



# 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

Website: [www.gsfc.gujarat.gov.in](http://www.gsfc.gujarat.gov.in) Email: [sec-cell-gsfc@gujarat.gov.in](mailto:sec-cell-gsfc@gujarat.gov.in)

GSFC/SEC.CELL/C-2/

September 03, 2021

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

**Sub: 61<sup>st</sup> Annual General Meeting (AGM) – Annual Report**

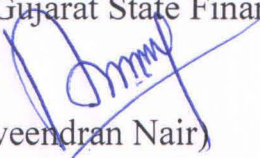
**Ref: Stock Code: 532160**

Dear Sirs,

Pursuant to our Notice dated 27<sup>th</sup> August, 2021 and in compliance with Regulation 34 (1) of SEBI (LODR) Regulations, 2015, please find attached herewith Annual Report 2020-21 of the Corporation containing Notice of 61<sup>st</sup> Annual General Meeting scheduled on Thursday, the 30<sup>th</sup> September, 2021 at 01.00 p.m. through Video Conferencing/Other Audio Visual Means and other documents. The Annual Report under reference is also available on the website of the Corporation at [www.gsfc.gujarat.gov.in](http://www.gsfc.gujarat.gov.in) under INVESTOR RELATIONS – ANNUAL REPORTS.

Thanking you,

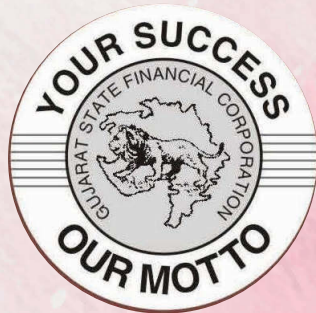
Yours faithfully,  
for Gujarat State Financial Corporation,

  
(Raveendran Nair)  
Secretary (Board)

---

**61<sup>st</sup>**  
**Annual Report**  
**2020-21**

---



**GUJARAT STATE**  
**FINANCIAL CORPORATION**  
**GANDHINAGAR**



# **Gujarat State Financial Corporation**

Secretarial Cell

Block No.10, Udyog Bhavan, Sector-11, GH-4,  
Gandhinagar - 382 010

## **BOARD OF DIRECTORS**

(As on March 31, 2021)

### **CHAIRMAN**

**Shri Manoj Kumar Das, IAS**

### **DIRECTORS**

**Smt. Mamta Verma, IAS**

**Smt. Ankita R Christian**

**Shri Ravindran A.L.**

**Shri K.R. Balasubramaniyan**

### **MANAGING DIRECTOR**

**Dr. Rahul B Gupta, IAS**

### **SECRETARY (BOARD)**

**Raveendran Nair**

### **AUDITORS**

**M/s. Priyam R Shah & Associates**

**Chartered Accountants, Ahmedabad**

### **HEAD OFFICE**

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

### **REGIONAL OFFICES AT**

**Gandhinagar, Surat & Rajkot**



## CONTENTS

Sr. No.		Page
1.	Notice	01
2.	Director's Report	08
3.	Management Discussion & Analysis Report	14
4.	Report on Corporate Governance	16
5.	Auditor's Report	28
6.	Balance Sheet	31
7.	Statement of Profit & Loss	32
8.	Cash Flow Statement	33
9.	Performance of the Corporation at a glance during last decade	49





## **Gujarat State Financial Corporation**

(Established under State Financial Corporations Act. 1951)

**SECRETARIAL CELL**

Block No.10, Udyog Bhavan, Sector-11, GH-4, Gandhinagar – 382 010  
Phone: 23256766, Fax 23252204 Email: sec-cell-gsfc@gujarat.gov.in

### **NOTICE**

Notice under Regulation No. 23 of General Regulations of the Corporation is hereby given that the 61<sup>st</sup> Annual General Meeting of the shareholders of the Corporation will be held on **Thursday, the 30<sup>th</sup> September, 2021 at 1.00 p.m. (IST)** through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”) to transact the following businesses:

- (i) To receive, consider and adopt the audited financial statements of the Corporation for the Financial Year ended 31<sup>st</sup> March 2021 including the Balance Sheet as at March 31, 2021, 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. Priyam R Shah & Associates, 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,  
for Gujarat State Financial Corporation,

Place : Gandhinagar  
Date : 27-08-2021

(Raveendran Nair)  
Secretary (Board)

#### **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/her for the whole period of six months prior to the date of 61<sup>st</sup> Annual General Meeting. Accordingly, **the cut-off date for the purpose of voting is Friday, the 26<sup>th</sup> March, 2021**. Only those shareholders of the Corporation who are holding shares either in physical form or in dematerialized form, as on the cut-off date, shall be entitled to cast their vote either through remote e-voting or through venue voting through VC/OAVM at the AGM, as the case may be. Any person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
2. Pursuant to Regulation 12 of the GSFC General Regulations, the Register of Members and Share Transfer Books will **remain closed from 28.09.2021 to 30.09.2021 (both days inclusive)**.
3. **Disclosure under Regulation 36 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

M/s. Priyam R Shah & Associates, Chartered Accountants, Ahmedabad, Firm Registration No. 118421W, were first appointed as statutory auditors of the Corporation by members in the 58<sup>th</sup> Annual General Meeting for FY 2018-19 held on 14<sup>th</sup> September, 2018 at a fee of Rs.81,000/- plus TA/HA plus taxes after complying with due procedures. Considering the fact that Reserve Bank of India (RBI) allows appointment of auditors for a spell of four years subject to appointment on yearly basis after obtaining eligibility and suitability from RBI, they were re-appointed for the second and third terms for FYs 2019-20 and 2020-21 by members in the respective AGMs. Having considered confirmation of eligibility and suitability by RBI vide letter dated 4<sup>th</sup> February, 2021 for re-appointment for fourth term for FY 2021-22 and on



recommendation of Audit Committee as well as Board of Directors at their respective meetings held on 30<sup>th</sup> June, 2021, it is proposed to re-appoint the said firm as statutory auditors for the year 2021-22 at a basic audit fee of Rs.1,00,000/- plus taxes plus TA/HA and 12% of basic audit fee for obtaining certifications so as to continue as statutory auditors till the conclusion of 62<sup>nd</sup> AGM.

4. In view of the situation arising due to outbreak of COVID-19 pandemic, SEBI vide Circulars No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and No. SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021, permitted to hold AGM through VC/OAVM till the period December 31, 2021. In compliance with the said provisions, 61<sup>st</sup> Annual General Meeting of the Corporation being conducted through Video Conferencing (VC)/Other Audio Visual Means (OAVM). **The deemed venue for the 61<sup>st</sup> AGM shall be the Head Office of the Corporation, Gandhinagar.**
5. In accordance with the relevant SEBI circulars allowing electronic dispatch of financial statements (including Report of Board of Directors, Auditors' Report or other documents required to be attached therewith) instead of physical dispatch, such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Corporation/Registrars & Transfer Agents (RTA)/Depository Participant(s).
6. **No proxy facility:** Since this AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this notice.
7. In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, Corporation is providing facility of remote e-voting to its Members in respect of the business to be transacted at the Annual General Meeting. For this purpose, Corporation has entered into an agreement with Central Depository Services (India) Ltd (CDSL) for facilitating voting through electronic means as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of Annual General Meeting will be provided by CDSL.
8. The remote e-voting period begins on **Monday, the 27<sup>th</sup> September, 2021 at 9.00 a.m.** and ends on **Wednesday, the 29<sup>th</sup> September, 2021 at 5.00 p.m.** During this period, shareholders of the Corporation holding shares either in physical form or in dematerialized form, as on the cut-off date (i.e., **Friday, the 26<sup>th</sup> March, 2021**) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E- VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

- (i) The voting period begins on **Monday, the 27<sup>th</sup> September, 2021 at 9.00 a.m** and ends on **Wednesday, the 29<sup>th</sup> September, 2021 at 5.00 p.m.** During this period shareholders of the Corporation, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e., **Friday, the 26<sup>th</sup> March, 2021** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.



Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed entities, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>



Type of shareholders	Login Method
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cDSLindia.com">helpdesk.evoting@cDSLindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:





	<b>For Shareholders holding shares in Demat Form other than individual 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) <ul style="list-style-type: none"><li>Shareholders who have not updated their PAN with the Corporation/RTA/Depository Participant are requested to use the sequence number sent by RTA or contact Corporation/RTA.</li></ul>
Dividend Bank Details <b>OR</b> 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 company records in order to login. <ul style="list-style-type: none"><li>If both the details are not recorded with the depository or Corporation/RTA, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li></ul>

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Members holding shares in physical form will then directly reach the Company selection 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant GUJARAT STATE FINANCIAL CORPORATION on which you choose to vote.
- (x) 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.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) **Facility for Non – Individual Shareholders and Custodians –Remote Voting**
- 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 in the “Corporates” module.
  - 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Corporation at the email address viz; [sec-cell-gsfc@gujarat.gov.in](mailto:sec-cell-gsfc@gujarat.gov.in) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Corporation will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **seven days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [sec-cell-gsfc@gujarat.gov.in](mailto:sec-cell-gsfc@gujarat.gov.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **three days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at the aforesaid email id. These queries will be replied to by the Corporation suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE CORPORATION/RTA/DEPOSITORIES.**



1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to RTA at [mcsstaahmd@gmail.com](mailto:mcsstaahmd@gmail.com) or to the Corporation at [sec-cell-gsfc@gujarat.gov.in](mailto:sec-cell-gsfc@gujarat.gov.in).
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-voting and joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

9. Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in this Notice. The attendance of the members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Regulation 25 of the GSFC General Regulations.
10. The Board of Directors has appointed Mr. Kiran Kumar Patel, Practicing Company Secretary of M/s. K. K. Patel & Associates, Gandhinagar, Gujarat (Membership No. FCS 6384 & Certificate of Practice No. 6352) as Scrutinizer to scrutinize the remote e-voting and e-voting and the AGM in a fair and transparent manner and to submit report thereon. The Scrutinizer shall within 2 days of the conclusion of the AGM shall submit a consolidated Scrutinizer's report of the total votes cast in favour of or against, if any, to the Chairman or any other person authorized who shall countersign the same and declare the result of the voting forthwith.
11. The results declared along with Scrutinizer's Report shall be placed on the Corporation's website and on the website of Central Depository Services (India) Ltd at [www.gsfc.gujarat.gov.in](http://www.gsfc.gujarat.gov.in) and [www.evotingindia.com](http://www.evotingindia.com) respectively within two days of passing resolutions at the AGM of the Corporation and be simultaneously communicated to BSE Ltd.



