

NOTICE

Notice is hereby given that the 9th Annual General Meeting of NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION will be held on Thursday, the 28th day of September, 2006 at 2.30 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, 2006 and Income and Expenditure Account for the period ended on that date along with the reports of Auditors thereon.

By Order of the Board of Directors

For NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT
CORPORATION

Place: Faridabad
Date: 22/09/ 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.

DIRECTORS' REPORT TO MEMBERS OF THE CORPORATION

Gentlemen,

Your Directors are pleased to present the ninth Annual Report on operations of your Corporation together with the audited statement of accounts for the period from 1st April 2005 to 31st March 2006 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. 1947.18 lac was sanctioned during the current financial year 2005-2006 as against 2396.86 lac sanctioned during the previous financial year 2004-2005.

An amount of Rs. 2344.09 lac was disbursed during the financial year 2005-2006 as against Rs1763.58 lac disbursed during the financial year 2004-2005.

03. FINANCIAL HIGHLIGHTS

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

(Amt. in Rs. Lac)

Particulars	2005- 2006	2004- 2005
Total Income	296.83	247.39
Operating and General Expenses	88.59	87.55
Surplus (before Depreciation & Tax)	208.24	159.84
Depreciation	6.40	6.84
Surplus Before Prior period Adjustments	201.84	153.00
Prior period Adjustments	1.07	1.02
Surplus after prior period Adjustments	200.77	151.98

04. APPROPRIATIONS

Your Corporation registered a surplus of income over expenditures (after making adjustment for prior period expenses) for an amount of Rs. 200.77 lac during the financial year 2005-06 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. 200.77 lac is transferred to General Reserve to be used for promotion of objectives of the Corporation.

05. STATUTORY AUDITORS

M/s Y.K. Joneja & Co., Chartered Accountants, have been appointed as Statutory Auditors of the Corporation for the Financial Year 2005-2006 by Comptroller & Auditor General of India vide C.&A.G. letter no CA.V/COY/CENTRAL GOVT.,HANDIF(1)/413 dated 07-07-2006.

06. 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.

07. FIXED DEPOSITS:

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

08. 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.

09. EXPLANATIONS TO OBSERVATIONS / QUALIFICATIONS MADE BY STATUTORY AUDITORS

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

NHFDC has studied the practice followed in sister Corporations under the administrative Ministry and it was found that none of these corporations have laid down prudential norms for classifying non-performing assets and provisioning against it. Hence, NHFDC would take up the matter with the Administrative Ministry for decision and instruction so that uniform practice is followed in all the sister corporations under the Administrative Ministry.

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

NHFDC has already sent letters to State Channelising Agencies for balance confirmation.

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

The provision for Gratuity and Earned Leave Encashment have been made as per Rules of the Corporation. The views of Statutory Auditors shall be taken into account and the needful shall be done in future.

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

The Corporation has decided to engage an independent outside agency for reconciliation of the ledgers. The process of finding a suitable agency for the work is expected to be completed soon.

- E.** With reference to Para 6 (e) of the report of Statutory Auditors:
The Corporation is pursuing with these defaulting State Channelising Agencies and Non-Government Organisations for recovery of NHFDC dues.
- F.** With reference to Para 6 (f) of the report of Statutory Auditors:
In respect of assets with the administrative Ministry, assets worth Rs. 76,882/- (Rupees Seventy Six thousand eight hundred and eighty two Only) has already been taken back by NHFDC. In the case of remaining assets, the book value of the same has been reduced to nil and it has been decided that the said assets be written off. The Corporation is pursuing for taking back the physical custody of two Air conditioners and Voltage Stabilisers (Gross value Rs.1,08,914/-) with Ex- Minister for Social Welfare and has taken up the matter with the Administrative Ministry.
- G.** With reference to Para 6 (g) of the report of Statutory Auditors:
The observation of Statutory Auditors is self explanatory and no further comment is required in this regard.
- H.** With reference to Para 6 (h) of the report of Statutory Auditors:
The note is self-explanatory and no further comment is required in this regard.
- I.** With reference to Para 6 (i) of the report of Statutory Auditors:
NHFDC is pursuing with the concerned State Government Authorities for furnishing adequate Government Guarantee with the Corporation.
- J.** With reference to Para 6 (j) of the report of Statutory Auditors:
The internal audit of affairs of the Company is carried out by independent Chartered Accountant firm. The observation of the Statutory Auditors has been noted and necessary steps shall be taken to further strengthen the internal audit functions of the Company.

