



# OSFC

65<sup>th</sup>  
Annual Report  
2021-22



ଓଡ଼ିଶା ରାଜ୍ୟ ଅର୍ଥ ନିଗମ  
Odisha State Financial Corporation

## 64<sup>th</sup> Annual General Body Meeting





## From The Managing Director's Desk..



It is my pleasure to present an account of Odisha State Financial Corporation working during the financial year 2021-22. During the year, the Corporation has registered a profit of Rs.6.94 crore as against the loss of Rs.0.95 crore during previous year. As you know, the accounts of the Corporation are maintained under accrual basis of accounting except interest income on NPA accounts. Income from NPA is accounted on realisation basis as per SIDBI Guidelines. During the financial year 2021-22, the overall operation of the Corporation got adversely affected due to Covid-19 pandemic and subsequent lock down. MSME Sector and Commercial Sector were severely hit by the lock down which resulted in to sharp decline in recoveries of the Corporation. During the year, the Corporation could not sanction fresh loan like previous years due to the fact that the resources back up and line of credit for onward lending has been discontinued. Further, due to continuous follow-up for mitigating litigation and disposal of few high value court cases are the major factors for achieving the recovery target assigned for the year. On the whole, after a long gap, OSFC has shown a trend of improvement in its financial parameters. This has been possible due to continuous effort of the management and its employees. The declining trend of manpower since last few years has also become a challenge to maintain regular touch with the borrowers.

It is said that, if we don't change with time, Time will change us. In the context of what we are witnessing since last few years, we believe that we must embrace the change as quickly as possible so as to fulfill the aspirations of the entrepreneurs. The Corporation has taken a lot of steps to redress the grievances of the entrepreneurs. Steps are being taken to provide online services in respect of filing application for One Time Settlement of dues and issuance of No Due Certificate on closure of the loan accounts.

I am very happy to share with you that we have an excellent Board in the Corporation and I must compliment each of the Directors for taking keen interest in the affairs of the Organization. As a result, the Corporation gets the benefit of their collective wisdom.

I express my gratitude to the shareholders of the Corporation for the trust reposed on this age-old Corporation. I am sure that the Corporation will accelerate its recovery drive further to regain its financial strength in coming years.

I would like to express my gratitude to the Government of Odisha, SIDBI and Board of Directors specially the Principal Secretary, MSME Department & Chairman of the Corporation for their support during the critical phase of the Corporation.

Before I conclude, I also convey my sincere thanks to State Bank of India, LIC of India, Insurance Companies, Union Bank of India & other bankers for their continued support.

I am also thankful to our esteemed customers for their continuous patronage and support.

I also congratulate the Officers and supporting Staffs of OSFC for their laudable effort to bring this Annual Report within a very short span of time.

Md. Sadique Alam, IAS  
Managing Director

## Board of Directors

(As on 31.03.2022)



**Smt. Ranjana Chopra, IAS**  
Principal Secretary, MSME Department &  
Chairman, OSFC



**Md Sadique Alam, IAS**  
Managing Director



**Promod Kumar Vijayvargia**  
General Manager, SIDBI  
Hyderabad



**M.K. Biswal, OAS(SSG)**  
Special Secretary to Government  
MSME Department



**Smt. Vidya Krishnan**  
Chief General Manager, SBI  
LHO, Bhubaneswar



**P.S. Mishra, IAS**  
Additional Secretary to Government  
Public Enterprise Department



**Dr. Pragyanmita Sahoo, IES**  
Director, Institutional Finance  
Finance Deptt, Govt. of Odisha



**Dr Santosh Kumar Prusty**  
Associate Professor  
Xavier Institute of Management



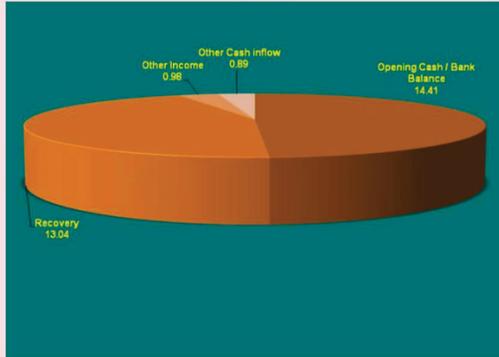
**Girish Kumar Meher**  
Assistant General Manager  
SIDBI, Bhubaneswar



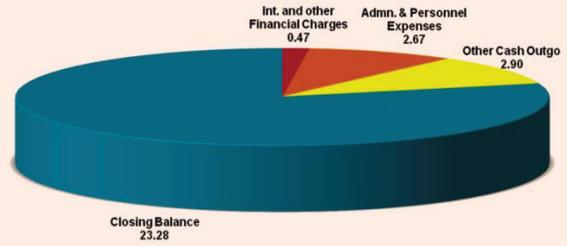
**Anant Bhushan Rath**  
Sr. Divisional Manager, LIC  
Cuttack Division, Cuttack

## PERFORMANCE 2021-22

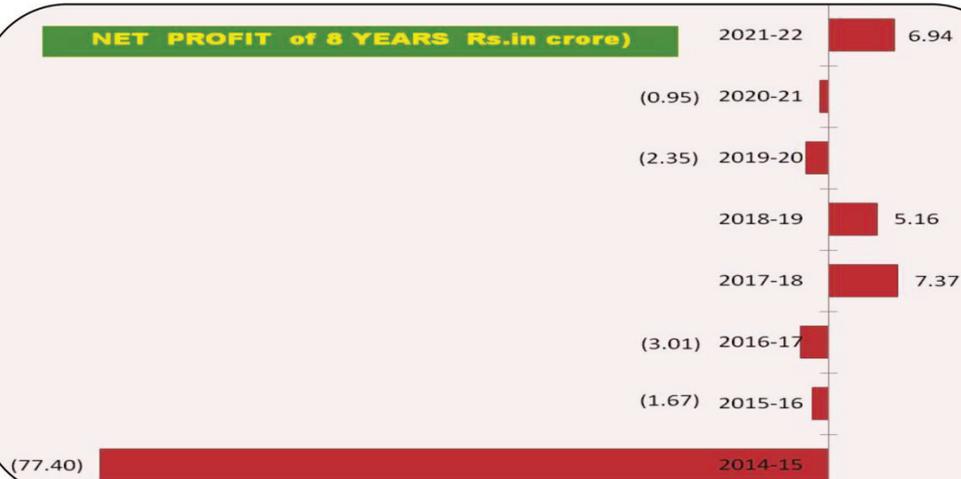
**SOURCES OF FUND**  
(₹ in crore)



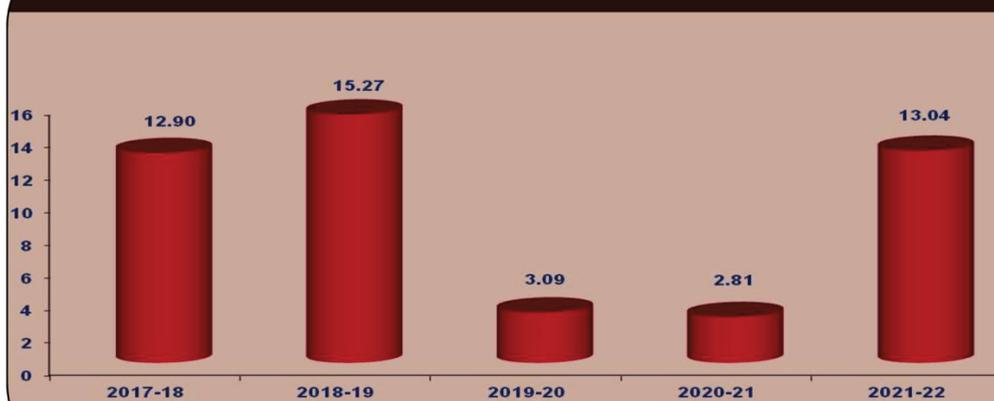
**USES OF FUND**  
(₹ in crore)



**NET PROFIT of 8 YEARS (Rs. in crore)**



**RECOVERY**  
(Rs. in crore)

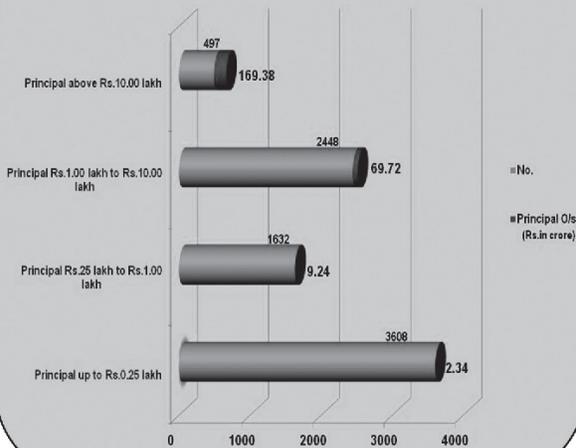


# Contents

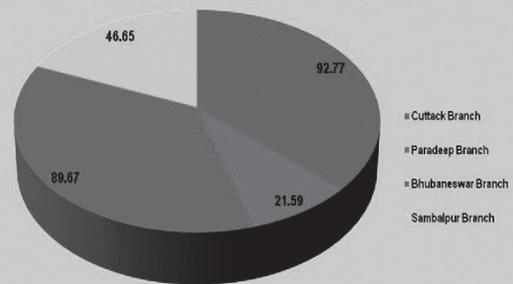
<b>Sl.</b>	<b>Particulars</b>	<b>Page</b>
1.	Performance at a Glance	3
2.	Board of Directors	4
3.	Notice of Annual General Meeting	5
4.	Director's Report	6
5.	Annual Accounts & Financial Statements	14
6.	Management reply on the report of Statutory Auditor	54
7.	Separate Audit Report(SAR) on Accounts by C & AG of India	58
8.	Compliance to SAR of the C & AG of India	60
9.	Statistical Annexure	62
10.	Connectivity Chart	71

