



BOARD OF DIRECTORS

(As on 29th August, 2008)

1. Shri M. Ravi Kanth Chairman & Managing Director, NHFDC
2. Shri P.K. Sinha Additional Secretary & Financial Advisor,
Ministry of Social Justice & Empowerment
3. Smt. Purnima Singh Joint Secretary (DD),
Ministry of Social Justice & Empowerment
4. Shri R. Saha Advisor,
Department of Science & Technology
5. Shri K.S. Ludu Additional Development Commissioner (SSI),
Ministry of Small Scale Industries
6. Shri Anant Charan Padhi Chairman-cum-Managing Director,
National Scheduled Castes Finance &
Development Corporation
7. Shri S.K. Mukherjee Chairman & Managing Director,
Artificial Limbs Manufacturing Corporation
8. Shri Deepak Gupta General Manager,
Industrial Development Bank of India
9. Shri R.N. Yadav Dy. General Manager
Small Industries Development Bank of India

Shri R.K. Mishra Company Secretary

Internal Auditors M/s. N.C. Mittal & Co.,
Chartered Accountants,
729, Sector -30, Faridabad, Haryana

Statutory Auditors M/s. Y.K. Joneja & Co.,
Chartered Accountants,
B-377-78, Nehru Ground,
Faridabad-121001, Haryana

National Handicapped Finance and Development Corporation

NOTICE

Notice is hereby given that the 11th Annual General Meeting of NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION will be held on Thursday, the 25th day of September, 2008 at 12.30 P.M. at the Registered Office of the Company at Red Cross Bhavan, Sector -12, Faridabad - 121007 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt Directors' Report, Audited Balance Sheet as at 31st March, 2008 and Income and Expenditure Account for the period ended on that date along with the reports of Auditors thereon.
2. To fix the remuneration of M/s Y.K. Joneja & Co. Chartered Accountants, Statutory Auditors appointed by Comptroller & Auditor General of India and in this connection to consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to Section 224(8)(aa) and other applicable provisions (if any) of the Companies Act, 1956 the Corporation hereby approves an amount of Rs. 55,000/- (Rupees fifty five thousand only) plus service tax (at the applicable rate) as audit fee to be paid to M/s Y.K. Joneja & Co., Chartered Accountants, Statutory Auditors of the Corporation for the financial year 2007-2008 as appointed by the Comptroller & Auditor General of India”.

“FURTHER RESOLVED THAT the travelling and incidental expenses incurred by the Statutory Auditors in connection with the audit shall be reimbursed by the Corporation in accordance with the terms of appointment issued by C.& A.G. of India.”

By Order of the Board of Directors

For National Handicapped Finance and
Development Corporation

Place: Faridabad

Date : 23/09/2008

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 Eleventh Annual Report on operations of your Corporation together with the audited statement of accounts for the period from 1st April 2007 to 31st March 2008 alongwith Statutory Auditors' report thereon.

1. 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. The paid-up share capital of the Corporation as at 31st March, 2008 was Rs.86.80 Crore divided into 8,68,010 nos. of equity shares of Rs. 1,000/- each. The entire equity is held by Government of India.

2. GENERAL PERFORMANCE

This Corporation has made good progress in respect of sanctions and disbursements during the current financial year 2007-08. An amount of Rs.33.81 Crore was sanctioned during the current financial year 2007-08 as compared to Rs.27.31 Crore sanctioned during the previous financial year 2006-2007. Thus, a growth of 23.8 % was achieved in sanction of loan.

An amount of Rs.28.44 Crore was disbursed during the financial year 2007-2008 as compared to Rs. Rs. 25.94 Crore disbursed during the financial year 2006-2007, an increase of 9.64 % over the preceding financial year 2006-07.

3. FINANCIAL HIGHLIGHTS

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

(Amt. in Rs. Lac)

| Particulars | For F.Y. ended 2007-08 | For F.Y. ended 2006-07 |
|---|-----------------------------------|-----------------------------------|
| Total Income | 332.51 | 331.76 |
| Operating and General Expenses | 154.52 | 102.04 |
| Surplus (before Depreciation, Prior period Adj.) | 177.99 | 229.72 |
| Depreciation | 10.34 | 5.14 |
| Prior period Adjustment + /(-) | 18.97 | (2.22) |
| Surplus transferred to General Reserve | 186.62 | 222.36 |

4. APPROPRIATIONS

Your Corporation registered a surplus of income over expenditures (after making adjustment for prior period expenses) for an amount of Rs.186.62 lac during the financial year 2007-08 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. 186.62 lac is transferred to General Reserve to be used for promotion of objectives of the Corporation.

5. DIRECTORS

During the financial year 2007-08, following changes had taken place in the Board of Directors of the Corporation.

- a) Shri Rakesh Garg, I.A.S. was relieved of his duties as Chairman-cum-Managing Director of the Corporation on 18th April, 2007.
- b) Shri M. Ravi Kanth, IAS (KL:86) was appointed as Chairman-cum-Managing Director of the Corporation from the forenoon of 21st June, 2007 for a period of five years or until further orders, whichever is earlier, in place of Shri Rakesh Garg, I.A.S., former Chairman- cum - Managing Director, NHFDC.
- c) Smt. Purnima Singh, Joint Secretary, (Disability Division), Ministry of Social Justice & Empowerment, Government of India was appointed as Ex-officio Director on the Board of NHFDC with effect from 25th June, 2007 for a period of three years or until further orders, whichever is earlier, in place of Shri G.N.Pegu, former Joint Secretary (Disability Division), Ministry of Social Justice & Empowerment, who superannuated from Government service on 31-12-2006.
- d) Shri Sanjiv Kumar Mittal, Joint Secretary and Financial Adviser, Ministry of Social Justice & Empowerment, Government of India was appointed as Ex-officio Director on the Board of NHFDC with effect from 22nd August, 2007 for a period of three years or until further orders, in place of Shri Mrityunjaya Sahoo, former Joint Secretary and Financial Adviser, Ministry of Social Justice & Empowerment.

6. STATUTORY AUDITORS FOR THE FINANCIAL YEAR 2007-08

M/s Y.K.Joneja & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company for the Financial Year 2007-2008 vide Comptroller & Auditor General of India letter No. CA.V/COY/CENTRAL GOVT. HANDIF (1)/201 dated 2-8-2007.

7. 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.

8. EXECUTION OF MEMORANDUM OF UNDERSTANDING FOR 2008-09

Your Corporation has entered into Memorandum of Understanding (MoU) for the financial year 2008-09 with the Administrative Ministry on 31-03- 2008. The said MoU inter alia defined targets to be achieved by your Corporation in the financial year ending on 31st March, 2009, in respect of various key parameters of its performance.

9. RECRUITMENTS/RESIGNATIONS

The Corporation was short of staff and in view of the need for required staffs for carrying out responsibilities in order to facilitate smooth operations, staffs have been recruited at various levels. Total five staffs have been recruited at Group 'B' and 'C' grade during the financial year 2007-08.

The recruitment process continues for filling certain other vacancies on the basis of needs of the Corporation.

10. EXHIBITIONS

During the financial year under report, the Corporation has participated in some Trade fairs/exhibitions like, India International Trade Fair (IITF), at Delhi, Shilpotsav at Dilli Haat, Delhi, Sonapur Mela at Sonapur, Bihar, Samarthya Mela at Chennai, Surajkund Crafts Mela at Surajkund, Faridabad and Gupta Dham Mela at Sasaram, Bihar.

The Corporation was represented through its beneficiaries in these Trade fairs/melas. The Corporation has also used these occasions for creating awareness about its schemes for the benefit of persons with disabilities. Participation in these trade fairs/ Melas have helped the beneficiaries to exhibit and sale their products and expand their outlook for further growth. The participation of beneficiaries in these events also helps in creating awareness and hopes for persons with disabilities.