10. ACKNOWLEDGEMENTS

Your Directors are also grateful to 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

Sd/-

Date: 11th August, 2006
Place: New Delhi

(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 2006.

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report 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 2006.

Sd/-

(Meera Swarup)

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

Place : New Delhi

Dated : 22 September 2006

Ref: YKJ/14631
Date : 11/08/06

STATUTORY AUDITORS REPORT

The Members,
National Handicapped Finance and Development Corporation,
Sector-12,
Faridabad – 121 007

We have audited the attached Balance Sheet of **National Handicapped Finance and Development Corporation**, as on 31.3.2006 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 3(C) 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.*
- b) *The confirmation of loans and interest due thereon from the State Channelizing 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) *It is found that provision for Gratuity and Earned leave has been under shown in the books of accounts by Rs. 67498 & 81483 respectively.*
- d) *We have observed that the Corporation has maintained a separate loan ledger for each SCA's / NGO's, but the same is not reconciled with the General Ledger.*
- e) *In the ordinary course loans have been disbursed through the state Channelizing Agencies. In our opinion some of the loans as given below are overdue :-*

Name of the Organisation	Loan Sanctioned (Rs. in Lacs)	Overdue as on 31.3.2006 (Rs. in Lacs)	
		Loan	Interest
APVCC (ANDHRA PRADESH)	269.44	102.53	13.24
MVSN (ORISSA)	935.73	231.60	3.72
SCFDC(CHATTISGARH)	71.18	24.81	0.43
MPAVAVN (M.P.)	85.47	24.49	0.39
MPPVVAVN (M.P.)	52.45	15.59	0.44
MPBCDC (MAHARASHTRA)	50.00	23.39	0.23
MICRO FINANCING SCHEME	250.51	73.83	1.95

Some concrete steps should be taken to avoid future losses.

- f) *The value of assets of Rs. 108914/- are currently used by the Ministry and Ex-Minister for social welfare, on which the Corporation does not have any control or custody.*
- g) *The Corporation has not considered and computed the amount of penal interest chargeable from Channelizing Agencies in consonance with the resolution passed in its Board Meeting dated 18.12.2003 for the waiver of penal interest which is pending before the Government for necessary approval.*
- h) *Note No. B(2) of Schedule M regarding Income tax matters where income tax return has not been filed and liability, if any has not been ascertained and provided for, however, the corporation has filed application for grant of exemption u/s 10 23(c) (iv) which is under consideration by department*
- i) *In some of the loans, the amount are not covered by the State Government guarantee totalling to **Rs. 900 Lacs**. To this extent these loans are Unsecured Loans.*
- j) *In the audits many mistakes were found in charging the interest. In lieu of this it is recommended that Internal audit should be strengthened.*

and read together with notes on accounts thereon given 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 on 31st March 2006; and
- ii) In the case of Income and Expenditure Account of surplus for the year ended on the date.

