

25<sup>वीं</sup> वार्षिक रिपोर्ट  
25<sup>th</sup> ANNUAL REPORT  
2013-2014



नेशनल शेड्यूलड कास्ट्स फाइनेंस एंड डेवलपमेंट कॉर्पोरेशन  
(भारत सरकार का उपक्रम)

NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION  
(A Government of India Undertaking)



## CHAIRMAN'S ADDRESS ON 25TH AGM OF NSFDC

**Dear Members,**

On behalf of the Board of Directors, I extend a very warm welcome to all of you to the 25th Annual General Meeting of your Company. I would like to convey my sincere gratitude to all of you for sparing your valuable time to be present on this important occasion.

The Annual Report for the financial year ending 31st March, 2014 alongwith the Directors' Report, Audited Annual Accounts with the Report of Auditors and comments of Comptroller and Auditor General of India have already been circulated to the Members, and with your permission, I shall take them as read.

I am happy to inform you that your Corporation has once again maintained its 'Excellent' Rating under the MoU 2012-13 with the Government.

### **ACHIEVEMENTS**

During the year, your Corporation has disbursed Rs.245.14 crore against the MoU-'Excellent' Target for Rs.241.00 crore covering 54,975 beneficiaries against the MOU-'Excellent' Target of 54,700 beneficiaries.

During the year, your Corporation had commissioned five Evaluation Studies to conduct external evaluation of its Schemes financed in the States/UT of Haryana, Jammu & Kashmir, Punjab, Sikkim and Delhi. It was found that 100% of the beneficiaries utilized the fund for the intended purpose. Further, 83.06% of beneficiaries were found to have crossed the Poverty Line.

### **SKILL DEVELOPMENT PROGRAMME**

India has the world's largest youth population. Youth of the target group face major barriers in availing employment opportunities because of poverty and low levels of human capital. Therefore, skill development is crucial for the disadvantaged youth of the target group. Your Corporation sponsors skill development training programme leading to employability for unemployed youth of the target group in the emerging areas. These programmes are conducted by reputed institutions. Your Corporation, during the year, has organised skill training for 12,000 trainees out of which 8,624 trainees completed the training. The trainees were also provided placement assistance and entrepreneurial guidance to start their own ventures.

To monitor the progress and to understand the needs of trainees, your Corporation has started interaction with the trainees through Skype.



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### **SHARE CAPITAL**

As on 31st March, 2014, the Authorised Share Capital of your Corporation was Rs. 1000 crore and Paid-up Capital was Rs.881.80 crore.

### **SPECIAL INITIATIVES**

Your Corporation has taken special initiatives during 2013-14 to further enhance and strengthen its activities. Some of them are as follows;

1. **Addition of New Channel Partners:** To increase the outreach especially in the rural areas where the population of Scheduled Castes is around 76.4%, your Corporation has entered into agreement with alternate channel partners, in addition to the existing State Channelizing Agencies (SCAs). The corporation has signed agreement with the Indian Overseas Bank and nine Regional Rural Banks (RRBs) that include Madhya Bihar Gramin Bank, Uttarakhand Gramin Bank, Vananchal Gramin Bank, Purvanchal Gramin Bank, Allahabad U.P. Gramin Bank, Baroda Uttar Pradesh Gramin Bank, Deccan Grameena Bank, Sarv UP Gramin Bank and Maharashtra Gramin Bank. Agreements have also been signed with the Jharkhand Silk Textile & Handicraft Development Corporation Ltd. (JHARCRAFT) and North-Eastern Development Finance Corporation Ltd.(NEDFi).
2. **A New Scheme:** The Vocational Education and Training Loan Scheme (VETLS) was launched during the year to provide institutional funding to the aspiring youth who wish to undergo specialized skill development programmes in recognized institutions that are not covered under Educational Loan Scheme (ELS) of your Corporation. Under this Scheme, financial assistance is provided for the courses having duration between six months and 2 years.
3. **Simplified Approval Procedure for the ELS:** The approval procedure of the Educational Loan Scheme (ELS) of your Corporation has been simplified for speedy delivery of loan to the eligible students.
4. **Awareness Programmes/Composite Camps:** Your Corporation participated in the composite camps organised by the Ministry of Social Justice and Empowerment for increasing awareness about the benefits of schemes of the Ministry and its corporations at Panchkula, Ambala, Yamunanagar, Mahabubabad, Gulbarga and Bengaluru. This was followed by a mobile awareness campaign extending for one to four weeks in the adjoining areas of the camp sites. The range of events organised during mobile awareness campaigns included Nukkad Natak, interaction with successful beneficiaries, consultation with experts and distribution of pamphlets.
5. **Survey of Manual Scavengers:** The Ministry of Social Justice and Empowerment, Government of India initiated action for the 'Survey of Manual Scavengers in Statutory Towns' to identify the Manual Scavengers engaged in the obnoxious practice of manual scavenging. NSFDC was assigned the special task of monitoring of Survey of Manual Scavengers in 11 States namely (i) Andhra Pradesh (ii) Arunachal Pradesh (iii) Assam (iv) Bihar (v) Haryana (vi) Jammu & Kashmir (vii) Jharkhand (viii) Kerala, (ix) Manipur (x) Punjab & (xi) West Bengal, which was successfully completed.
6. **Marketing Linkage to the Beneficiaries:** The beneficiaries were provided opportunities in