10A. MANAGEMENT'S REPLIES AND EXPLANATIONS TO OBSERVATIONS/QUALIFICATIONS MADE BY STATUTORY AUDITORS

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

The corporation has framed a policy of prudential norms for identification of non-performing assets and provision against bad & doubtful debts at the 53rd Board meeting held on 29.8.2008. The said policy shall be implemented w.e.f. financial year 2008-09 onwards. Para 1 of the report of Statutory Auditors also refers in this context.

In respect of the said Paragraph, it is clarified that during the discussion on Annual accounts at the office of Statutory auditors in the evening of **25th August 2008 (after office hours)**, the Statutory Auditors had verbally asked for the draft policy on prudential norms, which was to be discussed before the Board meeting scheduled on 29.8.2008. Agenda note regarding to the said policy was sent to Directors on 27.8.2008 only, as part of additional agenda. Also, on the same date (27.8.2008), the relevant agenda note on draft policy of the Corporation on prudential norms was **presented before the Statutory Auditors**. But, Shri Y.K.Joneja, Chartered Accountant (Statutory Auditors) refused to see the same.

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

NHFDC has already implemented the practice of writing the SCAs for balance confirmation. Some of the SCAs have furnished balance confirmation statement. Your corporation is pursuing with rest of the SCAs for furnishing balance confirmation statement.

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

The Statutory Auditors have been auditing the accounts of the corporation since 2004-05 onwards as appointed by C.& A.G. of India. This is the first time that they have made this observation & suggested for expert opinion/actuarier valuation. The corporation will consider the suggestion of Statutory Auditors.

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

The Corporation has engaged an independent Professional Firm of Chartered Accountants for reconciliation of the General ledgers with loan sub-ledgers. The said firm has submitted the progress report of reconciliation of Loan Ledgers with General Ledger w.e.f. 1997-98 to 2004-05 (both inclusive) and the progress report for 2005-06 is awaited. The reconciliation for the remaining years 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.

It is also clarified that the overdue amounts are to be recovered from the concerned State Channelising Agencies and NGOs, and cannot be treated as losses at present.

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

The observation of Statutory Auditors is self- explanatory.

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

The observation of Statutory Auditors is self- explanatory.

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

NHFDC is pursuing with the concerned State Government Authorities for furnishing adequate Government Guarantee with the Corporation.

It is also informed that the shortfall of Government Guarantee coverage against NHFDC loaning to State Channelizing Agencies (SCAs) included the SCAs located in Union Territories (UTs). Guarantees from UTs are yet to be decided upon.

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

The relevant explanation / reply of management in this respect is at Annexure-I to this report.

11. NEW STATE CHANNELSING AGENCIES

Three State Channelsing Agencies have separately entered into agreement with the Corporation during the Financial year 2007-08 for implementation of schemes of the Corporation for the benefit of persons with disabilities in their respective states.

These agencies are:

- i) Jharkhand State Tribal Co-operative Development Corporation Ltd
– for implementation of the schemes of the Corporation in the state of Jharkhand.
- ii) Gujarat Minorities Finance & Development Corporation Ltd.
– for implementation of the schemes of the Corporation in the state of Gujarat.
- iii) The Meghalaya Co-operative Apex Bank Ltd.
– for implementation of the schemes of the Corporation in the state of Meghalaya.

The Corporation is pursuing with the respective state Government Authorities in other states where the Channelling Agency is yet to be functional for implementing schemes of the Corporation.

12. FIXED DEPOSITS

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

13. 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.

14. 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.

On behalf of Board of Directors

For NATIONAL HANDICAPPED FINANCE AND
DEVELOPMENT CORPORATION

Date : 29 August, 2008

Place: New Delhi

Sd/-
(M.RAVI KANTH)
Chairman-cum- Managing Director

Annexure –I to Directors Report

| Sl | Name of the party/ agency whom advance has been made | Amount advanced in Rs. | Reasons/response of NHFDC |
|----|--|------------------------|--|
| 1 | DAVP, New Delhi | 30,847/- | <p>The Corporation is maintaining a running account with DAVP and that the same is used for advertisement and publicity expenses. The expenditure on account of advertisement/publicity is adjusted against this advance account against orders placed by the Corporation.</p> <p>The aforesaid advance amount would get adjusted against orders for advertisement/publicity to be given in future.</p> |
| 2 | ALIMCO | 3,10,000/- | The Corporation has advanced the amount to ALIMCO, Uttar Pradesh towards setting up information centre (an expenditure of Capital nature) at Ujjain, Madhya Pradesh for which bills/ work completion certificate are still awaited. The Corporation is pursuing the matter. |
| 3 | National Minorities Development and Finance Corporation, New Delhi (NMDFC) | 78,665/- | The amount is recoverable from NMDFC (co-ordinating Agency) against sum advanced to it for the convening the function of International Womens' Day-2005. |
| 4 | UPFC, Uttar Pradesh | 25000/- | <p>The amount was advanced to UPFC, Uttar Pradesh for conducting workshop for awareness creation activities at Lucknow.</p> <p>The Corporation has received Rs.9,790/- from UPFC and the same would be adjusted in the financial year 2008-09. The corporation is pursuing with UPFC for adjustment of balance amount.</p> |
| 5 | Rajasthan S.C. Finance and Development Corporation | 22,446/- | <p>NHFDC had advanced Rs.65,000/- to Rajasthan S.C. Finance and Development Corporation (the SCA of NHFDC) for conducting workshop on 17th and 18th January, 2005, for awareness creation activities. The amount of Rs.28,651/- remains to be paid back to NHFDC by the SCA after adjustment of bills in this regards.</p> <p>The Corporation pursued the matter and Rs.6205/- has been received back and the same has been accounted for.</p> |
| 6 | National Scheduled Castes Finance and Development Corporation (NSFDC) | 35,931/- | This amount remains to be received back from NSFDC (a sister Corporation under the Administrative Ministry and Coordinating Agency) out of amount advanced to it for conducting workshop held at Tonk, Rajasthan. |
| | Total | 5,02,889 | |

- Observation of Statutory Auditors
The fixation of salary to CMD has not been received from the Ministry.

Management's Reply

The Corporation is pursuing the matter of fixation of salary pertaining to present and former C.M.D.'s of the corporation and the matter is pending with the Administrative Ministry.

- Observation of Statutory Auditors
Non-Adjustments/Non-recovery of advance for Computer Software Development amounting to Rs.1,75,000/- paid in Financial Year 2003-04.

Management's Reply

Computerization of loan accounting was taken up by all sister corporations together and an agency i.e. C.DAC was entrusted with the responsibility for development of application software. National Backward Classes Finance and Development Corporation (NBCFDC) is the coordinating nodal agency for all sister Corporations for the aforesaid purpose.

As per terms & conditions of the agreement, NHFDC had advanced Rs.1.75 lac, being 70% of the NHFDC's share of Rs.2.50 lac (1/5th of the agreed price). The application software developed by C.DAC had many shortcomings which are yet to be addressed by them.

NHFDC has also informed the nodal agency (NBCFDC) in this regard.

- Observation of Statutory Auditors
The Prior period Income credited in the Income and Expenditure A/c amounting to Rs.18,97,785/- in comparison to expenses of Rs.2,44,981/- in the last year.

Management's Reply

The major amount of Rs.13,53,596/- and Rs.6,01,725/- pertain to financial year 2006-07 on account interest on FDR and interest on saving bank (Corporation Bank) respectively. These incomes were not accounted for in the previous financial year i.e. 2006-07. Hence, these incomes are accounted as prior period income during this financial year.

Apart from this Rs.1,22,400/- given as grant to the SCA of Karnataka for EDP training during financial year 2006-07 and booked as expenditure during that financial year. The amount was refunded by the SCA during financial year 2007-08 as the EDP training could not be conducted and hence booked as prior period income during f/y 2007-08.

The total prior period expenditure amounting to Rs.1,79,936/- have been booked under the said head as these expenditures did not pertain to f/y 2007-08

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 31 MARCH 2008.