For Y. K. Joneja & Co.
Chartered Accountants

Place : Faridabad
Date : 11/8/06

Sd/-
CA-Sanjay Gupta
Partner
M. No. 95657

RED CROSS BHAWAN, SECTOR - 12, FARIDABAD (HARYANA)
BALANCE SHEET AS AT 31 ST MARCH 2006

(Amount in Rupees)

PARTICULARS	SCHEDULES	AS AT	AS AT
		31.03.2006	31.03.2005
A. SOURCES OF FUNDS:			
SHAREHOLDER'S FUND			
SHARE CAPITAL	A	68,30,10,000	62,30,10,000
SHARE APPLICATION MONEY		0	1,00,00,000
RESERVE & SURPLUS	B	22,07,74,397	20,06,96,959
TOTAL		90,37,84,397	83,37,06,959

B. APPLICATION OF FUNDS:
FIXED ASSETS

Gross Block	C	66,29,159	62,73,861
Less : Accumulated Depreciation		47,23,847	40,84,107
Net Block		19,05,312	21,89,754

CURRENT ASSETS, LOANS AND ADVANCES

a) CURRENT ASSETS:			
Cash and Bank Balances	D	11,88,16,414	18,59,84,695
Other Current Assets	E	28,72,757	20,25,404
b) Loans and Advances	F	78,36,53,920	64,67,96,141
		90,53,43,091	83,48,06,240

LESS: CURRENT LIABILITIES & PROVISIONS

a) Current Liabilities	G	27,13,245	26,70,859
b) Provisions	H	7,50,761	6,18,176
		34,64,006	32,89,035
Net Current Assets		90,18,79,085	83,15,17,205
TOTAL		90,37,84,397	83,37,06,959

Accounting Policies & Notes on Accounts **N**

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

For and on behalf of Board of Directors

Sd/-
(Rakesh Garg)

Chairman-cum-Managing Director

Certified in terms of our audit report of even date attached.
 For and on behalf of M/s Y.K. Joneja & Co.
 Chartered Accountants
 Sd/-
 (Sanjay Gupta)

Sd/-
(G.N.Pegu)
Director

Partner - M.No. - 95657

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

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

Place : Faridabad
 Date : 11/8/06

**NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION
RED CROSS BHAWAN, SECTOR - 12, FARIDABAD (HARYANA)
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006**

(Amount in Rupees)

PARTICULARS	SCHEDULES	FOR THE YEAR ENDED 31.03.06	FOR THE YEAR ENDED 31.03.05
A. INCOME:			
Interest from Loans	I	1,66,42,008	1,49,34,755
Other Receipts	J	1,30,41,535	98,04,480
TOTAL :		2,96,83,543	2,47,39,235
B. EXPENDITURES :			
Payments to and Provisions for Employees	K	51,14,240	40,74,671
Other Expenses	L	37,45,291	46,80,478
Depreciation	C	6,39,740	6,83,509
Prior Period Income(+)/Expenses(-) (Net)	M	1,06,834	1,01,615
Excess of Income over Expenditure (after prior period adjustments) transferred to General Reserve		2,00,77,438	1,51,98,962
TOTAL		2,96,83,543	2,47,39,235
Accounting Policies & Notes on Accounts	N		

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

**For and on behalf of Board of
Directors**

Sd/-
(Rakesh Garg)

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

For and on behalf of M/s Y.K. Joneja
& Co.
Chartered Accountant
Sd/-
(Sanjay Gupta)
Partner - M.No. - 95657
Place : Faridabad
Date : 11/8/06

Chairman-cum-Managing Director

Sd/-
(G.N.Pegu)
Director

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

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

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'A'
(Amount in Rupees)

SHARE CAPITAL	AS AT 31.03.06	AS AT 31.03.05
AUTHORISED :		
40,00,000 Equity Shares of Rs.1,000/- each	400,00,00,000	400,00,00,000
ISSUED, SUBSCRIBED & PAID-UP :		
6,83,010 Equity Shares (Previous year 6,23,010 equity shares) of Rs.1,000/- each fully paid	68,30,10,000	62,30,10,000
SHARE APPLICATION MONEY (PENDING FOR ALLOTMENT)	0	100,00,000
Total	68,30,10,000	63,30,10,000

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'B'
(Amount in Rupees)

