



# Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

SECRETARIAL CELL

1st Floor, Udyog Bhavan, Sector-11, GH-4, Gandhinagar - 382 010

Phone No.: 23256766 Fax : 23252204 Email: sec-cell-gsfc@gujarat.gov.in

GSFC/SEC.CELL/C-2/

September 20, 2016

The Corporate Relations Department  
BSE Ltd  
25th Floor,  
Phiroz Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai 400 001

Sub: **Regulation 34 of Listing Regulations - Annual Report**  
Ref: **Stock Code 532160**

Dear Sirs,

The 56<sup>th</sup> Annual Report 2016 was placed before the members at the Annual General Meeting held on Saturday, the 17<sup>th</sup> September, 2016 at 5.00 p.m. in the Office of the Chairman at Head Office and was adopted by the members unanimously.

In compliance with Regulation 34 of the SEBI (LODR) Regulations, 2015, please find forwarded herewith the Annual Report for the financial year 2015-16 as adopted by the members in the aforesaid Annual General Meeting.

Thanking you,

Yours faithfully,  
for Gujarat State Financial Corporation

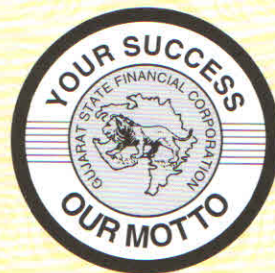
  
Secretary (Board)



**56<sup>th</sup>**

**Annual Report**

**2016**



**GUJARAT STATE  
FINANCIAL CORPORATION  
GANDHINAGAR**





## **BOARD OF DIRECTORS**

(As on 31<sup>th</sup> March, 2016)

### **● DIRECTORS ●**

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**SMT. MAMTA VERMA, IAS**  
(Nominated by State Government)

**SHRI C. J. MACWAN**  
(Nominated by State Government)

**SHRI AJIT NATH JHA**  
(Nominated by SIDBI)

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### **● MANAGING DIRECTOR ●**

**SHRI ARVIND AGARWAL, IAS**

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### **● SECRETARY (BOARD) ●**

**SHRI RAVEENDRAN NAIR**

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### **● AUDITORS ●**

**M/S. MANUBHAI & SHAH**  
**CHARTERED ACCOUNTANTS,**  
**AHMEDABAD**

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### **● HEAD OFFICE ●**

**Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector-11,**  
**Gandhinagar-382 010**

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### **● REGIONAL OFFICES ●**

**Ahmedabad at Gandhinagar, Surat, Rajkot**



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## NOTICE

Notice under Regulation No. 23 of General Regulations of the Corporation is hereby given that the 56th Annual General Meeting of the shareholders of the Corporation will be held on **Saturday, the 17<sup>th</sup> September, 2016 at 5.00 p.m. in the Office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1st Floor, Sector – 11, Gandhinagar 382 010** to transact the following business:

- (i) To receive, consider and adopt the audited financial statements of the Corporation for the Financial Year ended 31<sup>st</sup> March 2016 including the Balance Sheet as at March 31, 2016, Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- (ii) To re-appoint M/s. Manubhai & Shah LLP, Chartered Accountants, Ahmedabad, as Statutory Auditors of the Corporation to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting as recommended by RBI and to fix their remuneration.

By order of the Board of Directors,

Place : Gandhinagar

Date : 21-07-2016

(ARVIND AGARWAL, IAS)  
MANAGING DIRECTOR

### NOTES :

1. Pursuant to Regulation 28-B of GSFC General Regulations, a shareholder shall be entitled for one vote for each share held by him for the whole period of six months prior to the date of 56<sup>th</sup> Annual General Meeting.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE CORPORATION.**
3. **No proxy shall be valid unless it is duly stamped and unless it together with the power of attorney or other authority, if any, under which it is signed or a copy of that power of authority certified by a notary public or Magistrate, is deposited at the Head Office of the Corporation not less than 7 clear days before the date fixed for the meeting.**
4. Pursuant to Regulation 12 of the GSFC General Regulations, the Register of Members and Share Transfer Books will **remain closed from 13-09-2016 to 17-09-2016 (both days inclusive).**
5. Shareholders seeking any information with regard to accounts are requested to write to the Corporation at least 10 days before the meeting so as to enable the management to keep the information ready.
6. Members are requested to bring their copy of Annual Report at the meeting.





7. Members holding the shares in physical mode are requested to notify immediately the change of their address and e-mail id to the R & T Agent of the Corporation. In case shares held in dematerialized form, the information regarding change of address and e-mail id should be given to their respective Depository Participant.

#### 8. Voting through electronic means :

In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporation is pleased to provide e-voting facility through M/s. Central Depository Services Ltd (CDSL) as an alternative in respect of the business to be transacted at the 56<sup>th</sup> Annual General Meeting to be held on 17.09.2016. The e-voting facility is available at the link [www.evotingindia.com](http://www.evotingindia.com).

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The e-voting facility will be available during the following voting period :

<b>Commencement of e-voting</b>	<b>09.00 Hours of Wednesday, 14<sup>th</sup> September, 2016</b>
<b>End of e-voting period</b>	<b>17.00 Hours of Friday, 16<sup>th</sup> September, 2016</b>

E-voting shall not be allowed beyond 17.00 hours on 16<sup>th</sup> September, 2016. The e-voting module shall be disabled by CDSL for voting thereafter. During the e-voting period, shareholders of the Corporation holding shares either in physical form or in dematerialized form, as on the Cut-off-Date may cast their votes electronically. The **Cut-off-Date for the purpose of e-voting is 18<sup>th</sup> March, 2016.**

Members are requested to follow the below mentioned instructions to cast their vote through e-voting :

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on Shareholders.
- (iii) Now Enter your User ID
  - a. For CDSL : 16 digits beneficiary ID,
  - b. For NSDL : 8 Alpha-numeric DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Corporation.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and cast your vote earlier for any company, then your existing password is to be used.





(vi) If you a first time user, follow the steps given in the table below :

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Corporation/ Depository Participant are requested to use the 10 digits Sequence Number in the PAN Field. <b>The Sequence Number is printed on the mailing address.</b>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Corporation records in order to login. If both the details are not recorded with the depository or Corporation, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the EVSN screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on EVSN of GUJARAT STATE FINANCIAL CORPORATION.
- (xi) On the voting page, you will see 'RESOLUTION DESCRIPTION' and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTION FILE LINK" if you wish to view the entire set of Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK" else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Any person, who acquires shares of the Corporation and becomes a member of the Corporation after dispatch of the Notice of the AGM and holding share as on the cut-off-date i.e. 18<sup>th</sup> March, 2016, should follow the same procedure as mentioned above for e-voting. However, if a person is already registered with CDSL for e-voting then existing password can be used for casting vote.





- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non-individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts, they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xxi) The results of e-voting will be announced by the Corporation on its website and also informed to BSE Ltd. Kindly note that once you have cast your vote, you cannot modify or vote on poll at the Annual General Meeting. However, you can attend the meeting and participate in the discussions, if any.
- (xxii) Mr. Pragnesh M Joshi, Practicing Company Secretary, Ahmedabad, Gujarat (Membership No. FCS 7238 & Certificate of Practice No. 7743) has been appointed as the Scrutinizer to scrutinize the e-voting and poll process in the AGM in a fair and transparent manner.
- (xxiii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Paper"/"Polling Paper" for all those members who are present at the AGM but have not cast their vote by availing the facility of e-voting.
- (xxiv) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast in the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses who are not in the employment of the Corporation and shall make, not later than forty-eight hours of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (xxv) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Corporation at [www.gsfc.gujarat.gov.in](http://www.gsfc.gujarat.gov.in) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Ltd.







## DIRECTOR'S REPORT

### To the Members,

Your Directors are pleased to present the 56th Annual Report on the operations of the Corporation together with the audited accounts for the year ended March 31, 2016.

Before dealing with performance highlights of the Corporation, let us share with you in brief the economic scenario of the country :

### 1. Economy Scenario:

The Indian economy continued to consolidate the gain achieved in restoring macroeconomic stability. The UN's mid-2016 report on the World Economic Situation and Prospects paints a bleak picture of the global economy projecting a growth rate of 2.4% this year and 2.8% next year with little prospect for a turn around. In contrast, the report expected India to grow by 7.3% this year and 7.5% next year, the strongest Gross Domestic Product (GDP) growth rate for a large economy. In spite of global headwinds and a second successive season of poor rainfall, India's economic growth is amongst the highest in the world, helped by a reorientation of government spending towards much needed public infrastructure. The Government maintained its momentum in terms of unveiling multiple new initiatives like Startup India, Standup India, Digital India, liberalizing foreign direct investment across-the board, restoring stability and predictability in tax decisions, infrastructure development etc., in addition to its focus on Make in India and Ease of Doing Business. For most of the current fiscal year, inflation has remained quiescent, hovering within the RBI's target range of 4 – 6 per cent. The GDP has accelerated to 7.6 per cent and CPI inflation was down to 5.4%. Industrial growth for 2015-16 declined to 2.4% against 2.8% in 2014-15. The long term growth prospective of the Indian Economy is positive due to initiatives taken by the Government including the new bankruptcy law, rehabilitation of stalled projects and healthy savings and investment rates and increasing integration into the global economy.

### 2. Financial Performance :

During the year under report, Corporation's activities revolved around recovery of dues. Corporation earned interest income of ₹ 11.67 crore in the year under report as against ₹ 7.97 crore a year ago. Other income including provisions written back stood at ₹ 23.82 crore during 2015-16 compared to ₹ 33.67 crore in the previous year. Total income of the year under report remained at ₹ 35.49 crore as against ₹ 41.64 crore in 2014-15. Total expenditure for the year under report was to the tune of ₹ 140.48 crore which in a year ago period was ₹ 136.45 crore. Corporation reported a loss of ₹ 104.99 crore and the corresponding figures for the last year were ₹ 94.81 crore. During the year under report, Corporation has not raised fresh loans.

### 3. Recovery :

During the year under reference, Corporation took pro-active steps to recover its dues which included operation of One Time Settlement (OTS) schemes for various types of loans. A more liberalized OTS scheme for loans disbursed upto ₹ 15 lakh and OTS scheme for units assisted under Women Entrepreneurs Scheme, in order to lend a helping hand to women entrepreneurs who could not come up with the projects as envisaged, were also introduced in the year under report. Concerted efforts made by the Corporation resulted into improvement in recovery of dues in the current year and stood at ₹ 16.86 crore over the previous year figures of ₹ 13.64 crore.





**4. Human Resource :**

The staff strength as on 31st March, 2016 stood at 66 consisting of 9 "A" Grade officers, 48 "B" Grade employees and 9 Grade "C" subordinate employees. Three employees are on loan service and 21 on deputation to various Government departments. The effective manpower strength available with the Corporation as on the last day of the report stood at 42. Retirement ages of the employees of the Corporation are brought on line with that prevailing in Government of Gujarat with effect from 12.2.2016 consequent to amendment in Regulation 19 of GSFC (Staff) Regulations, 1961.

**5. Corporate Governance :**

In compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report, Corporate Governance Report, Certificate regarding compliance of conditions of Corporate Governance and declaration by Managing Director that the Board of Directors and Senior Management Personnel have complied with the Code of Conduct are annexed hereto and form part of this Report.

**6. Delisting from National Stock Exchange :**

In terms of Regulation 7 of the SEBI (Delisting of Equity Shares) Regulations, 2009, Corporation submitted application to National Stock Exchange of India Ltd (NSE) for delisting after seeking approval of Board of Directors at its meeting held on 10.8.2015. The application has been accepted and Corporation's equity shares are delisted from NSE with effect from 18.3.2016.

**7. Change in Registrars & Transfer Agent :**

M/s. MCS Ltd informed their decision to withdraw from business of Registrars as a part of their business strategy. Corporation has, therefore, appointed M/s. MCS Share Transfer Agent Ltd, Ahmedabad, as its Registrars & Transfer Agents with effect from 9th October, 2015 after obtaining regulatory approvals.