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various fairs and Melas to sell their products. These market places also provided them opportunity to interact with potential business partners and customers for assessing their requirements so that they could expand their business. Your Corporation provided free stalls and other facilities to the beneficiaries in the East Himalayan Expo, Siliguri, West Bengal, India International Trade Fair (IITF), Pragati Maidan, New Delhi, Shilpotsav, Dilli Haat, Near INA Market, New Delhi and Surajkund Crafts Mela, Faridabad, Haryana during the year.

### **ROAD AHEAD**

#### **1. E-Governance:**

In order to improve the operational efficiency, transparency, reduction of delay and efforts involved in handling transactions in delivery of services, your Corporation has taken initiative for development of comprehensive citizen centric software.

#### **2. Cluster Development:**

Your Corporation would follow a cluster approach in taking up projects for implementation in selected areas with high concentration of Scheduled Castes. The Corporation would play a promotional role in enabling a large number of Scheduled Caste entrepreneurs to take up selected activities and try to mobilize support to the target group from different agencies apart from providing financial and other assistance in the clusters.

### **ACKNOWLEDGEMENTS**

On behalf of the Board of Directors of the Company, I take this opportunity to convey my deep gratitude for your continued support and valuable guidance. I convey my sincere thanks to the Ministry of Social Justice and Empowerment for their unstinted support and co-operation. I appreciate and acknowledge the support of the Board of Directors for their constant advice and encouragement. I also acknowledge the various Ministries of Government of India, Planning Commission, Reserve Bank of India, Department of Public Enterprises, State Governments and UT Administrations. I acknowledge the cooperation received from various State Channelizing Agencies, Indian Overseas Bank, Madhya Bihar Gramin Bank, Jharkhand Silk Textile and Handloom Development Corporation Ltd. (JHARCRAFT) and North-Eastern Development & Finance Corporation Ltd. (NEDFi). I would like to convey my sincere thanks to the Training Institutions for their support that has enabled us to provide employment opportunities to the target group.

I would also acknowledge the sincere efforts of all employees of the Corporation which have enabled us to reach higher milestones. I look forward to continued support from all stakeholders in this journey.



(R. K. Singh)

Chairman-cum-Managing Director

Place : Delhi

Date : 19th September, 2014

COMPANY INFORMATION

**Board of Directors (2013-14)**

**Shri Rabindra Kumar Singh**  
Chairman-cum-Managing Director  
(w.e.f. 31.08.2013)

**Shri A.K. Garg,**  
(w.e.f. 13.06.2006)

**Shri Sanjeev Kumar**  
(w.e.f. 09.01.2012)

**Shri Yogendra Tripathi**  
(w.e.f. 01.05.2013 to 26.06.2014)

**Shri M.P. Singh**  
(w.e.f. 31.10.2012)

**Shri Ravi Kumar**  
(w.e.f. 31.01.2013)

**Shri Shankar Chandra Das**  
(w.e.f. 05.06.2013 to 30.04.2014)

**Shri L.K. Meena,**  
(w.e.f. 21.08.2008 to 05.06.2013)

**Statutory Auditors**

**M/s. Mathur Gupta & Associates,**  
Chartered Accountants  
401, Ansal's Pragati Deep,  
Laxmi Nagar Comm. Complex,  
Delhi – 110 092.