RESERVE AND SURPLUS	AS AT 31.03.06	AS AT 31.03.05
GENERAL RESERVE :		
As per last Balance Sheet B/F	20,06,96,959	18,54,97,997
Add: Transferred from Income and Expenditure Account	2,00,77,438	1,51,98,962
Total	22,07,74,397	20,06,96,959

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'C'

FIXED ASSETS

(Amount in Rupees)

S.NO	Particulars	GROSS BLOCK					DEPRECIATION			NET BLOCK	
		Cost as at 31.03.05	Addition dur. the year	Sales/ Adjust ment	Total cost as at 31.03.06	Depr. as at 31.03.05	Depr. for the year	Total depr .as at 31.03.06	As at 31.03.06	As at 31.03.05	
1	Furniture	7,19,037	0	0	7,19,037	5,97,999	21,908	6,19,907	99,130	1,21,038	
2	Fixtures and Fittings	12,73,469	4,168	0	12,77,637	9,59,911	60,922	10,20,833	2,56,804	3,13,558	
3	Office Equipment	8,86,664	2,09,749	0	10,96,413	5,62,553	68,400	6,30,953	4,65,460	3,24,111	
4	Computers	28,17,226	1,41,381	0	29,58,607	17,29,650	4,65,076	21,94,726	7,63,881	10,87,576	
5	Air Conditioners & Collers	4,01,115	0	0	4,01,115	2,32,644	23,434	2,56,078	1,45,037	1,68,471	
6	Cycle	1,350	0	0	1,350	1,350	0	1,350	0	0	
	TOTAL	60,98,861	3,55,298	0	64,54,159	40,84,107	6,39,740	47,23,847	17,30,312	20,14,754	
7	Add: Capital work in progress-computer	1,75,000	0	0	1,75,000	0	0	0	1,75,000	1,75,000	
	TOTAL	62,73,861	3,55,298	0	66,29,159	40,84,107	6,39,740	47,23,847	19,05,312	21,89,754	
	Previous year	49,21,979	13,51,882	0	62,73,861	34,00,598	6,83,509	40,84,107	21,89,754	15,21,381	

SCHEDULE 'D'
(Amount in Rupees)

CASH AND BANK BALANCES:	AS AT 31.03.06	AS AT 31.03.05
Cash in Hand (Certified by the Management)	63,392	29,690
Bank Balances (with scheduled banks) :		
a) Savings Accounts	65,53,022	13,59,55,005
b) In FDR/Deposits Accounts with Banks (Certified by the Management)	11,22,00,000	500,00,000
Total	11,88,16,414	18,59,84,695

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'E'
(Amount in Rupees)

<u>OTHER CURRENT ASSETS</u>	AS AT 31.03.06	AS AT 31.03.05
Interest receivable and not due on Deposits	21,57,658	12,87,326
Interest receivable and not due on Security Deposits	36,750	21,000
Interest receivable and not due on Saving Bank Accounts	16,590	1,51,233
Interest receivable and not due on Vehicle Advance	49,583	57,649
Interest receivable and not due on House Bldg. Adv.(HBA)	6,12,176	5,02,866
Interest receivable and not due on Computer Advance	0	5,330
Total	28,72,757	20,25,404

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'F'
(Amount in Rupees)