# GUJARAT STATE FINANCIAL CORPORATION

## DIRECTORS' REPORT

### To the Members,

The Board of Directors is pleased to place before you the 61<sup>st</sup> Annual Report of the Corporation along with the audited Balance Sheet as at March 31, 2021, the Statement of Profit and Loss and the Cash Flow Statement for the year ended March 31, 2021.

### 1. Economic Scenario:

**Global economy:** The COVID-19 pandemic has led to a severe global recession with differential impacts within and across countries. The contraction in 2020 was very sudden and deep compared to previous global crises, even as the policy response in many countries was swift and sizable. Global output declined about three times as much as during the global financial crisis in half the time. The pandemic crisis also stands out for its differential impacts across sectors and countries, complex channels of transmission and high uncertainty about the recovery path given that it depends on the fate of the virus itself. World Economic Outlook April 2021 published by IMF indicated that global economic growth is projected to grow at six per cent in 2021 after an estimated contraction of 3.3 per cent in 2020. The Global upturn was led by manufacturing with rising production across investment, intermediate and consumer goods industries. Business services witnessed expansion, led by surging financial services sector, whereas consumer service providers contracted for the thirteenth successive month. There are concerns due to COVID-19 related fresh lockdowns and depressed demand in a few major economies.

**Indian economy:** The provisional estimates of annual national income 2020-21 released by the National Statistical Office (NSO) on May 31, 2021, estimated that Real GDP or Gross Domestic Product (GDP) at constant (2011-12) prices in the year 2020-21 is estimated to attain a level of Rs.135.13 lakh crore. The growth in GDP during 2020-21 is estimated to shrink by 7.3 per cent against 4 per cent growth reported in the previous year. Gross value added (GVA) grew 3.7 per cent in real terms in the March quarter, showing a sequential pick up. For the full financial year, GVA fell 6.2 per cent, slightly better than the earlier assessment of 6.5 per cent contraction. The average CPI inflation in FY 2020-21 recorded an uptick to 6.2 per cent from 4.8 per cent in FY 2019-20. The average WPI inflation eased to 1.2 per cent in FY 2020-21 from 1.7 per cent in FY 2019-20. The measures taken by the Government to contain spread of the Covid-19 pandemic have had an impact on the economic activities. The indicators such as improvement in capacity utilization in manufacturing, turnover of business for the firms in the services, particularly in the IT services and infrastructure sectors, bank credit and GST revenue did point to V shaped economic recovery. However, the revival of economic activities was affected at the fag-end of the year with the advent of second wave of Covid-19 which posed a downside risk to economic activity in the first quarter of FY 2021-22. However, there are reasons to expect a muted economic impact as compared to the first wave. With the prediction of a normal monsoon, food-grain production is expected to be in comfortable zone. It is expected that the Indian economy is poised to build back better and stronger by strong revival in investment growth and a massive boost to infrastructure and capital expenditure.

### 2. Financial results:

The COVID-19 pandemic has impacted the performance of the Corporation adversely particularly due to lockdown for the first two months of the year and restricted mobility. During the year under reference, interest income earned by the Corporation declined sharply and stood at Rs.0.43 crore as against Rs.2.13 crore reported in the previous year. Due to downward trend in rates of interest, interest on deposits earned for the year under reference



also reduced marginally to Rs.10.54 crore compared to Rs.11.03 crore earned a year ago. Write back of NPA provision no longer required almost halved during the year under reference to Rs.2.84 crore as against Rs.5.97 crore wrote back in the previous year. Other income, including diminution in the value of investments written back, stood at Rs.0.63 crore compared to Rs.0.31 crore reported in the previous year. Total income of the Corporation declined by 25.71 per cent to Rs.14.43 crore during the year under reference compared to Rs.19.43 crore reported in the previous year.

Interest on borrowings for the year under reference increased marginally to Rs.131.89 crore as against Rs.129.99 crore in the previous year. Premium of Rs.64.05 lakh paid to cover increased ceiling limit on gratuity liability inflated employees cost to Rs.3.19 crore during the year under reference compared to Rs.2.99 crore reported in the previous year. Other expenses decreased by 29.04% and stood at Rs.1.94 crore as against Rs.2.73 crore registered in the last year. Total expenditure for the year under report remained almost flat at Rs.137.35 crore as against Rs.136.87 crore reported a year ago. Loss for the year under reference increased to Rs.122.92 crore compared to Rs.117.44 crore registered in the previous year. The accumulated loss of Rs.2,927.65 crore as on March 31, 2021 was carried forward to Balance Sheet. Keeping in view the loss incurred by the Corporation, no dividend is recommended for the year under reference.

### 3. Borrowings:

During the year under report, Corporation's borrowings from Government of Gujarat remained static at Rs.661.68 crore. No external borrowing has been resorted to by the Corporation during the year.

### 4. Recovery:

Corporation is engaged in recovery of dues for the last two decades disbanding sanction and disbursement owing to its inability to obtain concessional finance and other related constraints. On account of uncertainties arising from Covid-19 pandemic which has resulted into lockdown and restricted movement, recovery operation was impacted adversely. Even after continuing liberal One Time Settlement Schemes, recovery performance was dismal and Corporation recovered an amount of Rs.3.53 crore during the year under reference as against Rs.7.95 crore recovered in the previous year.

### 5. Human Resource:

During the year under report, the staff strength of the Corporation reduced to 38 from 42 reported in the previous year. The break-up of staff strength is as under:-

Sr. No.	Category	Total
1	'A' Grade officers	3
2	'B' Grade employees	29
3	'C' Grade employees	6
<b>Total</b>		<b>38</b>

Of the total staff strength of 38, two employees are on loan service and 13 are on deputation with other Government departments. The effective staff strength of the Corporation, thus, stood at 23 spread over three Regional Offices and Head Office.

### 6. Corporate Governance:

The Corporation has been ensuring transparency, fairness and accountability in all its dealings. The detailed Corporate Governance Report and the certificate regarding compliance of corporate governance are forming part of the Annual Report.





Management Discussion and Analysis Report and declaration by Managing Director that the Board of Directors and Senior Management Personnel have complied with the Code of Conduct also form part of Annual Report.

#### **7. Auditors:**

M/s. Priyam M Shah & Associates, Chartered Accountants (FRN/Mem. No. 118421W), were re-appointed for the third term as the statutory auditors of the Corporation to hold office from the conclusion of 60<sup>th</sup> Annual General Meeting till the conclusion of ensuing Annual General Meeting by the members at the AGM held on 25<sup>th</sup> September, 2020 pursuant to 37 (1) of SFCs Act, 1951. An auditor can be continued for four years subject to the condition that the appointment shall be made on yearly basis after obtaining confirmation of eligibility and suitability from RBI. M/s. Priyam R Shah & Associates, Chartered Accountants, are completing three years of statutory audit on conclusion of ensuing Annual General Meeting. They being eligible for re-appointment and Reserve Bank of India confirmed their eligibility and suitability of re-appointment, proposal to re-appoint the said auditors for the fourth and last term as recommended by the Board is being placed before the shareholders at the ensuing Annual General Meeting for consideration.

The statutory auditors have submitted Independent Auditor's Report on the financial statements of the Corporation for the year ended 31<sup>st</sup> March, 2021 which contains qualifications. Qualifications and the comments thereon are given in Addendum to this Report and also form part of the Annual Report.

#### **8. Board of Directors:**

During the year under reference, Government in Finance Department, vide office order dated 6<sup>th</sup> October, 2020, nominated Smt. Ankita R Christian, Financial Advisor (I&M), as a Director on the Board of Directors of the Corporation in place of Shri Kamleshbhai K Patel. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief resume of Director joined the Board of Directors during the year under report is furnished in the Corporate Governance Report, forming part of the Annual Report.

#### **9. 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 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March 2021 has 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 31<sup>st</sup> March, 2021; and
6. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31<sup>st</sup> March, 2021.



## 10. Acknowledgement:

The Board of Directors expresses its deep sense of gratitude to Government of India, Ministry of Finance, Department of Financial Services, Government of Gujarat and its various departments, Small Industries Development Bank of India, Mumbai and Ahmedabad offices, Reserve Bank of India, SEBI and BSE Ltd. The Board also places on record its appreciation to the commendable services rendered by Shri Kamleshbhai K Patel as Director as well as Member of Audit Committee and Chairman of Stakeholders Relationship Committee.

The Board also thanks the stakeholders, valued customers and well-wishers for their goodwill, patronage and support. Finally, the Board places on record its appreciation for the dedicated services rendered by the staff at all levels.

For and on behalf of the Board of Directors,

Place : Gandhinagar

Date : 30-06-2021

(Rahul Gupta, IAS)

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.

