	1,42,323	46,00,109	25,55,099	3,88,698	29,43,797	16,56,312	18,54,487

SCHEDULE 'D'
(Amount in Rupees)

CASH AND BANK BALANCES:	AS AT 31.03.04	AS AT 31.03.03
Cash in Hand (Certified by the Management)	76,598	18,035
Bank Balances (with scheduled banks) :		
a) Savings Accounts	2,50,97,997	9,52,77,264
b) In FDR/Deposits Accounts with Banks (Certified by the Management)	21,00,00,000	29,00,00,000
Total	23,51,74,595	38,52,95,299

SCHEDULE 'E'
(Amount in Rupees)

OTHER CURRENT ASSETS	AS AT 31.03.04	AS AT 31.03.03
Interest receivable and not due on Public Deposit Account	0	1,59,12,329
Interest receivable and not due on Deposits	23,53,302	37,44,975
Interest receivable and not due on Security Deposits	1,08,744	92,994
Interest receivable and not due on Saving Bank Accounts	21,851	1,72,885
Interest receivable and not due on Vehicle Advance	50,849	40,750
Interest receivable and not due on HBA	3,77,583	2,36,536
Interest receivable and not due on Computer Advance	4,820	3,590
Total	29,17,149	2,02,04,059

SCHEDULE 'F'
(Amount in Rupees)

LOANS AND ADVANCES		AS AT 31.03.04	AS AT 31.03.03
A.	LOANS:		
1	Term Loan(SCA)	75,06,01,783	49,09,09,906
	Less : Refund	12,06,59,078	8,27,22,048
		62,99,42,705	40,81,87,858
	Less : Repayment	7,74,49,506	4,27,27,656
	Total(A)	55,24,93,199	36,54,60,202
2.	TERM LOAN(MFS)	2,06,29,500	1,11,66,000
	Less : Refund	45,600	0
		2,05,83,900	1,11,66,000
	Less : Repayment	74,46,489	34,64,785
	Total(B)	1,31,37,411	77,01,215
3.	INTEREST RECEIVABLE AND DUE ON TERM LOAN :		
a)	State Channelising Agencies (SCAs)	31,59,188	33,09,284
b)	Micro Financing Scheme (MFS)	67,464	24,761
	Total (C)	32,26,652	33,34,045
B.	Advances recoverable in cash or value to be received:		
I.	Security Deposit:		
a)	Security deposit against lease with Red Cross Society, Faridabad	4,50,000	4,50,000
b)	Telecom Authority	1,15,000	1,12,000
c)	Bharati Cellular	9,000	9,000
d)	Shri Vineet Gandhi against leased house of C.M.D.	75,000	75,000
e)	Sh.Shailendra Garg against leased house of M(F)	7,250	0
II.	Advance to Party	4,54,534	63,799
III.	Vehicle Advance	90,000	1,14,000
IV.	Prepaid Expenses	13,090	3,136
V.	House Building Advance	12,09,658	13,43,662
VI.	Computer advance	14,000	26,000
VII.	Advance to staff	18,574	0
VIII.	Amount recoverable from NSKFDC	20,000	20,000
IX.	Amount recoverable from M/s Yadav Cab Company	4,118	0
	Total(D)	24,80,224	22,16,597
	Grand Total (A+B+C+D)	57,13,37,486	37,87,12,059

SCHEDULE 'G'
(Amount in Rupees)