The preparation of financial statements of National Handicapped Finance and Development Corporation, Faridabad, for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 August 2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of National Handicapped Finance and Development Corporation, Faridabad, for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(Ghazala Meenai)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-III,

New Delhi

Place : New Delhi

Dated : 23 September 2008

Y.K. Joneja & Co.
Chartered Accountants
'SAMADHAN CHAMBERS'
B-377-78, Nehru Ground, Faridabad -121001
E-mail : ykjoneja@rediffmail.com

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 31.3.2008 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 misstatements. 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 the 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 informations and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit except that agenda for the scheduled Board Meeting dated 29.8.08 for Evaluation of efforts by the Corporation in the direction of setting up prudential norms for the recovery of advances;
2. In our opinion, proper books of accounts as required by law have been kept by the Corporation so far, as it 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 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 the interest due thereon from all the State Channelizing Agencies and Non-Government organizations are not available except five out of 37 cases. Due to this, the impact on accounts non-confirmation/ reconciliation cannot be ascertained.*
- (c) *Gratuity and Leave encashment have been provided in a flat manner, payable on a future date without computing its present value. The provision of these liabilities is not supported by Actuarier Valuation. This being field-up another expert therefore, we cannot express our opinion on the sufficiency of this provision in the accounts.*
- (d) *It has been observed that transactions in the loan register and in the General Ledger not reconciled.*
- (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 Disbursed (Rs. In Lacs) | Overdue as on 31.3.2008 (Rs. In lacs) | |
|---------------------------|---------------------------------|---|----------|
| | | Loan | Interest |
| APVCC,(ANDHRA PRADESH) | 404.48 | 118.31 | 7.68 |
| MVSN (ORISSA) | 935.73 | 404.47 | 3.45 |
| SCFDC (CHATTISGARH) | 71.18 | 35.10 | 0.63 |
| MPAVAVN (M.P.) | 135.49 | 36.48 | 1.74 |
| MPPVAVN (M.P.) | 117.22 | 25.53 | 1.27 |
| MPBCDC (MAHARASTRA) | 50.00 | 32.81 | 0.24 |
| SSWD,(NAGALAND) | 243.62 | 87.49 | 2.47 |
| J & K SFC, JAMMU | 8.74 | 1.51 | 0.34 |
| MPHWDC,(MADHYA PRADESH) | 59.69 | 1.43 | 1.14 |
| TSCDC (TRIPURA) | 27.99 | 5.94 | 0.48 |
| UPFC (UTTAR PRADESH) | 65.06 | 3.03 | 0.40 |
| MICRO FINANCING SCHEME | 404.49 | 70.25 | 3.54 |

Some concrete steps should be taken to avoid losses.

- (f) The Corporation has not considered and computed the amount of penal interest chargeable from Channelizing agencies inconsonance with the resolution passed in its Board Meeting dated 18.12.2003. The waiver of penal interest is pending before the Government for necessary approval.**
- (g) The Corporation has filed Return of Income Tax upto F.Y. 2006-07 however, the corporation has filed application for grant of exemption u/s 10 23 (c) (iv) which is under consideration by department.**
- (h) In some of the loans, the amount are not covered by the State Government guarantee totaling to Rs. 12.58 Crores. To this extent these loans are Unsecured Loans.**
- (i) The Internal control systems are found to be ineffective / negligible. This is based on the following informations and explanations :-**
- (a) In earlier years advances have been given for certain already incurred revenue expenditures in earlier years and thus Rs. 502889 have been shown wrongly as recoverable advances in the Balance Sheet.**
- (b) The fixation of Salary to CMD has not been received from the Ministry.**
- (c) Non-adjustments/Non-recovery of Advance for Computer Software Development amounting to Rs. 175000 paid in F.Y. 2003-04.**
- (d) The Prior Period Income credited in the Income and Expenditure A/c amounting to Rs. 1897785 in comparison to expenses of Rs. 2,44,981 in the last year.**

and read together with the 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 on 31st March 2008; and
- (ii) In the case of Income and Expenditure Account of surplus for the year ended on the date.

Place : Faridabad
Date : 29.08.08

For Y.K. Joneja & Co.
Chartered Accountants,
Sd/-
CA Y.K. JONEJA
M. No. 080020

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

RED CROSS BHAWAN, SECTOR-12, FARIDABAD-121 007 (HARYANA)

BALANCE SHEET AS AT 31ST MARCH 2008

| <u>PARTICULARS</u> | <u>SCHEDULES</u> | (Amount in Rupees) | |
|---|------------------|-----------------------------------|-----------------------------------|
| | | <u>AS AT</u> <u>31.03.2008</u> | <u>AS AT</u> <u>31.03.2007</u> |
| A. SOURCES OF FUNDS: | | | |
| <u>SHAREHOLDER'S FUNDS</u> | | | |
| SHARE CAPITAL | A | 86,80,10,000 | 79,80,10,000 |
| SHARE CAPITAL PENDING ALLOTMENT | | 3,00,00,000 | 0 |
| RESERVE & SURPLUS | B | 26,16,72,476 | 24,30,10,222 |
| TOTAL | | 1,15,96,82,476 | 1,04,10,20,222 |
| B. APPLICATION OF FUNDS: | | | |
| <u>FIXED ASSETS</u> | | | |
| Gross Block | C | 1,06,19,149 | 68,29,914 |
| Less : Accumulated Depreciation | | 62,49,433 | 52,15,107 |
| Net Block | | 43,69,716 | 16,14,807 |
| CURRENT ASSETS, LOANS AND ADVANCES: | | | |
| <u>CURRENT ASSETS :</u> | | | |
| a) Cash and Bank Balances | D | 7,87,39,288 | 12,30,40,174 |
| Other Current Assets | E | 10,04,827 | 14,96,729 |
| b) Loans and Advances | F | 1,08,11,55,126 | 91,99,22,264 |
| | | 1,16,08,99,241 | 1,04,44,59,167 |
| LESS: CURRENT LIABILITIES & PROVISIONS | | | |
| a) Current Liabilities | G | 44,02,051 | 39,49,344 |
| b) Provisions | H | 11,84,430 | 11,04,408 |
| | | 55,86,481 | 50,53,752 |
| Net Current Assets | | 1,15,53,12,760 | 1,03,94,05,415 |
| TOTAL | | 1,15,96,82,476 | 1,04,10,20,222 |

Accounting Policies & Notes on Accounts Schedules 'A' to 'N' form an integral part of accounts

N

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/-
(Y.K. Joneja)
M.No. 80020
Place : Faridabad
Date : 29.8.2008

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

For and on behalf of Board of Directors

Sd/
(M. Ravi Kanth)
Chairman-cum- Managing Director

Sd/-
(S.K.Mukherjee)
Director
Sd/-
(R.K.Mishra)
Company Secretary

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

RED CROSS BHAWAN, SECTOR-12, FARIDABAD-121 007 (HARYANA)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2008

| <u>PARTICULARS</u> | <u>SCHEDULES</u> | (Amount in Rupees) | |
|---|------------------|--------------------------------------|--------------------------------------|
| | | <u>FOR THE YEAR ENDED 31.03.2008</u> | <u>FOR THE YEAR ENDED 31.03.2007</u> |
| A. INCOME: | | | |
| Interest from Loans | I | 2,31,65,354 | 1,77,58,855 |
| Other Receipts | J | 1,00,85,670 | 1,54,17,088 |
| TOTAL | | 3,32,51,024 | 3,31,75,943 |
| B. EXPENDITURES : | | | |
| Payments to and Provisions for Employees | K | 66,55,133 | 61,27,585 |
| Other Expenses | L | 87,97,096 | 40,76,746 |
| Depreciation | C | 10,34,326 | 5,13,741 |
| Prior Period Income(+)/Expenses(-) (Net) | M | 18,97,785 | 2,22,046 |
| Excess of Income over Expenditure (after prior period adjustments) transferred to General Reserve A/c | | 1,86,62,254 | 2,22,35,825 |
| TOTAL | | 3,32,51,024 | 3,31,75,943 |
| Accounting Policies & Notes on Accounts | N | | |
| Schedules 'A' to 'N' form an integral part of accounts | | | |
| Basic/Diluted Earning per Share | | 23.24 | 29.41 |