Gujarat State Financial Corporation is established under State Financial Corporations Act, 1951 by Parliament as a special Act pursuant to Entry No. 43 of the Union List. Corporation is, thus, a body corporate and statutory Corporation. The main objective of establishment of the Corporation is aimed at achieving balanced regional growth by extending financial assistance to first generation entrepreneurs to establish micro and small scale units in the State and to generate employment. Corporation has so far suffered immense loss and its net worth is already eroded but it is continuing its recovery function. Corporation, being a statutory body, thus, prepares accounts on "going concern" assumptions 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 from time to time and subsequent issuance of Government Resolutions to overcome the financial strain of the Corporation. Since Corporation has discontinued its main activities and dependent on recovery of dues, Corporation is not in a position to service the liabilities towards Government of Gujarat. Under the circumstances, 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 interest on delayed payment on Government loan is charged to Statement of Profit & Loss. The outstanding details are submitted to administrative department on quarterly basis. The loan accounts are also reconciled with other authorities 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 made on actual receipt basis since beginning of financial year 2018-19, as a result of change in accounting policy adopted by the Corporation. However, in respect of receipts prior to 1-4-2018, the then prevailing policy is kept intact. Therefore, the actual effect on write back of NPA, bad debt provision and any other items of financial results could not be ascertained.

Till 31<sup>st</sup> March, 2018, the practice followed was that installments received under OTS Scheme is apportioned in the order of penalty, interest and 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 write off may not be of that particular year. In short, interest income already recognized in a particular year is affected in the subsequent year(s). This policy has been discontinued with effect from 1<sup>st</sup> April, 2018 and now receipts are first accounted against Principal and capitalized expenses and thereafter in the order of interest, penalty and other charges resulting into interest income decreases and NPA provision written back increases. Once the OTS accounts prior to 1<sup>st</sup> April, 2018 are settled, no discrepancy will arise.



**Point Nos. (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.

**Point No. (e)** Borrowings, Other Liabilities and Provisions, Other Assets and Loans and Advances are subject to confirmation and adjustment, if any and the effect of the same on the financial statements is not ascertainable.

Large number of accounts is too old and transaction details as well as address of the units are not available. It is, therefore, practically difficult to obtain balance confirmation from individual parties. Borrowings are from Government of Gujarat only which are supported by Government Resolutions and periodic confirmation is resorted to.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **1. (a) Industry structure and developments:**

Gujarat State Financial Corporation is established under the State Financial Corporations Act, 1951 as a State level development financial institution with the objective of providing medium and loan term credit to industrial undertakings which fell outside the normal coverage of the commercial banks. Corporation played a pivotal role in promotion of first generation entrepreneurs and decentralization of industrial activity. In the wake of financial sector reforms coupled with deregulation of the banking sector, SFCs received a serious setback as they were not provided with a level playing field under the reform process. Higher cost of funds and shrinking operational base resulted into SFCs incapable to compete with commercial banks and other financial entities.

The position of the Corporation is no different. It started making loss from FY 2000-01 and defaulted in repayment of debt. As a result thereof, Corporation was compelled to withdraw from main activities of sanction and disbursement of loan since Financial Year 2001-02 and concentrating only on recovery of dues since then.

### **(b) Opportunities and Threats**

The role of Development Financial Institutions like GSFC started diminishing since 2000-01. The 1991 liberalization reforms resulted in increased participation of domestic and foreign firms in the financial sector and offering all financial institutions greater flexibility in mobilizing, lending and investing resources. At this point, the ability of SFCs to obtain concessional finance was contested and resulted in pressure to create a level playing field for all players. Withdrawal by Reserve Bank of India of SLR status to bonds issued by SFCs restricted the easy access to low cost funds. SFCs could not withstand the competition and ultimately became commercially unviable to operate. Though opportunities are aplenty particularly when its activities are being concentrated in an industrially developed State where there is no dearth for customers, due to constraints faced by it, Corporation is not in a position to extend financial assistance to the small scale sector.

### **(c) Segment-wise performance:**

Corporation is operating in the financial services industry and there is no reportable segment. With the discontinuation of sanction and disbursement of loan for the last two decades, Corporation is concentrating on recovery of dues. During the year under report, Covid-19 pandemic and consequent lock-down and restrictions impacted recovery of dues adversely. Corporation's recovery of dues during the year under report stood at Rs.3.53 crore compared to Rs.7.95 crore reported in the previous year.

### **(d) Outlook:**

The economic disruption caused by the pandemic is of gigantic proportions. The loss to economy could be at least one quarter of GDS growth, given that the economy has been in a lockdown mode for the first two months of FY 2020-21. The dislocation of migrant labour and disruption in domestic transport has adversely impacted agriculture, business units, suppliers and exporters. The more serious second wave of the pandemic in the beginning of the current year will adversely affect the revival of economic activities. Continuous restrictions imposed to contain the pandemic and slow-down in the economy is expected to adversely affect the recovery of dues in the financial year 2021-22.

### **(e) Risks and concerns:**

Risk is an inherent part of business and the Corporation not free from various risks associated with the business. Over and above the normal risks, the second wave of COVID-19 pandemic added more concern to the economy and that will be reflected in the performance of the





Corporation in the financial year 2021-22 also. Risk increases when recovery from 100% Non-Performing Asset Portfolio is to be effected. The concern of the Corporation lies in the fact that inspite of introducing various attractive One Time Settlement Schemes, the response, in the present circumstances, is lukewarm resulting into lower recovery of dues and mounting losses.

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

Corporation’s internal control system provides for budgetary control and cost monitoring system. Corporation engaged services of an external firm of Chartered Accountants for internal audit so as to provide timely information to management. Regular management reviews are undertaken to ensure conformity with targets. The internal control system of the Corporation is adequate commensurate with the size of the Corporation.

**(g) Financial Performance:**

(Rs. in crore)

Particulars	Year ended	
	31/03/2021	31/03/2020
Total Income	14.43	19.43
Interest expenses	131.89	129.99
Other expenses	5.46	6.87
Loss before depreciation & tax	122.59	117.08
Depreciation	0.33	0.36
Loss before tax	122.92	117.44
Loss after depreciation & tax	122.92	117.44
Balance carried over to balance sheet	(2,927.65)	(2,804.74)

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

During the year under reference, on receipt of requisite approvals, Corporation implemented the increase in the ceiling limit of gratuity from Rs.10 lakh to Rs.20 lakh with retrospective effect from 29<sup>th</sup> March, 2018. No other material development in human resources took place during the year under reference. Corporation’s staff strength, including employees on deputation/ loan services, reduced to 38 as on 31<sup>st</sup> March, 2021 compared to 42 reported in the previous year.

**(i) Details of significant changes in key financial ratios:**

No significant change in key financial the financial ratios during the year under report as compared to immediately preceding financial year.

**2. Disclosure of Accounting Treatment:**

There is no change in accounting policies during the year under report compared to previous year.

**3. Cautionary statement:**

Statements in the Management Discussion and Analysis describing the Corporation’s objective, projections, estimates and expectations may be “forward looking” within the meaning of applicable laws or regulations. Actual results may differ from those expressed or implied.



## **REPORT ON CORPORATE GOVERNANCE**

### **1: PHILOSOPHY ON CODE OF GOVERNANCE**

The corporate governance philosophy of Gujarat State Financial Corporation encompasses regulatory and legal requirements such as accountability, transparency and fairness in its all transactions so as to enhance long-term shareholder value while safeguarding the interest of all the stakeholders. The policies, procedures and practices that are installed in the organization aim at courtesy and dignity in all transactions within and outside the Corporation with customers, employees, investors, competitors, the Government and the society.

### **2: BOARD OF DIRECTORS**

#### **Composition of Board**

GSFC is a body corporate established by Government of Gujarat under State Financial Corporations Act, 1951. The composition of Board of Directors is governed by Section 10 read with Sections 4 (3), 15 and 17 of the said Act. As on March 31, 2021, the Board comprises of six Directors viz. Chairman nominated by Small Industries Development Bank of India, Managing Director appointed by Government of Gujarat, two Directors nominated by Govt. of Gujarat and one Director each nominated by Small Industries Development Bank of India and Life Insurance Corporation of India.

The composition and category of Directors, Directorships/Committee positions in other companies during the year, number of meetings held and attended during the year etc., are as follows:

Sr. No.	Name of Director & category	No. of Board meetings			No. of Directorship in other companies/body corporates	Number of memberships/ posts of Chairperson in Audit/ Stakeholders Relationship Committee held in listed entities including this listed entity	
		held during the tenure	attended	Attendance at last AGM		Member	Chairman
1	Shri Manoj Kumar Das, IAS (From 31.5.2017) Nominated by SIDBI under Section 15 read with Section 10 (a) of SFCs Act, 1951 Non-executive – Nominee Director Chairperson	4	4	Not Present	11 <sup>#</sup>	1	Nil
2	Smt. Mamta Verma, IAS (as Director from 29.6.2015 onwards) (ex-officio Managing Director from 16.5.2017 to 3-09-2019) Nominated by Govt. of Gujarat under Section 10 (b) of SFCs Act, 1951 Non-Executive – Nominee Director	4	3	Not Present	6 <sup>s</sup>	1	Nil



Sr. No.	Name of Director & category	No. of Board meetings			No. of Directorship in other companies/body corporates	Number of memberships/ posts of Chairperson in Audit/ Stakeholders Relationship Committee held in listed entities including this listed entity	
		held during the tenure	attended	Attendance at last AGM		Member	Chairman
3	Dr. Rahul B Gupta, IAS (From 05-09-2019 onwards) Ex-officio Managing Director pursuant to Order No. AIS/35.2009/3/G dated 29 <sup>th</sup> April, 2017 of GAD, Govt. of Gujarat Executive Director	4	4	Not Present	10 <sup>@</sup>	2	Nil
4	Shri Kamleshbhai K Patel* (From 26.12.2018 to 5-10-2020) Nominated by State Government u/s 10 (b) of SFCs Act, 1951 Non-Executive – Nominee Director	2	2	Present	NA	NA	NA
5	Smt. Ankita R Christian (From 06-10-2020 onwards) Nominated by State Government u/s 10 (b) of SFCs Act, 1951 Non-Executive – Nominee Director	2	2	Not applicable	3	2	1
6	Shri Ravindran A.L. (From 17.7.2019 onwards) Nominated by SIDBI u/s 10 (c) of SFCs Act, 1951 Non-Executive – Nominee Director	4	3	Present	2	2	1
7	Shri KR Balasubramaniyan (From 6.6.2019 onwards) Nominated by LIC of India u/s 10 (d) of SFCs Act, 1951 Non-Executive – Nominee Director	4	3	Present	Nil	Nil	NA

\*Ceased to be member of Board of Directors during the year under reference.