**8. Auditors :**

M/s. Manubhai & Shah, Chartered Accountants, Ahmedabad (Firm Registration No. 106041W), statutory auditors of the Corporation retire at the ensuing Annual General Meeting. The said firm converted into Limited Liability Partnership with effect from 1.4.2016 and consequently changed name to Manubhai & Shah LLP. They have offered themselves for re-appointment as statutory auditors for Financial Year 2016-17. In terms of Section 37 (1) of the SFCs Act, 1951, Reserve Bank of India confirmed their eligibility for re-appointment. Their re-appointment is being placed before the shareholders for approval in the ensuing Annual General Meeting. The observations made in the Independent Auditor's Report on the audited financial statements of the Corporation for the year ended 31st March, 2016 are dealt with in "Addendum" and form part of Annual Report.

**9. Board of Directors :**

During the year under reference, Smt. Mamta Verma, IAS, Industries Commissioner, joined the Board of your Corporation on 29.6.2015 as nominee of Government of Gujarat, replacing Shri DJ Pandian, IAS (Retd.). Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief resume of the Director joined during the year under reference, is furnished in the Corporate Governance Report attached to this Report.





The Board places on record its appreciation for the guidance and counsel received from Shri DJ Pandian, IAS (Retd.) during deliberations of the Board.

**10. Directors' Responsibility Statement :**

The Directors, based on the representations received from the Operations Departments and to the best of their knowledge and ability, hereby confirm that :

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year ended 31st March, 2016 and of the profit and loss of the Corporation for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the regulatory provisions for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
4. the annual accounts for the year ended 31st March 2016 have been prepared on a going concern basis;
5. they have laid down internal financial controls to be followed by the Corporation and that such internal financial controls are adequate and were operating effectively during the year ended 31st March, 2016; and
6. proper systems have been devised to ensure compliance with the provisions all applicable laws and that such systems were adequate and operating effectively during the year ended 31st March, 2016.

**11. Acknowledgement :**

Your Corporation's Board of Directors is sincerely grateful to the Government of Gujarat for its continuous support and guidance. The Board acknowledges with gratitude the co-operation and support received from Industries & Mines Department, Finance Department and other agencies. The Board thanks RBI, SIDBI and its offices at Ahmedabad for their support and guidance. The Board also acknowledges with thanks the commercial banks and other institutions for their support and co-operation. The Board takes this opportunity to put on record its deep sense of gratitude to its stakeholders and customers for their continued support and confidence. The Board appreciates the sincere and dedicated services rendered by the employees of the Corporation.

For and on behalf of the Board of Directors,

Place : Gandhinagar  
Date : 30-05-2016

(Arvind Agarwal)  
Managing Director







## ADDENDUM TO THE DIRECTORS' REPORT

### EXPLANATORY NOTES OF THE BOARD OF DIRECTORS ON QUALIFIED OPINION OF STATUTORY AUDITORS

**Point No. (a)** The financial statements of the Corporation are prepared on a going concern basis, notwithstanding the fact that its net worth is completely eroded and defaulted in repayment obligations due to liquidity problems. This is not in accordance with Accounting Standard (AS)-1 "Disclosure of Accounting Policies". The effect of the same on the financial statements is not ascertainable.

SFCs are created in pursuance to Entry No. 43 of the Union List by Parliament as a special Act. GSFC is, therefore, a statutory Corporation. The remedial measures available to companies like rehabilitation, revival, takeover of management etc., are not available to the Corporation. Corporation has so far suffered immense loss. However, it is continuing its recovery functions. Corporation, being a statutory body, thus, prepares accounts on "going concern" assumption and it is appropriate under the aforesaid circumstances.

**Point No. (b)** Dues payable to Government of Gujarat is subject to confirmation and adjustment, if any, required upon such confirmation. Pending such confirmation, the effect thereof on interest and penal interest is not ascertainable.

Government loans are granted as a result of provision in the Budgets of Government of Gujarat and subsequent issuance of Government Resolutions. The Government has been moved to make the loan advanced to the Corporation interest free from 1.7.2012 which is still under consideration. However, pending decision, interest and penal interest is charged to Statement of Profit & Loss. The outstanding details are submitted to administrative department on quarterly basis. The loan accounts are reconciled with other authorities also from time to time. In view of this, separate confirmation is not obtained.

**Point No. (c)** Interest income on loans and advances on account of recovery from the parties are not made on actual receipt basis. The effect of the same on written back NPA, bad debt provision and any other item of financial statements could not be ascertained.

Installments received under OTS Scheme is apportioned in the order of penalty, interest, other charges and lastly in principal. OTS amount received from time to time of an account is initially apportioned in the manner stated above. After receiving settlement amount in full, interest and penalty already received is credited to principal and the same amount of shortfall in principal and other account is written off. Therefore, interest income reported in P&L A/c and written off may not be of that particular year. In short, interest income already recognized in a particular year is affected in subsequent year(s).





**Point No. (d) The balances in parties' accounts in subsidiary ledgers with general ledgers of loan and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.**

Reconciliation of assets and liabilities is an on-going process and wherever lacuna is found out, necessary rectification is resorted to. Corporation has not adopted the practice of obtaining balance confirmation from loanees. Adequate disclosure has been made in Note 17 under heading "Notes on Accounts".

**Point No. (e) Borrowings, Other Liabilities and Provisions, Other Assets and Loans and Advances are subject to confirmation and adjustment, if any.**

Large number of accounts is too old and transaction details as well as addresses of units are not available. It is, therefore, practically difficult to obtain balance confirmation from individual parties. Borrowings are supported by Government Resolution and periodic confirmations are made by the agencies.

**Point No. (f) The Corporation provides liability in respect of Gratuity and Leave encashment on the cash basis. The effect of the Gratuity and Leave Encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.**

Corporation's liabilities on Gratuity and Leave Encashment are covered under Group Insurance Policies operated with Life Insurance Corporation of India. Since premium is collected annually by LIC, as per the practice followed consistently, liabilities on both the counts are accounted on cash basis.







## MANAGEMENT DISCUSSION AND ANALYSIS

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### (1) Industry structure and development :

Gujarat State Financial Corporation is established under the State Financial Corporations Act, 1951. This statute has been enacted by the Parliament to facilitate providing medium and long term credit to industrial undertakings to encourage setting up of medium and small scale industries in the State. At the time of establishment of Financial Corporations, providing medium and long term credit to industrial undertakings were outside the normal activities of commercial banks. GSFC, therefore, dominated as a Regional Development Bank for accelerating the industrial growth in SME sector prior to implementation of economic liberalization and financial reforms policies. With the introduction of economic reforms, the business environment for all players in the system including SFCs became competitive and SFCs, particularly the Corporation, could not establish itself as a leader in the field.

### (2) Opportunities and Threats :

The Indian SME sector contributes 45 per cent of industrial output and 40 per cent of country's total exports. It hence plays an integral part in the growth of the economy by showcasing Indian entrepreneurship to the world. In other words, SMEs are the engine of economic growth for India. There are about 30 million SMEs in India who employ more than 60 million people by creating massive amount of jobs year upon year. SMEs have been highly positive on the future prospects of growth, largely owing to the recent change in the government and are quite hopeful of a favourable transformation. Tremendous scope is still available to the Corporation to service SME sector. Prior to dipping into red, Corporation was catering to the requirements of entrepreneurs from close quarters.

Access to finance is the biggest challenge to SME sector. They face severe financial constraints and often seek alternate help leading to higher interest costs and transaction cost. As a result, SMEs are stuck in a vicious circle and becomes globally uncompetitive compared to its counterparts in other countries. With the economic and financial reforms coming into force, banks and other financial institutions are extending financial assistance to SMEs more vigorously. Banks have access to cheap fund available for its disposal to finance SME sector. Corporation is not in a position to sustain competition and source funds from open market.

### (3) Corporation's Performance :

Corporation is at present concentrating on recovery of dues only. The impact of challenges faced by SMEs reflects in the working of term lending institutions like the Corporation. With almost all good accounts have been closed, Corporation is left with sticky accounts only. As on 31st March, 2016, all accounts have been categorized as NPA. Recovery from NPA accounts is a herculean task. In spite of all adversities, Corporation recovered ₹ 16.86 crore during the year under report as against recovery of ₹ 13.64 crore in the previous year.





**(4) Internal control system and their adequacy :**

Corporation has a well set budgetary control system in vogue. Performance is consistently reviewed with budget. Corporation has well placed internal audit system. The internal audit is carried out by a reputed and independent firm of Chartered Accountants. The Internal Auditors' reports are reviewed by the Audit Committee on quarterly basis. The internal control system is adequate commensurate with the size and operations of the Corporation. There has not been any material observation/major weakness in the internal control system reported by statutory or internal auditors of the Corporation.

**(5) Material developments in Human Resources :**

Total employees strength of the Corporation reduced to 66 during the year under reference from 81 in the previous year. Out of 66 staff, 21 are on deputation and 3 are on loan service. The effective strength of staff available in the Corporation is 42. During the year, Corporation implemented amendment in Regulation 19 of the GSFC (Staff) Regulations, 1961 enabling employees to retire on line of the policy prevailing in State Government.

**(6) Risks and concerns :**

The financial services sector is vulnerable to credit risks. Regulatory risk always exists. Besides Operational risk, liquidity risk is another danger for the financial services sector. This occurs when an asset or investment loses value, and cannot be sold in time to prevent a loss. Corporation relies heavily on the value of properties that are given as security. If those securities suddenly lose value, the financial institution may lose its ability to recoup its initial loan or investment. This was a major problem faced by the Corporation. Broadly, improper planning in the past, cost of capital, problem of raising funds, problem of performance etc are the concerns encountered by the Corporation.

**(7) Financial Performance :**

(₹ in Crore)

Particulars	Year ended	
	31/03/2016	31/03/2015
Total Income	35.49	41.64
Interest expenses	121.09	118.26
Other expenses	18.96	17.78
Loss before depreciation & tax	104.56	94.01
Depreciation	0.43	0.41
Loss before tax	104.99	94.81
Tax (of previous years)	00	00
Loss after depreciation & tax	104.99	94.81
Accumulated Loss Carried to Balance sheet	2339.72	2234.73







## REPORT ON CORPORATE GOVERNANCE

### 1. PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance is the system of rules, practices and processes by which an organization is directed and controlled. Corporate governance essentially involves balancing the interests of many stakeholders viz. shareholders, management, customers, suppliers, financiers, government and the community. The corporate governance policy of the Corporation provides the framework for attaining its objectives and encompasses practically every sphere of management from action plans and internal controls to performance measurement and corporate disclosure.

### 2. BOARD OF DIRECTORS

#### Composition of Board

GSFC is established under State Financial Corporations Act, 1951. Section 10 of the said Act provides for constitution of Board of Directors of the Corporation. The said Section envisages composition of Board by nominees of different categories of shareholders. As at March 31, 2016, Board of Directors consisted of four Directors viz., two nominees of Govt. of Gujarat, one nominee of Small Industries Development Bank of India and the Managing Director appointed by Govt. of Gujarat.

The composition of Board, Directorships/Committee positions in other Companies as on 31st March, 2016, number of meetings held and attended during the year are as follows :

Sr. No.	Name of Director	No. of meetings			Other Directorship	Membership of Board of Committees of other companies	
		Held during the tenure	Attended	Attendance at last AGM		Member	Chairman
1	<b>Shri D. J. Pandian, IAS</b> (Nominated as Director by Government of Gujarat and appointed as Chairman by SIDBI) (from 7.3.2014 to 28.6.2015)* State Government nominee	1	0	Not applicable	NA	NA	NA
2	<b>Shri Arvind Agarwal, IAS</b> (From 7.5.2007 onwards) Managing Director	5	5	Not Present	7	4	1
3	<b>Smt Mamta Verma, IAS</b> (From 29.6.2015) State Government nominee	4	4	Not Present	12	4	None
4	<b>Shri Ajit Nath Jha</b> (From 29.12.2014 onwards) SIDBI Nominee	5	3	Present	1	None	None
5	<b>Shri C. J. Macwan</b> (From 4.3.2014 onwards) State Government nominee	5	4	Present	04	4	None

\* Ceased to be Director with effect from 29.06.2015.