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

For and on behalf of Board of Directors
Sd/
(M. Ravi Kanth)
Chairman-cum- Managing Director

For and on behalf of
M/s. Y.K. Joneja & Co.,
Chartered Accountants
Sd/-
(Y.K. Joneja)
M.No. 80020
Place : Faridabad
Date : 29.8.2008

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

Sd/-
(S.K.Mukherjee)
Director
Sd/-
(R.K.Mishra)
Company Secretary

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

| | <u>SCHEDULE 'A'</u> | |
|--|--------------------------------|--------------------------------|
| | (Amount in Rupees) | |
| <u>SHARE CAPITAL</u> | <u>AS AT 31.03.2008</u> | <u>AS AT 31.03.2007</u> |
| <u>AUTHORISED :</u> | | |
| 40,00,000 Equity Shares of Rs.1,000/- each | 4,00,00,00,000 | 4,00,00,00,000 |
| <u>ISSUED, SUBSCRIBED & PAID-UP :</u> | | |
| 8,68,010 Equity Shares of (Previous year 7,98,010 equity shares) Rs.1,000/- each fully paid - up | 86,80,10,000 | 79,80,10,000 |
| Share Capital Pending Allotment | 3,00,00,000 | 0 |
| Total | 89,80,10,000 | 79,80,10,000 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'B'
(Amount in Rupees)

| <u>RESERVE AND SURPLUS</u> | <u>AS AT 31.03.2008</u> | <u>AS AT 31.03.2007</u> |
|---|--------------------------------|--------------------------------|
| <u>GENERAL RESERVE :</u> | | |
| As per last Balance Sheet B/F | 24,30,10,222 | 22,07,74,397 |
| Add: Transferred from Income & Expenditure Account | 1,86,62,254 | 2,22,35,825 |
| Total | 26,16,72,476 | 24,30,10,222 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE-C

FIXED ASSETS

Amt. in Rupees

| S.NO. | PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|-------|--|----------------------|------------------------|---------------|---------------------------|----------------------|--------------------|---------------------|----------------------------|------------------|------------------|
| | | Cost as at 31.3.2007 | Addition dur. the year | Sales/ Adj. | Total cost as at 31.03.08 | Depr. as at 31.03.07 | Depr. For the year | Depr. on sales/adj. | Total depr. as at 31.03.08 | As at 31.03.08 | As at 31.03.07 |
| 1 | Furniture | 7,19,037 | 2,42,012 | 0 | 9,61,049 | 6,37,850 | 1,03,463 | 0 | 7,41,313 | 2,19,736 | 81,187 |
| 2 | Fixtures and Fittings | 12,77,637 | 1,06,658 | 0 | 13,84,295 | 10,67,315 | 51,507 | 0 | 11,18,822 | 2,65,473 | 2,10,322 |
| 3 | Office Equipment | 11,28,060 | 6,40,664 | 0 | 17,68,724 | 7,04,814 | 1,50,454 | 0 | 8,55,268 | 9,13,456 | 4,23,246 |
| 4 | Computers | 31,20,165 | 15,25,809 | 0 | 46,45,974 | 25,26,738 | 4,92,242 | 0 | 30,18,980 | 16,26,994 | 5,93,427 |
| 5 | Air Conditioners & Coolers | 4,08,665 | 1,43,146 | 0 | 5,51,811 | 2,77,040 | 28,932 | 0 | 3,05,972 | 2,45,839 | 1,31,625 |
| 6 | Vehicle (Cycle) | 1,350 | 0 | 0 | 1,350 | 1,350 | 0 | 0 | 1,350 | 0 | 0 |
| 7 | Vehicles (Car) | 0 | 11,30,946 | 0 | 11,30,946 | 0 | 2,07,728 | 0 | 2,07,728 | 9,23,218 | 0 |
| | TOTAL | 66,54,914 | 37,89,235 | 0 | 1,04,44,149 | 52,15,107 | 10,34,326 | 0 | 62,49,433 | 41,94,716 | 14,39,807 |
| 8 | Add: | | | | | | | | | | |
| | Capital work in progress - Software Dev. for computerisation | 1,75,000 | 0 | 0 | 1,75,000 | 0 | 0 | 0 | 0 | 1,75,000 | 1,75,000 |
| | TOTAL | 68,29,914 | 37,89,235 | 0 | 1,06,19,149 | 52,15,107 | 10,34,326 | 0 | 62,49,433 | 43,69,716 | 16,14,807 |
| | Previous year | 66,29,159 | 2,23,236 | 22,481 | 68,29,914 | 47,23,847 | 5,13,741 | 22,481 | 52,15,107 | 16,14,807 | 19,05,312 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

| | <u>SCHEDULE 'D'</u> | |
|---|----------------------------|--------------------------|
| | (Amount in Rupees) | |
| <u>CASH AND BANK BALANCES:</u> | <u>AS AT</u> | <u>AS AT</u> |
| | <u>31.03.2008</u> | <u>31.03.2007</u> |
| Cash in Hand (Certified by the Management) | 1,04,294 | 10,097 |
| Bank Balances (with scheduled banks) : | | |
| a) Savings Accounts | 7,86,34,994 | 55,72,611 |
| b) In FDR/Deposits Accounts with Banks (Certified by the Management) | 0 | 11,74,57,466 |
| Total | 7,87,39,288 | 12,30,40,174 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'E'

(Amount in Rupees)

| <u>OTHER CURRENT ASSETS :</u> | <u>AS AT</u> | <u>AS AT</u> |
|--|--------------------------|--------------------------|
| | <u>31.03.2008</u> | <u>31.03.2007</u> |
| Interest receivable & not due on Vehicle Advance | 1,583 | 25,583 |
| Interest receivable & not due on Deposits | 0 | 7,69,023 |
| Interest receivable & not due on Saving Bank Accounts | 2,20,036 | 937 |
| Interest receivable & not due on House Building Advance | 7,55,989 | 6,94,875 |
| Interest receivable & not due on Computer Advance | 6,219 | 1,061 |
| Interest receivable & not due on Security Deposits | 21,000 | 5,250 |
| Total | 10,04,827 | 14,96,729 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'F'
(Amount in Rupees)

LOANS AND ADVANCES

AS AT
31.03.2008

AS AT
31.03.2007

LOANS:

| | | |
|---|-----------------------|-----------------------|
| A) Term Loan to State Channelising Agencies (SCAs) | 168,55,03,839 | 1,41,51,07,481 |
| Less : Refund | 26,85,12,937 | 24,08,06,340 |
| | 1,41,69,90,902 | 1,17,43,01,141 |
| Less : Repayment | 36,77,93,326 | 27,05,38,786 |
| Total (A) | 1,04,91,97,576 | 90,37,62,355 |
| B) Term Loan under Micro Financing Scheme (MFS) | 4,04,48,996 | 2,63,57,996 |
| Less : Refund | 18,84,325 | 15,20,476 |
| | 3,85,64,671 | 2,48,37,520 |
| Less : Repayment | 1,73,82,517 | 1,63,74,457 |
| Total (B) | 2,11,82,154 | 84,63,063 |
| C) INTEREST RECEIVABLE AND DUE ON TERM LOAN : | | |
| a) State Channelising Agencies (SCAs) | 74,05,913 | 52,08,994 |
| b) Micro Financing Scheme (MFS) | 3,61,785 | 3,17,510 |
| Total (C) | 77,67,698 | 55,26,504 |
| Total (A+B+C) | 1,07,81,47,428 | 91,77,51,922 |
| D) Advances recoverable in cash or value to be received: | | |
| I) Security Deposit: | | |
| a) Security deposit against office premises taken on lease from Indian Red Cross Society, Faridabad | 4,50,000 | 4,50,000 |
| b) Telecom Authority | 1,12,000 | 1,12,000 |
| c) Bharati Cellular | 9,000 | 9,000 |
| d) Sh.Shailendra Garg against leased house of M(F) | 7,480 | 7,480 |
| e) Smt. Anjali Khullar against leased house of CS | 7,200 | 7,200 |
| f) Haryana Backward Classes & Economically Weaker Section Kalyan Nigam (SCA of NHFDC) | 12,500 | 12,500 |
| II) Advance to Parties | 17,55,157 | 6,08,314 |
| III) House Building Advance | 3,92,091 | 6,46,491 |
| IV) Computer Advance | 98,098 | 70,308 |
| V) Advance to Staff | 1,51,424 | 1,49,187 |
| VI) Amount Recoverable from former CMD (Sh. H.C.Mahajan) | 0 | 404 |
| VII) Amount Recoverable from MOSJ&E | 0 | 75,000 |
| VIII) Amount recoverable from former CMD (Sh.Rakesh Garg) | 5,204 | 7,151 |
| IX) Amount recoverable from Sh. A.K.Dey, SM (PPC) | 217 | 217 |
| X) Amount recoverable from Ms.P.Lakshmi, AM (S&P) | 0 | 6,268 |
| XI) Amount Recoverable from Shri Arun Kumar, AM (OL) | 4,459 | 0 |
| XII) Prepaid Expenses | 2,868 | 8,822 |
| Total (D) | 30,07,698 | 21,70,342 |
| Grand Total (A+B+C+D) | 1,08,11,55,126 | 91,99,22,264 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