#including Director on the Boards of Gujarat Alkalies & Chemicals Ltd and Gujarat Mineral Development Corporation Ltd, both listed entities, as Non-Executive Non-Independent Director

§including Non-Executive Non Independent Director on the Board of listed entity of Gujarat Narmada Valley Fertilizers & Chemicals Ltd.



@including Non-Executive Non Independent Director on the Board of listed entity of Gujarat Siddhi Cement Ltd.

**Disclosure of relationships between directors inter-se**

None of the Directors are related to each other or to any Key Managerial Personnel of the Corporation.

**Number of shares and convertible instruments held by non-executive Directors:** Nil

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

1. In exercise of the powers vested under Section 10 (b) of the State Financial Corporations Act, 1951, Government in Finance Department, vide letter dated 6<sup>th</sup> October, 2020, nominated Smt. Ankita R Christain, Financial Advisor (I&M), on the Board of Directors of the Corporation in place of Shri Kamleshbhai K Patel. Accordingly, she became a Director on the Board of the Corporation from 6<sup>th</sup> October, 2020 as also Chairperson of Stakeholders Relationship Committee and Member of Audit Committee of the Corporation. Brief resume of Smt. Ankita R Christian given as under:-

Smt. Ankita R Christian, aged 41 years, holds post graduate degree in Arts and Bachelor of Education. She started her career as a Translator with Government of Gujarat and worked in that capacity for seven years. She was selected and appointed as Section Officer in 2011 and posted in Roads & Building Department and worked in that department for five years. Upon promotion to the cadre of Under Secretary, she was posted in Women & Child Development Department and continued there for five years. She was thereafter elevated to the cadre of Deputy Secretary and posted in Finance Department since September, 2020. She is holding Directorship in three other organisations as Government nominee viz. Gujarat Aviation Infrastructure Co Ltd, Guj-Tour Development Co. Ltd and Gujarat Rail Infrastructure Development Corporation Ltd. On her joining the Board of Directors of GSFC, she also holds the Chairmanship of its Stakeholders Relationship Committee and also a member of the Audit Committee. She is not holding any shares in the Corporation in her individual capacity and is not related to any Director or Key Managerial Personnel of the Corporation.

**Board Meetings**

During the financial year ended 31<sup>st</sup> March, 2021, four Board meetings were held on 29<sup>th</sup> June, 2020, 7<sup>th</sup> September, 2020, 6<sup>th</sup> November, 2020 and 11<sup>th</sup> February, 2021.

**3. AUDIT COMMITTEE**

**a) Terms of reference:**

The terms of reference of the Audit Committee of the Corporation is in line with Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which inter alia include (i) review of quarterly and annual financial statements with the management before submission to the Board for approval, (ii) recommendation for appointment, remuneration and terms and conditions of Internal as well as Statutory Auditors etc.

**b) Composition, name of members and Chairperson:**

Audit Committee of the Corporation consists of three Directors viz. Director representing Small Industries Development Bank of India as Chairman, Director representing Finance Department of Government of Gujarat and Managing Director as Members. Secretary (Board) is the Secretary to the Committee. The names of members and Chairperson as well as the meetings held and attended during the year under reference are as under:



Name	Designation	No. of meetings	
		Held	Attended
Shri Ravindran A.L.	Chairman	4	3
Shri Kamleshbhai K Patel* <sup>1</sup>	Member	2	2
Smt. Ankita R Christian	Member	2	2
Dr. Rahul B Gupta, IAS	Member	4	4

\*<sup>1</sup>Consequent to nomination of Smt. Ankita R Christian, Financial Advisor (I&M), as a Director on the Board of the Corporation with effect from 6<sup>th</sup> October, 2020, she joined as Member of Audit Committee in place of Shri Kamleshbhai K Patel.

**c) Number of meetings and dates on which held:**

During the year under reference, Audit Committee met four times on 29<sup>th</sup> June, 2020, 7<sup>th</sup> September, 2020, 6<sup>th</sup> November, 2020 and 11<sup>th</sup> February, 2021.

**4. NOMINATION AND REMUNERATION COMMITTEE:**

Remuneration of Directors is governed by Section 16 of the SFCs Act, 1951 read with Regulation 40 of the GSFC General Regulations according to which Directors other than the Managing Director and not being servants of the Government shall be paid such fees as may be prescribed for attending meetings of the Board and if they are members of the Executive Committee or any other committee appointed by the Financial Corporation for attending such committee meetings. At present Director representing LIC of India on the Board of the Corporation is entitled to receive sitting fee of Rs.1,000/- per meeting attended. Managing Director, being holding ex-officio position, is not drawing salary or any other remuneration from the Corporation. Salary and allowances of employees are governed by Section 23 of the SFCs Act, 1951 and linked to such benefits as are available to the employees of the State Government and adopted after consultation with Small Industries Bank and with previous sanction of State Government. In view of this, Corporation has not constituted Nomination and Remuneration Committee.

**5. Remuneration of Directors:**

- a) None of the Directors have any pecuniary relationship or had entered into any transactions with the Corporation. As per the policy of the Corporation, Directors nominated by Government of Gujarat and SIDBI are not entitled to receive sitting fee or any other remuneration. Other Directors are paid Rs.1,000/- for attending each meeting of Board of Directors. During the year under reference, Director representing Life Insurance Corporation of India was paid sitting fee of Rs.3,000/- for attending the Board meetings.
- b) In absence of any provision for extending remuneration to non-executive directors in SFCs Act, 1951 and the GSFC General Regulations, no criteria is fixed for remuneration to Directors.

**6. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

**(a) Name of non-executive director heading the Committee:**

Stakeholders' Relationship Committee consists of three Directors. The Committee is headed by the representative of Finance Department on the Board of Directors of the Corporation.

The Committee consisted of following Directors during the year under reference:-





Name	Designation	<u>No. of meetings</u>	
		Held	Attended
Shri Kamleshbhai K Patel* <sup>1</sup>	Chairman	0	0
Smt. Ankita R Christian * <sup>2</sup>	Chairperson	1	1
Shri Ravindran A.L.	Member	1	1
Dr. Rahul B Gupta, IAS	Member	1	1

\*<sup>1</sup>Chairman till 5<sup>th</sup> October, 2020.

\*<sup>2</sup>Chairperson since 6<sup>th</sup> October, 2020

Committee met once during the year under reference on 6<sup>th</sup> November, 2020.

Sub-Committee consisting of Secretary (Board) as Chairman and Executive Officer (Accounts) as member constituted by the Board of Directors to deal with day-to-day requirements of investors met thrice during the year under reference on 22<sup>nd</sup> October, 2020, 26<sup>th</sup> November, 2020 and 15<sup>th</sup> February, 2021.

- b) Name and designation of Compliance Officer: Raveendran Nair,  
Secretary (Board)
- c) Number of shareholders' complaints received so far : 0
- d) Number not solved to the satisfaction of shareholders: 0
- e) Number of pending complaints: Nil

## 7. GENERAL BODY MEETINGS

a) Location and time where last three AGMs were held:-

Year	Date	Time	Location of holding AGM
2017-18	14-09-2018	11.30 AM	Office of Chairman at Head Office at Udyog Bhavan, Block No. 10, 1 <sup>st</sup> Floor, Sector-11, Gandhinagar
2018-19	20-09-2019	11.30 AM	-do-
2019-20	25-09-2020	01.00 PM	AGM through VC/OAVM and deemed venue Head Office of the Corporation as above

- b) No special resolution was passed during the previous three AGMs.
- c) No special resolution was passed through postal ballot during the last year.
- d) No special resolution is proposed to be conducted through postal ballot during the year under reference.

## 8. MEANS OF COMMUNICATION

- a) Quarterly and annual results are published on or before the dates stipulated under SEBI (LODR) Regulations, 2015.
- b) Quarterly/half yearly and yearly results are normally published in "Financial Express", both English and Gujarati editions of Ahmedabad.