**Change in composition of Board of Directors :**

During the year under reference, vide Notification of Industries & Mines Department dated 29.06.2015, Government of Gujarat nominated Smt Mamta Verma, IAS, on the Board of the Corporation in place of Shri DJ Pandian, IAS (Retd.) under Section 10 (b) of State Financial Corporations Act, 1951. Information about Director joined the Board during the year is as under:

<b>Name of Director</b>	Smt. Mamta Verma, IAS
<b>Date of birth</b>	01-04-1972
<b>Date of appointment</b>	29-06-2015 (Nomination by Govt. of Gujarat)
<b>Qualification</b>	MA (Psychology) Post graduation in Physiology
<b>Expertise in specific functional area</b>	An Indian Administrative Services Officer with rich and varied experience of 19 years in various departments/offices of Government of Gujarat. Presently Industries Commissioner, Gujarat State.
<b>Directorship held in other companies/Corporations</b>	<p><b>Chairperson:</b></p> <ol style="list-style-type: none"> <li>1. Alcock Ashdown (Gujarat) Ltd</li> <li>2. GVFL Ltd</li> </ol> <p><b>Managing Director</b></p> <ol style="list-style-type: none"> <li>3. Gujarat Industrial Investment Corporation Ltd</li> </ol> <p><b>Directorship :</b></p> <ol style="list-style-type: none"> <li>4. Gujarat Chemical Port Terminal Co Ltd</li> <li>5. Gujarat Industrial Corridor Corporation Ltd</li> <li>6. Gujarat Port Infrastructure &amp; Development Co Ltd</li> <li>7. Infrastructure Finance Co (Gujarat) Ltd</li> <li>8. Dholera International Airport Co Ltd</li> <li>9. GVFL Advisory Services Ltd</li> <li>10. GVFL Trustee Co. Ltd</li> <li>11. Gujarat Narmada Fertilizers &amp; Chemicals Ltd</li> <li>12. International Automobile Centre of Excellence</li> </ol> <p>She is also Chairperson/Member of following organizations of Government of Gujarat :</p> <ol style="list-style-type: none"> <li>1. Industrial Extension Bureau</li> <li>2. Centre for Entrepreneurship Development.</li> <li>3. Gujarat Industrial Research Development Agency</li> <li>4. Gujarat Pollution Control Board</li> <li>5. Electronics &amp; Quality Development Centre</li> <li>6. Gujarat Infrastructure Development Board</li> <li>7. Gujarat Udyog Bhavan Society</li> <li>8. Gujarat Small Farmer's Agri-business Consortium</li> <li>9. Gujarat Maritime Board</li> <li>10. GIFT City World Trade Centre</li> <li>11. International Institute of Chemical Safety &amp; Research</li> <li>12. Gujarat Industrial Development Corporation</li> </ol>





### **Board Meetings**

During the financial year, total five (5) Board meetings were held i.e. on 30th May, 2015, 10th August, 2015, 9th November, 2015, 9th December, 2015 and 10th February, 2016 respectively.

### **Details of equity shares of the Corporation held by the Directors as on 31<sup>st</sup> March, 2016 :**

None of the Directors is holding equity shares of the Corporation.

### **3. AUDIT COMMITTEE**

#### **Terms of reference :**

The Audit Committee of the Corporation consists of members of Board and is responsible for oversight of the financial reporting process and receipt of audit results both internal and external. The Committee assists the Board of Directors to fulfill its corporate governance policies and it oversees other responsibilities in relation to its financial reporting, internal control system and internal and external audit functions. Terms of reference and role of the Audit Committee broadly covers mandatory requirements of Regulation 18 and as specified in Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Composition, names of members and Chairperson :**

The composition of Audit Committee, names of members and meetings attended are given below :-

Name of Director	Designation	No. of meetings	
		Held	Attended
Shri Ajit Nath Jha, Chairman	Chairman	4	2
Shri CJ Macwan, Member	Member	4	3
Shri Arvind Agarwal, IAS	Member	4	4

During the year 2015-16, the Audit Committee met four times on 30.5.2015, 10.8.2015, 9.11.2015 and 10.2.2016.

Secretary (Board) is acting as Secretary of the Audit Committee.

### **4. NOMINATION AND REMUNERATION COMMITTEE :**

Board of Directors of the Corporation presently consists of nominees of State Government and SIDBI. Except Managing Director, no whole-time Director constitutes Board of Directors. The present nominees on the Board are not entitled for remuneration or sitting fee. Managing Director's remuneration is governed by the Rules and Regulations of Government of Gujarat. Since Managing Director is holding additional charge, he is not drawing salary from the Corporation. As far as employees are concerned, their salary and allowances are linked to such benefits available to State Government employees. In view of this, Corporation has not constituted Nomination and Remuneration Committee.

During the year under reference, no remuneration or sitting fee was paid to Directors.





## 5. SHAREHOLDERS' GRIEVANCE COMMITTEE :

Stakeholders' Relationship Committee has been constituted to monitor and review investors' grievances. As on 31st March, 2016, it comprises of following members :-

i	Shri C.J. Macwan, Director	Chairman
ii	Shri L. N. Parmar, Executive Officer (Accounts)	Member
iii	Shri Raveendran Nair, Secretary (Board)	Member & Convener

During the year under reference, Stakeholders' Relationship Committee met twenty-four times to deal with matters related to investor grievances and approval of transfer, dematerialization etc.

Details of approval given by the Committee, during the year under report, are as under :-

Sr. No.	Particulars	No. of shares
1	Dematerialization	12,200
2	Transfer	1,000

Shri Raveendran Nair, Secretary (Board), is the Compliance Officer for redressal of shareholders' / investors' complaints.

## STATEMENT OF SHAREHOLDERS COMPLAINTS RECEIVED AND DISPOSED OFF :

No. of complaints at the beginning of the year	NIL
No. of complaints received during the year	NIL
No. of complaints resolved during the year	NIL
No. of complaints pending at the end of the year	NIL

## 6. GENERAL BODY MEETING :

a) Details of location and time where last three AGMs were held are given as under :-

Year	Date	Time	Location of holding AGM
2012-13	13-12-2013	4.00 PM	Office of Chairman at Head Office at Udyog Bhavan, Block No. 10, 1st Floor, Sector-11, Gandhinagar
2013-14	10-11-2014	4.00 PM	Conference Room of Udyog Bhavan Society, Udyog Bhavan, Block No. 19, 1st Floor, Sector 11, Gandhinagar
2014-15	30-10-2015	4.00 PM	Office of Chairman at Head Office at Udyog Bhavan, Block No. 10, 1st Floor, Sector-11, Gandhinagar

- b) No special resolution was passed during the previous three AGMs.
- c) During the last AGM, no special resolution was passed through postal ballot.
- d) No special resolution is proposed to be conducted through postal ballot.

## 7. MEANS OF COMMUNICATION :

- a) Quarterly/half yearly and yearly results are published in newspapers in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- b) The aforesaid results are normally published in English and Gujarati editions of "The Economic Times", Ahmedabad.





- c) The results are uploaded on the website of the Corporation viz. <https://www.gsfc.gujarat.gov.in>
- d) Whether it also displays official news releases - Not applicable
- e) During the year under reference, Corporation has made no presentation to institutional investors or to analysts.

## 8. GENERAL SHAREHOLDER INFORMATION

a)	<b>AGM date, time and venue</b>	Saturday, the 17 <sup>th</sup> September, 2016 at 5.00 p.m. in the Office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, First Floor, Sector-11, Gandhinagar-382010		
b)	<b>Financial year</b>	1st April to 31st March		
c)	<b>Dividend payment date</b>	Not applicable [Book closure from 13-9-2016 to 17-9-2016 (both days inclusive)]		
d)	<b>Listing on Stock-Exchanges</b>	BSE Ltd, 25th Floor, Phiroz Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001  Listing fee for FY 2016-17 remitted on 22.4.2016. AMC fees to NSDL and CDSL also paid for the year 2016-17.  Securities delisted from NSE Ltd with effect from 18.3.2016		
e)	<b>Stock Code</b>	532160 (BSE Ltd)		
f)	<b>Market price data</b>	Monthly high and low quotation of shares traded on BSE during Financial Year 2015-16 were as under:		
		<b>Month</b>	<b>High (₹)</b>	<b>Low (₹)</b>
		April, 15	2.75	3.17
		May	2.31	2.85
		June	2.42	3.96
		July	3.80	4.17
		August	2.89	3.94
		September	2.38	3.00
		October	2.50	3.28
		November	2.28	2.97
		December	2.55	3.18
		January, 2016	3.15	4.09
		February	3.19	4.41
		March	2.95	3.80
g)	<b>Registrar &amp; Transfer Agents</b>	M/s. MCS Share Transfer Agent Ltd. Satdal Complex, 2nd Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009 Phone (079) 26580461/2/3 Fax (079) 26581296 E-mail: <a href="mailto:mcsstaahmd@gmail.com">mcsstaahmd@gmail.com</a>		
h)	<b>Share Transfer System</b>	Shareholders Relationship Committee consisting of a Director as Chairman and two officials has been constituted by the Board of Directors to approve transfer of shares and all other related matters pertaining to securities including investor grievances. The Committee meets frequently to ensure disposal expeditiously.		





i) Distribution of shareholding by size as on 31<sup>st</sup> March 2016

No. of shares held	No. of shares	No. of share-holders (Folios)	% of shareholders
Upto 500	1441481	6500	79.10
501 – 1000	762378	815	9.91
1001 – 2000	579500	347	4.22
2001 – 3000	347478	135	1.64
3001 – 4000	179600	49	0.60
4001 – 5000	603500	125	1.52
5001 - 10000	815848	105	1.28
10001 – 50000	2448915	113	1.38
50001 – 100000	884950	12	0.15
100001 and above	81050350	17	0.20
<b>Total</b>	<b>89114000</b>	<b>8218</b>	<b>100.00</b>

j) Distribution of shareholding by ownership as on 31<sup>st</sup> March, 2016  
(Pursuant to Sections 4 and 4A of SFCs Act, 1951)

Sr. No.	Particulars of shareholding	No. of shares held (₹ 10/- each)	Percentage share
1	<b>Government of Gujarat</b>		
	"a" Class of shares	4,72,60,000	53.03
	"c" Class of shares	250	-
	"d" Class of shares	30,150	0.03
	Special Class of shares	18,00,000	2.02
2	<b>Small Industries Development Bank of India</b>		
	"b" Class of shares	2,46,20,000	27.63
	Special Class of shares	7,00,000	0.79
3	<b>Scheduled Banks, Co. Op. Banks, Insurance Cos.</b>		
	"c" Class of shares	4,00,000	0.45
4	<b>Others (Public Shareholders)</b>		
	"d" Class of shares	1,43,03,600	16.05
<b>TOTAL</b>		<b>8,91,14,000</b>	<b>100.00</b>





**k) Dematerialization of shares and Liquidity**

Out of the total equity capital, 1,43,03,600 Class "d" shares issued pursuant to Section 4(3)(d) of the SFCs Act, 1951, are allowed for dematerialization through NSDL and CDSL. As on 31.3.2016, 91,84,840 shares are held in electronic mode consisting 64.21% of Class "d" shares.

**l) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity :**

Corporation has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**m) Commodity price risk or foreign exchange risk** : Nil

**n) Plant Location** : Not applicable

**Regional Offices at** : Ahmedabad at Gandhinagar, Surat & Rajkot

**Other office at** : Mumbai

**o) Address for Correspondence** : The Compliance Officer  
Gujarat State Financial Corporation  
Secretarial Cell, Udyog Bhavan, Block No.10,  
Sector-11, GANDHINAGAR-382 010.  
Ph. : 079-23256766 Fax : 079-23252204  
E-mail : sec-cell-gsfc@gujarat.gov.in.