| <u>PROVISIONS :</u> | <u>SCHEDULE 'H'</u> | |
|---|----------------------------|--------------------------|
| | (Amount in Rupees) | |
| | <u>AS AT</u> | <u>AS AT</u> |
| | <u>31.03.2008</u> | <u>31.03.2007</u> |
| Provision for Gratuity | 5,22,612 | 6,39,786 |
| Provision for Leave Encashment | 5,21,354 | 4,07,788 |
| Provision for Foreign Service Contribution (CMD) | 88,639 | 7,168 |
| Provision for Foreign Service Contribution, Dy. Manager (Proj) | 51,825 | 49,666 |
| Total | 11,84,430 | 11,04,408 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

| <u>INTEREST FROM LOANS</u> | <u>FOR THE YEAR</u> <u>ENDED 31.03.2008</u> | <u>SCHEDULE 'I'</u> (Amount in Rupees) <u>FOR THE YEAR</u> <u>ENDED 31.03.2007</u> |
|-----------------------------------|--|--|
| Interest on Loans (SCAs) | 2,30,53,124 | 1,74,88,690 |
| Interest on MFS | 1,12,230 | 2,70,165 |
| Total | 2,31,65,354 | 1,77,58,855 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

| | | <u>SCHEDULE</u> <u>'J'</u> |
|---|--|--|
| | | (Amount in Rupees) |
| <u>OTHER RECEIPTS :</u> | FOR THE YEAR ENDED 31.03.2008 | FOR THE YEAR ENDED 31.03.2007 |
| Interest on Fixed Deposits | 86,82,928 | 1,43,34,931 |
| Interest on Saving Bank Accounts | 10,73,115 | 4,50,903 |
| Interest on House Building Advance | 61,114 | 82,699 |
| Interest on Computer Advance | 5,158 | 1,061 |
| Interest on Security Deposit with Indian Red Cross Society, Fbd. | 15,750 | 15,750 |
| Excess Provision Written Back | 1,17,174 | 0 |
| Misc. Receipts | 25,745 | 1,377 |
| Penal Interest | 1,04,686 | 5,30,367 |
| Total | <u>1,00,85,670</u> | <u>1,54,17,088</u> |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

| <u>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :</u> | SCHEDULE 'K' (Amount in Rupees) | |
|--|--|--|
| | FOR THE YEAR ENDED 31.03.2008 | FOR THE YEAR ENDED 31.03.2007 |
| <u>A) PAY AND ALLOWANCES TO CMD</u> | | |
| Salary and Allowances | 4,89,334 | 6,79,436 |
| Medical Reimbursement | 32,919 | 8,860 |
| Foreign Service Contribution | 92,939 | 86,016 |
| News Paper Reimbursement | 9,488 | 0 |
| LTC Expenses | 0 | 60,862 |
| Total (A) | 6,24,680 | 8,35,174 |
| <u>B) PAY AND ALLOWANCES TO STAFF :</u> | | |
| Salary and Allowances | 34,51,147 | 30,27,829 |
| Medical Reimbursement | 4,81,536 | 2,69,648 |
| Conveyance Reimbursement | 15,990 | 52,980 |
| Transport Subsidy | 1,57,430 | 1,33,239 |
| Children Education Allowance | 38,835 | 36,900 |
| Reimb. of Refreshment Exps. | 74,933 | 69,291 |
| Reimb. of Newspaper Exps. | 31,827 | 28,595 |
| Lease Rent | 3,07,230 | 3,19,175 |
| Leave Salary | 1,30,664 | 92,715 |
| LTC Expenses | 16,090 | 16,811 |
| Gratuity | 0 | 2,64,001 |
| Staff Welfare Expenses | 3,19,768 | 1,13,475 |
| Corporation Contribution to PF/Pension | 5,35,507 | 4,08,019 |
| Total (B) | 55,60,957 | 48,32,678 |
| <u>C) PAY AND ALLOWANCES TO DEPUTATIONIST</u> | | |
| Salary and Allowances | 3,59,591 | 3,50,799 |
| Medical Reimbursement | 28,080 | 25,668 |
| Conveyance Allowance | 13,200 | 13,200 |
| Children Education Allowances | 3,600 | 7,200 |
| Reimb. of Refreshment Exps. | 7,200 | 7,200 |
| Reimb. of Newspaper Exps. | 6,000 | 6,000 |
| Foreign Service Contribution | 51,825 | 49,666 |
| Total (C) | 4,69,496 | 4,59,733 |
| Grand Total (A+B+C) | 66,55,133 | 61,27,585 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'L'
(Amount in Rupees)

ADMINISTRATIVE & OTHER EXPENSES

**FOR THE YEAR
ENDED
31.03.2008**

**FOR THE YEAR
ENDED
31.03.2007**

| | | |
|--|------------------|------------------|
| Office Rent Exp. | 7,73,472 | 7,48,920 |
| Printing and Stationery | 4,70,220 | 1,09,196 |
| Postage and Telegram Exp. | 69,689 | 59,113 |
| Telephone Expenses | 2,85,070 | 1,83,168 |
| Travelling Expenses (Directors) | 8,40,834 | 3,96,256 |
| National Conference of SCA meeting expenses | 2,03,272 | 0 |
| Travelling Expenses (Staff) | 1,90,013 | 2,68,284 |
| Travelling Expenses (Others) | 12,656 | 18,377 |
| Office Maintenance Exp. | 2,57,434 | 2,15,464 |
| Vehicle Hiring Charges | 2,65,805 | 4,33,248 |
| Business Promotion/Hospitality Expenses | 2,12,905 | 27,726 |
| Advertisement Expenses | 95,096 | 24,896 |
| Filing Charges of Annual returns | 2,000 | 8,500 |
| Awareness Creation Exp. | 3,79,592 | 2,31,600 |
| Staff Recruitment Expenses | 73,137 | 86,961 |
| Newspaper Expenses | 4,603 | 5,117 |
| Daily Wages | 4,33,823 | 0 |
| Books and Periodicals | 34,653 | 15,828 |
| Board Meeting Expenses | 49,247 | 35,473 |
| General Expenses | 16,979 | 17,882 |
| Exhibition/Social Devp. Exp. | 25,33,170 | 1,93,633 |
| Legal and Consultancy Charges | 11,300 | 14,720 |
| Bank Charges | 1,847 | 8,739 |
| Grant-in-Aid to NGOs (MFS) | 2,70,000 | 2,000 |
| Meeting Expenses | 1,61,087 | 1,19,456 |
| Professional Charges | 64,310 | 35,916 |
| Insurance Charges | 5,957 | 1,030 |
| Inspection Charges (Others) | 6,556 | 0 |
| Security Charges | 2,14,640 | 0 |
| Training Expenses (CMD) | 11,500 | 0 |
| Workshop/Conference Expenses | 3,16,608 | 1,27,197 |
| Entrepreneurial Dev. Programme A/c (Disbursement to SCA) | 0 | 2,93,420 |
| Fuel Charges | 1,29,236 | 0 |
| Repair & Maintenance of Vehicles | 2,820 | 0 |
| Electricity Charges | 1,47,783 | 1,29,532 |
| Promotional Activities of SCA's | 24,436 | 64,981 |
| Repair & Maintenance for Lease Accommodation | 72,593 | 39,512 |
| Training Expenses (Staff) | 5,000 | 24,090 |
| Remuneration to Internal Auditors | 35,955 | 35,955 |
| Corporation Membership Fees | 50,000 | 50,000 |
| Membership Fee to Habitat World | 5,618 | 5,612 |
| Remuneration to Statutory Auditors | 56,180 | 44,944 |
| Total | 87,97,096 | 40,76,746 |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE 'M'