**Bankers**

Syndicate Bank, Delhi  
Canara Bank,  
Delhi/Mumbai/Kolkata/Bengaluru  
State Bank of Patiala, New Delhi/Lucknow  
SBI, Guwahati  
Corporation Bank, Delhi  
Union Bank of India, Delhi  
Punjab National Bank, Delhi  
Vijaya Bank, Delhi  
Indian Overseas Bank, Delhi  
Allahabad Bank, Delhi  
IDBI, Delhi  
Bank of Baroda, Delhi

**Registered Office**

National Scheduled Castes Finance and  
Development Corporation,  
(A Government of India Undertaking)  
14th Floor, SCOPE Minar, Core 1 & 2,  
Laxmi Nagar District Centre,  
Laxmi Nagar,  
Delhi-110 092.

**Company Secretary**

Smt. Annu Bhogal



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### ANNEXURE- XV

(See Para 7.10)

# CS

### *MNK & ASSOCIATES*

*Sankalp-, C-227, Ground Floor, Westend Marg, Paryavaran Complex  
Near Garden of Five Senses, New Delhi - 110030  
Tel: +91-11-29536312, Telefax: +91-11-29536642  
Mobile: +91-9818156340; Email: nazimcs@yahoo.com; Skype: fcsnink*

To,  
The Members of  
National Scheduled Castes Finance and Development Corporation,  
New Delhi

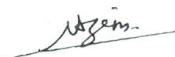
We have examined the compliance of conditions of Corporate Governance by National Scheduled Castes Finance and Development Corporation for the year ended March 31, 2014 as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India (DPE) and annexure mentioned thereunder.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in above mentioned Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in DPE Guidelines.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For MNK & Associates  
Company Secretaries

  
(Mohd Nazim Khan)  
Proprietor  
CP 8245 (FCS : 6529)

Date : 24.07.2014

Place : New Delhi

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### NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION BALANCE SHEET as at 31st MARCH 2014

(Amount in ₹)

PARTICULARS	Note No.	Figures as at the end of current reporting period ended 31.03.14	Figures as at the end of previous reporting period ended 31.03.13
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1 Shareholder's Funds</b>			
(a) Share Capital	2	881800000	779800000
(b) Reserves & Surplus	3	2928552058	2625919328
		<u>11746552058</u>	<u>10423919328</u>
<b>2 Share Application Money Pending Allotment</b>		0	20000000
<b>3 Non Current Liabilities</b>			
(a) Other Long Term Liabilities	4	24889249	22838307
(b) Long Term Provisions	5	53156093	28079360
		<u>78045342</u>	<u>50917667</u>
<b>4 Current Liabilities</b>			
(a) Other Current Liabilities	4	118053352	276719001
(b) Short Term Provisions	5	3863592	11470952
		<u>121916944</u>	<u>288189953</u>
<b>TOTAL</b>		<u>11946514344</u>	<u>10783026948</u>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	6	60376711	59031436
(i) Tangible Assets		30630	172503
(ii) Intangible Assets		60407341	59203939
(b) Long Term Loans And Advances	7	3994579685	3363528465
(c) Other Non-Current Assets	9	26525096	25904288
		<u>4081512122</u>	<u>3448636692</u>
<b>2 Current Assets</b>			
(a) Cash and Cash Equivalents	8.1	2655155868	2245119695
(b) Short Term Loans & Advances	7	5085796206	4822525177
(c) Other Current Assets	8.2	124050147	266745383
		<u>7865002222</u>	<u>7334390255</u>
<b>TOTAL</b>		<u>11946514344</u>	<u>10783026948</u>

Accounting Policies  
The accompanying notes are an integral part of the financial statements.