LOANS AND ADVANCES		AS AT 31.03.06	AS AT 31.03.05
LOANS:			
A) Term Loan to State Channelising Agencies		1,15,64,45,314	92,25,39,033
Less : Refund		19,49,76,633	16,54,75,578
		96,14,68,681	75,70,63,455
Less : Repayment		19,65,75,710	12,98,22,581
	Total (A)	76,48,92,971	62,72,40,874
B) Term Loan under Micro Financing Scheme (MFS)		2,55,59,250	2,50,50,500
Less : Refund		1,49,350	49,350
		2,54,09,900	2,50,01,150
Less : Repayment		1,49,31,484	1,20,49,571
	Total (B)	1,04,78,416	1,29,51,579
C) INTEREST RECEIVABLE AND DUE ON TERM LOAN :			
a) State Channelising Agencies (SCAs)		59,09,759	40,06,928
b) Micro Financing Scheme (MFS)		1,87,104	1,26,618
	Total (C)	60,96,863	41,33,546
	Total (A+B+C)	78,14,68,250	64,43,25,999
D) 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	1,15,000
c)	Bharati Cellular	9,000	9,000
e)	Shri Vineet Gandhi against leased house of C.M.D.	0	75,000
f)	Sh.Shailendra Garg against leased house of M (F)	7,250	7,250
g)	Smt. Anjali Khullar against leased house of CS	7,200	7,200
II)	Advance to Parties	6,84,094	6,10,915
III)	Vehicle Advance	0	42,000
IV)	House Building Advance	8,40,891	10,53,291
V)	Computer Advance	0	2,000
VI)	Advance to Staff	41,394	249
VII)	Amount Recoverable from NSKFDC	20,000	20,000
VIII)	Amount Recoverable from M/s Yadav Cab Company	4,118	4,118
IX)	Amount Recoverable from former CMD (Sh. H.C.Mahajan)	2,155	2,155
X)	Amount Recoverable from MOSJ&E	0	71,964
XI)	Amount Recoverable from M/s AVA & Associates	200	0
XII)	Amount recoverable from Sh.Rakesh Garg, CMD	4,303	0
XIV)	Amount recoverable from Sh. A.K.Dey, SM (PPC)	65	0
	Total (D)	21,85,670	24,70,142
	Grand Total (A+B+C+D)	78,36,53,920	64,67,96,141

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION**SCHEDULE 'G'**
(Amount in Rupees)

OTHER LIABILITIES	AS AT 31.03.06	AS AT 31.03.05
A. Outstanding Expenses:		
Telephone Expenses	11,168	11,218
Vehicle hiring charges	19,709	24,683
C.M.D. leased house	0	2,360
Total (A)	30,877	38,261
B. Others Payable	23,79,753	25,76,004
C. Salary Payable	3,529	55,339
D. T.D.S. Payable (S)	27	27
E. T.D.S. Payable (C)	658	1,228
F. Advance receipts	2,76,401	0
G. Earnest Money Deposit	22,000	0
Total (A+B+C+D+E+F+G)	27,13,245	26,70,859

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION**SCHEDULE 'H'**
(Amount in Rupees)

PROVISIONS :	AS AT 31.03.06	AS AT 31.03.05
Provision for Gratuity	3,75,785	3,27,177
Provision for Foreign Service Contribution	60,102	34,044
Provision for Leave Encashment	3,14,874	2,56,955
Total	7,50,761	6,18,176

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION**SCHEDULE 'I'**
(Amount in Rupees)

INTEREST FROM LOANS	FOR THE YEAR ENDED 31.03.2006	FOR THE YEAR ENDED 31.03.2005
Interest on Loans	1,64,57,052	1,47,17,000
Interest on MFS	1,84,956	2,17,755
Total	1,66,42,008	1,49,34,755

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'J'

(Amount in Rupees)

OTHER RECEIPTS :	FOR THE YEAR ENDED 31.03.2006	ENDED 31. FOR THE YEAR 03.2005
Interest on Saving Bank Accounts	5,08,234	7,63,489
Interest on Security Deposit with Red Cross Society	15,750	15,750
Interest on Fixed Deposits	1,22,90,340	88,89,906
Interest on Vehicle Advance	1,934	6,800
Interest on Computer advance	113	510
Interest on House Building Advance	1,09,310	1,25,283
Misc. receipts	0	817
Computer Recovery (C)	0	1,530
Recovery for vehicle use (from C.M.D.)	0	395
Penal rate of interest	1,15,854	0
Total	1,30,41,535	98,04,480

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION**SCHEDULE 'K'**

(Amount in Rupees)