(Amount in Rupees)

PRIOR PERIOD EXPENSES/INCOME

2007-2008

2006-2007

Expenses

Income

Expenses

Income

| <u>Administrative & other expenses</u> | 2007-2008 | | 2006-2007 | |
|--|------------------------|----------------------|------------------------|----------------------|
| | <u>Expenses</u> | <u>Income</u> | <u>Expenses</u> | <u>Income</u> |
| Workshop/ Conference Expenses | 0 | 0 | 1,80,827 | 0 |
| Repair & Maintenance of Lease Accommodation | 0 | 0 | 30,538 | 0 |
| Travelling Expenses (Directors) | 0 | 0 | 13,927 | 0 |
| Salaries & Allowances | 0 | 0 | 6,424 | 0 |
| Awareness Creation Expenses | 0 | 0 | 7,695 | 0 |
| Medical Expenses (CMD) | 0 | 0 | 610 | 0 |
| Lease Rent (Staff) | 0 | 0 | 4,900 | 0 |
| Salaries & Allowances (CMD) | 70,142 | 0 | 0 | 0 |
| Certification fee of Form No.2 | 500 | 0 | 0 | 0 |
| Filing charges of annual return | 30,000 | 0 | 0 | 0 |
| Advertisement expenses | 4,000 | 0 | 0 | 0 |
| Photocopy charges | 187 | 0 | 0 | 0 |
| Publicity charges of NHFDC schemes (CCWDC) | 23,775 | 0 | 0 | 0 |
| Repair & Maintenance of Lease Accommodation | 9,600 | 0 | 0 | 0 |
| Statutory Audit Fee | 11,236 | 0 | 0 | 0 |
| Bank Charges | 2,284 | 0 | 0 | 0 |
| Books & Periodicals | 520 | 0 | 0 | 0 |
| Salary & Allowance (S) | 17,692 | 0 | 0 | 0 |
| Legal and Professional charges | 10,000 | 0 | 0 | 0 |
| <u>Previous year income</u> | | | | |
| Interest on Saving Bank Account (Corporation Bank) | 0 | 6,01,725 | 0 | 0 |
| Interest on FDRs | 0 | 13,53,596 | 0 | 0 |
| EDP Scheme | 0 | 1,22,400 | 0 | 0 |
| Grant-in-aid to NGO`s (MFS) | 0 | 0 | 0 | 20,000 |
| Interest on Term Loan of SCAs | 0 | 0 | 0 | 0 |
| International Women Day Celebration Exp. | 0 | 0 | 0 | 2,256 |
| Recovery of personal use of Vehicle from CMD | 0 | 0 | 0 | 490 |
| Provision for Foreign Service Contribution | 0 | 0 | 0 | 129 |
| TOTAL | 1,79,936 | 20,77,721 | 2,44,921 | 22,875 |
| NET BALANCE | | 18,97,785 | 2,22,046 | |

NATIONAL HANDICAPPED FINANCE AND DEVELOPMENT CORPORATION

SCHEDULE - N

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

FORMING PART OF THE BALANCE SHEET AND INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

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 is made on completion of 5 years of service on the basis of last drawn salary (Basic+DA). The accumulated provision for gratuity as at 31.03.2008 is of Rs.5,22,612/-. As per the 'NHFDC Gratuity Rules 2003', the gratuity is calculated on the last pay drawn/26*15 days by the employees of the corporation. In earlier years, provision for gratuity was made in respect of employees those who have not completed 5 years of service also. In this year, this practice has been changed and eligibility criteria for providing provision for gratuity have been taken for those employees who have completed 5 years of service. Due to this, excess provision of Rs.1.17 lakh charged to Reserve & Surplus A/c in earlier years is written back in this year. Accordingly, Reserve & Surplus affected to Rs.1.17 lakh.

- b) The provision for leave encashment of Rs.1,30,664/- has been made in the books of accounts in the financial year 2007-2008. The accumulated provision for leave encashment as at 31.03.2008 is of Rs.5,21,354/-. The provision has been made for en-cashable leave due at the end of the financial year. As per the 'NHFDC Leave Encashment Rules 2002', the leave encashment is calculated on the last pay drawn (Basic+DA) x 50% of the balance of accumulated earned leaves of the employees as on 31st March of every year.
- c) The Corporation contributes @ 12% as defined contribution to the Employees Provident Fund maintained by the Employees Provident Fund Organisation, Faridabad (Haryana) under Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the same is charged to the Income & Expenditure Account.

B. NOTES ON ACCOUNTS :-

1. During the Financial year 2007-08, the Corporation allotted equity shares of Rs.7.00 crore (being 70,000 nos. of Equity shares of Rs.1,000/- each fully paid up) in the equity share capital of the Corporation against Share application money of Rs.3.50 crore sanctioned vide letter no.1-8/2007-DD-IV, dated 7.9.2007 and Rs.3.50 crore sanctioned vide letter no.1-8/2007-DD-IV, dated 3.10.2007 respectively from the Government of India. The aforesaid shares were allotted in the name of President of India through the Additional Secretary, Ministry of Social Justice and Empowerment, Government of India.

In addition to above Rs.3.00 crore has also sanctioned by the Administrative Ministry vide letter no. 1-8/2007-DD-IV, dated 14.3.2008 for which 30,000 equity shares of Rs.1,000/- each (fully paid up) were allotted in the name of President of India through the Additional Secretary, Ministry of Social Justice and Empowerment, Government of India on 1.5.2008

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.1,86,62,254/- has been transferred to General Reserve Account.
3. An amount of Rs.4,50,000/- is given to M/s. Indian Red Cross Society, Faridabad as Security Deposit for the premises of Red Cross Bhawan, Faridabad taken on lease by the corporation and interest amount is accounted on accrual basis.

4. A total amount of Rs.168.55 Crore (Previous Year Rs.141.51 Crore) has been released to the State Channelising Agencies (SCAs) up to 31.03.2008. The loans released by NHFDC to the SCA's are secured by way of State Government Guarantee/Orders. However in certain cases, the Government Guarantees are yet to be received. Against the said release of funds there is a shortfall of Rs.12.58 Crore (P.Y 11.42 Crore) in Block Government Guarantees/Orders in respect of following cases:

| Sl.No | Name of SCA | Shortfall in BGG (Amount in Crore) |
|-------|-------------------------|---------------------------------------|
| 1 | CCWDC, Chandigarh | 0.21 |
| 2 | DSCFDC, Delhi | 0.61 |
| 3 | GSFC, Gujarat | 0.39 |
| 4 | HBCEWSKN, Chandigarh | 2.23 |
| 5 | LKVIB, Lakshadweep | 0.28 |
| 6 | MPH, Madhya Pradesh | 0.08 |
| 7 | MPSCFDC, Madhya Pradesh | 2.38 |
| 8 | MVSN, Orissa | 3.62 |
| 9 | PCDWHPL, Pondicherry | 2.66 |
| 10 | SSWCD, Punjab | 0.01 |
| 11 | UPFC, Kanpur | 0.11 |
| | Total | 12.58 |

5. In respect of appointment of Shri Rakesh Garg, I.A.S., former Chairman-cum-Managing Director for the period from 1.4.2007 to 18.4.2007 & Shri M. Ravi Kanth, I.A.S., Chairman-cum-Managing Director of the Corporation, for the period from 21.6.2007 to 31.3.2008, a sum of Rs.92,939/- towards leave salary and pension contribution has been debited in the books of accounts under heading "Foreign Service Contribution". The said provisions are in conformity with the terms & conditions of their service.
6. Salary payable to Shri Rakesh Garg, I.A.S., former C.M.D. & Shri M. Ravi Kanth, IAS, C.M.D., NHFDC, has been booked on provisional basis during the year as per the last salary drawn by them before joining the Corporation. The matter of fixation of salary is still pending with the Administrative Ministry and final amount of their remuneration shall be booked upon receipt of the salary fixation from the Administrative Ministry.