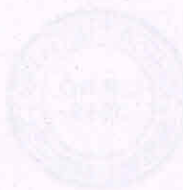
**9. OTHER DISCLOSURES :**

- a) No materially significant related party transaction has been entered with any of the related parties in conflict with the interest of the Corporation.
- b) Corporation is established under State Financial Corporations Act, 1951 and hence not a company under the Companies Act, 2013. Exemption has been provided under proviso to Regulation 15 (2) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to listed entities which are not companies. Corporation has complied with listing requirements to the extent that it does not violate the provisions of SFCs Act, 1951 and the regulations made thereunder. No penalties or strictures have been imposed on the Corporation by Stock Exchanges or SEBI or any statutory authority during the last three years.
- c) Corporation has established its own vigil mechanism for Directors and employees to report concerns about unethical behaviors, actual or suspected fraud or violation of its code of conduct. Whistle Blower Policy is in vogue in the Corporation. During the year, no personnel have been denied access to the Audit Committee.





- d) Corporation has complied with mandatory requirements to the extent that it does not violate the provisions of statute under which it is established.
- e) In pursuance to Corporation's Code of Conduct policy, Directors and senior management personnel have affirmed their compliance with the Code for the Financial Year 2015-16, a declaration to this effect signed by Managing Director forms part of this Report.
- f) In terms of Regulation 7 of SEBI (Delisting of Equity Shares) Regulations, 2009, Corporation has made application dated 3.10.2015 for delisting of shares from National Stock Exchange Ltd (NSE) after seeking approval of Board of Directors. NSE, vide letter No. NSE/LIST/63235 dated 26<sup>th</sup> February, 2016, communicated withdrawal of admission to dealing in equity shares of Corporation with effect from March 18, 2016.
- g) Corporation has changed the Registrar & Transfer Agents from M/s. MCS Ltd to M/s. MCS Share Transfer Agent Ltd with effect from 9<sup>th</sup> October, 2015.







**Kishor Dudhatra**

Company Secretary

B.B.A., F.C.S.

B-314, Gopal Palace, Opp. Ocean Park, Near Shiromani Complex, Shivranjani,  
Nehrunagar Road, Ahmedabad-380 015.  
Phone : (O) 40041451, (Mobile) 98250 12960  
e-mail : ksdudhatra@yahoo.com

**CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF REGULATIONS 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 AND CLAUSE (B) TO (I) OF SUB-REGULATION 46 AND PARA C, D AND E OF SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,

The Members of  
Gujarat State Financial Corporation  
Gandhinagar.

1. We have examined the compliance of conditions of Corporate Governance by Gujarat State Financial Corporation for the year ended 31<sup>st</sup> March, 2016, as stipulated in Regulations 17 (R.W. Regulation 15 (2) (b)), 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and Clause (b) To (i) of Sub-Regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India ( Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Corporation with stock exchanges in india.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Corporation for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Corporation. In our opinion and to the best of our information and according to the explanations given to us and r.w. Regulations 15(2) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Corporation has constituted its Board and committees thereof as per the State Financial Corporations Act, 1951 and we certify that Corporation has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
3. We further state that such compliance is neither an assurance as to future viability of the Corporation nor the efficiency or effectiveness with which the management has conducted the affairs of the Corporation.

Date : 09-05-2016

Place : Ahmedabad



Sd/-

**Kishor Dudhatra**

Company Secretary in whole-time practice  
FCS-7236 (C.P. 3959)





## CODE OF CONDUCT DECLARATION

In compliance with Regulation 34(3) read with clause (D) of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Arvind Agarwal, IAS, in my capacity as Managing Director and Chief Executive Officer of the Corporation, hereby confirm that the members of Board of Directors and the Senior Management personnel have affirmed their compliance with Corporation's Code of Conduct for the financial year 2015-16.

Place : Gandhinagar.  
Date : 12-05-2016

(Arvind Agarwal)  
Managing Director







## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
Gujarat State Financial Corporation

### Report on the Financial Statements :

We have audited the accompanying financial statements of GUJARAT STATE FINANCIAL CORPORATION ("the Corporation") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management Responsibility for the Financial Statements :

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 Corporation in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and in accordance with the State Financial Corporations Act, 1951 (the Act). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the 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 judgments 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 misstatement, whether due to fraud or error.

### Auditor's Responsibility :

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 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.

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 financial control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Corporation has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, 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.





#### **Basis for Qualified Opinion :**

- a. The financial statements of the corporation are prepared on a going concern basis, notwithstanding the fact that its net worth is completely eroded and defaulted in repayment obligations due to liquidity problems. This is not in accordance with Accounting Standard (AS) – 1 “Disclosure of Accounting Policies”. The effect of the same on the financial statements is not ascertainable.
- b. Dues payable to Government of Gujarat is subject to confirmation and adjustment, if any, required upon such confirmation. Pending such confirmation, the effect thereof on interest and penal interest is not ascertainable.
- c. Interest income on loans and advances on account of recovery from the parties are not made on actual receipt basis. The effect of the same on written back of NPA, bad debt provision and any other item of financial statements could not be ascertained.
- d. The balances in parties' accounts in subsidiary ledgers with general ledgers of loans and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.
- e. Borrowings, Other Liabilities and Provisions Other Assets and Loans and Advances are subject to confirmation and adjustments, if any.
- f. The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of the Gratuity and Leave Encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable

#### **Qualified Opinion :**

In our opinion and to the best of our information and according to the explanation given to us, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph, the aforesaid financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the corporation as at 31st March, 2016, and its loss and its cash flow for the year ended on that date.

#### **Report on other Legal & Regulatory Requirements :**

- a. We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of accounts as required by law have been kept by the Corporation so far as appears from our examination of those books.
- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. Due to the possible effect of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting standards issued by ICAI.

**For Manubhai & Shah LLP**

Chartered Accountants

Firm Registration No. 106041W / W100136

Place : Ahmedabad

Date : 30-05-2016

**K. B. Solanki**

Partner

Membership No. 110299





**GUJARAT STATE FINANCIAL CORPORATION**  
**BALANCE SHEET AS AT 31<sup>st</sup> March 2016**

(Amount in ₹)

Particulars	Note No.	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>I. CAPITAL/LIABILITIES</b>			
SHARE CAPITAL	1	891,140,000	891,140,000
SHARE FORFEITED	1-A	46,048,000	46,048,000
RESERVES & SURPLUS	2	2,733,666,913	2,733,666,913
BORROWINGS	3	6,616,842,633	6,616,842,633
OTHER LIABILITIES & PROVISIONS	4	14,338,677,045	13,140,593,112
<b>Total</b>		<b>24,626,374,591</b>	<b>23,428,290,657</b>
<b>II. ASSETS</b>			
CASH & BANK BALANCES	5	1,136,687,957	965,683,634
INVESTMENTS	6	22,385,651	25,907,995
LOANS & ADVANCES	7	-	-
FIXED ASSETS	8	47,752,366	46,725,805
OTHER ASSETS	9	22,306,713	42,674,185
PROFIT & LOSS ACCOUNT		23,397,241,903	22,347,299,038
<b>Total</b>		<b>24,626,374,591</b>	<b>23,428,290,657</b>
<b>NOTES TO ACCOUNTS</b>	17		

NOTES REFERRED TO ABOVE AND NOTES ATTACHED THERETO FORM AN INTEGRAL PART OF BALANCE SHEET

FOR AND ON BEHALF OF THE BOARD,

L.N PARMAR  
Executive Officer(A/cs)

RAVEENDRAN NAIR  
Secretary (Board)

AJIT NATH JHA  
Director

ARVIND AGARWAL, IAS  
Managing Director

This is the Balance Sheet referred to in our Report of even date.

FOR MANUBHAI & SHAH LLP  
CHARTERED ACCOUNTANTS  
Firm Reg. No. : 106041W / W100136

K.B.Solanki  
PARTNER  
Membership No. : 110299

PLACE : AHMEDABAD  
DATED : 30/05/2016

PLACE : GANDHINAGAR  
DATED : 30/05/2016





**GUJARAT STATE FINANCIAL CORPORATION**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED**  
**31<sup>ST</sup> MARCH, 2016**

(Amount in ₹)

Particulars	Note No.	For the Year Ended 31 <sup>st</sup> March, 2016	For the Year Ended 31 <sup>st</sup> March, 2015
<b>INCOME</b>			
INTEREST ON LOANS & ADVANCES		116,739,610	79,743,054
INTEREST ON DEPOSITS	10	91,678,348	65,863,828
PROFIT ON SALE OF INVESTMENTS		1,949,189	141,292,485
PROFIT ON SALE OF ASSETS		8,583,244	38,531,976
PROVISION AGAINST NPA WRITTEN BACK		118,108,480	88,502,220
OTHER INCOME	11	12,519,202	2,506,596
DIMINUTION IN THE VALUE OF INVESTMENTS WRITTEN BACK		5,328,486	-
<b>TOTAL INCOME</b>		<b>354,906,559</b>	<b>416,440,159</b>
<b>EXPENDITURE</b>			
INTEREST ON BONDS, DEPOSITS & OTHER BORROWINGS	12	1,210,930,942	1,182,564,054
FINANCIAL EXPENSES & COMMITMENT CHARGES	13	19,013	26,825
PERSONNEL EXPENSES	14	40,769,518	51,027,950
OTHER EXPENSES	16	148,816,536	118,755,384
DIMINUTION IN THE VALUE OF INVESTMENTS		-	7,989,102
DEPRECIATION ON OWN ASSETS	15	4,313,416	4,169,001
<b>TOTAL EXPENDITURE</b>		<b>1,404,849,424</b>	<b>1,364,532,316</b>
NET LOSS FOR THE YEAR		-1,049,942,865	-948,092,157
ADD : OPENING BALANCE OF PROFIT & LOSS ACCOUNT		-22,347,299,038	-21,399,206,881
BALANCE CARRIED FORWARD TO BALANCE SHEET		-23,397,241,903	-22,347,299,038
<b>NOTES TO ACCOUNTS</b>	<b>17</b>		

Notes referred to above and notes attached there to form an integral part of Statement of Profit & Loss

FOR AND ON BEHALF OF THE BOARD,

L.N PARMAR  
Executive Officer(A/cs)

RAVEENDRAN NAIR  
Secretary (Board)

AJIT NATH JHA  
Director

ARVIND AGARWAL, IAS  
Managing Director

This is the Statement of Profit & Loss referred to in our Report of even date.