sd/- <b>(V.P. Singh)</b> Asst. General Manager (Finance)	sd/- <b>(Devanand)</b> Dy. General Manager	sd/- <b>(Annu Bhogal)</b> Company Secretary
For and on behalf of Board of Directors		As per our separate report of even date attached
sd/- <b>(M.P. Singh)</b> Director DIN 06557344	sd/- <b>(Rabindra Kumar Singh)</b> Chairman-cum-Managing Director DIN 06699775	for <b>Mathur Gupta &amp; Associates</b> Chartered Accountants Registration No. 003962 N
		sd/- <b>(Sunil Kumar Gupta)</b> Partner (M.No.083012)

Dated : 12 Aug, 2014  
Place : Delhi

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### NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION INCOME AND EXPENDITURE ACCOUNT for the year ended : 31st MARCH'2014

(Amount in ₹)

PARTICULARS	Note No.	Figures for the current reporting period ended 31.03.14	Figures for the previous reporting period ended 31.03.13
I Revenue from Operations	10	471148308	427907590
II Other Income	11	6311113	4662587
<b>III TOTAL REVENUE (I+II)</b>		<b><u>477459421</u></b>	<b><u>432570177</u></b>
<b>IV EXPENSES :</b>			
1 Employee Benefits Expenses	12	92757422	79868955
2 Other Expenses	13	20712099	21140571
3 Depreciation & Amortization Expenses	6	3353756	2393321
4 Prior Period Expenses	14	20023	741228
5 Incentives to SCA		2170802	1330802
6 Training Exp-Beneficiaries		45132459	28689076
7 Bad & Doubtful Loans		5881290	4494798
8 Doubtful LDDP		6898609	42175396
<b>TOTAL EXPENSES</b>		<b><u>176926460</u></b>	<b><u>180834147</u></b>
V Excess of Income Over Expenditure before Exceptional, Extraordinary items & Tax (III-IV)		300532961	251736030
VI Exceptional Items	15	(121457)	(27026)
<b>VII Excess of Income Over Expenditure before Extraordinary items &amp; Tax (V-VI)</b>		<b>300654418</b>	<b>251763056</b>
VIII Extraordinary Items		0	0
<b>IX Excess of Income Over Expenditure before tax (VII-VIII)</b>		<b>300654418</b>	<b>251763056</b>
X Tax expense :			
1.Current tax		0	0
2.Deferred tax		0	0
<b>XI Excess of Income Over Expenditure for the period from continuing operations (IX-X)</b>		<b>300654418</b>	<b>251763056</b>
<b>XII Excess of Income Over Expenditure for the period from discontinuing operations</b>		<b>0</b>	<b>0</b>
<b>XIII Tax expense of discontinuing operations</b>		<b>0</b>	<b>0</b>



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XIV Excess of Income Over Expenditure from discontinuing operations after tax (XII-XIII)	0		0
	<b>300654418</b>		<b>251763056</b>
XV Excess of Income Over Expenditure for the period (XI + XIV)			
XVI Earning Per Share	16		
i) Basic		36.43	32.59
ii) Diluted		36.43	32.59

Accounting Policies 1  
The accompanying notes are an integral part of the financial statements.

sd/-  
**(V.P. Singh)**  
Asst. General Manager (Finance)

sd/-  
**(Devanand)**  
Dy. General Manager

sd/-  
**(Annu Bhogal)**  
Company Secretary

For and on behalf of Board of Directors

As per our separate report of even date attached

sd/-  
**(M.P. Singh)**  
Director  
DIN 06557344

sd/-  
**(Rabindra Kumar Singh)**  
Chairman-cum-Managing Director  
DIN 06699775

for **Mathur Gupta & Associates**  
Chartered Accountants  
Registration No. 003962 N

sd/-  
**(Sunil Kumar Gupta)**  
Partner  
(M.No.083012)

Dated : 12 Aug, 2014  
Place : Delhi

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### NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION CASH FLOW STATEMENT for the year ended 31st March, 2014

(Amount in ₹)