## PERFORMANCE SINCE INCEPTION

**LOAN PORTFOLIO AS ON 31.03.2022**

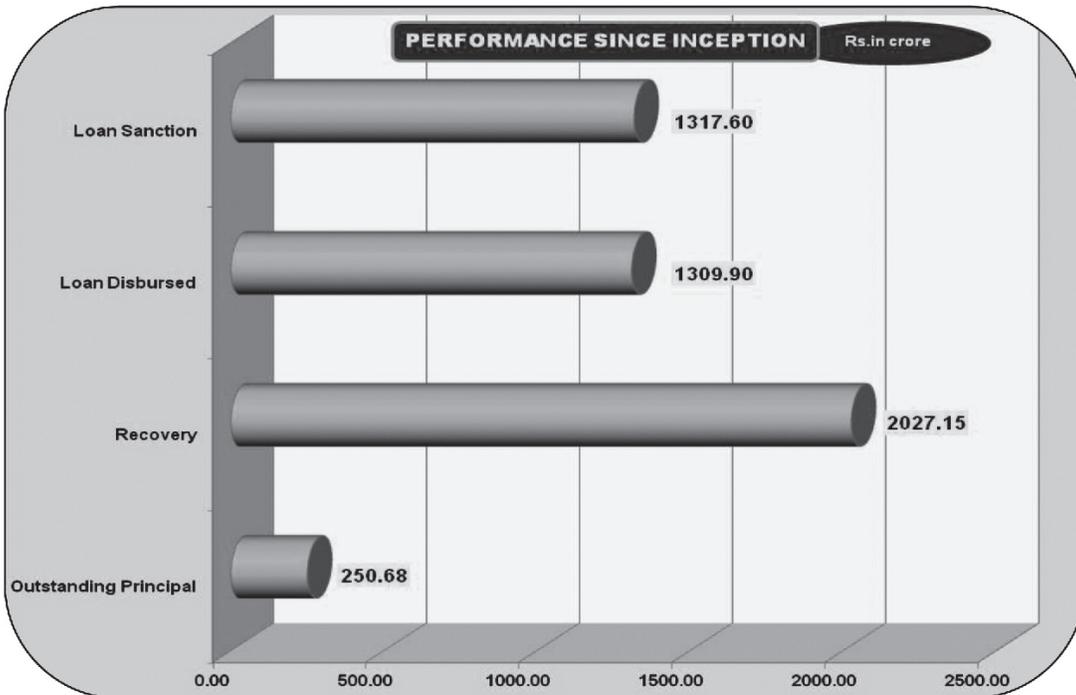


**LOAN PORTFOLIOS (BRANCH-WISE)**  
Principal Outstanding As on 31.03.2022 (Rs.in crore)



### PERFORMANCE SINCE INCEPTION

Rs.in crore





## PERFORMANCE AT A GLANCE

(₹ Crore)

PARTICULARS		2020-21	2021-22	AS ON 31.03.2022
<b>OPERATIONS</b>				
1.	Sanction	-	-	1317.60
2.	Disbursement	-	-	1309.90
3.	Recovery	2.81	13.04	2027.15
4.	Outstanding	253.15	250.68	250.68
<b>SHARE CAPITAL</b>				
1.	Paid Up	0.47	0.47	420.00
<b>BONDS</b>				
1.	Issued	-	-	424.44
2.	Repaid	-	-	424.34
3.	Outstanding Principal forfeited	-	-	0.10
<b>REFINANCE</b>				
1.	Availed	-	-	691.56
2.	Repaid	-	-	610.90
3.	Outstanding (Principal)			80.66
4.	0% Funded Loan			17.95
5.	<b>Total:-</b>			<b>98.61</b>
	Crystallized OTS Amount			15.00
	Agreed for waiver			83.61
<b>FINANCIAL SUMMARY</b>				
1.	Gross Income	4.41	11.65	
2.	Total Expenditure	5.34	3.35	
3.	Operating Profit / Loss	(0.92)	8.30	
4.	Prior period adjustment	0.03	1.36	
5.	Net Profit / (Loss)	(0.95)	6.94	
6.	Reserve		-	

<b>BANKERS</b> <b>AS ON 31.03.2022</b> Union Bank of India Central Bank of India Axis Bank Ltd. HDFC Bank Ltd.	<b>AUDITORS</b> M/s.KCM & Associates Chartered Accountants <b>FRN.0326397E</b>
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## THE MANAGEMENT

(As on 31.03.2022)

### BOARD OF DIRECTORS

**Smt. Ranjana Chopra, IAS**

Principal Secretary to Government,  
MSME Department,  
Government of Odisha  
Chairman

**Md Sadique Alam, IAS**

Managing Director

**Shri Manmath Kumar Biswal, OAS(SSG),**

Special Secretary to Government,  
MSME Department,  
Government of Odisha

**Smt. Vidya Krishnan,**

Chief General Manager,  
State Bank of India, LHO, Bhubaneswar

**Shri Pramod Kumar Vijayvargia,**

General Manager, SIDBI, Hyderabad

**Shri Girish Kumar Meher**

Chief General Manager, SIDBI,  
Bhubaneswar

**Shri Anant Bhusan Rath**

Sr.Divisional Manager,  
LIC of India, Cuttack

**Shri Partha Sarathi Mishra, IAS**

Additional Secretary to Government,  
Public Enterprise Department,  
Government of Odisha

**Dr.Pragyansmita Sahoo, IES**

Director, Institutional Finance,  
Finance Department,  
Government of Odisha

**Dr. Santosh Kumar Prusty**

Associate Professor,  
Xavier Institute of Management,  
Bhubaneswar

### EXECUTIVE COMMITTEE

- Managing Director, OSFC
- Nominee Director of SIDBI
- Nominee Director of Finance Department
- Nominee Director of MSME Department
- Independent Director

### AUDIT COMMITTEE OF BOARD

**Dr. Santosh Kumar Prusty**

Associate Professor,  
Xavier Institute of Management,  
Bhubaneswar  
Chairman

**Shri Manmath Ku Biswal, OAS(SSG),**

Special Secretary to Government,  
MSME Department,  
Government of Odisha

**Managing Director, OSFC**

Member

**Shri Prakash Kumar**

Chief General Manager,  
SIDBI, Bhubaneswar  
Member



**ODISHA STATE FINANCIAL CORPORATION**  
**O.M.P. SQUARE, CUTTACK-753003.**

**NOTICE**

Notice is hereby given in pursuance of Regulation 45 of the Odisha State Financial Corporation General Regulation 2003 that the 65<sup>th</sup> Annual General Meeting of the share holders of the corporation for the financial year 2021-22 will be held on **11<sup>th</sup> August 2023** at **11.30 A.M** at the Registered Office of the Corporation located at O.M.P Square, Cuttack-3 to transact the following business:-

1. To read the audited balance sheet as on 31.03.2022 and Profit & Loss account of the Corporation for the year ending 31.03.2022 together with the Report of the Board of Directors on the working of the Corporation during the FY 2021-22.
2. Appointment of statutory auditors for the FY 2022-23.
3. Any other item with the permission of the chair.

The share register of the corporation will remain closed and the registration of the transfer of share(s) shall be suspended from 28.07.2023 to 11.08.2023 (both days inclusive).

**Cuttack,**  
Dt.15.07.2023

Sd/-  
(Md Sadique Alam)  
**Managing Director**

**Notes:-**

1. Copies of the Resolution appointing representatives of the shareholders (which are companies/Bodies Corporate) duly certified to be true copy by the Chairman of the meeting at which it was passed should reach the Head Office of the corporation on or before 03.08.2023.
2. Any proxy shall be executed in terms of Odisha State Financial Corporation (Voting rights) Rules, 2003 and shall be deposited at the Head office of the Corporation on or before 03.08.2023 along with the documents in compliance with Rule 7 of the said rules.



## DIRECTORS' REPORT

The Board of Directors have great pleasure in presenting the 65<sup>th</sup> Annual Report on the functioning of the Corporation together with Audited statement of Accounts and Report of Statutory Auditors for the year ended on 31<sup>st</sup> March 2022.

This Corporation has completed 65 years of serving the cause of industrial and financial development in Odisha. During the year, the Corporation has not able to sanction and disburse any fresh loan. The adverse situation of COVID-19 continues. The thrust of the Corporation is now on recovery from NPA accounts only.

### **STATE ECONOMY OUTLOOK:-**

The State of Odisha has a well developed, social, physical and industrial infrastructure. State has unveiled its new industrial policy, identifying the thrust areas i.e. food processing, textiles, electronics, pharmaceuticals, automobile components etc to propel the economic growth with emphasis on manufacturing that would create large scale employment.

Odisha has one of the most progressive industrial policy ecosystems in the country with the State Government providing all the necessary support to investors from concept to commissioning and beyond. While the Industrial Policy Resolution 2015 is the mother policy governing all the investments in the state, there are also specific sectoral policies designed keeping in mind the unique requirements of each sector. Sectors such as food processing, apparel, electronics, IT/ITeS and new age sectors like E-Vehicles have dedicated new policies. Also, in order to further promote investments in the sectors identified under PLI schemes, the Government of Odisha has come up with special incentive package for mega investments in new-age and strategic sectors like EV, Green Energy Equipment, Defence and Aerospace etc.

Implementation of New Industrial Policy Resolution 2015, SEZ Policy 2015, Start-up policy, Make-in-Odisha conclaves, and business

environment reform have helped to boost mining and manufacturing activity, attract FDI and the State is gradually becoming the industrial hub of the eastern region of the country.