7. 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.
8. Estimated amount of contract remaining to be executed on capital account and not provided for is Rs. Nil (net of advances), (previous year nil)
9. 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.
10. Cash and Bank balances (Schedule D) of Rs.7,87,39,288/- includes Rs.3,81,22,700/- on account of unutilized equity received from the Government of India, which were kept with saving bank account.

Cash and Bank balances (Schedule D) of Rs.7,87,39,288/- includes the following:-

| | | |
|--|---|------------------|
| Cash in hand | : | Rs.1,04,294/- |
| Balances with scheduled Saving Banks A/c | : | Rs.7,86,34,994/- |
| FDR/Deposit account | : | Rs. Nil |

11. The pay and allowances in respect of CMD of the corporation is due for revision w.e.f. 1.1.2006 on Central DA pattern (CDA). The revenue outflow on account of arrears of pay & allowances will be booked in the year of payment as per Government orders.
12. The pay and allowances in respect of CMD of the corporation is due for revision w.e.f. 1.1.2007 on Industrial DA pattern (IDA). The revenue outflow on account of arrears of pay & allowances will be booked in the year of payment as per Government orders.
13. Contingent Liability:
Compensation & litigation expenses amounting to Rs.2.01 lakh had been awarded by the District Consumer Disputes Redressal Forum, Yamuna Nagar, Jagadhri (Haryana) against the Corporation and its State Channlising Agency (SCA) Haryana BCs Welfare Weaker Section Kalyan Nigam.

The Corporation as well as the SCA concerned has preferred appeal before the Appellate Authority against the order of the District Consumer Disputes Redressal Forum, Yamuna Nagar, Jagadhri (Haryana), which is yet to be decided. Therefore, no provision has been made in the books of accounts for the financial year 2007-08.

However, if the matter is decided against the corporation in future, then corporation might pay the liability of Rs.1.005 lakh (being 50% share of the amount of damage awarded by the District Consumer Redressal Forum, Yamuna Nagar, Jagadhari (Haryana) as rest amount will be born by SCA concerned).

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

Chairman-cum-Managing Director

| Particulars | 2007-08 | 2006-07 |
|------------------|----------------|---------------|
| Pay & Allowances | Rs.4,89,334/- | Rs.6,79,436/- |
| Other benefits | Rs. 1,35,346/- | Rs.1,55,738/- |

15. Earning Per Share

| Sl. No | Particulars | 2007-08 | 2006-07 |
|--------|--|----------|----------|
| a) | Excess of Income over Expenditure for the year attributable to Equity shareholders (Rs.) | 18662254 | 22235825 |
| b) | Weighted Average number of Equity Shares | | |
| | Basic | 803174 | 756037 |
| | Diluted | 803174 | 756037 |
| c) | Basic Earning per share (a/b) (Rs.) | 23.24 | 29.41 |
| d) | Diluted Earning per share (Rs.) | 23.24 | 29.41 |
| e) | Nominal value per share (Rs.) | 1000 | 1000 |

16. During the year, prior period adjustments of Rs.18,97,785/- has been credited to Income & Expenditure Account, details of which are given in Schedule 'M'.
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

I. Registration Details:-

Registration No : 05-33466 State Code : 05
Balance Sheet Date : 31.03.2008

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

Public issues : Nil Right issue : Nil
Govt. subscription : 70000* Bonus issue : Nil
Private : Nil

(*excluding 30,000 shares for which share application money pending allotment was received vide letter dated 14.3.2008 from Ministry of Social Justice & Empowerment, Government of India, allotted on 1.5.08)

III. Position of Mobilization and Deployment of Funds

SOURCES OF FUNDS (Amount in Rs. in Thousand)

| | | | |
|-------------------|-----------|-------------------|-----------|
| Total Liabilities | : 1165269 | Total Assets | : 1165269 |
| Paid up Capital | : 868010 | Reserve & Surplus | : 261672 |
| Secured loan | : Nil | Unsecured loan | : Nil |

APPLICATION OF FUNDS

| | | | |
|--------------------|-----------|----------------|-------|
| Net Fixed Assets | : 4370 | Investment | : Nil |
| Net Current Assets | : 1155313 | Misc. Expenses | : Nil |
| Accumulated losses | : Nil | | |

IV. Performance of Company

| | | | |
|-------------------------------------|---------|-------------------------------------|---------|
| Receipt | : 35148 | Total Expenses | : 16487 |
| Profit before tax | : 18662 | Profit after tax | : 18662 |
| (Excess of income over expenditure) | | (Excess of income over expenditure) | |
| Earning per share in Rs. | : 23.24 | Dividend | : NA |

**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 'N' form an integral part of the Accounts

For and on Behalf of Board of Directors

Sd/-
(M. Ravi Kanth)
Chairman-cum-Managing

Director
Certified in term of our audit
report of even date attached.

Sd/-
(S.K.Mukherjee)
Director

For and on behalf of
M/s Y.K. Joneja & CO.
CHARTERED ACCONTANTS

Sd/-
(Y.K.Joneja)
M. No. 80020
Place : Faridabad
Date : 29.08.2008

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

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

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

**FORMING PART OF THE BALANCE SHEET AND INCOME & EXPENDITURE
ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

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 is made on completion of 5 years of service on the basis of last drawn salary (Basic+DA). The accumulated provision for gratuity as at 31.03.2008 is of Rs.5,22,612/-. As per the 'NHFDC Gratuity Rules 2003', the gratuity is calculated on the last pay drawn/26*15 days by the employees of the corporation. In earlier years, provision for gratuity was made in respect of employees those who have not completed 5 years of service also. In this year, this practice has been changed and eligibility criteria for providing provision for gratuity have been taken for those employees who have completed 5 years of service. Due to this, excess provision of Rs.1.17 lakh charged to Reserve & Surplus A/c in earlier years is written back in this year. Accordingly, Reserve & Surplus affected to Rs.1.17 lakh.

- d) The provision for leave encashment of Rs.1,30,664/- has been made in the books of accounts in the financial year 2007-2008. The accumulated provision for leave encashment as at 31.03.2008 is of Rs.5,21,354/-. The provision has been made for en-cashable leave due at the end of the financial year. As per the 'NHFDC Leave Encashment Rules 2002', the leave encashment is calculated on the last pay drawn (Basic+DA) x 50% of the balance of accumulated earned leaves of the employees as on 31st March of every year.
- e) The Corporation contributes @ 12% as defined contribution to the Employees Provident Fund maintained by the Employees Provident Fund Organisation, Faridabad (Haryana) under Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the same is charged to the Income & Expenditure Account.

B. NOTES ON ACCOUNTS :-

1. During the Financial year 2007-08, the Corporation allotted equity shares of Rs.7.00 crore (being 70,000 nos. of Equity shares of Rs.1,000/- each fully paid up) in the equity share capital of the Corporation against Share application money of Rs.3.50 crore sanctioned vide letter no.1-8/2007-DD-IV, dated 7.9.2007 and Rs.3.50 crore sanctioned vide letter no.1-8/2007-DD-IV, dated 3.10.2007 respectively from the Government of India. The aforesaid shares were allotted in the name of President of India through the Additional Secretary, Ministry of Social Justice and Empowerment, Government of India.