- c) The results are uploaded on the website of the Corporation viz. [www.gsfc.gujarat.gov.in](http://www.gsfc.gujarat.gov.in) under INVESTOR RELATIONS – FINANCIAL RESULTS.
- d) Whether it also displays official news releases - Not applicable
- e) Presentations made to institutional investors or to analysts - Nil

**9. GENERAL SHAREHOLDER INFORMATION**

a) Date, time & venue of the Annual General Meeting: Through VC/OAUM on Thursday, the 30<sup>th</sup> September, 2021 at 1:00 P.M. in the Office of the Corporation at Head Office, at Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector 11, Gandhinagar-382010.

b) Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March

c) Dividend payment date : Not applicable

d) Listing on Stock-Exchanges : BSE Ltd  
Phiroz Jeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai 400 001

It is confirmed that Annual Listing Fee for FY 2021-22 has been paid to BSE Ltd.

e) Stock Code : 532160

f) Market price data

Monthly high and low quotation of shares traded on BSE during Financial Year 2020-21 were as under:

Month	High (Rs.)	Low (Rs.)	No. of trades during the month	No. of shares traded during the month
April, 2020	2.18	1.32	146	1,58,582
May, 2020	1.96	1.64	71	61,947
June, 2020	2.10	1.67	208	1,18,089
July, 2020	2.30	1.82	252	96,601
August, 2020	2.25	1.64	148	38,877
September, 2020	2.35	1.90	164	50,930
October, 2020	2.34	1.79	88	25,038
November, 2020	1.85	1.44	109	79,561
December, 2020	2.65	1.37	314	1,50,624
January 2021	3.81	2.53	598	2,58,598
February 2021	3.06	2.38	617	1,12,671
March, 2021	3.82	2.70	457	1,80,936

(Source: BSE data)

g) Performance comparison in comparison to BSE Sensex is not attempted.



h) During the year, the securities of the Corporation are not suspended from trading.

i) **Registrars & Transfer Agents**

M/s. MCS Share Transfer Agent Ltd.

201, Satdal Complex, 2<sup>nd</sup> Floor,

Opp. Bata Show Room, Ashram Road,

Ahmedabad-380 009

Phone (079) 26580461/2/3, Fax (079) 26581296

E-mail: [mcsstaahmd@gmail.com](mailto:mcsstaahmd@gmail.com)

j) **Share Transfer System**

All shareholders/investors matters like transfer, transmission, dematerialization, investor grievances etc., are dealt with by sub-Committee of Stakeholders Relationship Committee constituted by the Board of Directors. Due to the prevailing pandemic condition, requests for dematerialization etc., dropped drastically during the year under reference. The sub-Committee met thrice during the year on 22<sup>nd</sup> October, 2020, 26<sup>th</sup> November, 2020 and 15<sup>th</sup> February, 2021 to deal with investor requests. Corporation obtains half yearly certificates from a Company Secretary in Practice in respect of share transfers as required under Regulation 40 (9) of SEBI (LODR) Regulations, 2015 and filed the said certificates with BSE Ltd well within the prescribed time limit.

k) **Distribution of shareholding by size as on 31<sup>st</sup> March 2021**

Shares held	No. of Folios	% holders	Number of shares held	% shares
1 – 500	6891	79.0434	14,67,623	1.6469
501-1000	878	10.0711	8,16,273	0.9160
1001-2000	398	4.5653	6,63,584	0.7446
2001-3000	145	1.6632	3,71,332	0.4167
3001-4000	59	0.6768	2,17,630	0.2442
4001-5000	112	1.2847	5,39,516	0.6054
5001-10000	95	1.0897	7,46,750	0.8380
10001-50000	113	1.2962	23,95,260	2.6879
50001-100000	10	0.1147	7,13,378	0.8005
100001 and above	17	0.1950	8,11,82,654	91.0998
<b>Total</b>	<b>8718</b>	<b>100.00</b>	<b>8,91,14,000</b>	<b>100.00</b>

**Distribution of shareholding by ownership as on 31<sup>st</sup> March, 2021**

(Pursuant to Sections 4 and 4A of SFCs Act, 1951)

Sr. No.	Particulars of shareholding	No. of shares held (Rs.10/- each)	Percentage share
1	<b>Government of Gujarat</b>		
	“a” Class of shares (issued pursuant to Section 4(3)(a) of SFCs Act, 1951)	4,72,60,000	53.03
	“c” Class of shares (issued pursuant to Section 4(3)(c) of SFCs Act, 1951)	250	-
	“d” Class of shares (issued pursuant to Section 4(3)(d) of SFCs Act, 1951)	30,150	0.03





Obligations and Disclosure Requirements) Regulations, 2015 are available to it. During the year under reference, Corporation has received two email communications dated 20<sup>th</sup> August, 2020 from BSE Ltd imposing fine of Rs.1,82,000/- plus GST for non-compliance with constitution of Audit Committee and another dated 17<sup>th</sup> November, 2020 imposing of fine of Rs.10,000/- plus GST for non-compliance with Regulation 17 (2A) of SEBI (LODR) Regulations, 2015. Corporation represented for withdrawal of the letters imposing fine. Subsequently, vide email communication dated 19<sup>th</sup> April, 2021, BSE Ltd informed of waiver of the fine levied under Regulation 17 (2A) of the said Regulations but no communication has been received in response to other correspondence.

- c) A well established vigil mechanism for Directors and employees to report concerns about unethical behaviors, actual or suspected fraud or violation of its code of conduct is in vogue in the Corporation. During the year, no personnel has been denied access to the Audit Committee. Whistle Blower Policy is also in vogue in the Corporation. Pursuant to Corporation's Code of Conduct policy, Directors and senior management personnel have affirmed compliance with the Code for the Financial Year 2020-21, a declaration to this effect signed by Managing Director forms part of this Report.
- d) Corporation has complied with all mandatory requires of corporate governance in such a manner and to the extent that it does not violate the provisions contained in the State Financial Corporation Act, 1951, under which it is established, and the Regulations made thereunder as well as the guidelines or directives issued by the State Government or other relevant authorities from time to time and also keeping in view the relaxations and exemptions provided under proviso to Regulation 15 (2) (b) of the SEBI (LODR) Regulations, 2015.
- e) Corporation has no material subsidiaries and hence the policy is not displayed on the website of the Corporation.
- f) Corporation has discontinued its main activities of sanction and disbursement since almost last two decades and concentrating on recovery of dues only. No material related a party transaction is entered into by the Corporation with any related parties and hence such a policy is not displayed on the website of the Corporation.
- g) Corporation has not entered into any commodity hedging activities during the year.
- h) During the year under reference, no fund was raised through preferential allotment or QIP by the Corporation.
- i) Disqualification for being a Director is governed by Section 12 of the State Financial Corporations Act, 1951. Since provisions of Section 164 of Companies Act, 2013 are not attracted to the Directors of the Corporation, certificate from Company Secretary in Practice is not obtained with regard to disqualification of Directors.
- j) During the year under reference, there was no instances where the Board had not accepted any recommendation of any Committee of the Board.
- k) During the year under reference, Corporation paid Rs.25,822/- towards obtaining two Limited Review Reports and made provision for Rs.1,25,552/- in connection with audit fee and Limited Review Report for the third quarter to M/s. Priyam R Shah & Associates, Chartered Accountants, statutory auditors.
- l) During the year under reference, no complaint under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was received by the Corporation.
- 11) The affairs of the Corporation are inspected by SIDBI under Section 37-A of the SFCs Act, 1951 from time to time, commercial as well as compliance audit by Comptroller and Auditor General of India under Section 37 of the said Act besides statutory audit by a firm of Chartered





Accountants selected from the panel of list furnished by Reserve Bank of India and eligibility and suitability are confirmed by RBI. Keeping in view the fact that there is no provision in SFCs Act, 1951 or the Regulations made thereunder, the affairs are being audited and inspected by the aforesaid authorities and exemption/relaxation is available to bodies corporate under the proviso to Regulation 15 (2) (b) of the SEBI (LODR) Regulations, 2015, Corporation has not opted for Secretarial Audit as provided under Regulation 24A of SEBI (LODR) Regulations, 2015. Nevertheless, Corporation has obtained Annual Secretarial Compliance Report from a Practicing Company Secretary and filed the same with BSE Ltd.

12. The extent of implementation of discretionary requirements as specified in Part E of Schedule II is furnished as under:-

	<b>Requirement</b>	<b>Compliance</b>
A	<b>The Board:</b> A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties	Not applicable to the Corporation
B	<b>Shareholder Rights:</b> A half-yearly declaration of financial performance including summary of the significant events in last six months, may be sent to each household of shareholders	Half yearly financial results are uploaded on the website of the Corporation, submitted to BSE Ltd and also published in the newspapers.
C	<b>Modified opinion(s) in audit report:</b> The listed entity may move towards a regime of financial statements with unmodified audit opinion	The audit opinions are of technical in nature.
D	<b>Reporting of internal auditor</b> The Internal Auditor may report directly to the audit committee.	Internal Auditor's Reports are periodically placed before the Audit Committee for suitable information and directions. The directions of the Committee are promptly complied with.

13. The disclosures with regard to compliance with corporate governance requirements have been uploaded in the Corporate Governance Reports and available on the website of the Corporation at [www.gsfc.gujarat.gov.in](http://www.gsfc.gujarat.gov.in) under INVESTOR RELATIONS – Corporate Governance Reports.
14. Declaration regarding compliance of Code of Conduct by the Board members and Senior Management Personnel by the Managing Director forms part of this Report.
15. Compliance certificate from Shri Pragnesh M Joshi, Practicing Company Secretary, regarding compliance of conditions of corporate governance also forms part of this Report. Reasons for non-compliance are given in point No. 10 (b) above.
16. Disclosure with respect to demat suspense account/unclaimed suspense account – Not applicable.