OTHER LAIBILITIES		AS AT 31.03.04	AS AT 31.03.03
1.	Outstanding Expenses:		
a)	Telephone Expenses	14,417	16,518
b)	Vehicle hiring charges	35,650	34,410
c)	Advertisement	0	7,930
d)	Office Maintenance	2,738	4,503
e)	Travelling Expenses	0	20,176
	Total (1)	52,805	83,537
2.	Others Payable:		
i)	Remuneration to Statutory Auditors	1,03,822	85,900
ii)	Remuneration to Internal Auditors	81,549	81,550
iii)	M/s Red Cross Society(Electricity charges)	2,52,645	2,54,045
iv)	MAEF(electricity charges)	10,442	0
v)	Conveyance Reimbursement	0	5,728
vi)	News paper	2,535	348
vii)	Books & Periodicals	3,397	597
viii)	Reimbursement of Refreshment	0	1,035
ix)	Kerala State Handicapped Welfare Corporation Ltd.	1,17,682	50,000
x)	Renovation charges of conference room	0	5,49,749
xi)	Printing & Stationery charges	0	30,560
xii)	National Backward Classes Fin. & Devp. Corpn.	27,774	27,774
xiii)	Kendriya Bhandar (for computer)	0	1,74,773
xiv)	NSFDC(Training expenses)	13,820	81,492
xv)	Promotional activities	1,21,126	1,33,902
xvi)	TDS (on contractors)	0	622
xvii)	Silanyas ceremony of Information centre	57,561	57,561
xviii)	Ujjain exhibition	91,831	91,831
xix)	Kartik Mela	69,126	69,126
xx)	Government of Meghalaya	50,000	0
xxi)	Sweeping charges	1,440	0
xxii)	B.R.Builders	17,195	0
xxiii)	Newspaper reimbursement	314	0
xxiv)	Workshop	19,000	0
xxv)	Office rent to Red Cross Society	2,45,548	0
xxvi)	Aadinath Graphics Pvt. Ltd	2,97,000	0
xxvii)	NBCFDC	2,85,502	0
xxviii)	NSCFDC(expenditure on information centre)	10,558	0
	Total (2)	18,79,867	16,96,593
3.	Salary Payable	45,126	53,756
4.	T.D.S. Payable(S)	9,000	8,500
5.	Recovery A/c of Shri H.C.Mahajan, C.M.D.	6,620	6,620
6.	Recovery account of Shri N.Sankaraiah, AM(Proj.)	2,500	2,500
7.	CPF Payable	1,433	1,244
	Grand Total(1+2+3+4+5+6+7)	19,97,351	18,52,750

SCHEDULE 'H'
(Amount in Rupees)

PROVISIONS :	AS AT 31.03.04	AS AT 31.03.03
Provision for Gratuity	2,09,523	1,44,229
Provision for Foreign Service Contribution	62,035	34,957
Provision for Leave Encashment	1,73,705	1,04,554
Total	4,45,263	283740

SCHEDULE 'I'
(Amount in Rupees)

INTEREST FROM LOANS	FOR THE YEAR ENDED 31.03.2004	FOR THE YEAR ENDED 31.03.2003
Interest on Loans	1,19,50,087	96,40,365
Interest on MFS	1,31,410	53,720
Total	1,20,81,497	96,94,085

SCHEDULE 'J'
(Amount in Rupees)

OTHER RECEIPTS :	FOR THE YEAR ENDED 31.03.2004	FOR THE YEAR ENDED 31.03.2003
Interest on Saving Bank Accounts	5,37,375	4,05,578
Interest on Security Deposit with Red Cross Society	15,750	15,750
Interest on Fixed Deposits	2,15,93,294	1,86,49,141
Interest on Public Deposit Account	0	49,12,329
Interest on Vehicle Advance	10,099	12,500
Interest on Computer advance	1,230	1,890
Interest on House Building Advance	1,41,047	1,54,556
Misc. receipts	1,697	4,596
Computer recovery	2,303	0
Income relating to earlier years(interest & others)	0	21,177
Total	2,23,02,795	2,41,77,517

SCHEDULE 'K'
(Amount in Rupees)