The Government of Odisha through the Industrial Policy Resolution 2015 is providing attractive capital investment subsidy, employment-based subsidy, SGST subsidy, power tariff reimbursement etc. for investment in priority sectors. These have been designed in a manner to match the best-in-class incentives being provided by state governments across the country. Keeping in mind, the dynamics of the changing scenarios and meeting the investor expectations, the IPR has seen amendments in net SGST reimbursements, incentivizing production of medical oxygen and refilling and inclusion of new age sectors for a special incentive package.

Apart from the incentives under IPR, respective departments are also providing additional incentives under sectoral policies thereby making the incentive package being provided in Odisha as one of the best in the country.

Odisha ranks 9th in terms of area and 11th in terms of population in the country. Its nominal GDP is approximately USD 85.7 billion in 2021-22, higher than at least 121 countries in the World as per IMF World Economic Outlook GDP estimate for 2021. However, Odisha ranks marginally higher than the median state amongst 33 States and UTs in terms of overall size of the economy proxied by GSDP of 2019-20. Like the rest of the world, Odisha has also faced the wrath of the Coronavirus. It's GDP contracted by 5.3 per cent in 2020-21 against an average growth of 8.7 per cent in real terms over the preceding five years. Industry was the worst affected sector followed by service. Agriculture and allied sector remained resilient to COVID impact in 2020-21.

Notwithstanding the shock, Odisha economy is likely to post a strong recovery in 2021-22 as per advance estimate of GSDP. The economy is likely to grow by 10.1 per cent in 2021-22. India's real GDP grew by 1.6 per cent



between 2019-20 to 2021-22 leaving aside the covid year of 2020-21. The comparable figure for Odisha is 4.2 per cent. Odisha's recovery process is faster and broad-based.

The rebound in growth in 2021-22 could be attributed to robust growth in manufacturing sector in Odisha. The sector is expected to grow at 14.3 per cent in 2021-22. This is significantly higher than 5.5 per cent growth in manufacturing sector at the national level. Manufacturing sector in Odisha is relatively concentrated in production of basic metals and coke and petroleum products. Rich natural endowment has driven so far, the industrial structure of the state. However, in the recent period, there is significant diversification into many value added sectors. The service sector is growing at a faster rate and has remarkable growth potential. Within this sector, tourism that has played a relatively small role overall as yet can make a significant contribution.

Over the years, the service sector has become a lead sector and the new driver of growth in Odisha. It now has a major share of about 40 per cent in GSV (DE&S, 2022 AE) and an employment share of close to 25 per cent 2019-20 (PLFS, 2019-20). Trade, repair, hotels and restaurants; transport, storage, communication and services related to broadcasting; financial services; real estate and ownership of dwelling and professional services; public administration and defence, and other services are the six sub-sectors of the services sector.

Within manufacturing, large units experienced only a small impact, while major impact was evident in the case of MSME, handloom and handicrafts. The contraction in terms of annual GSV in construction was relatively small at 3 per cent, but the wage labourers in construction were impacted to a much greater extent because of the limited savings to draw upon during CoVID time. Mining and quarrying sector is estimated to grow at 18 per cent in 2021-22 on a lower base. However, the size of the sector in real terms is still approximately 10 per cent lower than its pre-CoVID levels of 2019-20.

Construction grew significantly in 2021-22 by 13 per cent which may reflect pending projects of 2020-21. Similarly, electricity sub-sector grew at eight per cent in 2021-22 which is

high relative to its historical trend. Both sub-sectors have become larger in real terms than their size in 2019-20.

In Odisha since 2005, there has been a remarkable progress in State finance. Continuity in revenue surplus, low debt burden and higher capital outlay must have been enabling factors for Odisha Government for having a stable, fiscal position. The enactment of Odisha Fiscal Responsibility & Budget Management (FRBM) Legislation-2005 provided a rule based framework for administration of the fiscal consolidation process in Odisha. Odisha is unique among all States to create Budget Stabilization Fund (BSF) because of its continuous and persistent effort to create a surplus in revenue account and FRBM compliant financial policy. The establishment of BSF in practice reflects a concerted push towards the next generation of reforms in public financial management in Odisha signifying fiscal risk identification, fiscal risk quantification and fiscal risk mitigation.

The state has invested significantly in developing and upgrading the industrial parks, regions and clusters to support industries in their growth. Dedicated manufacturing industrial zones for focus sectors like Aluminium park, Mega food park, Sea food park, Electronics manufacturing cluster, PCPIR, Plastics park, Textile park etc. have been developed with necessary infrastructure and provision of water and electricity connections at the factory doorstep. The state also has an extensive network of roads and railways that provide for efficient movement of goods throughout the state and to the hinterlands of the country. The Biju Expressway is a key road network that connects North-Western Odisha to Southern Odisha. Further, Odisha has the advantage of being strategically located with a 480 kms long coastline. Currently, the state has 3 operational large ports at Paradip, Dhamra and Gopalpur.

#### **OSFC: PRESENT STATUS**

OSFC, established in the year 1956, has played a pivotal role in extending credit support and financial services to first generation entrepreneurs to set up MSMEs in the State and thereby ushering an era of industrialization in the State. It has completed more than six decades of dedicated service in financing MSMEs and has contributed to the process of economic development of the State in terms of value



addition, employment generation, development of industries, dispersal of credit, entrepreneurship skill development and export earnings.

In the absence of fresh lending activity for last seventeen years and due to non availability of any funding support for business either from State Government or SIDBI, OSFC could not fulfil its mandate. As a result of which, although there is a reduction of NPAs in absolute term, but

percent wise it went up on year to year basis due to non-creation of any standard assets through fresh lending. In the process all the loan portfolio has become NPA. In such a situation, recovery of dues has become gradually difficult since comparatively litigated and chronic contaminated cases have remained to be resolved.

OSFC is having 8185 loan accounts. The detail analysis as on 31.03.2022 is as under:-

Principal Outstanding	Nos	Amount (₹ in crore)
Upto Rs.0.25 lakh	3608	2.34
Rs.0.25 lakh to 1 lakh	1632	9.24
Rs.1 lakh to 10 lakh	2448	69.72
Above Rs.10 lakhs	497	169.38
<b>Total:-</b>	<b>8185</b>	<b>250.68</b>

At present, OSFC is mainly concentrating on recovery of its dues from the existing loan portfolio. One Time Settlement Scheme is in operation to salvage the old loan portfolios so as to improve its liquidity base. Moreover, the Corporation is focusing on disposal of seized assets taken over u/s-29 of SFC's Act, 1951 to reduce the inventory of the Corporation. Continuous monitoring of Court cases is going on to improve its recovery base.

#### **SANCTION & DISBURSEMENT**

In view of constraint of funds, the Corporation could neither sanction nor disburse any loan during the year 2021-22. The cumulative sanction and disbursement as on 31.03.2022 stood at ₹1317.60 Cr. and ₹1309.90 Cr respectively.

Corporation is focusing its operation mainly on recovery and has given prime importance to achieve the twin objectives of reduction of NPA as well as improving liquidity for resource mobilization. Keeping an eye on the above, the Corporation has resorted to appropriate follow up & monitoring at the level of Branch/ Head Office for maximizing recovery. Corporation has adhered to its relentless effort for collection of dues from borrowers so as to reduce NPA accounts.

During FY 2021-22, the Corporation could recover ₹13.04 Crore only. The main hurdles in accelerating recovery are attributed to the followings:

- ✓ The entire loan portfolio has become NPA.

- ✓ Non-creation of new loan portfolios.
- ✓ Inordinate delays in vacation of restrain order from various courts.
- ✓ Difficulty in disposal of seized assets for want of prospective buyers.
- ✓ Major portion of loan portfolios are not backed by marketable security.
- ✓ Operational difficulties to enforce third party collateral security in view of Apex Court direction.
- ✓ Lack of showing interest by the borrowers to settle their dues under OTS-11 Policy.
- ✓ Change of status of the mortgaged property during consolidation operation and vesting of leasehold land to Government khata and also allied reasons.

Since the Corporation is suffering from cent percent NPAs in its loan portfolio, with a view to salvage such NPAs, the current Recovery Mix is more in favour of action under Section-29 and One Time Settlement (OTS), although the other tools of NPA management are being resorted to as per necessity. During the year, 10 loan accounts have been settled under OTS at total settlement amount of ₹1.42 crore against outstanding of ₹24.65 crore including delay period interest.

#### **POSITION OF SEIZURE & SALE**

During FY 2021-22, Corporation has taken over 02 nos.of units u/s 29 of SFC Act 1951. During the year, 05 nos.of e-auction was held for sale of seized asset. The Corporation has sold 03 nos.of seized units/assets at a total



consideration of Rs.8.89 crore. The Corporation could reduce the portfolio of unsold seized assets by 03 nos. by releasing those 03 units to original borrower on liquidation of loan. As such, the Corporation is having 376 nos. of seized and unsold units involving an outstanding of ₹636.19 Cr. (Principal- ₹29.94 Cr.) as on 31.03.2022.

#### **COURT CASES**

Although the Suit Section of the Legal Department of the Corporation is in place to focus on the litigated account, a sizeable amount

continued to remain logged up due to fresh incidence of Legal tangle and non-disposal of old cases. The Corporation usually resorts to recovery measures U/s 31 of SFCs Act after exhausting action U/s 29 for realisation of balance loan outstanding or where for some reasons or the other, it is not possible to take action U/s 29. The status of cases filed U/s 29 & related and U/s 31 as on 31.03.2022 is given in table below

(₹ in Crore)

Particulars	No of cases & amount involved			
	Section 29		Section 31	
	No.	Amount	No.	Amount
Pending at the beginning of the year.	131	23.95	581	455.05
Filed during the F.Y 2021-22.	02	1.14	0	-
Disposed of during the F.Y 2021-22	13	8.95	0	-
Pending for disposal at the end of year.	<b>120</b>	<b>16.14</b>	<b>581</b>	<b>455.05</b>

#### **PROFITABILITY**

##### **Net profit / loss**

The Corporation has been posted with a profit of ₹6.94 crore during this fiscal as against loss of ₹0.95 crore during the previous year.