**Pragnesh M. Joshi**

*Practicing Company Secretary*

**CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF REGULATIONS 17, 18, 19, 20, 21, 22, 23, 24, 24[A], 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 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 on 31st March, 2021, as stipulated in Regulations (R.W. Regulation 15 (2) (b)), 17, [17A,] 18, 19, 20, 21, 22, 23, 24, [24A,] 25, 26, 27 and clauses (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 the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Corporation. We report that;
  - a) Pursuant to BSE email dated 20<sup>TH</sup> August 2020 Reg. 18(1) BSE Ltd had imposed penalty of Rs. 2,14,760/- for the quarter ended on 30.06.2020 and as per email dated 17<sup>th</sup> November 2020, 11800/- for the quarter ended 30.09.2020 for non-compliance of following Regulations of SEBI (LODR) Regulations, 2015
    - i) Regulation 18(1): Non-compliance with the constitution of Audit Committee. {non-compliance for the quarter ended on 30.06.2020}
    - ii) Regulation 17(2A): Non-compliance with the requirements pertaining to quorum of Board meetings. {non-compliance for the quarter ended on 30.09.2020}

Corporation has made communications with respect to aforementioned violations and sought for exemption/relaxation pursuant to Proviso of Regulation 15(2) (b) of SEBI (LODR) Regulations, 2015 and in response to those communications Corporation has received a waiver of penalty vide BSE email dated April 19, 2021 for the Regulation 17(2A) and no communication has been received for other correspondence.

Further, pursuant to BSE letters dated 31<sup>st</sup> October 2018 vide letter No. LIST/COMP/Reg. 27(2) & Reg. 17 to 21/ Sept- 18/532160/960/2018-19, dated 31<sup>st</sup> January 2019 vide letter No. LIST/COMP/Reg. 27(2) & Reg. 17 to 21/ Dec- 18/532160/1093/2018-19 & dated 2<sup>nd</sup> May 2019 vide letter No. LIST/COMP/Reg. 27(2) & Reg. 17 to 21/ March-19/532160/37/2019-20, vide letter No. LIST/COMP/Reg. 27(2) & Reg. 17 to 21/ June-19/532160/157/2019-20 dated 19<sup>th</sup> August, 2019 and vide letter No. LIST/COMP/Reg. 27(2) & Reg. 17 to 21/ Sep-19/532160/219/2019-20 dated 31<sup>st</sup> October, 2019, BSE Ltd had imposed penalty of Rs. 9,77,040/- for each quarter ended on 30.09.2018, 31.12.2018, Rs.9,55,800/- for the quarter ended 31.03.2019, Rs.9,66,420/- for the quarter ended 30.6.2019 and Rs.3,96,480/- for the quarter ended 30.9.2019 for non-compliance of SEBI (LODR) Regulations, 2015.



Corporation has made several communications with respect to aforementioned violations and sought for exemption/relaxation pursuant to Proviso of Regulation 15(2) (b) of SEBI (LODR) Regulations, 2015 and in response to those communications Corporation has received a reply vide BSE email dated February 11, 2019 that BSE is making representation to SEBI and once their guidance is sought on this matter, BSE will revert to GSFC.

In absence of specific guidance from BSE, we are unable to comment on the same.

In our opinion and to the best of our information and according to the explanations given to us and r.w. proviso to Regulation 15(2) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Corporation has complied with the conditions of corporate governance to the extent that it is not violate the provisions of State Financial Corporations Act, 1951 and the guidelines or directives issued by the relevant authorities and subject to what is stated above, 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 the future viability of the corporation nor the efficiency or effectiveness with which the management has conducted the affairs of the Corporation.

Date: 22.05.2021

Place: Ahmedabad

PRAGNESH M. JOSHI  
PRACTICING COMPANY SECRETARY  
FCS NO. 7238 C.P. No. 7743  
UDIN: F007238C000360767

### **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 hereby declare that members of Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct of Board of Directors and senior management for the year ended 31<sup>st</sup> March, 2021.

Place: Gandhinagar

Dated: 30-06-2021

(Rahul Gupta, IAS)

Managing Director



**Priyam R. Shah & Associates**

**CHARTERED ACCOUNTANTS**

202, Pelican, Gujarat Chamber of Commerce Compound, Ashram Road, Ahmedabad-380 009.  
Tele (O) 079-40042700-01-02-03 • E-mail : rmshah@rmshah.net



### **Independent Auditor's Report**

To,  
The Members of  
**GUJARAT STATE FINANCIAL CORPORATION**  
Gandhinagar

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the financial statements of **GUJARAT STATE FINANCIAL CORPORATION ('the Corporation')**, which comprise the balance sheet as at 31st March, 2021 and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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, 2021, and its loss and its cash flow for the year ended on that date.

#### **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 made on actual receipt basis since beginning of financial year 2018-19, as a result of change in accounting policy adopted by the Corporation. However, in respect of receipts prior to 1-4-2018, the then prevailing policy is kept intact. Therefore, the actual effect on write back of NPA, bad debt provision and any other items of financial results 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 and the effect of the same on the financial statements is not ascertainable.

#### **Information other than the financial statements and auditors' report thereon**

Management is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

Management is responsible for the matters stated 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 principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those management is also responsible for overseeing the Corporation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are also responsible for expressing our opinion on whether the corporation has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Reports 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. Except 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, Priyam R Shah & Associates**  
**Chartered Accountants**  
**Firm Registration No. 118421W**

**Mitesh M Nagar**  
**Partner**  
**Membership No. 173787**  
**UDIN:21173787AAAAIF7882**

**Place: Ahmedabad**  
**Date: June 30, 2021**



**GUJARAT STATE FINANCIAL CORPORATION****BALANCE SHEET AS AT 31ST MARCH, 2021**

<b>Particulars</b>	<b>Note. No.</b>	<b>As at 31<sup>st</sup> March 2021</b>	<b>As at 31<sup>st</sup> March 2020</b>
<b>CAPITAL/LIABILITIES</b>		<b>Rs.</b>	<b>Rs.</b>
SHARE CAPITAL	1	89,11,40,000	89,11,40,000
SHARE FORFEITED	1-A	4,60,48,000	4,60,48,000
RESERVES & SURPLUS	2	2,73,36,66,913	2,73,36,66,913
BORROWINGS	3	6,61,68,42,633	6,61,68,42,633
OTHER LIABILITIES & PROVISIONS	4	20,73,00,55,816	19,41,22,58,202
<b>Total Rs.</b>		<b>31,01,77,53,362</b>	<b>29,69,99,55,748</b>
<b>ASSETS</b>			
CASH & BANK BALANCES	5	1,25,74,393	1,17,91,321
INVESTMENTS	6	1,62,93,21,587	1,53,10,48,282
LOANS & ADVANCES	7	-	-
FIXED ASSETS	8	2,94,21,937	3,26,33,503
OTHER ASSETS	9	6,99,04,137	7,71,26,154
PROFIT & LOSS ACCOUNT		29,27,65,31,307	28,04,73,56,488
<b>Total Rs.</b>		<b>31,01,77,53,362</b>	<b>29,69,99,55,748</b>
<b>NOTES TO ACCOUNTS</b>	<b>15</b>		

Notes referred to above and notes attached there to form an integral part of the Financial Statements

**FOR AND ON BEHALF OF THE BOARD,**

**(M.R.Malpani)**  
Executive Officer(A/cs)

**Raveendran Nair**  
Secretary (Board)

**(Ravindran A.L.)**  
Director

**(Rahul Gupta, IAS)**  
Managing Director

As per our Report of even date.

**FOR PRIYAM R. SHAH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
ICAI Firm Reg. No.: 118421W

**MITESH NAGAR**  
**PARTNER**  
Membership No. :173787  
**PLACE: AHMEDABAD**  
**DATED: 30-06-2021**

**PLACE: GANDHINAGAR**  
**DATED: 30-06-2021**



<b>GUJARAT STATE FINANCIAL CORPORATION</b>			
<b>STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED 31ST MARCH, 2021</b>			
Particulars	Note. No.	For the Year Ended 31st March, 2021 Rs	For the Year Ended 31st March, 2020 Rs
<b>INCOME</b>			
INTEREST ON LOANS & ADVANCES		42,86,213	2,12,87,341
INTEREST ON DEPOSITS		10,53,67,460	11,02,51,370
PROVISION AGAINST NPA WRITTEN BACK		2,84,10,665	5,96,84,472
OTHER INCOME	10	4,12,689	30,73,296
DIMINUTION IN THE VALUE OF INVESTMENTS WRITTEN BACK		58,57,249	-
<b>TOTAL INCOME</b>		<b>14,43,34,276</b>	<b>19,42,96,479</b>
<b>EXPENDITURE</b>			
INTEREST ON BONDS, DEPOSITS & OTHER BORROWINGS	11	1,31,89,32,611	1,29,99,50,941
FINANCIAL EXPENSES & COMMITMENT CHARGES	12	6,100	5,214
EMPLOYEE'S COST	13	3,19,36,198	2,98,96,231
OTHER EXPENSES	14	1,93,77,620	2,73,11,293
DEPRECIATION	8	32,56,566	36,46,025
PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS		--	78,77,215
<b>TOTAL EXPENDITURE</b>		<b>1,37,35,09,095</b>	<b>1,36,86,86,919</b>
<b>NET LOSS FOR THE YEAR</b>		<b>(1,22,91,74,819)</b>	<b>(1,17,43,90,440)</b>
<b>ADD: OPENING BALANCE OF PROFIT &amp; LOSS ACCOUNT</b>		<b>(28,04,73,56,488)</b>	<b>(26,87,29,66,048)</b>
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b>(29,27,65,31,307)</b>	<b>(28,04,73,56,488)</b>
<b>EARNINGS PER SHARE (BASIC AND DILUTED)</b>		<b>(13.79)</b>	<b>(13.18)</b>
<b>NOTES TO ACCOUNTS</b>	<b>15</b>		
Notes referred to above and notes attached there to form an integral part of the Financial Statements			
<b>FOR AND ON BEHALF OF THE BOARD,</b>			
(M.R.Malpani) Executive Officer(A/cs)	Raveendran Nair Secretary (Board)	(Ravindran A.L.) Director	(Rahul Gupta, IAS) Managing Director
As per our Report of even date.			
<b>FOR PRIYAM R. SHAH &amp; ASSOCIATES</b> <b>CHARTERED ACCOUNTANTS</b> ICAI Firm Reg. No.: 118421W			
<b>MITESH NAGAR</b> <b>PARTNER</b> Membership No. :173787 <b>PLACE: AHMEDABAD</b> <b>DATED: 30-06-2021</b>			
<b>PLACE: GANDHINAGAR</b> <b>DATED: 30-06-2021</b>			