FOR MANUBHAI & SHAH LLP  
CHARTERED ACCOUNTANTS  
Firm Reg. No. : 106041W / W100136

K.B.Solanki  
PARTNER  
Membership No. : 110299

PLACE : AHMEDABAD  
DATED : 30/05/2016

PLACE : GANDHINAGAR  
DATED : 30/05/2016





**GUJARAT STATE FINANCIAL CORPORATION**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

(Amount in ₹)

Sr. No.	Particulars	For the Year Ended 31 <sup>st</sup> March, 2016	For the Year Ended 31 <sup>st</sup> March, 2015
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax as per Profit & Loss A/c	-1,049,942,865	-948,092,157
	Adjustments :		
	Depreciation	4,313,416	4,169,001
	Loss on sale of Fixed Assets	0	821,659
	Provision for NPA written back	-118,108,480	-88,502,220
	Diminution/(Reverse Diminution) in Value of Investments	-5,328,486	7,989,102
	Profit on sale of investments	-1,949,189	-141,292,485
	Profit on Sale of Assets	-8,583,244	-38,531,976
	Dividend Income	-214,780	-666,021
	Interest Income	-91,914,351	-66,218,391
	Provision against Non Performing Assets written back	118,108,480	88,502,220
	<b>Operating Profit before working capital</b>	<b>-1,153,619,499</b>	<b>-1,181,821,268</b>
	Adjusted for :		
	i) Other Assets	20,367,472	32,265,796
	ii) Other Liabilities & Provisions	1,198,083,933	1,131,212,999
	Cash Generated from operations	64,831,906	-18,342,473
	Less : Tax Paid	0	0
	<b>NET CASH USED FROM OPERATING ACTIVITIES (A)</b>	<b>64,831,906</b>	<b>-18,342,473</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets (After changes in Capital W-I-P)	-7,891,371	-82,544,332
	Sale of Fixed Assets	11,134,638	110,299,892
	Decrease of Investments	10,800,019	155,829,985
	Dividend Income	214,780	666,021
	Interest Income	91,914,351	66,218,391
	<b>NET CASH USED FROM INVESTING ACTIVITIES (B)</b>	<b>106,172,417</b>	<b>250,469,957</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>0</b>	<b>0</b>
	<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>171,004,323</b>	<b>232,127,484</b>
	Opening Balance of Cash & Cash Equivalents	965,683,634	733,556,150
	Closing Balance of Cash & Cash Equivalents	1,136,687,957	965,683,634

NOTE : THE ABOVE CASH FLOW STATEMENT HAS BEEN PREPARED UNDER THE INDIRECT METHOD AS SET OUT IN ACCOUNTING STANDARD-3 ISSUED BY ICAI.

FOR AND ON BEHALF OF THE BOARD,

L.N PARMAR  
Executive Officer(A/cs)

RAVEENDRAN NAIR  
Secretary (Board)

AJIT NATH JHA  
Director

ARVIND AGARWAL, IAS  
Managing Director

This is the Statement of Cash Flow referred to in our Report of even date.

FOR MANUBHAI & SHAH LLP  
CHARTERED ACCOUNTANTS  
Firm Reg. No. : 106041W / W100136

K.B.Solanki  
PARTNER  
Membership No. : 110299

PLACE : AHMEDABAD  
DATED : 30/05/2016

PLACE : GANDHINAGAR  
DATED : 30/05/2016





## GUJARAT STATE FINANCIAL CORPORATION

Notes forming integral part of the Balance Sheet as at 31<sup>st</sup> March, 2016

### Note : 1 - Share Capital

(Amount in ₹)

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	<b>AUTHORIZED CAPITAL</b> 100,000,000 Equity Shares of ₹ 10/- each	1,000,000,000	1,000,000,000
		1,000,000,000	1,000,000,000
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b> A) 86,614,000 SHARES (PREVIOUS YEAR 86,614,000 SHARES OF ₹10/- EACH) B) 25,00,000 SHARES OF ₹ 10/- EACH SPECIAL CAPITAL (PREVIOUS YEAR 25,00,000 OF ₹ 10/- EACH) ISSUED U/S 4-A OF THE SFCs ACT,1951	866,140,000	866,140,000
		25,000,000	25,000,000
	<b>Total</b>	<b>891,140,000</b>	<b>891,140,000</b>

### Note : 1-A Share Forfeited

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	SHARE FORFEITED 9,209,600 EACH OF ₹ 10/- (ORIGINALLY PAID UP VALUE ₹ 5/-)	46,048,000	46,048,000
	<b>Total</b>	<b>46,048,000</b>	<b>46,048,000</b>

### Note : 2 - Reserves & Surplus

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
A	SPECIAL RESERVE (U/S 36(1)(VIII) OF THE I.T. ACT 1961)	643,416,722	643,416,722
B	RESERVE FOR BAD AND DOUBTFUL DEBTS	47,535,006	47,535,006
C	SECURITIES PREMIUM	188,988,000	188,988,000
D	CAPITAL RESERVE - GAIN ON RESTRUCTURING OF PRINCIPAL DEBTS	1,828,727,185	1,828,727,185
E	SPECIAL RESERVE (CREATED U/S. 35 A OF THE SFC'S ACT, 1951) (DIVIDEND FOREGONE BY GOVT. OF GUJARAT & IDBI)	25,000,000	25,000,000
	<b>Total</b>	<b>2,733,666,913</b>	<b>2,733,666,913</b>





## GUJARAT STATE FINANCIAL CORPORATION

Notes forming integral part of the Balance Sheet as at 31<sup>st</sup> March, 2016

### Note : 3 - Borrowings

(Amount in ₹)

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(a)	<b>LONG TERM BORROWINGS</b>		
	<b>(UNSECURED)</b>		
	FROM STATE GOVT. FOR MARGIN LOAN TO BALISANA PROJECT	210,000	210,000
	FROM STATE GOVT. SALES TAX INT. FREE LOAN	17,686,346	17,686,346
	SALES TAX INT. FREE DEEMED LOAN (CONTRA)	314,932,320	314,932,320
	FROM STATE GOVT. FOR HERITAGE HOTEL FUND (INTEREST 5%)	10,000,000	10,000,000
	SOFT LOAN FROM GOVT. OF GUJARAT	6,213,680,000	6,213,680,000
	LOAN IN LIEU OF SHARE CAPITAL FROM GOVT. OF GUJARAT (INTEREST 3.5% & 7.5%)	60,333,967	60,333,967
	<b>Total</b>	<b>6,616,842,633</b>	<b>6,616,842,633</b>

Note : 3 (i) Soft loan received from Government of Gujarat (21 accounts) during the years from 2004-05 to 2011-12 are repayable in 10 years in quarterly installments from the date of disbursement carrying interest ranging from 12% to 15%.

3 (ii) On account of weak financial condition and consistent operational losses, the Corporation has continuously defaulted in repayment of Government of Gujarat's long term loans/borrowings. In view of huge accumulated losses and inadequate resources, there is a mis-match in revenue and repayment of liabilities.

### Note : 4 Other Liabilities & Provisions

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
	TAX DEDUCTED AT SOURCE PAYABLE	112,108	94,194
	SECURITY DEPOSIT ( HP/LEASE FINANCE)	821,406	821,406
	UNPAID GUARANTEE FEE	356,039,833	356,039,833
	INTEREST PAYABLE ON BORROWINGS AND UNPAID EXPENSES	13,930,837,557	12,729,217,507
	INTEREST PAYABLE ON SECURED DEPOSITS	57,491	57,491
	UNCLAIMED DIVIDEND	351,048	351,048
	SUBSIDY FROM GOVT.(AS AN AGENCY)	2,059,736,976	2,059,736,976
	LESS :DISBURSED UPTO END OF THE YEAR	-2,042,711,180	-2,042,711,180
	LOAN APPLICATION DEPOSITS & OTHER DEPOSITS	10,075,534	8,744,155
	SUNDRIES (OTHER LIABILITIES)	23,867,429	30,205,295
	LESS : STD NO LIEN A/C (CONTRA NOTE -9)	-2,848,071	-4,300,527
	<b>SUBVENTION FROM STATE GOVT</b>		
	BALANCE AS PER LAST BALANCE SHEET	166,956,010	166,956,010
	LESS: DIVIDEND DEFICIT A/C	-164,619,096	-164,619,096
	<b>Total</b>	<b>14,338,677,045</b>	<b>13,140,593,112</b>

### Note : 5 Cash & Bank Balances

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>A</b>	<b>Cash-on-Hand</b>		
	Cash on hand and as Imprest	147,248	170,127
	<b>Sub Total (A)</b>	<b>147,248</b>	<b>170,127</b>
<b>B</b>	<b>Bank Balance with Scheduled Banks</b>		
	BALANCE WITH BANKS (IN CURRENT ACCOUNTS )	12,102,593	28,562,266
	<b>Others (Deposits with GSFS)</b>		
	LIQUID DEPOSIT WITH GSFS	18,553,113	19,015,011
	GSFS INTER CORPORATE DEPOSIT	1,105,885,003	917,936,230
	<b>Sub Total (B)</b>	<b>1,136,540,709</b>	<b>965,513,507</b>
	<b>Total [ A + B ]</b>	<b>1,136,687,957</b>	<b>965,683,634</b>





## GUJARAT STATE FINANCIAL CORPORATION

Notes forming integral part of the Balance Sheet as at 31<sup>st</sup> March, 2016

### Note : 6 Investments (At cost)

(Amount in ₹)

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(i)	<b>SHARES ACQUIRED UNDER UNDERWRITING AGREEMENT U/S 25(1) ( C ) OF THE SFCs ACT,1951</b>		
	PREFERENCE SHARES,FULLY PAID-UP (UNQUOTED)	740,500	740,500
	A EQUITY SHARES,FULLY PAID (UNQUOTED)	11,484,000	11,484,000
	B EQUITY SHARES, PARTLY PAID (UNQUOTED)	300,000	300,000
(ii)	<b>PREFERENCE SHARES ACQUIRED UNDER SPECIAL CAPITAL SCHEME</b>	200,000	200,000
	(2000 Shares of ₹100/- each fully paid up) (UNQUOTED)		
(iii)	<b>EQUITY SHARES FULLY PAID (QUOTED)</b>		
	285440(PREVIOUS YEAR 285440) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN IDBI BANK LTD.	23,192,000	23,192,000
	1446470(PREVIOUS YEAR 1446470) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN JAGADIA COPPER LTD.	14,464,700	14,464,700
	500 (PREVIOUS YEAR 500) EQUITY SHARES OF RS.2 EACH FULLY PAIDUP IN CORPORATION BANK	8,000	8,000
	409000(PREVIOUS YEAR 409000) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN SNS TETILES LTD	6,135,000	6,135,000
	220417(PREVIOUS YEAR 228000) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN SAR AUTO PRODUCTS LTD	2,204,170	2,280,000
	150000(PREVIOUS YEAR 150000) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN OMKAR PHARMA LTD	1,500,000	1,500,000
(iv)	1(PREVIOUS YEAR 1) EQUITY SHARE OF G.S.F.C STAFF CO.OP CREDIT SOCIETY LTD. OF ₹ 10/- (UNQUOTED)	10	10
(iv)	1100 (PREVIOUS YEAR 1100) EQUITY SHARES OF RS.100/- OF GUJARAT INDUSTRIAL& TECHNICAL CONSULTANCY (GITCO) (UNQUOTED)	110,000	110,000
(v)	NIL (PREVIOUS YEAR 1500) NCDS OF ₹ 1000/- EACH FULLY PAID UP IN MODERN DENIM LTD (UNQUOTED)	-	8,775,000
	LESS :		
	INVESTMENT DEPRECIATION PROVIDED	(37,952,729)	(43,281,215)
	<b>TOTAL</b>	<b>22,385,651</b>	<b>25,907,995</b>

Aggregate cost of quoted securities - ₹ 47,503,870/-

Market value of quoted securities - ₹ 56,942,914/-

Aggregate cost of unquoted securities - ₹ 12,834,510/-

### Note : 7 - Loans and Advances

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
	<b>TRADE RECEIVABLES</b>		
	PRINCIPAL AMOUNT	4,323,888,153	4,441,996,632
	(TERM LOAN, HIRE PURCHASE & LEASE FINANCE)		
	(DETAILS AS PER NOTE-18 ANNEXED)		
	LESS : 1 PROVISION FOR NPA	(4,323,888,153)	(4,441,996,632)
	<b>TOTAL</b>	<b>-</b>	<b>-</b>

7. (i) No loans and advances due to Directors or other officers of the Corporation in which they are partner or member.

(ii) Bifurcation of Trade Receivables is not attempted.

(iii) 100% of Trade Receivables are NPA since many years and hence sub-classification of such Trade Receivables is not made.