PARTICULARS	Figures for the current reporting period ended 31.03.14	Figures for the previous reporting period ended 31.03.13
<b>A. Cash flow from operating activities</b>		
Excess of Income over Expenditure	300654418	251763056
Adjustment for :		
(a) Depreciation	3353756	2393321
(b) Allowances for Doubtful Debts / Loans & Advances	12779899	46670194
(c) Provision for employees benefit	1430134	(2367553)
(d) Special Reserve Fund Investment a/c	1978312	6945006
(e) (Increase)/Decrease in Other Current Assets and Loans & Advances	(764406912)	(346592248)
(f) Increase / (Decrease) in Current Liabilities and Others Payable	(158665649)	(34870320)
(g) Increase / (Decrease) in Provisions	17469373	1074836
	(886061087)	(326746764)
<b>Net cash flow from operating activities</b>	<b>(585406669)</b>	<b>(74983708)</b>
<b>B. Cash flow from Investing Activities</b>		
(a) (Purchase) of Fixed assets	(4624698)	(1489603)
(b) Sale of Fixed Assets	67540	21804
<b>Net cash flow from investing activities</b>	<b>(4557158)</b>	<b>(1467799)</b>
<b>C. Cash flow from financing activities</b>		
(a) Share Capital	1020000000	1040000000
(b) Share Application Money	(200000000)	100000000
<b>Net cash flow from Financing Activities</b>	<b>1000000000</b>	<b>1050000000</b>
<b>Net increase/(decrease) in Cash &amp; Cash Equivalent</b>	<b>410036173</b>	<b>973548493</b>
<b>Opening Balance of Cash &amp; Cash Equivalent</b>	<b>2245119695</b>	<b>1271571202</b>
<b>Closing Balance of Cash &amp; Cash Equivalent</b>	<b>2655155868</b>	<b>2245119695</b>

Note: (a) The above cash flow statement has been prepared by using the indirect method as per Accounting Standard-3 issued by the Institute of Chartered Accountants of India.

(b) Cash and cash equivalents consists of cash and balances/deposits with scheduled banks.

sd/-

**(V.P. Singh)**

Asst. General Manager (Finance)

sd/-

**(Devanand)**

Dy. General Manager

sd/-

**(Annu Bhogal)**

Company Secretary

For and on behalf of Board of Directors

sd/-

**(M.P. Singh)**

Director

DIN 06557344

sd/-

**(Rabindra Kumar Singh)**

Chairman-cum-Managing Director

DIN 06699775

This is the Cash Flow Statement referred to in our report of even date attached

for **Mathur Gupta & Associates**

Chartered Accountants

Registration No. 003962 N

sd/-

**(Sunil Kumar Gupta)**

Partner

(M.No.083012)

Dated : 12 Aug, 2014

Place : Delhi

ADDENDUM-'A'  
(See para 7.8 of Directors Report)

**MATHUR GUPTA & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION**

**REPORT ON THE FINANCIAL STATEMENTS**

1. We have audited the accompanying financial statements of NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION, (hereinafter referred to as the Company), which comprise the Balance Sheet as at March 31st, 2014 and the Income & Expenditure Account and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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401-402, Ansal's Pragati Deep Laxmi Nagar District Centre, Delhi – 110092  
Phone & Fax: 011- 22545170, 22424667 E-mail: mgaca@mgaca.net



**MATHUR GUPTA & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**We draw attention to the following without qualifying our opinion:-**

- a) During the year under audit, the Company has changed the policy for accounting for Liquidity Damages on Defaulted Payments (LDDP) from accrual basis to cash basis, which has resulted in reduction of Surplus of income over expenditure for the current year by Rs.4,40,34,736/- .(refer Note 10)
- b) During the year under audit , on the basis of Board approval , the Company has provided for waiver of LDDP amounting to Rs 3,38,56,937/- , which has resulted in reduction of Surplus of income over expenditure for the current year to that extent. ( refer Note 10)
- c) During the year under audit, the Company has implemented a scheme for Post Retiral Medical and Pension benefit of employee's w.e.f. 01.04.2007. Accordingly a provision of Rs.2,69,47,450/- has been made, which has resulted in reduction of Surplus of income over expenditure for the current year to that extent. (refer Note 12 (c))
- d) During the year under audit, pursuant to guidelines issued by Department of Public Enterprises (DPE) vide OM No. 2(8)/12-DPE(WC)-GL-XX/13 dt. 18.09.2013 and approval of Board, the provision for PRP for the year 2012-13 is written back by Rs.66,20,085 which has resulted in increase in current year's income by that amount.
- e) It was observed that many SCA's have defaulted in payments which have resulted in overdues more than three years amounting to Rs 206.65 Crores. Although these loans are secured by state government guarantees, these guarantees are never invoked resulting in blockage of funds.
- f) Considering the internal controls and systems of the company, we are not in a position to verify end use of the funds sanctioned and disbursed to SCAs. We have been told that the release of funds to eligible beneficiaries is the sole responsibilities of SCAs. The Company needs to devise some audit system through which it can be ensured that funds are properly disbursed to the eligible beneficiaries. This becomes more important as the Company is not for Profit Company and is enjoying many exemptions under various statutes.
- g) As per accounting policy no. 1.7 accounting of incentives and other schemes is done on cash basis which is, not consistent with AS-9 issued by ICAI. The effect on accounts for this non-conformity is not ascertainable.