PAYMENTS TO AND PROVISION FOR EMPLOYEES	FOR THE YEAR ENDED 31.03.2006	FOR THE YEAR ENDED 31.03.2005
A) PAY AND ALLOWANCES TO CMD		
Salaries and Allowances	4,95,910	2,38,174
Children Education Allowance	0	1,530
Medical Reimbursement	12,733	18,978
Reimbursement of Refreshment	0	3,544
Reimbursement of Newspaper	0	2,698
Foreign Service Contribution	1,10,686	46,759
LTC expenses	1,59,310	0
Total (A)	7,78,639	3,11,683
B) PAY AND ALLOWANCES TO STAFF :		
Salaries and Allowances	2767021	22,12,795
Daily Wages	0	2,60,588
Medical Reimbursement	2,32,937	1,81,129
Conveyance Reimbursement	64,412	27,852
Transport Subsidy	1,24,987	1,03,178
Children Education Allowance	33,377	24,929
Reimbursement of Refreshment	68,320	58,464
Reimbursement of Newspaper	26,578	29,402
Staff Welfare	1,08,761	1,29,362
Corporation contribution to P.F./Pension	3,44,558	2,67,754
Leave Salary	1,03,118	83,250
Gratuity	1,14,790	1,17,654
LTC expenses	36,266	0
Total (B)	40,25,125	34,96,357
C) PAY AND ALLOWANCES TO DEPUTATIONIST		
Salary and Allowances	2,56,176	1,97,892
Medical Reimbursement	16,977	13,224
Transport Subsidy	9,882	8,400
Reimbursement of Refreshment	7,619	7,200
Reimbursement of Newspaper	5,226	4,548
Foreign Service Contribution	6,977	28,167
Children Education Allowance	7,619	7,200
Total (C)	3,10,476	2,66,631
Grand Total (A+B+C)	51,14,240	40,74,671

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'L'
(Amount in Rupees)

OTHER EXPENSES :	FOR THE YEAR ENDED 31.03.2006	FOR THE YEAR ENDED 31.03.2005
Office rent expenses	7,36,644	7,36,044
Printing and Stationery expenses	1,00,421	1,62,988
Postage & Telegramme expenses	73,612	79,101
Telephone expenses	1,70,411	1,47,580
Travelling expenses (Directors)	2,78,420	2,95,056
Travelling expenses (Staff)	3,33,069	2,10,441
Travelling expenses (Others)	20,540	1,02,399
Office maintenance expenses	2,00,536	3,03,299
Vehicle hiring charges	4,23,825	3,20,406
Business promotion expenses	28,914	19,373
Advertisement expenses	1,63,238	3,87,413
Awareness creation expenses	90,637	5,64,114
Staff Recruitment & Training expenses	3,530	6,733
Newspaper Expenses	4,412	3,896
Books and periodicals	12,185	14,640
Board Meeting Expenses	28,712	27,001
General Expenses	20,519	9,108
Exhibition/Social Devp.exp	71,695	1,205
Legal and Consultancy Charges	16,270	3,825
Bank Charges	0	194
Grant-in-aid	40,000	1,30,000
Meeting Expenses	1,02,068	8,369
Insurance Charges	0	5,060
Training Expenses (S)	35,229	6,000
Training Expenses (Beneficiaries)	0	7,538
Corporation Membership Fee	40,000	40,000
Workshop/ Conference Exp	43,143	26,505
Brokerage	0	3,600
Lease Rent (S)	2,75,355	2,52,145
Lease Rent (C)	32,258	2,69,242
Electricity Charges	1,07,900	93,379
Security Charges	22,937	14,306
Promotional Expenses	1,48,000	1,41,267
Repair & Maintenance for lease accom	51,580	22,722
Logo Designing Fee	0	1,00,000
Remuneration to Statutory Auditors	36,222	33,672
Remuneration to Internal Auditors	27,499	26,999
Website Designing Expenses	0	8,030
International Womens' Day Celeb. Expenses	0	91,828
Membership Fee to Habitat World (for C.M.D.)	5,510	5,000
Total	37,45,291	46,80,478