**GUJARAT STATE FINANCIAL CORPORATION**  
Notes forming integral part of the Balance Sheet as at 31<sup>st</sup> March, 2015

**NOTE : 8 - FIXED ASSETS & DEPRICIATION**

(Amount in ₹)

Sr. No.	Particulars	Gross Block			Depreciation			Net Block			
		As on 01-04-2015	Addition during 2015-2016	Deduction during 2015-2016	Closing Balance as on 31-03-2016	Provided upto 31-03-2015	Adjustment during 2015-16	Provided during 2015-16	Total Depreciation as on 31-03-2016	As on 31-03-2016	As on 31-03-2015
<b>A</b>	<b>Own Assets</b>										
1	Furniture & Fixture	23,859,030	7,941,574	6,346,697	25,453,907	12,305,151	5,015,221	1,860,123	9,150,053	16,303,854	11,553,879
2	Office Equipments	26,163,748	335,290	21,443,285	5,055,753	23,840,158	20,908,767	237,118	3,168,509	1,887,244	2,323,590
3	Office Vehicles	6,526,446	-	849,643	5,676,803	3,664,629	822,783	425,241	3,267,087	2,409,716	2,861,817
4	Land & Buildings	45,464,067	34,618	6,053,569	39,445,116	25,861,290	5,395,029	1,651,689	22,117,950	17,327,166	19,602,777
5	Computers	22,721,884	35,000	-	22,756,884	22,612,067	-	139,245	22,751,312	5,572	109,817
	<b>Total (A)</b>	<b>124,735,175</b>	<b>8,346,482</b>	<b>34,693,194</b>	<b>98,388,463</b>	<b>88,283,295</b>	<b>32,141,800</b>	<b>4,313,416</b>	<b>60,454,911</b>	<b>37,933,552</b>	<b>36,451,880</b>
<b>B</b>	<b>Lease Assets</b>										
1	Machi / Equip.	15	-	-	15	-	-	-	-	15	15
	<b>Total (B)</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>
<b>C</b>	<b>Capital wrok in Progress</b>										
		10,273,910	18,935,487	19,390,598	9,818,799	-	-	-	-	9,818,799	10,273,910
	<b>Total (C)</b>	<b>10,273,910</b>	<b>18,935,487</b>	<b>19,390,598</b>	<b>9,818,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,818,799</b>	<b>10,273,910</b>
	<b>Total (A+B+C)</b>	<b>135,009,100</b>	<b>27,281,969</b>	<b>54,083,792</b>	<b>108,207,277</b>	<b>88,283,295</b>	<b>32,141,800</b>	<b>4,313,416</b>	<b>60,454,911</b>	<b>47,752,366</b>	<b>46,725,805</b>





## GUJARAT STATE FINANCIAL CORPORATION

Notes forming integral part of the Balance Sheet as at 31<sup>st</sup> March, 2016

### Note : 9 - Other Assets

(Amount in ₹)

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	LOANS & ADVANCES TO EMPLOYEES	2,680,485	3,864,681
	ADD : INTEREST ACCRUED THEREON	7,367,861	20,337,025
2	CAPITAL SUBSIDY RECEIVABLE	580,971	580,971
3	SUNDRIES	11,335,281	19,001,849
	LESS : STD NO LIEN A/C (CONTRA NOTE. 4)	(2,848,071)	(4,300,527)
4	TDS - FROM INVESTMENT INCOME	659,747	659,747
5	ADVANCE TAX	506,228	506,228
6	DEPOSIT FROM LOANEES	2,024,211	2,024,211
	<b>TOTAL</b>	<b>22,306,713</b>	<b>42,674,185</b>

Notes forming part of the Statement of Profit & Loss as at 31<sup>st</sup> March, 2016

### Note : 10 Interest on Deposits

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	INTEREST ON TERM DEPOSITS	10,326,168	4,832,693
2	INTEREST ON ICD & LQDS WITH GSFS	81,352,180	61,031,135
	<b>TOTAL</b>	<b>91,678,348</b>	<b>65,863,828</b>

### Note : 11 Other Income

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	COMMITMENT CHARGES	1,197	2,661
2	BAD DEBTS RECOVERED	11,573,679	1,071,944
3	DIVIDEND RECEIVED	214,780	666,021
4	INTEREST ON LOANS TO EMPLOYEES	236,003	354,563
5	MISCELLANEOUS INCOME	493,543	411,407
	<b>TOTAL</b>	<b>12,519,202</b>	<b>2,506,596</b>





## GUJARAT STATE FINANCIAL CORPORATION

Notes Forming Part of the Statement of Profit & Loss as at 31st March, 2016

### Note : 12 Interest on Bonds, Deposits & Other Borrowings

(Amount in ₹)

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	INTEREST ON GOVT. LOAN	929,292,005	929,292,008
2	INTEREST ON HERITAGE HOTEL FUND LOAN	5,00,000	5,00,000
3	INTEREST ON LOAN TOWARDS SHARE CAPITAL	4,111,689	4,111,689
4	INTEREST ON DELAYED PAYMENT ON GOVT. LOANS	277,027,248	248,660,357
	<b>TOTAL</b>	<b>1,210,930,942</b>	<b>1,182,564,054</b>

### Note : 13 Financial Charges & Commitment Charges

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	BANK CHARGES AND COMMISSION	19,013	26,825
	<b>TOTAL</b>	<b>19,013</b>	<b>26,825</b>

### Note : 14 Personnel Expenses

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	SALARY, BONUS & ALLOWANCES	31,992,531	41,555,758
2	CONTRIBUTION TO STAFF PROVIDEND FUND	4,377,424	5,010,584
3	GRATUITY	2,318,846	2,981,940
4	LEAVE ENCASHMENT	653,449	1,153,973
5	STAFF WELFARE EXPENSES	1,427,268	325,695
	<b>TOTAL</b>	<b>40,769,518</b>	<b>51,027,950</b>

### Note : 15 Depreciation on Assets

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	DEPRECIATION	4,313,416	4,169,001
	<b>TOTAL</b>	<b>4,313,416</b>	<b>4,169,001</b>





## GUJARAT STATE FINANCIAL CORPORATION

Notes forming part of the Statement of Profit & Loss as at 31<sup>st</sup> March, 2016

### Note : 16 Other Expenses

(Amount in ₹)

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
1	TRAVELLING & OTHER ALLOWANCES	846,461	1,106,140
2	RENT,RATES,TAXES & ELECTRICITY	2,424,446	3,461,404
3	POSTAGE STAMP, TELEGRAMS & TELEPHONE	1,140,453	1,053,321
4	PRINTING & STATIONERY	707,689	2,421,316
5	PUBLICITY & ADVERTISEMENT	370,923	142,149
6	REPAIRS & RENEWALS	12,511,759	12,721,075
7	LEGAL CHARGES	1,065,025	529,726
8	VEHICLES MAINTENANCE EXPENSES	1,881,110	1,486,570
9	OTHER EXPENSES	18,685,315	6,421,111
10	BAD DEBT WRITTEN OFF	99,137,943	79,124,403
11	COMPUTERISATION EXPENSES	374,099	208,898
12	CONVEYANCE CHARGES	726,256	821,111
13	OUTSOURCING CHARGES TO INDEXTB	599,538	205,631
14	LOSS ON SALE OF ASSETS	-	821,659
15	WEALTHTAX EXPENSE	-	3,670
16	SERVICE TAX	997,547	767,521
17	FIXED ASSETS WRITTEN OFF	914,468	-
18	PROFESSIONAL FEES	6318,503	7,377,599
19	PAYMENT TO AUDITORS	115,000	82,080
	<b>TOTAL</b>	<b>148,816,536</b>	<b>118,755,384</b>





## NOTE : 17

### NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS AND BALANCE SHEET AS AT 31.03.2016

#### A. ACCOUNTING POLICIES AND METHOD OF ACCOUNTING :

- (01) The financial statements have been prepared on accrual basis, unless otherwise stated, as a going concern under historic cost convention, in accordance with the requirements of the State Financial Corporations Act, 1951 regulations framed there under and Generally Accepted Accounting Principles.

The Corporation was required to prepare financial statements as per the format prescribed under Regulation 56 of the GSFC General Regulations. The format prescribed under the said Regulation was amended vide Circular Resolution dated 23.5.1986 followed by confirmation by Board of Directors at its meeting held on 31.5.1986. The financial statements for the current year have been prepared accordingly.

#### (02) REVENUE RECOGNITION :

- (a) The Corporation recognizes income by way of interest, penalty and other charges after realization of cheques as intimated by banks. Adequate provision is made in the year end in respect of income to be recognized on mercantile basis on all standard assets. The provisions are reversed on first day of the new financial year. Interest income includes penal interest received.
- (b) In view of the prudential norms prescribed by SIDBI, no income is recognized in respect of Non-Performing Assets (NPA). Income on such assets shall be recognized as and when received. Provision for NPA has been made as per the norms prescribed by SIDBI. During the year, all assets have been classified as doubtful for more than three years or loss assets and 100% provision has been made.
- (c) Amount received from the loanees are credited in the books in the following order :
- [1] Penalty & other charges
  - [2] Interest
  - [3] Principal
- (d) Where the unit of the loanee units or collateral security is sold, the amount realized is first credited towards principal and if there is any surplus, it is credited towards other dues. However, where the amount realized in respect of the units which were written off in previous year/years and subsequently sold out, the amount is credited to Bad Debts Recovery A/c. under the group of "Other Income".





(e) In case of loanees opted for OTS, amount received from the loanee is first apportioned as per normal practice as under :

- [1] Penalty & other charges
- [2] Interest
- [3] Principal

At the time of issuance of No Due Certificate, the effect of OTS scheme is given whereby amount credited to interest/penalty account during recovery period of OTS which otherwise was principal recovery as per OTS scheme is being given effect. The shortfall in principal account is compensated by crediting interest income and write off of the same amount.

**(03) FIXED ASSETS :**

Fixed assets including the assets given on lease are recorded at the cost of acquisition including incidental expenses in connection thereto. All fixed assets are stated at cost less depreciation and in case of leased assets, after taking into consideration the lease adjustments account.

All leased assets are shown at ₹ 1/- book value since lease terms of all the assets have expired.

**(04) DEPRECIATION :**

Depreciation on assets is provided under Written Down Value Method in accordance with rates prescribed under Income Tax Act 1961 as under :

Furniture & Fixtures	:	10%
Office Equipments	:	15%
Motor cars	:	15%
Office Building	:	10%
Residential building	:	5%
Computers	:	60%

In case of additions to fixed assets, depreciation is provided for full year where additions are made on or before 30<sup>th</sup> September and at 50% of the rates for assets acquired after 30<sup>th</sup> September. In respect of sale/disposal of fixed assets, no depreciation is provided in the year of sale/disposal.

**(05) EMPLOYEE BENEFITS :**

- (a) Salaries and non-monetary benefits are accrued in the year in which the services are rendered by the employees. Contributions to employee's provident fund are recognized as an expense and charged to Statement of Profit and Loss.
- (b) For gratuity and leave encashment liabilities, Corporation took policies with Life Insurance Corporation of India, which takes care of liabilities on both the counts. The entire premium paid to LIC is charged to Statement of Profit & Loss.

**(06) INVESTMENTS :**

Investment is classified as "Available for sale" for the purpose of valuation and provision for net diminution in value of investment is made as per the guidelines issued by SIDBI.





**(07) BORROWING COST :**

Borrowing cost is recognized as expense and charged to Statement of Profit & Loss.

**(08) WRITE OFFS :**

While writing off loans, the Corporation takes into consideration the following where

- A] Assets of the loanees are lost
- B] Loanees are not in existence
- C] To the extent of deficit on sale of loanee assets
- D] The units are closed and no recovery is forthcoming
- E] Waiver/sacrifice on account of One Time Settlement/any other settlement.

**(09) TAXATION :**

Deferred Tax Asset is not recognized in view of Corporation not being virtually certain of realizing adequate profits in the foreseeable future.

**(10) IMPAIRMENT OF ASSETS :**

A substantial portion of Corporation's assets comprise of 'financial assets' to which Accounting Standard-28 "Impairment of assets" is not applicable. In respect of assets to which Standard applies, in the opinion of the management, there are no indications, internal or external, which could have the effect of impairing the value of the assets to any material extent as at 31<sup>st</sup> March, 2016 requiring recognition in terms of the said standard.