PAYMENTS TO AND PROVISION FOR EMPLOYEES	FOR THE YEAR ENDED 31.03.2004	FOR THE YEAR ENDED 31.03.2003
<u>PAY AND ALLOWANCE TO CMD</u>		
Salaries and Allowances	4,59,045	4,25,108
Children Education Allowance	3,600	2,400
Medical Reimbursement	39,487	37,046
Reimbursement of refreshment	7,200	4,800
Foreign Service Contribution	95,785	91,308
Total(1)	6,05,117	5,60,662
<u>PAY AND ALLOWANCE TO STAFF :</u>		
Salaries and Allowances	12,92,237	9,60,036
Daily Wages	5,25,383	4,68,355
Medical Reimbursement	1,45,602	74,726
Conveyance Reimbursement	29,125	43,622
Transport Subsidy	47,961	37,819
Children Education Allowance	11,260	7,200
Reimbursement of Refreshment	38,070	36,052
Reimbursement of Newspaper	29,830	20,403
Staff Welfare	75,517	62,616
Corporation contribution to PF/Pension	1,53,594	1,05,279
Leave Salary	52,015	16,640
Gratuity	65,294	34,880
Total(2)	24,65,888	18,67,628
<u>PAY AND ALLOWANCE TO DEPUTATIONIST</u>		
Salary and allowances	1,87,744	1,77,210
Medical reimbursement	12,348	11,604
Transport Subsidy	8,400	6,800
Reimbursement of refreshment	7,200	5,600
Reimbursement of newspaper	4,428	4,296
Foreign Service Contribution	26,671	25,659
Children Education Allowance	7,200	8,271
Total(3)	2,53,991	2,39,440
Grand Total(1+2+3)	33,24,996	26,67,730

SCHEDULE 'L'
(Amount in Rupees)

OTHER EXPENSES :	FOR THE YEAR ENDED 31.03.2004	FOR THE YEAR ENDED 31.03.2003
Office rent expenses	7,13,260	7,01,568
Printing and Stationery expenses	1,60,802	90,322
Postage & Telegramme expenses	90,813	95,623
Telephone expenses	1,68,406	1,45,613
Traveling expenses (Directors)	3,20,832	3,23,112
Traveling expenses (Staff)	2,92,209	1,53,934
Traveling expenses (Others)	2,13,125	3,08,763
Office maintenance expenses	2,32,278	1,92,980
Vehicle hiring charges	4,54,749	4,84,719
Business promotion expenses	1,15,987	1,18,653
Advertisement expenses	2,71,617	2,02,112
Awareness creation expenses	13,68,057	5,08,795
Staff recruitment & Training expenses	52,063	3,500
Newspaper expenses	3,894	5,316
Books and periodicals	28,817	54,298
Board meeting expenses	26,418	30,349
General expenses	4,009	4,215
Inaugural expenses for information centre, New Delhi	0	13,528
Silanyas ceremony expenses	0	57,561
Legal charges and consultancy charges	0	70,676
Bank charges	160	30
Grant-in-aid	2,90,000	2,40,000
Meeting expenses	25,557	41,784
Insurance charges	7,729	6,273
Corporation membership fee	40,000	40,000
Member Fee to Habitat World for C.M.D.	5,000	0
Promotional expenses	2,13,679	1,15,750
SCA conference/meeting expenses	94,512	88,668
Brokerage	3,915	0
Lease rent(C.M.D.)	2,60,244	2,62,696
Lease rent(Staff)	1,34,500	0
Training expenses(Beneficiaries)	0	64,628
Remuneration to Statutory Auditors	33,672	27,550
Remuneration to Internal Auditors	26,999	27,550
Electricity charges	92,262	67,203
Web site designing expenses	32,720	0
Prior period expenses	47,452	19,223
Total	58,25,737	45,66,992

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

FORMING PART OF THE BALANCE SHEET AND INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

A. ACCOUNTING POLICIES:**1. Basis of Accounting:-**

The Corporation is maintaining its financial accounts on mercantile system of accounting except otherwise stated. Accounts are prepared on a going concern basis and are in consistent with generally accepted accounting principles.

2. Valuation of Fixed Assets:

The fixed assets are accounted for at their Historical Cost.