##### **Net worth**

The Net-worth of the Corporation stood at (-)₹41.23 Cr. as on 31.03.2022 as against (-)₹48.63 Cr. as on 31.03.2021.

##### **Capital Adequacy Ratio**

The Capital Adequacy Ratio as on 31.03.2022 stood at (-)24.46% as against (-) 30.96% as on 31.03.2021.

##### **Cash Flow**

During the fiscal 2021-22, there is net cash inflow of ₹886.26 lakh in comparison to net cash out flow of ₹450.89 lakh during the previous year.

#### **FINANCIAL PERFORMANCE**

##### **Income & Expenditure**

The Gross income earned by the Corporation during 2021-22 was ₹11.65 Cr. comprising of interest on loans and advance of ₹8.20 Cr., other income of ₹0.97 Cr. in addition to Provision and Expenses written back amounting ₹2.48 Cr against gross income of ₹4.41 Cr. comprising of interest income ₹1.50 Cr., other

income of ₹1.82 Cr. and Provision and Expenses written back amounting ₹1.09 Cr. in FY 2020-21, there by registering an increase of 164.17%. The personnel and administrative expenses, which were ₹4.71 Cr. in 2020-21, has gone down to ₹2.67 Cr. during 2021-22, registering decrease by 43.31%. Total expenses have also decreased to ₹3.34 Cr. in 2021-22 from ₹5.34 Cr. in 2020-21 registering a decrease of 37.45%.

#### **AUTHORISED AND PAID-UP SHARE CAPITAL**

The authorized share capital of the Corporation stood at ₹500 Cr. SIDBI has agreed for conversion of Loan in Lieu of Share Capital of ₹6.225 Cr. together with interest accrued thereon from 01.04.2008 till date of actual conversion to ordinary share capital. Similarly both SIDBI & IDBI Bank have also agreed to convert unpaid minimum guaranteed dividend of ₹25.48 Cr. to Share Capital (50% each). Pending approval of State Government u/s/4(3) of SFCs (Amendment) Act, 2000, the amount of ₹38.24 Cr. is treated as Share Deposits on account of SIDBI and IDBI Bank (including interest of ₹6.54 Cr. accrued on LISC outstanding from 01.04.2008 to 31.03.2022).

The position of share capital and loan in lieu of share capital is indicated in table below.



(₹ in Cr.)		
Share capital	As at 31.03.2022	As at 31.03.2021
Issued		
- Ordinary	421.00	421.00
- Special	4.00	4.00
<b>Total</b>	<b>425.00</b>	<b>425.00</b>
Subscribed and paid-up		
- Fully allotted (Ordinary)	378.76	378.76
- Fully allotted (Special)	3.00	3.00
- Share deposit pending for allotment	38.24	37.31
<b>Grand Total:</b>	<b>420.00</b>	<b>419.07</b>

#### SOURCES & USES OF FUND

(₹ in Cr.)			
Sources	2021-22	Uses	2021-22
Opening Cash/ Bank	14.41	Int. & Other Financial charges	0.47
Recovery (Net)	13.04	Admn.& Personnel Expense	2.67
Other Income	0.98	Other cash out go	2.90
Other Receipts	0.89	Closing balance	23.28
<b>Total</b>	<b>29.32</b>	<b>Total</b>	<b>29.32</b>

#### CLASSIFICATION OF ASSETS & PROVISIONING THEREOF

The entire existing loan portfolios of the Corporation are coming under doubtful and loss category as per the prudential norms of the Reserve Bank of India on Asset Classification. The Corporation has made provisioning of the total loan portfolio of ₹250.68 Crore.

#### MoU WITH STATE GOVERNMENT

In compliance to the Corporate Governance Manual, the MoU for the FY 2020-21 has not been executed with MSME Department of the State Government in view of continuance of COVID-19 pandemic situation.

#### AUDIT COMMITTEE OF BOARD

The Audit Committee met once i.e on 21.03.2023 and reviewed the Internal Audit Observations, Action Taken Report on Internal Audit observations, Annual Accounts for FY 2021-22 with notes thereon and compliance thereof.

#### INTERNAL AUDIT

Books of accounts, financial and operational transactions of the Branches have been audited by the Internal Audit Department (IAD) of the Corporation during the year under reference. Procedural lapses, Operational lapses, Documentation lapses, Monitoring & Follow-up lapses were examined and brought to the attention of the management for necessary corrective measures. Internal control lapses in key functional areas were pointed out. The department has conducted verification of loan accounts settled under OTS-11 schemes on random basis and authenticated payments like Provident Fund, Terminal dues, Arrears etc., relating to staff. Special audit and other verifications were also carried out as and when required.

#### Position of Internal Audit conducted during (2020-21).

- i) No. of reports pending for submission at the beginning of the year - Nil



- ii) No. of Audits completed during the year -04
- iii) No. of Audit reports submitted during the year -04
- iv) No. of Audit reports pending for submission at the end of the year - Nil

#### STATUTORY AUDIT

The Corporation has appointed M/s. KCM & Associates, Chartered Accountants, Bhubaneswar as Statutory Auditors in the Annual General Meeting held on 24.08.2022 to conduct the Audit of the Books of Accounts of the Corporation for FY 2021-22 basing on the recommendation of the Reserve Bank of India under section 37(1) of SFC Act. The auditors have completed the Statutory Audit for the FY 2021-22.

#### ANNUAL GENERAL MEETING

The 64th Annual General Meeting of shareholders was held on 24.08.2022 to adopt the audited Balance Sheet and Profit & Loss accounts of the Corporation for FY 2020-21.

#### A.G. AUDIT

Each year C & AG of India has been conducting audit of the Corporation under section 37(6) of SFCs Act, 1951. Audit report of the C & AG of India on the accounts of the Corporation with compliance thereof needs to be placed before the Legislative Assembly of the State along with the Annual Accounts and Auditor's Report U/s 37 (7) of SFCs Act. In addition, C & AG has conducted the transaction audit of the Corporation for the FY 2021-22 and submitted its inspection report with observation on 29.04.2022. The compliance to the observations of all the outstanding paras has been complied and submitted to C & AG awaiting further reply thereon.

#### COMMITTEES

The Committee approach for decision making is continuing for ensuring efficiency and transparency in the working system. For better governance, the Corporation de-centralized the process of decision making with an appropriate delegation of power to Committees namely Default-Cum-Disposal Advisory Committee (DDAC), MD Committee and One Time Settlement Advisory Committee (OTSAC).

In addition to the above committees, three more internal committees namely Finance Committee, Recovery Committee & HR Committees are functioning to examine various issues of significant importance including policy matters and recommend course of action prior to obtaining approval from the competent authority.

#### INFORMATION & COMMUNICATION TECHNOLOGY

During the financial year no additional Hardware or Software has been acquired keeping in mind the financial constraint of the Corporation. However, the hardware and software were properly maintained to run the day to day operation of the Corporation without any disruption.

#### HUMAN RESOURCE MANAGEMENT

During the year, 15 employees have retired from Corporation service on attaining the age of superannuation reducing the staff strength from 51 to 36 as on 31.03.2022. Out of 36 employees, 13 employees are posted at field offices and 19 employees are placed at Head Office of the Corporation and rest 4 employees are under deputation.

Staff Accountability Policy is in force and the staffs are accountable for action/inaction leading to loss to the Corporation as well as non-adherence to the guidelines and procedures.

The details of manpower position as on 31.03.2022 is as under.

Category	Position as on 01.04.2021	Employees retired/resigned/expired.	Employees under deputation service	Staff strength excluding deputation as on 31.03.2022
A Class	1	1	0	0
B Class	37	10	4	23
C Class	13	4	0	9
<b>Total</b>	<b>51</b>	<b>15</b>	<b>4</b>	<b>32</b>



### GRIEVANCE REDRESSAL CELL

In order to expedite speedy redressal of the grievance petitions/ representations received from the customers / entrepreneurs, a Grievance Cell at the Corporate Office is functioning. During the year, the cell has received 04 grievance petitions and disposed 04 cases leaving no case pending at the end of the year.

### INTERNAL VIGILANCE CELL

Internal Vigilance Department acts as the coordinator/facilitator in between State Vigilance Department and the Corporation. During the F.Y 2021-22, no fresh vigilance case has been registered by the State Vigilance and no such complaints/ irregularities have been noticed.

### RIGHT TO INFORMATION CELL

The Corporation has appointed Public Information Officer, Asst. Public Information Officer and Appellate Authority at its Head Office as required under RTI Act, 2005. Besides, one Public Information Officer and one Appellate Authority each for the four Branch Offices have also been designated to enable the citizens to access the information available with the Organization.

Necessary and relevant information for public has also been placed in the website of the Corporation, which is being up-dated at regular intervals. The position of receipt and disposal of the RTI applications and appeals during the year 2021-22 is given below:

SI No	Particulars	No. of Applications	No. of Appeals
1	Pending at the beginning of the year	0	2
2	Received during the year	31	4
3	Disposed during the year	25	5
4	Pending for disposal at the end of the year	6	1

### CORPORATE GOVERNANCE

The Corporation is committed to uphold high level of ethical standard of Corporate Governance in all of its functional areas. The Board of the Corporation is constituted as per the provisions of SFCs (Amendment) Act. 2000. The Board of Directors could not meet adequately during the F.Y.2021-22 due to continuance of pandemic situation. The Board has adopted calendar of review which enables thorough critical information to the Board periodically. Recovery strategy and status of NPAs etc. are periodically reviewed and appropriate policy directives are given by the Board.

#### Board of Directors:

The Corporation is managed by a Board of Directors constituted under Section-10 of the SFC's (Amendment) Act 2000. Shri Pradipta Kumar Sahani, OAS(SAG) was continuing as Managing Director as on 31.07.2021. Consequent upon his superannuation, Md Sadique Alam, IAS has assumed the additional charge of Managing Director w.e.f 06.08.2021. During the year, the following changes took place in the Board of Directors.