**MATHUR GUPTA & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**BASIS FOR QUALIFIED OPINION**

1. During the year under audit, company has made provision of Rs. 68,98,609/- for doubtful LDDP not recoverable for more than two years as per accounting policy no. 1.10 despite loans being fully secured under State Government Guarantee provided by SCAs including the liquidated damages.

Since the Government guarantees are available against the defaulted payments, also observed by CAG in the previous year, in our opinion making the provision for doubtful LDDP has resulted in understatement of Surplus of Income over expenditure for the year by Rs. 68,98,609/-

Consequent to understatement of income as above:-

- a) transfer to special Reserve fund as per accounting policy 1.8 is short by Rs. 6,89,860/- and
  - b) Provision for Performance Related Pay is short by Rs.2,06,958/-
2. In pursuance to the accounting policy no. 1.7.5 no provision has been made for waiver of loan in case of death of loan beneficiaries.

We have been informed by the Management that till date incomplete proposals for loan waiver under the scheme have been received from 5 SCAs namely Punjab, Gujarat, Tamil Nadu, Uttar Pradesh and Tripura. In the absence of complete information, a reasonable estimate of waiver couldn't be arrived at. The impact, if any, of the same on the financial statements cannot be ascertained at this stage, in the absence of identification of such cases for all SCAs and thus we are unable to comment on the same.

3. Balance confirmation of loans and advances receivable has not been received from some of the SCAs. In the absence of balance confirmation the closing balances of loans as per books of accounts have been incorporated in the final accounts.

**QUALIFIED OPINION**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the paragraphs on the basis for Qualified Opinion the financial statements give the information as required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2014;
- (b) In the case of the Income and Expenditure Account, of the excess of income over expenditure of the Company for the year ended on that date, and

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401-402, Ansal's Pragati Deep Laxmi Nagar District Centre, Delhi – 110092  
Phone & Fax: 011- 22545170, 22424667 E-mail: mgaca@mgaca.net

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### MATHUR GUPTA & ASSOCIATES CHARTERED ACCOUNTANTS

(c) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. Since the company is registered under section 25 of the Companies Act 1956, the provisions of the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) Order, 2004 issued by the Central Government in terms of sub-section 4(A) of Section 227 of the Companies Act, 1956 are not applicable to the company .
2. As required by Section 227(3) of the Act , we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) Except for the matters described in the paragraph on the basis for Qualified Opinion, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet , the Income and Expenditure Account and Cash Flow dealt with by this Report are in agreement with the books of account;
  - (d) Except for the matters described in the paragraph on the basis for Qualified Opinion , in our opinion, the Balance Sheet , the Income and Expenditure Account and Cash Flow Statement along with Notes to financial statements dealt with by this report comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate affairs in respect of section 133 of the companies Act,2013
  - (e) As per Circular no. 2/5/2011-CLV- General Circular No. 8/2002 dated 22.03.2002 issued by department of the Company Affairs of Law, Justice and Company Affairs, the provisions of clause (g) of sub-section (1) of section 274 of the Companies Act,1956, relating to disqualification of Directors are not applicable to the company, as it being a Government Company;

FOR MATHUR GUPTA & ASSOCIATES.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO.: 003962N



( SUNIL KUMAR GUPTA )  
PARTNER  
MEMBERSHIP NO.: 083012

Place: Delhi  
Date: 12th August, 2014