3. Depreciation of Fixed Assets :

- a) The Corporation provides depreciation as per the rate provided in Schedule XIV of the Companies Act, 1956 on written down value method.
- b) Depreciation is charged for full month, if the asset is acquired on or before 15th and no depreciation is charged for the month if the asset has been acquired after 15th. No depreciation is provided for the assets sold/discarded/demolished during the year.
- c) Depreciation on assets costing less than Rs.5,000/- per item is provided @ 100%.

4. Income

- a) As per lending policy of the Corporation, if NHFDC's funds are not utilised within 90 days, the unutilised portion with State Channeling Agencies from 91st day onwards attract higher rate of interest @ 18% as against normal interest as per sanction. Also penal interest @ 3% will be charged from the SCA's for default in repayment. The Corporation has decided that higher rate for non-utilisation of funds as well as liquidated damages on installments due but not received shall be accounted for on actual receipt basis. However, Board of Director in its 18th meeting held on 26.03.2002 has approved for discontinuing with immediate effect for charging of higher rate of interest (18%) on unutilised funds. Since the board has discontinued the practice of charging higher rate of interest w.e.f. 26.03.2002, the provision up-to 26.03.2002 shall be provided/accounted for as and when received.

Further as per new lending policy of the Corporation as approved in 21st meeting of board of director held on 11th November 2002, if NHFDC's funds are not utilised within 90 days, the unutilised portion with State Channeling Agencies from 91st day onwards attract the interest on unutilized amount @ 3% per annum over and above the normal rate of interest on the term loan for next 90 days. Thereafter, the un-disbursed amount will be refunded by SCA to NHFDC and additional penal interest of 2% will be charged till the date of refund.

- b) Interest on loans and investments are accounted for on accrual basis at the applicable rate.
- c) Receipt of interest on telephone security is accounted for at the time of actual receipts.
- d) Interest on Saving Fund Accounts is accounted for on accrual basis.

5. Retirement Benefits :-

- a) The Corporation had not laid down any rules for Gratuity, therefore no provision was made for Gratuity in the earlier years. However, the Board of Directors at the meeting held on 26.06.2003 approved the "NHFDC GRATUITY RULES, 2003". In view of the said rules, provision for gratuity of Rs.65,294/- has been made in the books of account in the financial year 2003-2004. The accumulated provision for gratuity as at 31.03.04 is of Rs.2,09,523/-.
- b) The Board of Directors of the Corporation at the meeting held on 11.11.2002 approved the "NHFDC LEAVE ENCASHMENT RULES, 2002". for leave encashment applicable on leave standing credit to the employees of Corporation on that date. In view of the said rules, provision has been made in the books of accounts for the year 2003-2004 of Rs.52,015/-. The accumulated provision for leave encashment as at 31.03.2004 is of Rs.1,73,705/-.

6. The Stationary is shown as an expense during the year and no stock is carried forward.

B. NOTES ON ACCOUNTS :-

- 1. No provision for Income Tax has been made in view of provisions of Section 11 of the Income Tax Act, 1961. The Corporation has obtained Registration under Section 12AA of the Income Tax Act.
- 2. In terms of Section 25(3)(b) of the Companies Act, 1956, the Corporation does not declare dividend and ploughs back its surplus to augment 'finance for development schemes' and therefore the surplus for the year amounting to Rs.2,47,76,758/- has been transferred to General Reserve Account.
- 3. Interest on placement of funds is received on actual day basis and accounting of accrued interest is done accordingly.
- 4. An amount of Rs.4,50,000/- is given to M/s Red Cross Society, Faridabad as security deposit for the premises of Red Cross Bhavan taken on lease for the Corporation and the amount shall remain with the lessor and refundable to the Corporation at the time of vacation of the leased premises along with interest payable on saving account by State Bank of India from time to time. The interest amount is accounted on accrual basis.
- 5. A total amount of Rs. 7506.02 lakhs (P.Y. 4909.10 lakhs) had been released to 31 (P.Y 27) State Channelising Agencies (SCAs) up to 31.03.2004. The loans released by NHFDC to SCA's are secured by way of state government guarantee/orders. However in certain cases, the Government Guarantee are yet to be received. Against the said release of funds there is a shortfall of Rs.1607.55 Lakhs (P.Y 1418.25 lakhs) in Block Government Guarantees/Orders in respect of following cases.