**GUJARAT STATE FINANCIAL CORPORATION**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021**

Particulars	For the Year Ended 31 <sup>st</sup> March, 2021 Rs	For the Year Ended 31 <sup>st</sup> March, 2020 Rs.
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before tax as per Profit & Loss A/c	(1,22,91,74,819)	(1,17,43,90,440)
Adjustments :		
Depreciation	32,56,566	36,46,025
Provision for NPA written back		
Diminution/(Reverse Diminution) in Value of Investments	(58,57,249)	78,77,215
Profit on sale of Investments	-	-
Dividend Income	(11,000)	(11,000)
Interest Income	(10,53,85,026)	(11,02,86,990)
Interest on Finance Cost	-	-
<b>Operating Loss before working capital</b>	(1,33,71,71,528)	(1,27,31,65,190)
Adjusted for :		
i) Other Assets	72,22,017	(53,08,259)
ii) Other Liabilities & Provisions	1,31,77,97,614	1,29,54,73,655
<b>NET CASH USED FROM OPERATING ACTIVITIES (A)</b>	(1,21,51,898)	1,70,00,206
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (After changes in Capital W-I-P)	(45,000)	(20,800)
Sale of Fixed Assets	0	-
Decrease in Investments	(9,24,16,056)	(12,82,67,407)
Dividend Income	11,000	11,000
Interest Income	10,53,85,026	11,02,86,990
<b>NET CAS USED FROM INVESTING ACTIVITIES (B)</b>	1,29,34,970	(1,79,90,217)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	-	-
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	7,83,072	(9,90,011)
Opening Balance of Cash & Cash Equivalents	1,17,91,321	1,27,81,332
Closing Balance of Cash & Cash Equivalents	1,25,74,393	1,17,91,321
<b>Components Depecting Closing Cash and Cash Equivalents</b>		
Cash on hand and as Imprest	94,589	91,033
BALANCE WITH BANKS	34,84,503	62,28,887
LIQUID DEPOSIT WITH GSFS	89,95,301	54,71,401
<b>Total</b>	1,25,74,393	1,17,91,321

**NOTE: The above Cash Flow is prepared in accordance with Accounting Standard - 3 (indirect method).**

**FOR AND ON BEHALF OF THE BOARD,**

(M.R.Malpani)  
Executive Officer(A/cs)

Raveendran Nair  
Secretary (Board)

Ravindran A.L.  
Director

Rahul Gupta, IAS  
Managing Director

As per our Report of even date.

**FOR PRIYAM R. SHAH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
ICAI Firm Reg. No.: 118421W

Membership No. :173787  
PLACE: AHMEDABAD  
DATED: 30-06-2021

PLACE: GANDHINAGAR  
DATED: 30-06-2021



**GUJARAT STATE FINANCIAL CORPORATION**

*Notes to the Financial Statements for the year ended on 31st March, 2021*

**Note : 1 Share Capital**

Sr. No	Particulars	As at 31st March 2021 Rs.	As at 31st March 2020 Rs.
1	<b><u>AUTHORIZED CAPITAL</u></b>		
	10,00,00,000 Equity Shares of Rs. 10/- each.	1,00,00,00,000	1,00,00,00,000
		1,00,00,00,000	1,00,00,00,000
2	<b><u>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</u></b>		
	A) 8,66,14,000 SHARES (PREVIOUS YEAR 8,66,14,000 SHARES OF Rs.10/- EACH)	86,61,40,000	86,61,40,000
	B) 25,00,000 SHARES OF Rs.10/- EACH SPECIAL CAPITAL ( PREVIOUS YEAR 25,00,000 OF Rs.10/- EACH) ISSUED U/S 4-A OF THE SFC'S ACT,1951	2,50,00,000	2,50,00,000
	<b>Total in ₹</b>	<b>89,11,40,000</b>	<b>89,11,40,000</b>

**Note : 1-A Share Forfeited**

Sr. No	Particulars	As at 31st March 2021	As at 31st March 2020
1	SHARE FORFEITED 92,09,600 EACH OF Rs. 10/- (ORIGINALLY PAID UP VALUE ` 5/-)	4,60,48,000	4,60,48,000
	<b>Total in ₹</b>	<b>4,60,48,000</b>	<b>4,60,48,000</b>

**Note : 2 Reserves & Surplus**

Sr. No	Particulars	As at 31st March 2021 Rs.	As at 31st March 2020 Rs.
A	SPECIAL RESERVE (U/S 36(1)(VIII) OF THE I.T. ACT 1961	64,34,16,722	64,34,16,722
B	RESERVE FOR BAD AND DOUBTFUL DEBTS	4,75,35,006	4,75,35,006
C	SECURITIES PREMIUM	18,89,88,000	18,89,88,000
D	CAPITAL RESERVE - GAIN ON RESTRUCTURING OF PRINCIPAL DEBTS	1,82,87,27,185	1,82,87,27,185
E	SPECIAL RESERVE ( CREATED U/S.35 A OF THE SFC'S ACT,1951) (DIVIDEND FOREGONE BY GOVT.OF GUJARAT & IDBI)	2,50,00,000	2,50,00,000
	<b>Total in ₹</b>	<b>2,73,36,66,913</b>	<b>2,73,36,66,913</b>



**GUJARAT STATE FINANCIAL CORPORATION**

*Notes to the Financial Statements for the year ended on 31st March, 2021*

**Note : 3 Borrowings**

Sr. No	Particulars	As at 31st March 2021		As at 31st March 2020	
		Rs.	Rs.	Rs.	Rs.
(a)	<b>LONG TERM BORROWINGS</b>				
	<b>UNSECURED</b>				
	FROM STATE GOVT.FOR MARGIN LOAN TO BALISANA PROJECT		2,10,000		2,10,000
	FROM STATE GOVT.SALES TAX INT.FREE LOAN		1,76,86,346		1,76,86,346
	SALES TAX INT. FREE DEEMED LOAN (CONTRA)		31,49,32,320		31,49,32,320
	FROM STATE GOVT.FOR HERITAGE HOTEL FUND (INTEREST 5%)		1,00,00,000		1,00,00,000
	SOFT LOAN FROM GOVT.OF GUJARAT		6,21,36,80,000		6,21,36,80,000
	LOAN IN LIEU OF SHARE CAPITAL FROM GOVT OF GUJARAT.		6,03,33,967		6,03,33,967
	(INTEREST 3.5% & 7.5%)				
	<b>Total in ₹</b>		<b>6,61,68,42,633</b>		<b>6,61,68,42,633</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 consistent operational losses, the Corporation has continuously defaulted in repayment of Government of Gujarat's long term loans/borrowings.

**Note : 4 Other Liabilities & Provisions**

Sr. No	Particulars	As at 31st March 2021		As at 31st March 2020	
		Rs.	Rs.	Rs.	Rs.
	TAX DEDUCTED AT SOURCE PAYABLE		98,580		1,24,583
	SECURITY DEPOSIT		1,45,406		1,45,406
	GST PAYABLE		(22,914)		(1,94,599)
	UNPAID GUARANTEE FEE		35,60,39,833		35,60,39,833
	INTEREST PAYABLE ON BORROWINGS		20,32,66,36,728		19,00,77,04,117
	INTEREST PAYABLE ON SECURITY DEPOSITS		57,491		57,491
	UNCLAIMED DIVIDEND		3,51,048		3,51,048
	SUBSIDY FROM GOVT.(AS AN AGENCY)		2,05,97,36,976		2,05,97,36,976
	LESS :DISBURSED UPTO END OF THE YEAR		(2,04,27,11,180)		(2,04,27,11,180)
	OTHER DEPOSITS		77,63,616		69,89,116
	SUNDRIES (OTHER LIABILITIES)		2,34,31,568		2,52,86,016
	LESS : STD NO LIEN A/C (CONTRA NOTE -9)		(38,08,250)		(36,07,518)
	<b>SUBVENTION FROM STATE GOVT</b>				
	BALANCE AS PER LAST BALANCE SHEET		16,69,56,010		16,69,56,010
	LESS: DIVIDEND DEFICIT A/C		(16,46,19,096)		(16,46,19,096)
	<b>Total in ₹</b>		<b>20,73,00,55,816</b>		<b>19,41,22,58,202</b>

**Note : 5 Cash & Bank Balances**

Sr. No	Particulars	As at 31st March 2021		As at 31st March 2020	
		Rs.	Rs.	Rs.	Rs.
A	<b>Cash-on-Hand</b>				
	Cash on hand and as Imprest		94,589		91,033
	<b>Sub Total (A)</b>		<b>94,589</b>		<b>91,033</b>
B	<b>Bank Balance with Scheduled Banks</b>				
	BALANCE WITH BANKS (IN CURRENT ACCOUNTS )		34,84,503		62,28,887
	<b>Sub Total (B)</b>		<b>34,84,503</b>		<b>62,28,887</b>
	<b>Others (Deposits with GSFS)</b>				
	LIQUID DEPOSIT WITH GSFS		89,95,301		54,71,401
	<b>Sub Total (C)</b>		<b>89,95,301</b>		<b>54,71,401</b>
	<b>Total in ₹ [ A + B + C ]</b>		<b>1,25,74,393</b>		<b>1,17,91,321</b>