Consequent upon transfer of Shri Satyabrata Sahu, IAS, Principal Secretary,

MSME Department who was continuing as Chairman, OSFC, Smt.Ranjana Chopra, IAS, Principal Secretary, MSME Department has been nominated by Government of Odisha as Director and Chairman, OSFC w.e.f. 04.01.2022. Consequent upon transfer of Smt.Ruma Dey, Chief General Manager, Smt.Vidya Krishnan, Chief General Manager, SBI, Local Head Office, Bhubaneswar has been nominated as Director w.e.f dt.23.08.2021. vide letter No.1918 dt.23.07.2019. SIDBI has nominated Shri Pramod Kumar Vijayvargia, General Manager, SIDBI, Hyderabad as Director u/s 10(c) SFCs Act, 1951 w.e.f dt.27.09.2021 in place of Shri Prakash Kumar, Chief General Manager, SIDBI, SITI, Bhubanswar. SIDBI has also nominated another Director Shri Girish Kumar Meher, Assistant General Manager in charge of SIDBI Branch Office, Bhubaneswar as Director w.e.f dt.27.09.2021.

Shri Manmath Kumar Biswal, Special Secretary to Government, MSME Department was continuing as Director under section 10(b) of SFC's (Amendment) Act, 2000 w.e.f dt.05.07.2018. Dr.Pragyansmita Sahoo, IES, Director, Institutional Finance, Finance Department was continuing as Director w.e.f.17.07.2020. Shri Parthasarathi Mishra, IAS,



Additional Secretary to Government, Public Enterprises Department was also continuing as Director in the Board of OSFC under section 10(b) of SFC's (Amendment) Act, 2000 w.e.f dt.10.12.2019.

Shri Anant Bhusan Rath, Sr.Divisional Manager, LIC of India, Cuttack Division has been nominated as Director to the Board of OSFC in place of Shri Ashok Kumar Routray, Sr.Divisional Manager w.e.f dt.17.08.2021 u/s 10(d) of SFC Amendment Act, 2000. Shri Santosh Kumar Prusty, Associate Professor, XIM, Bhubaneswar co-opted by the Board w.e.f.15.02.2020 in place of Dr A.R.Mohanty was continuing as Director.

During the F.Y.2021-22, one meeting of Board of Directors was held on 01.11.2021. No Executive Committee meeting could be held during FY 2021-22 due to lack of adequate business activities.

#### **ACKNOWLEDGEMENT**

The Board of Directors expresses its deep sense of gratitude to the Government of Odisha and all Stake holders for the valuable guidance and support received from them.

The Board also places on record its deep appreciation for the co-operation and support received from MSME Department, Directorate of Industries, Small Industries Development Bank of India, Industrial Promotion and Investment Corporation of Odisha Ltd., Odisha Industrial Infrastructure Development Corporation, Odisha Small Industries Corporation Ltd., Life Insurance Corporation of India, Scheduled Commercial Banks and all other stakeholders.

The Board is also thankful to the Shareholders of the Corporation for the trust and confidence reposed by them in the Corporation.

The Board of Directors would like to thank the valued customers/ entrepreneurs/ various Industry Associations/ Forums for their continued contribution to the growth of MSMEs in Odisha and rendering support to the Corporation.

The Board would like to place on record its appreciation for the dedicated services of its employees in overall performance of the Corporation at its difficult situation.

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*Annual Accounts  
&  
Financial Statements*



# KCM & Associates

Chartered Accountants  
Plot No.M-4/42, Acharya Vihar,  
Bhubaneswar - 751013

## INDEPENDENT AUDITORS' REPORT

To

### The Shareholders

Odisha State Financial Corporation,  
Cuttack-753003

#### 1. Report on the Financial Statements:

We have audited the accompanying standalone financial statements of **Odisha State Financial Corporation** ('the Corporation'), which comprise of the Balance Sheet as at 31<sup>st</sup> March 2022, Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information( Notes on Account).

#### 2. Management's responsibility for the Financial Statements :

The Corporation's Management is responsible with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the accounting standards and principles generally accepted in India and as per OSFC General Regulations 2003 framed as per Section 48 of SFC's Act, 1951 ('the Act' ) and as per the requirements of Small Industries Development Bank of India (SIDBI) directives. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the SFCs Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements whether due to fraud or error.

#### 3. Auditor's responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India and provisions of Section 37 of the State



Financial Corporation's Act, 1951 as amended by SFCs (Amendment) Act, 2000. 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the financial statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

#### **4. Opinion :**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles laid down by SIDBI for SFCs and generally accepted in India, of the State of affairs of the Corporation as at 31<sup>st</sup> March, 2022, and its profit/loss and its cash flows for the year ended on that date.

#### **5. Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

##### **Report on other legal and Regulatory requirements:**

On the Basis of our Audit Subject to Notes on Accounts as contained in Schedule- 'R' we Report that :

- i) We have sought and obtained all the information and explanations which to the best to our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from Branches.
- iii) The operations of the Corporation and transactions that have come to our notice have been conducted in accordance with the provisions of SFCs Act, 1951.
- iv) The income recognition, assets classification, provisioning, calculation of CRAR, assessment of capital adequacy ratio, various other ratios/items and disclosures in the notes on accounts have been done as per the guidelines and circulars issued by the SIDBI from time to time.
- v) The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow statements dealt with by this Report are in agreement with the books of account and returns.
- vi) In our opinion the aforesaid financial statements comply with the Accounting Standards and guide lines issued by SIDBI for SFCs from time to time.



- vii) According to the information and explanations given to us, no material discrepancies have been noticed/ reported by the management between the books records and the physical fixed assets except the following :-
- (a) The matter regarding physical possessions and title deeds of immovable properties are disclosed vide Note-6.2 Notes on Accounts amounting to Rs. 32.50 lakhs . Since title of all immovable properties are not held in the name of the Corporation and revaluation of fixed assets has not been undertaken to give a true and fair position, its impact on accounts, could not be ascertained/commented.
- (b) An amount of Rs. 18,16,893/- (Credit Balance) shown under the head of Suspense.
- viii) According to information and explanations given to us and on the basis of our examination of the books of accounts and records, the corporation has generally been regular in depositing undisputed statutory dues during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on when they became payable.

FOR KCM & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN: 0326397E

Place: Bhubaneswar  
Dated: 28<sup>th</sup> March 2023

Sd/-  
(K C MOHANTY, FCA)  
Membership No. 065809  
PARTNER



*Annual Accounts*  
*2021 - 22*



**ODISHA STATE FINANCIAL CORPORATION**  
**BALANCE SHEET AS ON 31st March 2022**

Particulars	Schedule Ref.	As at 31st March 2022	As at 31st March 2021
<b>CAPITAL AND LIABILITIES</b>			
CAPITAL	A	₹ 4200072800	₹ 4195404050
Loan pending conversion to Share Capital	B	-	-
Reserves and Surplus	C	281343806	267466790
Borrowings	D	1060262781	1060262781
Other Liabilities and Provisions	E	515859096	478660511
<b>TOTAL</b>		<b>6057538483</b>	<b>6001794132</b>
<b>ASSETS</b>			
Cash and Bank Balances	F	232756109	144129675
Investments ( Net of Diminution Reserve)	G	2	2
Loans and Advances(Net of provisioning for NPA)	H	-	-
Fixed Assets	I	207244216	208473332
Other Assets	J	924507127	900652032
<b>Profit and Loss Appropriation Account</b>		4693031029	4748539091
<b>TOTAL</b>		<b>6057538483</b>	<b>6001794132</b>

SIGNIFICANT ACCOUNTING POLICIES

Q

NOTE ON ACCOUNTS

R

THE SCHEDULES REFERRED TO ABOVE FORM AN  
INTEGRAL PART OF THE PROFIT AND LOSS ACCOUNT

As per our Report of even date

For KCM & Associates  
Chartered Accountants  
FRN.0326397E

sd/-  
(P.P.Choudhury)  
General Manager  
OSFC

sd/-  
(Md.Sadique Alam, IAS)  
Managing Director  
OSFC

sd/-  
(Pragyansmita Sahoo)  
Director  
OSFC

sd/-  
(S.Dwivedi)  
Director  
OSFC

sd/-  
(K.C.Mohanty, FCA)  
Membership No.065809  
Partner



<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2022</b>			
<b>Particulars</b>	<b>Schedule Ref.</b>	<b>As at 31st March 2022</b>	<b>As at 31st March 2021</b>
<b>INCOME (A)</b>		<b>₹</b>	<b>₹</b>
Income from Operations (Interest)	N	81983754	15033293
Other Incomes	O	9684086	18178857
Provisions/ Expenses Written Back		24791826	10929824
<b>Total Income (A)</b>		<b>116459666</b>	<b>44141974</b>
<b>EXPENDITURES (B)</b>			
Other Financial Expenses	K	4736155	4684129
Personnel Expenses	L	24036608	43381068
Administrative Expenses	M	2710817	3763274
Depreciation	I	1965457	1536546
<b>Total Expenditure (B)</b>		<b>33449037</b>	<b>53365017</b>
<b>Operating Profit (A - B)</b>		<b>83010629</b>	<b>(9223043)</b>
Less Provision for NPA (Net)		-	-
<b>Profit Before Tax</b>		<b>83010629</b>	<b>(9223043)</b>
Less: Provision for Taxation		-	-
<b>Profit after Tax</b>		<b>83010629</b>	<b>(9223043)</b>
Less Net prior period Adjustments	P	13625551	272912
<b>Profit/(Loss) Carried to P &amp; L Appropriation A/C</b>		<b>69385078</b>	<b>(9495955)</b>