**(11) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE :**

Material adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Non adjusting events (that are indicative of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the report of the Board of Directors.

**(12) PROVISION :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources even though the amount cannot be determined with certainty and represents only a best estimate in the light of available information. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**B. NOTES ON ACCOUNTS :**

- (01)** All Government guaranteed bonds have been redeemed and proposal for vacation of guarantees are submitted to administrative department. Since there was no Government guaranteed bonds during the previous year, no guarantee fee is payable during the year under report. However, Corporation is in default of guarantee fee of ₹ 35,60,39,833/- (Previous year ₹ 35,60,39,833/-).





- (02) While writing off principal amount as bad debts in certain cases, the value of securities available has not been ascertained and deducted from the principal amount. The sale proceeds of the securities will be accounted as bad debts recovered under the head "Other Income" as and when the amounts are realized.

During the year under review, Corporation recovered an amount of ₹ 1,15,73,679/- [Previous year (₹ 10,71,944/-)] from Bad Debts written off.

**(03) CONTINGENT LIABILITIES :**

Contingent liabilities are not recognized as there is no present obligation as a result of past events and it is probable that there will be an outflow of resources. However, contingent liabilities are disclosed as under :

- (i) Claims in Civil suits against Corporation not acknowledged as debt estimated to ₹ 2,02.85,000/- lacs (previous year ₹ 2,02,85,000 lacs).
- (ii) GIIC has claimed ₹ 33,75,000/- towards rent expenses payable in respect of share of Mumbai Office and Mumbai Guest House upto 31<sup>st</sup> March, 2004 whereas Corporation has made a claim of ₹ 51,70,056/- from GIIC on account of occupation of GSFC's office premises at Rajkot. Both the claims are yet to be resolved and hence neither income nor expense has been recognized in the accounts.
- (iii) Details of Income Tax disputes against which appeals have been preferred are given below. The quantum of disputed tax liability is not ascertainable.

**(a) Appeals pending before CIT (Appeals)**

Assessment Year	Particulars
2000-2001	Ascertained Bad Debts
2011-2012	Ascertained Bad Debts
2013-2014	Addition u/s 2 (24) (x)

**(b) Appeals pending before Income Tax Appellate Tribunal :**

Assessment Year	Particulars
2002-2003	Depreciation
2003-2004	Depreciation
2006-2007	Waiver of Capital Receipt and Ascertained bad debt
2009-2010	Addition of penal interest, cessation of loan liability and ascertained bad debts

**(c) Matters pending before Hon'ble High Court of Gujarat :**

Assessment Year	Particulars
1998-1999	Interest Tax
1999-2000	Interest Tax
2000-2001	Interest Tax





**(04) DETAILS OF PENDING RECONCILIATION :**

- (i) In some of the cases, the balances as per the General Ledger are not tallied with the respective subsidiary ledgers. Some accounts also show odd balances.
- (ii) The outstanding balance of current liabilities/non-current liabilities including other liabilities and other assets are subject to confirmation and adjustment, if any.
- (iii) Unpaid expenses of ₹ 88,56,221/-(Previous year ₹ 91,58,513/-) stands un-reconciled.
- (iv) The difference in Sales Tax Deferment Deemed loan between Subsidiary Ledger and General Ledger stands un-reconciled.

**(05)** The figures of previous year have been regrouped and rearranged wherever necessary to make them comparable with the figures of the current year.

**(06)** Corporation has made provision as per the prudential norms prescribed by SIDBI on the principal outstanding and other expenses incurred and shown as receivables. The provision made is subject to the note no. B-4 regarding non reconciliation of general ledger balances as per the subsidiary ledger. During the year under reference, all loan accounts are treated as doubtful for more than three years or loss assets. Accordingly, 100% provision has been made. Corporation has written back excess provision of ₹ 11,81,08,480 /- in the current year and shown separately in the Statement of Profit and Loss (Previous year ₹ 8,85,02,270/-).

**(07)** Corporation's operations are solely in the Financial Service Industry including Investment Operation. As majority of Corporation's total revenue consists of interest income, separate segment reporting as per Accounting Standard -17 is not considered necessary.

**(08)** Board of Directors at its meeting held on 3.10.2012 decided to recommend to Government of Gujarat to make the loan of ₹ 621,36,80,000/- as interest free from 1.7.2012. A proposal has been submitted to Government through Industries & Mines Department and decision is awaited. Till then, interest on Government loan is charged to Statement of Profit & Loss on simple interest basis from 1.7.2012.

**(09)** During the year, physical verification of fixed assets was undertaken and Fixed Assets Registers are updated. As a result of updating Registers, adjustments were made and effect of assets written off of ₹ 9,14,468/- given in financial statements.

**(10) Disclosure related to Prior Period Items :**

Prior Period Income

(a) Profit on sale of assets ₹ 85,41,460.00

Prior Period Expenses

(a) Other expenses ₹ 1,10,96,887.80

Interest accrued on Loans given to employees

**(11)** Corporation has sold Baroda Office building and received sale consideration of ₹ 92,00,000/- and possession of the premises was handed over to the purchaser. Though execution of sale deed is pending since long, the effect of profit on sale of asset has been considered in the current financial year.





(12) Financial Corporations are established to financing medium and small scale industries as Regional Development Banks for accelerating the industrial growth in States. SFCs are created in pursuance to Entry No. 43 of the Union List by Parliament as a special Act. GSFC, being body corporate established under SFCs Act, 1951, remedial measures available to companies under SICA like rehabilitation, revival, takeover of management etc., are not available to the Corporation. The Corporation has suffered immense losses till date. However, it is continuing its recovery functions. The Government has been moved to make the loan advanced to the Corporation interest-free, which is under consideration. Corporation, being a statutory body, thus prepares accounts on "going concern" assumption and it is appropriate under the aforesaid circumstances.

(13) **EARNINGS PER SHARE**

**Basic & diluted earnings per share**

Particulars	2015-16	2014-15
Earning attributable to equity share holders (₹)(A)	(1,049,942,865)	(948,092,157)
Weighted average number of shares outstanding (B)	89,114,000	89,114,000
<b>Basic &amp; Diluted EPS (₹) [ (A) / (B) ]</b>	<b>(11.78)</b>	<b>(10.64)</b>

Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 – Earnings per share. Basic and diluted earnings per share are calculated by dividing the net loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.







## GUJARAT STATE FINANCIAL CORPORATION

### NOTE : 18 Loans & Advances referred to in Note 7

Sr. No.	Loan Description	Loan Outstanding
1	GENERAL LOAN STAMP DUTY	6,801,226
2	GENERAL LOAN ADVANCES	2,249,437,636
3	BALISANA PROJECT	364,336
4	BILL DISCOUNTING ADVANCES	228,003,424
5	BANKABLE ADVANCES	1,945,628
6	SEED CAPITAL ADVANCES	288,670
7	CYCLONE 1983 ADVANCES	440,590
8	ELITE CHANEL ADVANCES	11,616,067
9	FORWARD DIST.GEN.ADVANCES	22,238,517
10	GOLD CARD ADVANCES	146,283,850
11	JET TRIAL ADVANCES	1,009,630
12	FLOOD & CYCLONE 1982 ADVANCES	796,262
13	DOCTOR & DOCTOR FRIEND SCHEME	8,238,963
14	EARTH QUAKE 2001 ADVANCE	15,457,111
15	DIFFER PAYMENT SCHEME	1,419,401
16	EQUITY FINANCE SCHEME	51,103,238
17	FISHING LOAN	134,945
18	HI TECH AGRICULTURE ADVANCE	743,540
19	HIGHER PURCHASE ADVANCES	394,152,180
20	HERITAGE SOFT SCHEME	677,040
21	HERITAGE HOTEL SCHEME	1,432,466
22	TINY LOAN SPL.CAP.ADVANCE	27,700
23	LEASE FINANCE	77,302,726
24	MODERNISATION ADVANCES	300,873
25	MAR ORG LOAN	7,102,933





Sr. No.	Loan Description	Loan Outstanding
26	MAHILA SOFT SEED ADVANCES	1,162,742
27	MAHILA UDYAM NIDHI ADVANCES	3,154,725
28	NES LOAN ADVANCES	5,051,798
29	NATIONAL EQUIT.TL ADVANCES	5,227,723
30	NURSHING HOME ADVANCES	2,520,917
31	NATIONAL EQUIT.SL ADVANCES	2,301,540
32	NATIONAL EQUIT.WC ADVANCES	93,000
33	HANDICAPPED PERSON ADVANCES	12,390,050
34	PROFESSIONAL LOAN	897,284
35	QUALITY CONTROL ADVANCES	174,999
36	QUICK FINANCE ADVANCES	3,737,891
37	RIOT LOAN ADVANCES	15,209
38	REHEBILATION BHUKAMP 2001	101,848,962
39	REHEBILATION CORPORATION ADV	5,837,739
40	MINI LOAN ADVANCES	2,944,628
41	SPL CAP CORP ADVANCES	2,448,309
42	SEED MONEY ADVANCES	140,902
43	STG.TRANSPORT ADVANCES	492,427
44	SPL CAP MINI ADVANCES	1,100
45	SPL CAP NES ADVANCES	85,775
46	SINGEL WINDOW SCHEME	18,070,524
47	S.T.INT FERÉ LOAN	4,689,774
48	TRANSPORT LOAN	4,652,210
49	TINY LOAN	12,867,281
50	LINE OF CREDIT ADVANCES	266,010,207
51	TECH.MODER. ADVANCES	4,161,183





Sr. No.	Loan Description	Loan Outstanding
52	SEED CAP NES LOAN	12,260
53	TECH. UPGRADATION ADVANCES	14,137,484
54	UNBANKED LOAN	1,231,657
55	WOMAN ENTREPRENEUR LOAN	5,499,279
56	WORKING CAPITAL LOAN	291,916,714
57	SAMFEX GEN. LOAN	3,581,441
58	SAMFEX TRANSPORT SOFT LOAN	1,967,574
59	SAMFEX TRANSPORT LOAN	2,327,477
60	INT. FREE DEEMED ST LOAN	314,916,416
<b>GRAND TOTAL</b>		<b>4,323,888,153</b>

AS PER OUR AUDIT REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD,

L.N PARMAR  
Executive Officer(A/cs)

RAVEENDRAN NAIR  
Secretary (Board)

AJIT NATH JHA  
Director

ARVIND AGARWAL, IAS  
Managing Director

This is the Statement of Cash Flow referred to in our Report of even date.