<u>Sl.No.</u>	<u>Name of SCA</u>	<u>Shortfall in BGG</u> (Amount in Lakhs)
1.	CCWDC, CHD	18.65
2.	DELHI	40.40
3.	GSFC	349.50
4.	GSSCBCFDC, GOA	17.61
5.	HPMFDC, HP	36.57*
6.	LKVIB, LAK	12.27
7.	MPPAVENVN, MP	19.11
8.	MPSCFDC, MP	194.37*
9.	MPTFDC, MP	41.44*
10.	MVSN, ORISSA	541.50
11.	PCDWHPL, PONDICHERY	313.36
12.	SSWCD, PUNJAB	1.84
13.	WBWDC, WB	20.93*
	Total:	----- 1607.55 =====

* However, the above shortfall have been covered by Government Order/Guarantee received subsequently.

6. A sum of Rs. 2,52,645/- is payable to Red Cross Society as on 31.03.04. The payment of electricity charges is pending for want of clarification from the Red Cross Society.
7. An amount of Rs.27,774/- has been provided in the financial year 2001-02 as provision for awareness creation expenses claimed by the NBCFDC towards reimbursement of NHFDC's share against expenditure incurred by them for organizing the Karthik Mela – 2001 as per the directives of the Ministry. The payment of the above bills are still pending for want of clarification from NBCFDC. Excess/shortage against this provision will be accounted for in the year of payment.
8. An amount of Rs.57,561/- has been provided in the financial year 2002-03 as provision towards NHFDC share of Shilanyas ceremony of information centre held at Ujjain on 04.02.2003. The payment of bills are pending for want of clarification from National Backward Classes Finance and Development Corporation, New Delhi. Excess/shortage against the provision will be accounted for in the year of payment.
9. An amount of Rs.19,117/- has been provided in the financial year 2002-03 as provision for promotional activities expenses incurred by MPVAVEN, MP . However, the payment against this claim are pending for want of clarification from MPVAVEN. Excess/shortage against the provision will be accounted for in the year of payment.
10. An amount of Rs.91,831/- has been provided in the financial year 2002-03 as provision for awareness creation expenses claimed by National Backward Classes Finance and Development Corporation, New Delhi towards NHFDC share expenditure incurred by them for organizing the Ujjain exhibition on 19.03.2003 to 24.03.2003. However, the payment of the bills are pending for want of clarification. Excess/shortage against the provision will be accounted for in the year of payment.