THE SCHEDULES REFERRED TO ABOVE FORM AN  
INTEGRAL PART OF THE PROFIT AND LOSS ACCOUNT

As per our Report of even date

For KCM & Associates  
Chartered Accountants  
FRN.0326397E

sd/-  
(P.P.Choudhury)  
General Manager  
OSFC

sd/-  
(Md.Sadique Alam, IAS)  
Managing Director  
OSFC

sd/-  
(Pragyansmita Sahoo)  
Director  
OSFC

sd/-  
(S.Dwivedi)  
Director  
OSFC

sd/-  
(K.C.Mohanty, FCA)  
Membership No.065809  
Partner



<b>PROFIT AND LOSS APPROPRIATION ACCOUNT</b>			
<b>FOR THE YEAR ENDED 31st MARCH, 2022</b>			
<b>PARTICULARS</b>		<b>2021-22 (Current Year) ₹</b>	<b>2020-21 (Previous Year) ₹</b>
Balance as per last Balance Sheet - General Reserve/ (Accumulated Loss)		(4748539091)	(4739043136)
PROFIT / (LOSS) FOR THE YEAR AS PER PROFIT AND LOSS ACCOUNT		69385078	(9495955)
SPECIAL RESERVE (U/S 36(1) (viii) OF THE INCOME TAX ACT, 1961)		13877016	-
<b>PROFIT TRANSFERRED TO GENERAL RESERVE/ (ACCUMULATED LOSSES)</b>		<b>(4693031029)</b>	<b>(4748539091)</b>

THE SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE PROFIT AND LOSS ACCOUNT

As per our Report of even date

For KCM & Associates  
Chartered Accountants  
FRN.0326397E

sd/-  
(P.P.Choudhury)  
General Manager  
OSFC

sd/-  
(Md.Sadique Alam, IAS)  
Managing Director  
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Director  
OSFC

sd/-  
(S.Dwivedi)  
Director  
OSFC

sd/-  
(K.C.Mohanty, FCA)  
Membership No.065809  
Partner



<b>ODISHA STATE FINANCIAL CORPORATION</b>		
<b>CASH FLOW STATEMENT</b>		
<b>PARTICULARS</b>	<b>For the Year ended on March 31<sup>ST</sup>, 2022 (CURRENT YEAR)</b>	<b>For the Year ended on March 31<sup>ST</sup>, 2021 (PREVIOUS YEAR)</b>
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
	₹	₹
Profit before Tax	83010629	(9223043)
Add: - Depreciation	1965457	1536546
Cash from Operations (i)	84976086	(7686497)
<b>ADJUSTMENTS FOR OPERATING ASSETS / LIABILITIES &amp; OTHER EXPENDITURES</b>		
Increase/(Decrease) in Liabilities	-	
Borrowings	-	
Other Liabilities	37198585	(34874903)
Decrease / (Increase) in Assets		
Loans and Advances		
Other Assets	(23855095)	(6923289)
Other Expenditures		
Direct Taxes Paid		
Net Prior Period Adjustment	(13625551)	(272912)
Net Cash Used in Operating Liabilities/Assets & Expenditures (ii)	(282061)	(42071104)
Net Cash (Used in)/ Flow from Operating Activities. (i) + (ii)	84694025	(49757601)
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets (Net Addition)		-
Adjustment of depreciation for earlier year	(736341)	-
Redemption of Investment (Net)		-
Sale of fixed Assets		-
Net Cash from investment activities		-
<b>C) OTHER CASH FLOWS (from financial activities)</b>		
Increase/ (Decrease) in Share Capital/ Subordinated Debts	4668750	4668750
Increase/ (Decrease) in Reserve Fund		-
Net Cash Flow from Other/ Financial Activities	3932409	4668750
<b>NET CASH FLOW/ NET CASH USED DURING THE YEAR</b>	<b>88626434</b>	<b>(45088851)</b>
Net increase/ (decrease) in cash and Cash equivalents	88626434	(45088851)
Cash & Cash equivalents at beginning of the year	144129675	189218526
Cash & Cash equivalents at the end of the year	232756109	144129675

As per our Report of even date

**For KCM & Associates**  
**Chartered Accountants**  
**FRN.0326397E**

sd/-  
**(P.P.Choudhury)**  
General Manager  
OSFC

sd/-  
**(Md.Sadique Alam, IAS)**  
Managing Director  
OSFC

sd/-  
**(Pragyansmita Sahoo)**  
Director  
OSFC

sd/-  
**(S.Dwivedi)**  
Director  
OSFC

sd/-  
**(K.C.Mohanty, FCA)**  
Membership No.065809  
Partner



**SCHEDULES FORMING PART OF THE BALANCE SHEET**  
**SCHEDULE A - SHARE CAPITAL**

Particulars		As at 31.03.2022	As at 31.03.2021
		₹	₹
<b>AUTHORISED</b>			
	50000000 SHARES OF ₹.100/-EACH	5000000000	5000000000
		<b>5000000000</b>	<b>5000000000</b>
<b>ISSUED</b>			
(A)	42100000 (42100000) ORDINARY SHARES OF ₹.100/- EACH ISSUED U/S(4)(2) OF SFC's ACT, 1951	4210000000	4210000000
(B)	400000 SPECIAL SHARES OF ₹.100/- EACH ISSUED U/S 4-A OF SFC's ACT, 1951	40000000	40000000
		<b>4250000000</b>	<b>4250000000</b>
<b>SUBSCRIBED &amp; PAID UP</b>			
(A)	37876305 ( 8457305) ORDINARY SHARES OF ₹.100/- EACH FULLY ALLOTTED, U/S 6(1)OF THE SFC's ACT 1951 AMENDED BY SFC's (AMENDMENT) ACT, 2000.	3787630500	3787630500
	( 6120 share surrendered for retirement in pursuant to Sec-6(1) of SFC's (Amendment) Act,2000 )		
(B)	300000( 300000) SPECIAL SHARES OF ₹.100/- EACH FULLY ALLOTTED U/S(4) (A) OF THE SFC's ACT,1951 AS AMENDED BY SFC's(AMENDMENT) ACT, 2000	30000000	30000000
(C)	SHARE DEPOSITS PENDING ALLOTMENT	382442300	377773550
	<b>TOTAL:</b>	<b>4200072800</b>	<b>4195404050</b>

\* Out of Loan in Lieu of Share Capital outstanding of ₹ 622.50 lac, ₹622.00 lac has been converted to Ordinary Share Capital and Share allotments of ₹0.50 lac is pending for sanction and approval of State Govt. for allotment.

\* SIDBI has already agreed for conversion of LISC, Principal O/s and Interest Accrued at 7.50% pa from 01/04/2008 to till the actual date of conversion to Share Capital SIDBI & IDBI Bank have agreed for conversion of Minimum Guaranteed Dividend payable to Share Capital on 50:50 basis. Approval of State Govt. u/s 4(3) of SFC's (Amendment) Act 2000 for allotment of Shares on such conversion is awaited. Pending concurrence of State Govt. amount on account of LISC(SIDBI) & MGD (SIDBI & IDBI Bank) has been treated as Share deposits.

	Amount ₹
SIDBI-LISC (PRINCIPAL)	62250000
Interest from 01/04/2008 to 31.03.2022	65362500
	127612500
MGD (SIDBI Share)	127389900
	255002400
IDBI - MGD	127389900
<b>TOTAL</b>	<b>382392300</b>



**SCHEDULES FORMING PART OF THE BALANCE SHEET  
SCHEDULE B - LOAN PENDING CONVERSION TO SHARE CAPITAL**

Particulars	As at 31.03.2022	As at 31.03.2021
	₹	₹
STATE GOVERNMENT Loan in lieu of Share Capital	-	-
<b>TOTAL:</b>	<b>0</b>	<b>0</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
SCHEDULE C - RESERVES, FUNDS & SURPLUS**

Particulars		As at 31.03.2022	As at 31.03.2021
		₹	₹
<b>(A)</b>	<b>DISTRIBUTABLE PROFITS</b>		
i)	GENERAL RESERVES (U/S 35 of SFC's ACT)	148000	148000
i)	SPL. RESERVE (U/S 36(1) OF I.T.ACT,1961)	77083546	63206530
	<b>SUB TOTAL (A)</b>	<b>77231546</b>	<b>63354530</b>
<b>(B)</b>	<b>NON DISTRIBUTABLE PROFITS</b>		
i)	SPECIAL RESERVE FUND (U/S 35-A OF SFC's ACT,1951)	3436867	3436867
ii)	REVALUATION RESERVE	200675393	200675393
	<b>SUB TOTAL (B)</b>	<b>204112260</b>	<b>204112260</b>
	<b>TOTAL (A+B)</b>	<b>281343806</b>	<b>267466790</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
SCHEDULE D- BORROWINGS**

Particulars		As at 31.03.2022	As at 31.03.2021
		₹	₹
<b>LONG-TERM BORROWINGS</b>			
<b>(A)</b>	<b>REFINANCE(U/s 7(4) of SFC's Act,1951 AS AMENDED BY SFC's(AMENDMENT) ACT, 2000</b>		
i.	From Small Industries Development Bank of India		
	(i) Restructured Refinance		
	(ii) New LOC under TRA		
ii.	0% Funded Loan		
iii.	Interest Accrued & Due on Refinance		
iv.	REFINANCE / LOC AGREED FOR OTS	150000000	150000000
v.	REFINANCE / LOC / FUNDED LOAN & INTEREST AGREED FOR WAIVER	836087217	836087217
	<b>Sub Total</b>	<b>986087217</b>	<b>986087217</b>
<b>(B)</b>	<b>INTEREST ACCRUED AND DUE (LISC)</b>		
i.	On Loan-in-lieu of Share Capital - SIDBI/IDBI	74175564	74175564
	<b>Sub Total</b>	<b>74175564</b>	<b>74175564</b>
	<b>TOTAL</b>	<b>1060262781</b>	<b>1060262781</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE E - OTHER LIABILITIES AND PROVISIONS