In addition to above Rs.3.00 crore has also sanctioned by the Administrative Ministry vide letter no. 1-8/2007-DD-IV, dated 14.3.2008 for which 30,000 equity shares of Rs.1,000/- each (fully paid up) were allotted in the name of President of India through the Additional Secretary, Ministry of Social Justice and Empowerment, Government of India on 1.5.2008

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.1,86,62,254/- has been transferred to General Reserve Account.
3. An amount of Rs.4,50,000/- is given to M/s. Indian Red Cross Society, Faridabad as Security Deposit for the premises of Red Cross Bhawan, Faridabad taken on lease by the corporation and interest amount is accounted on accrual basis.

4. A total amount of Rs.168.55 Crore (Previous Year Rs.141.51 Crore) has been released to the State Channelising Agencies (SCAs) up to 31.03.2008. The loans released by NHFDC to the SCA's are secured by way of State Government Guarantee/Orders. However in certain cases, the Government Guarantees are yet to be received. Against the said release of funds there is a shortfall of Rs.12.58 Crore (P.Y 11.42 Crore) in Block Government Guarantees/Orders in respect of following cases:

| Sl.No | Name of SCA | Shortfall in BGG (Amount in Crore) |
|-------|-------------------------|---------------------------------------|
| 1 | CCWDC, Chandigarh | 0.21 |
| 2 | DSCFDC, Delhi | 0.61 |
| 3 | GSFC, Gujarat | 0.39 |
| 4 | HBCEWSKN, Chandigarh | 2.23 |
| 5 | LKVIB, Lakshadweep | 0.28 |
| 6 | MPH, Madhya Pradesh | 0.08 |
| 7 | MPSCFDC, Madhya Pradesh | 2.38 |
| 8 | MVSN, Orissa | 3.62 |
| 9 | PCDWHPL, Pondicherry | 2.66 |
| 10 | SSWCD, Punjab | 0.01 |
| 11 | UPFC, Kanpur | 0.11 |
| | Total | 12.58 |

5. In respect of appointment of Shri Rakesh Garg, I.A.S., former Chairman-cum-Managing Director for the period from 1.4.2007 to 18.4.2007 & Shri M. Ravi Kanth, I.A.S., Chairman-cum-Managing Director of the Corporation, for the period from 21.6.2007 to 31.3.2008, a sum of Rs.92,939/- towards leave salary and pension contribution has been debited in the books of accounts under heading "Foreign Service Contribution". The said provisions are in conformity with the terms & conditions of their service.
6. Salary payable to Shri Rakesh Garg, I.A.S., former C.M.D. & Shri M. Ravi Kanth, IAS, C.M.D., NHFDC, has been booked on provisional basis during the year as per the last salary drawn by them before joining the Corporation. The matter of fixation of salary is still pending with the Administrative Ministry and final amount of their remuneration shall be booked upon receipt of the salary fixation from the Administrative Ministry.
7. 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.
8. Estimated amount of contract remaining to be executed on capital account and not provided for is Rs. Nil (net of advances), (previous year nil)

9. 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.

10. Cash and Bank balances (Schedule D) of Rs.7,87,39,288/- includes Rs.3,81,22,700/- on account of unutilized equity received from the Government of India, which were kept with saving bank account.

Cash and Bank balances (Schedule D) of Rs.7,87,39,288/- includes the following:

| | | |
|--|---|------------------|
| Cash in hand | : | Rs.1,04,294/- |
| Balances with scheduled Saving Banks A/c | : | Rs.7,86,34,994/- |
| FDR/Deposit account | : | Rs. Nil |

11. The pay and allowances in respect of CMD of the corporation is due for revision w.e.f. 1.1.2006 on Central DA pattern (CDA). The revenue outflow on account of arrears of pay & allowances will be booked in the year of payment as per Government orders.

12. The pay and allowances in respect of CMD of the corporation is due for revision w.e.f. 1.1.2007 on Industrial DA pattern (IDA). The revenue outflow on account of arrears of pay & allowances will be booked in the year of payment as per Government orders.

13. **Contingent Liability:**
Compensation & litigation expenses amounting to Rs.2.01 lakh had been awarded by the District Consumer Disputes Redressal Forum, Yamuna Nagar, Jagadhri (Haryana) against the Corporation and its State Channlising Agency (SCA) Haryana BCs Welfare Weaker Section Kalyan Nigam.

The Corporation as well as the SCA concerned has preferred appeal before the Appellate Authority against the order of the District Consumer Disputes Redressal Forum, Yamuna Nagar, Jagadhri (Haryana), which is yet to be decided. Therefore, no provision has been made in the books of accounts for the financial year 2007-08.

However, if the matter is decided against the corporation in future, then corporation might pay the liability of Rs.1.005 lakh (being 50% share of the amount of damage awarded by the District Consumer Redressal Forum, Yamuna Nagar, Jagadhari (Haryana) as rest amount will be born by SCA concerned).

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

Chairman-cum-Managing Director

| Particulars | 2007-08 | 2006-07 |
|------------------|----------------|---------------|
| Pay & Allowances | Rs.4,89,334/- | Rs.6,79,436/- |
| Other benefits | Rs. 1,35,346/- | Rs.1,55,738/- |

15. Earning Per Share

| Sl.No | Particulars | 2007-08 | 2006-07 |
|-------|--|----------|----------|
| a) | Excess of Income over Expenditure for the year attributable to Equity shareholders (Rs.) | 18662254 | 22235825 |
| b) | Weighted Average number of Equity Shares | | |
| | Basic | 803174 | 756037 |
| | Diluted | 803174 | 756037 |
| c) | Basic Earning per share (a/b) (Rs.) | 23.24 | 29.41 |
| d) | Diluted Earning per share (Rs.) | 23.24 | 29.41 |
| e) | Nominal value per share (Rs.) | 1000 | 1000 |

16. During the year, prior period adjustments of Rs.18,97,785/- has been credited to Income & Expenditure Account, details of which are given in Schedule 'M'.

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

I. Registration Details:-

Registration No : 05-33466 State Code : 05
Balance Sheet Date : 31.03.2008

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

Public issues : Nil Right issue : Nil
Govt. subscription : 70000* Bonus issue : Nil
Private : Nil

(*excluding 30,000 shares for which share application money pending allotment was received vide letter dated 14.3.2008 from Ministry of Social Justice & Empowerment, Government of India, allotted on 1.5.08)

III. Position of Mobilization and Deployment of Funds

SOURCES OF FUNDS (Amount in Rs. in Thousand)

Total Liabilities : 1165269 Total Assets : 1165269
Paid up Capital : 868010 Reserve & Surplus : 261672
Secured loan : Nil Unsecured loan : Nil

APPLICATION OF FUNDS

Net Fixed Assets : 4370 Investment : Nil
Net Current Assets : 1155313 Misc. Expenses : Nil
Accumulated losses : Nil

IV. Performance of Company

| | | | |
|-------------------------------------|---------|-------------------------------------|---------|
| Receipt | : 35148 | Total Expenses | : 16487 |
| Profit before tax | : 18662 | Profit after tax | : 18662 |
| (Excess of income over expenditure) | | (Excess of income over expenditure) | |
| Earning per share | : 23.24 | 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 'N' form an integral part of the Accounts

For and on Behalf of Board of Directors

Sd/-
(M. Ravi Kanth)
Chairman-cum-Managing

Director
Certified in term of our audit
report of even date attached.

Sd/-
(S.K.Mukherjee)
Director

For and on behalf of
M/s Y.K. Joneja & CO.
CHARTERED ACCONTANTS

Sd/-
(Y.K.Joneja)
M. No. 80020
Place : Faridabad
Date : 29.08.2008

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 11th (eleventh) Annual General Meeting of the Company to be held on the ____ day of _____, 2008 and at any adjournment thereof

Signed this day of