11. An amount of Rs.69,126/- has been provided in the financial year 2002-03 as provision for awareness creation expenses claimed by National Backward Classes Finance and Development Corporation, New Delhi towards reimbursement of NHFDC share against expenditure incurred by them for organizing the Kartik Mela 2002. However, the payment of the bills are pending for want of clarification. Excess/shortage against the provision will be accounted for in the year of payment.
12. Provision of Rs.10,442/- for the period from 19.07.2002 to 31.03.2004 has been made against sharing of electricity charges in respect of Central Hall in Mahila Imdad Committee, opposite New Delhi Railway Station, which has been allotted to the Corporation vide Circular no.D-11020/1(2)/2000-Genl(Pt), dated 19.07.2002. However, the payment of the above are pending due to non availability of the electricity bills.
13. During the year, an amount of Rs.2,97,000/- has been provided in respect of panels/hoardings made on disability schemes for publicity campaign held at Hyderabad from 10th to 15th January 2004. The payment of Rs.263941/- has been made on 5th May, 2006 as part payment and Rs. 27,000/- as sale tax liability is pending for clarification on sale tax rate. Excess/shortage (if any) against the provision will be accounted for in the year of payment.
14. During the year, an amount of Rs.1,23,120/- has been provided for awareness creation expenses claimed by the National Backward Classes Finance and Development Corporation, New Delhi (NBCFDC) towards reimbursement of NHFDC's share against expenditure incurred by them for publicity campaign held in Raipur (Chhatisgarh) as per the directives of the Ministry. The payment of the above bills are still pending for want of clarification from NBCFDC. Excess/shortage against this provision will be accounted for in the year of payment.
15. During the year, an amount of Rs. 85,723/- has been provided for awareness creation expenses claimed by National Backward Classes Finance and Development Corporation, New Delhi (NBCFDC) towards NHFDC share expenditure incurred by them for organizing the Awareness Camp held on 25.01.2004, and 28.02.2004. However, the payment of the bills are pending for want of clarification. Excess/shortage against the provision will be accounted for in the year of payment.
16. During the year, an amount of Rs.73,483/- has been provided in respect of NHFDC share for placing digital panels/hoardings at Raipur (Chhatisgarh) for publicity of Ministry's schemes as per the directives of the Ministry. However, the payment of the bills are still pending. Excess/shortage (if any) against the provision will be accounted for in the year of payment.
17. TDS has not been deducted out of the provision made for statutory auditors remuneration and internal audit fee for the year ending on 31.03.2004 and also no TDS has been deducted on the provision of Rs. 2,97,000/- payable to M/s Aadinath Graphics Pvt Ltd on account awareness creation expenses.
18. In respect of appointment of Shri H.C. Mahajan, former Chairman-cum-Managing Director of the Corporation a sum of Rs.95,785/- for the year 2003-04 towards leave salary and pension contribution has been debited in the books of accounts under heading "Foreign Service Contribution", against this payment a sum of Rs.8,016/- is payable as at 31.03.04. The said provision is in conformity with the terms & conditions of their services.

19. There is no contingent liability as on the balance sheet date.
20. Estimated amount of contract remaining to be executed on capital account and not provided for is Rs. Nil (net of advances), (previous year nil)
21. Current Assets, Loans and Advances:- All the current assets, loans and advances in the opinion of the Directors have a value on realization, which in the ordinary course of business shall at least be equal to the amount, at which it is shown in the Balance Sheet.
22. Cash and Bank balances (Schedule D) of Rs. 23,51,74,595/- includes Rs.5,48,99,166/- on account of unutilized equity received from the Government of India, which were kept in short term deposits with various banks.

Cash and Bank balances (Schedule D) of Rs.23,51,74,595/- includes the following:-

Cash in hand	:	Rs.76,598/-
Balances with scheduled bank		
Saving bank	:	Rs.2,50,97,997/-
FDR/deposits account	:	Rs.21,00,00,000/-

23. During the financial year 2002-03, an amount of Rs.20,000/- has been shown as recoverable from National Safai Karamchari Finance and Development Corporation against their share for participation in an exhibition held on 20-02-03 to 21-02-03 at Noida (U.P) for awareness creation purposes. The matter is still pending.
24. As per the Administrative Ministry's directions vide letter no. 3-11/2003-NI-II, dated 8.12.2003, the Corporation made contribution of Rs.3,00,000/- as its share to Artificial Limbs Manufacturing Corporation of India (ALMICO) for construction of Ministry's Information Centre at Social Justice Centre, Ujjain which shall be utilized for dissemination of information about the schemes of the corporation, which has been shown as Advance to ALIMCO in the accounts of the corporation. The matter is still pending.
25. An amount of Rs. 1,75,000/- has been paid to National Backward Classes Finance and development Corporation, New Delhi towards reimbursement of NHFDC share against development and installation of common software for loan accounting systems and MIS system which has been shown as Computer Software Work in Progress in the books of accounts, since the software development process has not been completed during the year under report.
26.
 - a. The Chairman-cum-Managing Director was provided furnished accommodation at A1/51, Safdarjung Enclave, New Delhi with a monthly rent of Rs.25,000/- as approved by the Board of Directors. The recovery @ 12.50% on basic pay per month was made from the salary of CMD every month.
 - b. The Corporation has also hired one vehicle for CMD on monthly basis.
 - c. Computer, accessories and other parts worth of Rs. 1,42,323/- have been installed at the residence of Sh. H.C.Mahajan, then CMD of the NHFDC. The recovery @ Rs.300/-P.M has been made w.e.f 11.08.2003 as per official memorandum no 7(4)/E(Co-ord)/99 dated 01.08.2000 issued by the Government of India, Ministry of Finance, Department of Expenditure E(Co-ord) Branch.