Particulars		As at 31.03.2022	As at 31.03.2021
		₹	₹
<b>A OTHER LIABILITIES</b>			
I.	SUNDRY DEPOSITS	398981172	361933225
II.	EXCESS AMOUNT PAYABLE ON SALE OF MORTGAGED/ HYPOTHECATED	6521447	6521447
III.	DIVIDEND PAYABLE	539101	539101
IV.	UNCLAIMED LIABILITIES	1730000	1730000
V.	AMT. PAYABLE TO STATE AID FUND	283233	283233
VI.	SHARE OF STATE GOVT. & OTHERS PAYABLE- LOANEE	1386495	1386495
VII.	AGENCY FUND		
(a)	St. Govt. Seed Money Fund	17189074	17189074
(b)	St. Govt. Soft Loan Fund	817192	817192
(c)	St. Govt. M.M. Assistance Fund	2567995	2567995
(d)	SIDBI Seed Capital Fund	2116215	2116215
(e)	SIDBI National Equity Fund	46159637	46159637
(f)	Orissa Venture Capital Scheme Fund	4690000	4690000
(g)	Orissa MSME Tech.Upgradation Fund	4800000	4800000
VIII.	OTHER DEPOSITS- AGENCY	27202283	26784587
	<b>SUB TOTAL - (A)</b>	<b>514983844</b>	<b>477518201</b>
<b>B. PROVISIONS</b>			
IX.	PROVISION AGAINST EXPENSES	875252	1142310
	<b>SUB TOTAL - (B)</b>	<b>875252</b>	<b>1142310</b>
	<b>TOTAL (A + B)</b>	<b>515859096</b>	<b>478660511</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE - F CASH AND BANK BALANCES

Particulars	As at	As at
	31.03.2022	31.03.2021
	₹	₹
(A) CASH IN HAND	84974	73192
(B) BALANCE WITH BANK U/S 33(2) OF THE SFC's ACT,1951. AS AMENDED BY SFC's(AMENDMENT) ACT, 2000		
i. Scheduled Banks In Current/ Savings Accounts	94810171	11288836
ii. Scheduled Banks In Fixed Deposit Accounts	131973783	125986240
iii. Scheduled Banks in Flexi Deposit Accounts	5887181	6780154
iv. Cash in transit	-	1253
(C) STAMPS IN HAND	-	1253
<b>TOTAL</b>	<b>232756109</b>	<b>144129675</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE G - INVESTMENTS

Particulars	As at	As at
	31.03.2022	31.03.2021
	₹	₹
(A) IN SHARES : UNQUOTED - AT COST		
1) M/S.BHASKAR TEXTILE MILLS LTD (400 Preference Shares of ₹.100/-Each)	40000	40000
2) M/s.Orissa Industrial and Technical Consultancy Organisation Ltd. (87 Equity Shares of ₹.1000/-Each)	87000	87000
<b>Sub Total</b>	<b>127000</b>	<b>127000</b>
(B) Less: Dimunition Reserve	126998	126998
<b>Net value (A - B)</b>	<b>2</b>	<b>2</b>
<b>Total:-</b>	<b>2</b>	<b>2</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE H - LOANS AND ADVANCES

Particulars	As at	As at
	31.03.2022	31.03.2021
	₹	₹
<b>1. PRINCIPAL AMOUNT</b>		
<b>( A ) Direct Operation</b>		
i. Term Loan under various schemes	2396271362	2421828428
ii. Soft loan under Special Share Capital Schemes	19645708	19678708
iii. Bridge Loan	1790160	1790160
iv. Loan against Govt. Seed Money	655941	655941
v. Loan against IDBI Seed Capital	504996	504996
<b>Sub Total :</b>	<b>2418868167</b>	<b>2444458233</b>
<b>( B ) Loan Under Special Schemes</b>		
i. Short Term Working Capital Loan	72248107	72248107
<b>Sub Total :</b>	<b>72248107</b>	<b>72248107</b>
<b>Total ( A + B )</b>	<b>2491116274</b>	<b>2516706340</b>
2. Misc. Expenses on Loans & Advances	15660558	14862318
<b>Total ( 1 + 2 )</b>	<b>2506776832</b>	<b>2531568658</b>
3. Less NPA Provision	<b>2506776832</b>	<b>2531568658</b>
<b>NET AMOUNT OF LOANS &amp; ADVANCES</b>	<b>0</b>	<b>0</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE I - FIXED ASSETS AS ON 31.03.2022

(Amount in ₹)

TYPE OF ASSETS	Rate of Depreciation	COST (In Rupees)					DEPRECIATION ( In Rupees )					WRITTEN DOWN VALUE	
		As on 31-03-2021	Additions during the Year	Sale/ Transfer during the year	Addition due to Revaluation	Less aid received from Govt.	Net Addition during the year	As on 31-03-2022	Up to 31-03-2021	During the year	Addition Depreciation during the year for prior year	Up to 31-03-2022	As on 31-03-2022
LAND		179123947					179123947	0	0	0	0	179123947	179123947
OFFICE BUILDING	4.87%	86626042					86626042	57802222	1403720	0	59205942	27420100	28823820
OTHER BUILDING	4.87%	3000000					3000000	2536472	22574	0	2559046	440954	463528
VEHICLE (Motor Cycle)	25.89%	9600195					9600195	9577022	5999	0	9583021	17174	23173
FURNITURE & FIXTURE	25.89%	3933807					3933807	3933807	0	0	3933807	0	0
OFFICE EQUIPMENTS	45.07%	5893686					5893686	5861968	14295	0	5876263	17423	31718
COMPUTER	63.16%	15591674					15591674	14854879	376592	140544	15372015	219659	454
ELECTRICAL INSTALLATION & LIBRARY	25.89%	799719					799719	793027	1733	0	794760	4959	6692
	100.00%	339791					339791	339791	0	0	339791	0	0
<b>CURRENT YEAR TOTAL</b>		<b>304908861</b>					<b>304908861</b>	<b>95699188</b>	<b>1824913</b>	<b>140544</b>	<b>97664645</b>	<b>207244216</b>	<b>208473332</b>
<b>PREVIOUS YEAR TOTAL</b>		<b>304172520</b>					<b>304172520</b>	<b>95699188</b>	<b>1536546</b>	<b>0</b>	<b>95699188</b>	<b>208473332</b>	<b>208473332</b>

NOTE: 1. Land and Buildings located at Cuttack, Bhubaneswar & Sambalpur were valued at ₹2273.32 Lakh during the year 07-08 based on valuation certificates of registered valuers resulting in an increase of ₹2006.75 Lakh in the Gross block of fixed assets and the same is transferred to revaluation reserve during that year. Depreciation for the year was provided for on the revised values of building.  
 (2) A sum of Rs. 736341/- incurred for purchase of Software wrongly treated as Revenue Expenditure in the last year is now added back under the head Computer as advised by C & AG of India.



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE J - OTHER ASSETS

Particulars	As at 31.03.2022	As at 31.03.2021
	₹	₹
i Stationery & Stores	13771	19447
ii Loans/ Advance to Employees	666049	656572
iii Deposit of Fees - under CPA	192615	217615
iv Other Recoverable Dues		
(a) Rent of Premises receivable	4690858	3951645
(b) Advance to Advocates	1426315	1384315
v Interest accrued but not due on deposits with bank	4635945	4680922
vi Agency Operation		
(a) State Govt. Seed Money Disbursed	14401853	14401853
(b) State Govt.M.M. Asst. Disbursed	2567995	2567995
(c) IDBI Seed Capital Disbursed	1000000	1000000
(d) SIDBI Seed Capital Disbursed	2123378	2123378
(e) SIDBI NEF Disbursed	29186747	29186747
(f) State Govt. Soft Loan Disbursed	817192	817192
(g) Service charges IDBI seed capital recoverable	153600	153600
(h) SIDBI MUN Soft Loan Fund Disbursed	134600	134600
(i) Agency commission accrued	327186	327186
vii (a) Funded Interest - SIDBI Refinance	179500000	179500000
(b) Payment of Refinance Interest under protest	301386698	301386698
viii Sale of Mort.Assets Settlement Account (Jt.Finance)		
(a) IPICOL	20793754	20793754
ix Advance Taxes	936301	936301
x Disputed payments-under protest	29436628	5995974
xi Deposits against Court Directives	98811475	98811475
xii Security Deposit - Telephone	17000	17000
xiii Security Deposit - Electrical Installation	273070	273070
xiv Advance payment of Loan to State Govt.	230884097	230884097
xv VR employees exgratia expenses	130000	430596
<b>TOTAL</b>	<b>924507127</b>	<b>900652032</b>



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**  
**SCHEDULE K - FINANCIAL EXPENSES**

Particulars	2021-22 (Current Year)	2020-21 (Previous Year)
	₹	₹
I Bank Charges & Commission	12131	6714
II Interest / Compensation Payment as per Court Directive	50000	
III GST	5274	8665
iv Interest on Loan in Lieu of Share Capital	4668750	4668750
<b>Total</b>	<b>4736155</b>	<b>4684129</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**  
**SCHEDULE L - PERSONNEL EXPENSES**