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE-M
(Amount in Rupess)

SCHEDULE OF PRIOR PERIOD EXPENSES/INCOME

PARTICULARS	2005-2006		2004-2005	
	Expenses	Income	Expenses	Income
<u>Administrative & other expenses</u>				
Promotional expenses of SCA	25,950	0	2,750	0
Repair & maintenance of lease	0	0	29,698	0
Office maintenance expenses	0	0	140	0
General expenses	0	0	23,273	0
Travelling expenses(D)	47,532	0	0	0
Office rent	600	0	0	0
Training expenses(beneficiaries)	4,000	0	0	0
Awariness creation expenses	14,069	0	0	0
<u>Pervious year income</u>				
Grant in aid	0	10,000	0	0
Interest on term loan of SCA	25,691	0	0	0
International women day	0	1,008	0	0
Workshop/Conference Exps.			45,754	
TOTAL	1,17,842	11,008	101,615	0
NET BALANCE	1,06,834		101,615	

SCHEDULE - N

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

FORMING PART OF THE BALANCE SHEET AND INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

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 rates 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**

Interest on loans and investments are accounted for on accrual basis at the applicable rate except the penal interest, which is accounted for on receipt basis.

5. **Retirement Benefits :-**

- a) The provision for gratuity of Rs. 1,14,790/- has been made in the books of accounts in the financial year 2005-06. The accumulated provision for gratuity as at 31.03.06 is of Rs. 3,75,785/-
- b) The provision for leave encashment of Rs. 1,03,118/- has been made in books of accounts in the Financial Year 2005-06. The accumulated provision for leave encashment as at 31.03.06 is of Rs. 3,14,874/-.

B. NOTES ON ACCOUNTS :-

- 1. Share application money of Rs. 5.00 Crore received from the Central Government vide Ministry of Social Justice and Empowerment letter no.2-7/2005/D.D.V, dated 06.10.2005 has been allotted by way of 50,000 equity shares of face value of Rs. 1,000/- each as fully paid up in the name of President of India through the Additional Secretary, Government of India, Ministry of Social Justice and Empowerment on 29.12.2005.
- 2. 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. The Corporation has also filed an application for grant of exemption under Section 10(23)(C)(iv) of the Income-tax Act, 1961 which is under consideration by the Department.
- 3. 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.2,00,77,438/- has been transferred to General Reserve Account.
- 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 Bhawan the interest amount is accounted on accrual basis.
- 5. A total amount of Rs. 11,564.45 lakhs (P.Y. 9,225.39 lakhs) has been released to 33 (P.Y 33) State Channelising Agencies (SCAs) up to 31.03.2006. 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.900.00 Lakhs (P.Y 1990.00 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	18.00
2.	DELHI	76.00
3.	GSFC	118.00
4.	GSSCBCFDC, GOA	13.00
5.	KBCDCL, KARNATAKA	1.00
6.	LKVIB, LAK	16.00
7.	MVSN, ORISSA	393.00
8.	PCDWHPL, PONDICHERRY	263.00
9.	SSWCD, PUNJAB	2.00
Total:		900.00
		=====

7. In respect of appointment of Shri H.C. Mahajan, former Chairman-cum-Managing Director of the Corporation a sum of Rs.1,10,686/- for the period from 01.04.2005 to 31.03.2006 towards leave salary and pension contribution has been debited in the books of accounts under heading "Foreign Service Contribution". The said provision is in conformity with the terms & conditions of their services.
8. Salary payable to Shri Rakesh Garg, I.A.S., C.M.D., NHFDC has been booked on provisional basis during the year as per the last salary drawn by him before joining the Corporation. The matter of fixation of salary is still pending with the Administrative Ministry and final amount of his remuneration shall be booked upon receipt of the salary fixation from the Ministry.
9. There is no contingent liability as on the balance sheet date.
10. Estimated amount of contract remaining to be executed on capital account and not provided for is Rs. Nil (net of advances), (previous year nil)
11. 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.
12. Cash and Bank balances (Schedule D) of Rs. 11,88,16,414/- includes Rs. Nil 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. 11,88,16,414/- includes the following:-

Cash in hand	:	Rs.63,392/-
Balances with scheduled bank		
Saving bank	:	Rs.65,53,022/-
FDR/deposits account	:	Rs.11,22,00,000/-

13. During the year, prior period adjustment of Rs. 1,06,834/- has been charged to Income & Expenditure Account, details of which are given in Schedule 'M'.