27. During the year, Prior Period Expenses of Rs. 47,452/- has been charged to Income & Expenditure account. Detail of which are as under:

	<u>2003-04</u>	<u>2002-03</u>
Electricity Expenses	Rs. 2088/-	--
Training Expenses(beneficiaries)	Rs.13820/-	--
Membership Fees	Rs. 5000/-	--
Leave Salary	Rs. 17136/-	--
Information Centre	Rs. 9408/-	--
Salary & Allowances	--	Rs. 19223/-
	-----	-----
	Rs.47,452/-	Rs.19,223/-
	=====	=====

28. Additional information in pursuance to the provisions of Part II of Schedule VI to the Companies Act, 1956:

Chairman-cum-Managing Director

	<u>2003-04</u>	<u>2002-03</u>
Pay & Allowances :	Rs.4,59,045/-	Rs.4,25,108/-
Other benefits :	Rs.1,46,072/-	Rs.1,35,554/-

29. Earning Per Share

Particulars	<u>2003-04</u>	<u>2002-03</u>
A. Net Profit for the year attributable to Equity Shareholder's(Rs.)	2,46,76,758	2,62,48,182
B. Weighted Average Number of Equity Shares	5,99,448	5,23,010
C. Basic Earning Per Share(A/b)(Rs.)	41.33	50.18
D. Nominal Value Per Share (Rs.)	1000	1000

30. Previous year's figures have been regrouped/rearranged wherever necessary to correspond with current year's figure.

31. Additional information under part IV of Schedule VI of the Companies Act, 1956:-

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:-

Registration No : 05-33466 State Code : 05
 Balance Sheet Date : 31.03.2004

II. Capital raised during the year (Amount in Rs. in thousand)

Public issues : Nil Right issue : Nil
 Govt. subscription : Nil Bonus issue: Nil
 Private : Nil

III. Position of Mobilization and Deployment of Funds

(Amount in Rs. in thousand)

SOURCES OF FUNDS

Total liabilities	:	808508	Total Assets	:	808508
Paid up Capital	:	623010	Reserves & Surplus	:	185498
Secured loan	:	Nil	Unsecured loan	:	Nil

APPLICATION OF FUNDS

Net Fixed Assets	:	1521			
Investment	:	Nil			
Net Current Assets:		806987	Misc. Expenses	:	Nil
Accumulated losses:		Nil			

IV. Performance of Company

Turnover/Receipt	:	34384	Total Expenses	:	9608
Profit before tax	:	24776	Profit after tax	:	24776
Earning per share:		41.33	Dividend	:	NA

(In Rs.)

V. Generic Names of Three Principal products/Services of Company (As per monetary terms)

Item Code No.

(ITC Code) : Nil

Product Description : Financing Projects

Schedule 'A' to 'M' form an integral part of the Accounts.

For and on Behalf of Board of Directors

Certified in terms of our audit report of even date attached.

Sd/-

For and on behalf of
M.L.BHANSALI & CO.
CHARTERED ACCOUNTANTS

(Rakesh Garg)

Chairman-cum-Managing Director

Sd/-
(M.L.BHANSALI)
Partner

Sd/-
(G.N.Pegu)
Director

Place : CAMP AT NEW DELHI
Dated : 15.5.2006

Sd/-
(G.S.Panwar)
Manager(Fin)

Sd/-
(R.K.Mishra)
Company Secretary

PROXY FORM

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

I of at being a member of the NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION, hereby appoint of as my proxy to vote for me and on my behalf at the 7th (seventh) Annual General Meeting of the Company to be held on the ____day and at any adjournment thereof

Signed this Day of