Particulars	2021-22 (Current Year)	2020-21 (Previous Year)
	₹	₹
i. Salaries & Allowances		
(a) Employees Salary	18082013	26780141
(b) Consolidated wages	1297788	2455206
ii. Employer's contribution to EPF	2067639	3106077
iii. Medical aid to staff	111000	163750
iv. Insurance Premium paid on GIS	23162	41573
v. Contribution to Employees Group Gratuity Fund-LIC of India	20233	28741
vi. Leave Encashment	6973060	11562573
vii. Gratuity Payment	12880351	14281240
viii. Contribution to Employees Group Leave Encashment Fund-LIC of India	2272	3298
ix. Ex-Gratia to Employees	10000	
x. Ex-Gratia under-VRS	463096	1419344
xi. Salary in lieu of pension	1959405	2388066
<b>SUB-TOTAL</b>	<b>43890019</b>	<b>62230009</b>
xii. Less:		
i) Claim settled by LIC of India towards Leave Encashment under GLES	6973060	7603680
ii) Claim settled by LIC of India towards Gratuity under GGS	12880351	11080507
xiii. Leave salary contribution received from other organisation a/c deputed employees		109482
xiv. Gratuity contribution received from other organisation a/c/ deputed employees		55272
<b>SUB-TOTAL</b>	<b>19853411</b>	<b>18848941</b>
<b>TOTAL</b>	<b>24036608</b>	<b>43381068</b>



## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

### SCHEDULE M- ADMINISTRATIVE EXPENSES

Particulars		2021-22 (Current Year)	2020-21 (Previous Year)
		₹	₹
1	Travelling Expenses		
	I. Directors and Committee Members	-	-
	ii. Employees and others	78018	43464
2	Directors and Committee Members Sitting Fee	3000	5000
3	Rent, Electricity & Water Charges	316399	302962
4	Computer Stationary	19130	64270
5	Printing & Stationary	30002	55580
6	Publicity & Advertisement	41299	17925
7	Repairs & Renewals	6113	33576
8	Computer Software	-	736341
9	Audit Fees		
	(a) Statutory Audit	40000	40000
	(b) Tax Audit	8000	8000
10	AMC Fees & Expenses	91347	60273
11	Audit Expenses	2660	2048
12	Other Legal Expenses	701070	558640
13	Professional Fees & Expenses	11456	29621
14	Newspapers & Periodicals	-	-
15	Rates, Taxes & Insurance	250222	280522
16	Vehicle Repair & Maintenance	26380	5400
17	Telephone Expenses	54405	101421
18	Fuel & Lubricants Expenses	106855	68315
19	Postage Stamps & Telegrams	26021	31744
20	Conveyance Expenses	136550	205900
21	Vehicle hire Charges	-	-
22	Miscellaneous Expenses	745170	1086312
23	Fees paid to Advocates	14800	2000
24	Meeting Expenses	1920	19760
25	Computer Servicing Expenses	-	4200
<b>TOTAL:</b>		<b>2710817</b>	<b>3763274</b>



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT  
SCHEDULE N - INTEREST INCOME (ON LOANS & ADVANCES)**

Particulars	2021-22 (Current Year)	2020-21 (Previous Year)
	₹	₹
i. Interest on Term Loans	74682528	6553806
ii. Interest on Soft Loans	465	11678
iii. Interest on FITL		5162
iv. Penal Interest on Loan	7097143	8043812
v. Interest on Rephased Loan		25802
vi. Delayed Period Interest (OTS)	203618	393033
<b>Total</b>	<b>81983754</b>	<b>15033293</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT  
SCHEDULE O - OTHER INCOME**

Particulars	2021-22 (Current Year)	2020-21 (Previous Year)
	₹	₹
i. Interest on Term & Flexi deposits with Bank	5051572	9826891
ii. Interest on SB A/c	8556	10470
iii. Sale of Forms		
iv. Right to Information Fees	422	1968
v. Miscellaneous Income	87473	2459322
vi. Other Income on regular basis	4396562	5743422
vii. (a) Interest on House Building Adv.	118328	112728
(b) Interest on Vehicle Adv.	173	56
(c) Interest on Personal / Commercial Loan		
Misc. Receipt - Recovery Administration	21000	24000
viii. Income from other Fee based activities		
<b>Total</b>	<b>9684086</b>	<b>18178857</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT  
SCHEDULE P - INCOME & EXPENDITURES FOR PREVIOUS YEAR**

(A) - Prior Year Income	2021-22 (Current Year)	2020-21 (Previous Year)
	₹	₹
i) Amount wrongly treated as income on purchase of Soft ware last year in now reversed as advised by AG	736341	
ii) Amt. credited towards principal appropriated as Int. income on reconciliation (Bhubaneswar)		7080
<b>TOTAL</b>	<b>736341</b>	<b>7080</b>
<b>(B) - Prior Year Expenditure</b>		
(i) Interest income reversal under OTS scheme a) Bhubaneswar Branch - Rs.14123001/- b) Sambalpur Branch - Rs.220137/-	14343138	279992
(ii) Excess recovery of interest on House Bulding Loan earlier is now refunded to Sri K.C.Biswal.	18754	-
<b>TOTAL</b>	<b>14361892</b>	<b>279992</b>
<b>NET (B) - (A)</b>	<b>13625551</b>	<b>272912</b>



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## **SCHEDULE – 'Q'** **SIGNIFICANT ACCOUNTING POLICIES**

### **1. GENERAL**

#### **Accounting convention**

1.1 The accompanying Financial Statements are prepared on historical cost convention (other than revalued Land & Building) by following going concern concept and conforming to the prevailing statutory provisions, regulatory norms /guidelines and practices, unless otherwise stated.

#### **1.2 Method of Accounting:**

In accordance with the norms prescribed by SIDBI for adoption of uniform Accounting policies and practices by SFC's, the Corporation has been following Mercantile System of accounting with an exception relating to the Interest Income on Non Performing Assets (NPA) which is accounted for on actual receipt/ realization basis.

#### **1.3 Use of estimates**

The preparation of financial statements requires the management to make estimates and assumptions consider in the reporting amount of assets & liabilities (including contingent liabilities) as of the date of financial statement & the reported income and the expenses during the reporting period. Management believes that the estimates wherever use in the preparation of the financial statements are prudent and reasonable. Difference between the actual results and the estimates each recognized in the period in which the results are known/ materialised.

### **2. INCOME RECOGNITION**

2.1 Income are accrued except in the case of Non-Performing Assets where it is recognized upon realization to the extent realized as per prudential norms of RBI / SIDBI.

#### **2.2 Interest on Lending**

The Corporation is charging Interest on the Loan accounts of assisted units ( financed from FY-2010-11 onwards) on monthly compounding basis due for payment on 6<sup>th</sup> of every month.

#### **2.3 Accounting of Receipts**

The Corporation follows the policy of crediting the cheques recovered on the loanee account only on realization except on 31<sup>st</sup> March . The cheque received on 31<sup>st</sup> March against NPA accounts are accounted on receipt basis of 31<sup>st</sup> March & subsequently realised. Effects in the subsidiary ledger of Loan Accounts are given from the date of realization.

### **3. CASH FLOW STATEMENTS**

Cash & cash equivalents includes cash in hand, balances with other banks and stamp in hand.

### **4. WRITING OFF LOANS**

Bad debts are written off through the NPA provision Account. After adjustment of provision residual amount are charged to the Profit & Loss Account. In case of subsequent recovery of Bad debts already written off, recovered amount is recognized as other income in the year of receipt.

### **5. INVESTMENTS:**

Investment in equity shares are considered as current investments and are valued at lower of cost / market value as per guidelines issued by SIDBI/ RBI. Investments are stated at purchase price less provisions for erosion in the value of investment made, in accordance with the guidelines prescribed by SIDBI.



**6. LOANS & ADVANCES & APPROPRIATION OF RECEIPTS / RECOVERIES**

- 6.1 The assets under loans and advances have been classified as per prudential norms set by SIDBI/RBI.
- 6.2 The Miscellaneous Expenses on loans and advances recoverable from the loanees are being shown under Loans & Advances.
- 6.3 Amounts received from loanees are credited in the books of accounts and appropriated in the following order.  
1<sup>st</sup> Other charges, 2<sup>nd</sup> Additional and Penal interest, 3<sup>rd</sup> Interest Accrued & due, Last Principal. However, in case of One Time Settlement (OTS), sale of Seized Assets U/s 29 of SFCs Act and rephasing / rescheduling cases appropriation are made in the following manner,

<u>One Time Settlement (OTS) Case</u>	<u>Sale of Assets U/s 29 of SFC/s Act cases</u>	<u>Rephasing/Re-schedulement cases</u>
1 <sup>st</sup> - Principal	1 <sup>st</sup> - Other charges	1 <sup>st</sup> Other charges
2 <sup>nd</sup> Other charges	2 <sup>nd</sup> - Principal	2 <sup>nd</sup> Interest & Penal Interest (on funded capital & unrephased portion of loan)
		3 <sup>rd</sup> principal overdues of rephased/Funded capital/ unrephased portion of Loan (1 <sup>st</sup> due 1 <sup>st</sup> adjustment basis)
3 <sup>rd</sup> Additional & Penal Interest	3 <sup>rd</sup> Additional & Penal interest	4 <sup>th</sup> principal of rephased / Funded capital.
Last Interest Accrued & due	Last Interest Accrued & due	5 <sup>th</sup> Principal of unrephased & portion of loan
		6 <sup>th</sup> Interest on FITL
		Last Funded Interest Term Loan (FITL)

**7. SHARING OF SALE PROCEEDS ON JOINT FINANCING CASES:**

- 7.1 Sharing of sale proceeds realized on sale of assets of joint financed cases u/s 29 of SFCs Act 1951 are made on prorata basis on loan outstanding/ principal outstanding of financiers with mutual acceptance and consent.
- 7.2 In the case of Joint Finance cases, co-Financers are executed documents on their sale of deferred sale proceeds, but in some cases single documentation is done at OSFC level as per the mutual understanding with the Co-Financers.

**8. FIXED ASSETS:**

- 8.1 Fixed assets are recorded at their historical cost and are stated at historical cost less accumulated Depreciation or at their present replaceable value, wherever revalued.

**8.2 Capitalization of Assets:**

The Corporation is following the practice of capitalization of assets at the time of put to use on the basis of cost of acquisition & other expenses directly related thereto.