FOR MANUBHAI & SHAH LLP  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 106041W / W100136

K.B.Solanki  
PARTNER  
Membership No. : 110299

PLACE : AHMEDABAD  
DATED : 30/05/2016

PLACE : GANDHINAGAR  
DATED : 30/05/2016





## Disclosure requirement for SFCs (Financial Year 2015-16)

### A. CAPITAL

- (a) Capital to Risk Assets Ratio (CRAR) - 2625.54%
- (b) The Amount of subordinated debt raised and outstanding as Tier-II Capital Nil
- (c) Risk weighted assets- separately for on and off balance sheet items

### B. Shareholding pattern as on 31-03-2016 :

Sr. No.	Particulars of shareholding	No. of shares held (of ₹ 10 each)	Percentage of shareholding
1	Govt. of Gujarat*	49,090,400	55.09 %
2	SIDBI*	25,320,000	28.41 %
3	Banks & Insurance Co.	400,000	0.45 %
4	Others	14,303,600	16.05 %
<b>TOTAL</b>		<b>89,114,000</b>	<b>100</b>

\* Includes special class of shares of 1,800,000 & 700,000 held by Govt. of Gujarat & SIDBI respectively

### C. Assets quality and credit concentration

- (a) Percentage of net NPA's to net loans and advances = 100%

	Amount (₹ in crore)	Percentage
Net NPA =	432.39	100 %
Net Loans & Advances =	0	0

- (b) Amount and percentage of net NPA's under the prescribed assets classification categories

	Amount (₹ in crore)	Percentage
Standard assets	0	0

### D. Amount of provision made/written back during the year towards standard asstes, NPA's Investment (other than those in the nature of an advance), Income tax

Sr. No.	Assets	Amount (₹ In Crore)	NPA Provision Required FY 14-15	NPA Provision Required FY 15-16	Provision (+) / Write Back (-)
1	NPAs		444.20	432.39	-11.81

### E. Particulars of accounts restructured : Nil

### F. Movement in net NPAs

	Amount (₹ in crore)
Opening Balance of Net NPAs	444.20
Closing Balance of Net NPAs	432.39
Movement in Net NPAs	- 11.81





**G. Credit Exposure as percentage to capital fund and as percentage to total assets in respect of**

Credit exposure as a percentage of	% to Capital Funds (₹ in crore)	% to Total Assets
The largest single borrower	2.25	0.64
The largest single group	4.57	1.30
The 10 largest single borrowers	11.11	3.16

**H. Credit Exposure to the five largest industrial sectors as percentage to total Loan Assets Industry-wise gross sanction/disbursement/outstanding as on 31-03-2016.**

(Amount ₹ in crore)

Industry	Sanction FY 2015-16	Disb. FY 2015-16	Principal O/S as on 31-03-16	Ind. Wise O/S %
Chem & Chemical Prod.	0	0	71.61	16.58
Textile	0	0	55.45	12.82
Food Mfg.	0	0	34.67	8.02
Plastic Ind.	0	0	27.25	6.31
Services	0	0	4.25	0.98
<b>Total</b>	<b>0</b>	<b>0</b>	<b>193.23</b>	<b>44.71</b>

**I. Liquidity**

(Amount ₹ in crore)

Items	Less than OR equal to 1 Year	More than 1 Year Upto 3 Years	More than 3 Years Upto 5 Years	More than 5 Years Upto 7 Years	More than 7 Years Upto 10 Years	More than 10 years	Total
Total Assets	351.12	0.00	0.00	0.00	0.00	0.00	351.12
Liabilites Foreign currency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liabilites	531.26	68.27	21.84	0.00	0.00	0.00	621.37

**J. Operating results**

	For the Year Ended 31 <sup>st</sup> March, 2016	For the Year Ended 31 <sup>st</sup> March, 2015
(A) Interest income as a percentage to average working funds	11.79%	9.67%
(B) Non-Interest income as a percentage to average working funds	10.52%	8.29%
(C) Operating Loss as a percentage to average working funds	-105.57%	-114.47%
(D) Return on Average Assets Employed	-106.01%	-114.98%
(E) Net loss per employee (₹ Crore)	1.59	1.17





**GUJARAT STATE FINANCIAL CORPORATION**

**PERFORMANCE OF THE CORPORATION AT A GLANCE DURING THE LAST DECADE**

(₹ in crores)

Sr. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Since Inception
1	2	3	4	5	6	7	8	9	10	11	12	13
(A)	Assistance											
	1. Flow of Applications Term Loans	No.										61756.00
		₹										5385.60
	2. Loan Sanctioned	No.										46646.00
	a. Term Loan	₹										3732.10
	b. Lease Finance	No.										41
		₹										28.62
	c. Short Term Finance	No.										299
		₹										219.48
	d. Line of Credit	No.										11
		₹										80.00
	e. Bill discounting	No.										130
		₹										227.96
	f. Working Capital Term Loan	No.										225
		₹										174.73
	g. N.H.F.D.C.	No.	16									1113
		₹	0.04									4.36
	h. Fund Based Merchant Banking Activity	No.										20
		₹										26.29
	i. Small Scale Units (SSI)	No.										45170
		₹										3000.59
	j. Backward District	No.										18168
		₹										1482.14
	k. Backward Talukas	No.										9759
		₹										1574.47
	l. Rural Areas	No.										13599
		₹										1935.50
	m. Tribble Area/Talukas Pockets	No.										4479
		₹										652.30







Sr. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Since Inception
1	2	3	4	5	6	7	8	9	10	11	12	13
	3. Disbursement											
	a. Term Loan	₹	---	---	---	---	---	---	---	---	---	2748.92
	b. Lease Finance	₹	---	---	---	---	---	---	---	---	---	23.14
	c. Short Term Finance	₹	---	---	---	---	---	---	---	---	---	187.49
	d. Line of Credit	₹	---	---	---	---	---	---	---	---	---	65.79
	e. Bill discounting	₹	---	---	---	---	---	---	---	---	---	200.72
	f. Working Capital Term Loan	₹	---	---	---	---	---	---	---	---	---	154.42
	g. Fund Based Merchant Banking Activity	₹	---	---	---	---	---	---	---	---	---	11.52
	h. N.H.F.D.C.	₹	9.67	---	---	---	---	---	---	---	---	12.31
	4. Recovery											
	a. Term Loan	₹	70.21	70.22	27.22	29.72	28.45	26.14	21.58	12.51	12.74	3463.88
	b. Lease Finance	₹	0.03	---	---	---	---	---	---	---	---	14.64
	c. Short Term Finance	₹	0.67	0.54	---	---	---	---	---	---	---	208.16
	d. Line of Credit	₹	---	2.34	0.53	1.28	---	---	---	---	---	60.53
	e. Bill discounting	₹	0.51	0.70	---	---	0.02	3.01	3.29	0.24	2.31	209.99
	f. Working Capital Term Loan	₹	6.09	2.70	7.39	1.89	3.21	5.40	3.25	0.89	1.79	114.35
	g. Fund Based Merchant Banking Activity	₹	---	---	---	---	0.01	---	---	---	---	0.11
	h. N.H.F.D.C.	₹	0.27	0.24	0.08	0.02	---	---	---	---	0.02	1.81
	5. Loan Outstanding (at year end)	No.	---	---	---	---	---	---	---	---	---	---
(B)	Working Results											
	1. Earning											
	a. Interest	₹	28.32	55.29	27.11	23.57	26.24	25.06	18.03	7.97	11.67	---
	b. Other Income	₹	2.14	3.17	9.34	7.59	3.15	6.35	6.88	6.84	12.01	---





Sr. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1	2	3	4	5	6	7	8	9	10	11	12
	2. Expenditure										
	a. Interest on bond, deposits & Other Borrowings	₹ 87.79	112.55	135.05	161.44	187.25	220.37	145.71	115.21	118.26	121.09
	b. Financial Expenses & Commitment Charges	₹ 2.06	1.75	9.88	0.61	0.20	0.05	0.00	0.00	0.00	0.00
	c. Personnel Expenses	₹ 7.83	6.10	22.15	2.82	8.94	12.44	4.33	4.53	5.10	4.08
	d. Other expenses	₹ 14.75	26.53	33.80	13.93	20.60	32.36	27.37	14.71	11.88	14.88
	e. Depreciation	₹ 0.46	0.40	0.35	0.28	0.23	0.17	0.20	0.31	0.42	0.43
	f. Provision against NPA	₹ 229.21	29.69	14.30	5.75	3.90	4.45	-33.04	-15.90	-8.85	-11.81
	3. Profit/(Loss) before tax	₹ -311.64	-109.13	-117.93	-129.38	-156.91	-208.68	-113.16	-112.76	-121.64	-104.99
	4. Profit/(Loss) after tax	₹ -311.64	-109.13	-117.93	-129.38	-156.91	-208.92	-113.16	-112.79	-121.64	-104.99
	(C) Capital & Resources ( as at the end of)										
	1. Paid up capital	₹ 89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11
	2. Share Forfeited	₹ 4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60
	3. Reserves	₹ 249.95	265.29	273.36	273.36	273.36	(1640.60)	(1753.77)	(1866.55)	(1961.36)	273.37
	4. Borrowings	₹ 942.55	965.41	1000.92	676.86	665.09	661.69	661.69	661.69	661.68	661.68
	a. Market Bonds	₹ 77.36	67.31	60.14	18.98	4.20	1.25	0.00	0.00	0.00	0.00
	b. Govt. Loan	₹ 412.82	532.17	592.17	612.17	617.17	621.37	621.37	621.37	621.37	621.37
	c. SIDBI Loan	₹ ---	---	---	---	---	---	---	---	---	---
	d. Refinance	₹ 179.87	59.87	---	---	---	---	---	---	---	---
	e. Fixed Deposits	₹ ---	---	---	---	---	---	---	---	---	---
	f. Line of Credit from Banks	₹ 16.00	---	---	---	---	---	---	---	---	---
	g. Priority Sector Bond	₹ 116.05	76.67	8.95	5.02	3.02	1.10	0.00	---	---	---
	h. Loan from NHFDC	₹ 0.38	0.37	0.37	0.37	0.37	---	---	---	---	---
	i. Short Term Loan GIDC	₹ ---	---	---	---	---	---	---	---	---	---





**HEAD OFFICE**  
**GUJARAT STATE FINANCIAL CORPORATION**  
**SECTOR-11, GH-4, UDYOG BHAVAN GANDHINAGAR – 382 010**

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E-mail : webmaster –gsfc@gujarat.gov.in, Web site : [http:// www.gsfc.gujarat.gov.in](http://www.gsfc.gujarat.gov.in)

**REGIONAL & OTHER OFFICES**

<b>AHMEDABAD REGIONAL OFFICE</b> BLOCK NO. 10, FIRST FLOOR, UDYOG BHAVAN, GANDHINAGAR-382 010 TELE. NO. (079) 232 21594, 232 52209 FAX NO. (079) 232 21625	<b>RAJKOT REGIONAL OFFICE</b> RACE COURSE, RING ROAD, NEAR LIFE BUILDING, RAJKOT-360 001. TELE. NO. (0281) 2443664, 2442715 FAX NO. (0281) 2479292
<b>SURAT REGIONAL OFFICE</b> 2ND FLOOR, MIRAMBICA COMPLEX, OPP. GANDHI BAUG, CHOWK BAZAR, SURAT. TELE NO. (0261) 2460546/47 FAX NO. (0261) 2460543	<b>MUMBAI OFFICE</b> C/O. GIDC, GROUND FLOOR, SHAH HOUSE, OPP. KHAR POLICE STATION, 142, S. V. ROAD, KHAR (WEST), MUMBAI-400 052.

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## GUJARAT STATE FINANCIAL CORPORATION

Head Office : UDYOG BHAVAN, 1<sup>st</sup> FLOOR, BLOCK NO. 10,  
SECTOR-11, GH-4, GANDHINAGAR-382 010.

### ATTENDANCE SLIP

Folio No.	
DP ID	
Client ID	
No. of shares	

I certify that I am a registered shareholder of the Corporation. I hereby record my presence at the FIFTY SIXTH ANNUAL GENERAL MEETING of the Corporation in the Office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector-11, Gandhinagar-382 010 on Saturday, the 17<sup>th</sup> September, 2016 at 5.00 p.m.

**Signature of the attending  
Member/Proxy**

**Note :** A Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.

## GUJARAT STATE FINANCIAL CORPORATION

Head Office : UDYOG BHAVAN, 1<sup>st</sup> FLOOR, BLOCK NO. 10,  
SECTOR-11, GH-4, GANDHINAGAR-382 010.

### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of the above named Corporation hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our behalf at the FIFTY SIXTH ANNUAL GENERAL MEETING of the Corporation in the Office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector-11, Gandhinagar-382 010 on Saturday, the 17<sup>th</sup> September, 2016 at 5.00 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Folio No.	
DP ID	
Client ID	
No. of shares	

Affix ₹ 1  
Revenue  
Stamp  
Signature

1. This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Head Office of the Corporation at Gandhinagar not less than 7 clear days before the date of the meeting.
2. A Proxy need not be a member of the Corporation.



**GUJARAT STATE FINANCIAL CORPORATION**  
Udyog Bhavan, Block No. 10, GH-4, Sector-11, Gandhinagar-382 010.

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