14. The following amounts are pending from the various agencies for want of clarification etc.,

Sl No	Name of Agencies	Amount	Pending Since.....
01	Red Cross Society	320855	2005-06
02	NBCFDC	27774	2001-02
03	NBCFDC	57561	2002-03
04	NBCFDC	91831	2002-03
05	MPVAVEN, MP	19117	2002-03
06	NBCFDC	69126	2002-03
07	Mahila Imdad Committee	34104	2005-06
08	Aadinath Graphics	27000	2003-04
09	NBCFDC	123120	2003-04
10	NBCFDC	85723	2004-05
11	Aadinath Graphics	73483	2003-04
12	NBCFDC	378613	2004-05
13	Dir. Of Social Welfare, Nagaland	50000	2005-06
14	Chhatisgarh Nishakat Jan Vitt Evam Vikas Nigam	50000	2005-06
15	NMFDC	4000	2005-06
16	KERALA STATE HANDICAPPED FIN.	75950	2005-06
17	NATIONAL TRUST	24704	2005-06

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

Chairman-cum-Managing Director

	<u>2005-06</u>	<u>2004-05</u>
Pay & Allowances :	Rs.4,95,910/-	Rs. 2,38,174/-
Other benefits :	Rs.2,82,729/-	Rs.73,509/-

16. Earning Per Share

<u>Particulars</u>	<u>2005-06</u>	<u>2004-05</u>
A. Net Profit for the year attributable to Equity Shareholder's(Rs.)	2,00,77,438/	1,51,98,962/-
B. Weighted Average Number of Equity Shares	6,83,010/	6,23,010/-
C. Basic Earning Per Share(A/B)(Rs.)	29.39	24.40
D. Nominal Value Per Share (Rs.)	1000/-	1000/-

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

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

Balance Sheet Abstract and Company's General Business Profile

VI. Registration Details:-

Registration No : 05-33466 State Code : 05

Balance Sheet Date : 31.03.2006

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

Public issues : Nil Right issue : Nil
Govt. subscription : 50000* Bonus issue: Nil
Private : Nil

(* Excluding 10000 shares for which share application money was received vide letter dated 31.03.2005 from Ministry of Social Justice & Empowerment)

VIII. Position of Mobilization and Deployment of Funds

(Amount in Rs. in thousand)

SOURCES OF FUNDS

Total liabilities : 903784	Total Assets : 903784
Paid up Capital : 683010	Reserves & Surplus : 22077
Secured loan : Nil	Unsecured loan : Nil

APPLICATION OF FUNDS

Net Fixed Assets : 19.05	
Investment : Nil	
Net Current Assets: 901879	Misc. Expenses : Nil
Accumulated losses: Nil	

IX. Performance of Company

Turnover/Receipt : 29683	Total Expenses : 9606
Profit before tax : 20077	Profit after tax : 20077
Earning per share: 29.39	Dividend : NA

(In Rs.)

X. 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 'N' form an integral part of the Accounts.

For and on Behalf of Board of Directors

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

Sd/-
(G.N.Pegu)
Director

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

For and on behalf of
Y.K.Joneja & Co.

Chartered Accountants

Sd/-
(Sanjay Gupta)
Partner

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

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

Place : FARIDABAD

Dated : 11.8. 06

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 9th Annual General Meeting of the Company to be held on the ____day and at any adjournment thereof

Signed this Day of