## GUJARAT STATE FINANCIAL CORPORATION

### Notes to the Financial Statements for the year ended on 31st March, 2021

#### Note : 6 Investments (At Cost)

Sr. No	Particulars	As at 31st March 2021 Rs.	As at 31st March 2020 Rs.
(i)	<b>SHARES ACQUIRED UNDER UNDERWRITING AGREEMENT U/S 25(1) ( C ) OF THE SFC'S ACT,1951</b>		
	PREFERENCE SHARES,FULLY PAID-UP (UNQUOTED)	7,40,500	7,40,500
	A EQUITY SHARES,FULLY PAID (UNQUOTED)	1,14,84,000	1,14,84,000
	B EQUITY SHARES, PARTLY PAID (UNQUOTED)	3,00,000	3,00,000
(ii)	<b>PREFERENCE SHARES ACQUIRED UNDER SPECIAL CAPITAL SCHEME</b>		
	(2000 Shares of Rs.100/- each fully paid up) (UNQUOTED)	2,00,000	2,00,000
(iii)	<b>EQUITY SHARES FULLY PAID (QUOTED)</b>		
	285440(PREVIOUS YEAR 285440) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN IDBI BANK LTD.	2,31,92,000	2,31,92,000
	1446470(PREVIOUS YEAR 1446470) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN JAGADIA COPPER LTD.	1,44,64,700	1,44,64,700
	165(PREVIOUS YEAR 500 EQUITY SHARES OF RS.2 EACH FULLY PAIDUP IN CORPORATION BANK) EQUITY SHARES OF RS.2 EACH IN UNION BANK OF INDIA*	8,000	8,000
	409000(PREVIOUS YEAR 409000) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN KUSH INDUSTRIES LIMITED (FORMERLY KNOWN AS SNS TETILES LTD)	61,35,000	61,35,000
	220417(PREVIOUS YEAR 220417) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN SAR AUTO PRODUCTS LTD	22,04,170	22,04,170
	150000 (PREVIOUS YEAR 150000) EQUITY SHARES OF RS.10 EACH FULLY PAIDUP IN OMKAR PHARMA LTD	15,00,000	15,00,000
(iv)	1(PREVIOUS YEAR 1) EQUITY SHARE OF G.S.F.C STAFF CO.OP CREDIT SOCIETY LTD. OF Rs. 10/- (UNQUOTED)	10	10
(v)	1100 (PREVIOUS YEAR 1100) EQUITY SHARES OF RS.100/- OF GUJARAT INDUSTRIAL& TECHNICAL CONSULTANCY (GITCO) (UNQUOTED)	1,10,000	1,10,000
(vi)	<b>OTHERS</b>	1,61,39,00,497	1,52,14,84,441
	GSFS INTER CORPORAE DEPOSIT		
	<b>LESS :</b>		
	INVESTMENT DEPRECIATION PROVIDED	(4,49,17,290.00)	(5,07,74,539.00)
	<b>Total in ₹</b>	<b>1,62,93,21,587</b>	<b>1,53,10,48,282</b>

\*On amalgamation with effect from 1.4.2020

Aggregate cost of quoted securities - Rs.47,503,870/-

Market value of quoted securities - Rs.68,824,066/-

Aggregate cost of unquoted securities - Rs.1,626,735,007/-

#### Note: 7 Loans and Advances

Sr. No	Particulars	As at 31st March 2021 Rs.	As at 31st March 2020 Rs.
	- PRINCIPAL AMOUNT (TERM LOAN , HIRE PURCHASE & LEASE FINANCE )	4,06,58,25,081	4,09,42,35,746
	LESS : PROVISION FOR NPA	(4,06,58,25,081)	(4,09,42,35,746)
	<b>Total in ₹</b>	-	-

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



**GUJARAT STATE FINANCIAL CORPORATION**

*Notes to the Financial Statements for the year ended on 31st March, 2021*

**Note-8 Fixed Assets**

(in Rupees)

Sr. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01-04-2020	Addition during 2020-21	Deduction during 2020-21	Closing Balance as on 31-03-2021	Provided upto 31-03-2020	Written back during 2020-21	Provided during 2020-21	Total Depreciation as on 31-03-2021	As on 31-03-2021	As on 31-03-2020
<b>A.</b>	<b>OWN ASSETS</b>										
1	Furniture & Fixtures	3,27,68,630			3,27,68,630	1,72,90,939		15,47,768	1,88,38,707	1,39,29,923	1,54,77,691
2	Office Equipments	96,57,080	-		96,57,080	60,64,239		5,38,926	66,03,165	30,53,915	35,92,841
3	Office Vehicles	45,18,014			45,18,014	32,76,688		1,86,199	34,62,887	10,55,127	12,41,326
4	Land & Building	3,94,45,116			3,94,45,116	2,71,36,256		9,60,565	2,80,96,821	1,13,48,295	1,23,08,860
5	Computers	2,32,46,120	45,000		2,32,91,120	2,32,33,350		23,108	2,32,56,458	34,662	12,770
	<b>Total in ₹ [A]</b>	<b>10,96,34,960</b>	<b>45,000</b>	<b>-</b>	<b>10,96,79,960</b>	<b>7,70,01,472</b>	<b>-</b>	<b>32,56,566</b>	<b>8,02,58,038</b>	<b>2,94,21,922</b>	<b>3,26,33,488</b>

<b>B.</b>	<b>LEASE ASSETS</b>										
1	Machinery & Equipments	15	-	-	15	-	-	-	-	15	15
	<b>Total in ₹ [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>Total in ₹ [A] + [B]</b>	<b>10,96,34,975</b>	<b>45,000</b>	<b>-</b>	<b>10,96,79,975</b>	<b>7,70,01,472</b>	<b>-</b>	<b>32,56,566</b>	<b>8,02,58,038</b>	<b>2,94,21,937</b>	<b>3,26,33,503</b>
--	-----------------------------	---------------------	---------------	----------	---------------------	--------------------	----------	------------------	--------------------	--------------------	--------------------



## GUJARAT STATE FINANCIAL CORPORATION

### Notes to the Financial Statements for the year ended on 31st March, 2021

#### Note : 9 Other Assets

Sr. No.	Particulars	For the Year Ended 31st March 2021 Rs.	For the Year Ended 31st March 2020 Rs.
1	LOANS & ADVANCES TO EMPLOYEES	3,90,766	5,00,106
	ADD : INTEREST ACCRUED THEREON	16,67,414	23,79,627
2	CAPITAL SUBSIDY RECEIVABLE	5,80,971	5,80,971
3	SUNDRIES	1,15,92,629	1,14,18,181
	LESS : STD ON LIEN A/C (CONTRA NOTE.4)	(38,08,250)	(36,07,518)
4	TAX DEDUCTED SOURCES	6,60,572	6,59,747
5	ADVANCE TAX	5,38,876	5,38,812
6	INTEREST ACCRUED BUT NOT DUE ON ICD AND LQDS	5,69,12,589	6,33,03,404
7	EXCESS TDS DEPOSITED TO BE ADJUSTED AGAINST EXPENSES	73,571	57,824
8	DEPOSIT FROM LOANEES	12,95,000	12,95,000
	<b>Total in ₹</b>	<b>6,99,04,137</b>	<b>7,71,26,154</b>

## GUJARAT STATE FINANCIAL CORPORATION

### **Note : 10 Other Income**

Sr. No	Particulars	For the Year Ended 31st March 2021 Rs.	For the Year Ended 31st March 2020 Rs.
1	BAD DEBTS RECOVERED	1,41,990	24,11,663
2	INTEREST ON LOANS TO EMPLOYEES	17,566	35,620
3	DIVIDEND INCOME	11,000	11,000
4	MISCELLANEOUS INCOME	2,42,133	6,15,013
	<b>Total in ₹</b>	<b>4,12,689</b>	<b>30,73,296</b>

### **Note :11 Interest on Bonds Deposits & Other Borrowings**

Sr. No	Particulars	For the Year Ended 31st March 2021 Rs.	For the Year Ended 31st March 2020 Rs.
1	INTEREST ON GOVT. LOAN	92,92,91,188	92,92,92,004
2	INTEREST ON HERITAGE HOTEL FUND LOAN	5,00,000	5,00,000
3	INTEREST ON LOAN TOWARDS SHARE CAPITAL	41,11,689	41,11,689
4	INTEREST ON DELAYED PAYMENT ON GOVT. LOANS	38,50,29,734	36,60,47,248
	<b>Total in ₹</b>	<b>1,31,89,32,611</b>	<b>1,29,99,50,941</b>

### **Note :12 Financial Charges & Commitment Charges**

Sr. No	Particulars	For the Year Ended 31st March 2021 Rs.	For the Year Ended 31st March 2020 Rs.
1	BANK CHARGES AND COMMISSION	6,100	5,214
	<b>Total in ₹</b>	<b>6,100</b>	<b>5,214</b>

### **Note: 13 Employee's Cost**

Sr. No	Particulars	For the Year Ended 31st March 2021 Rs.	For the Year Ended 31st March 2020 Rs.
1	SALARY , BONUS & ALLOWANCES	2,20,68,509	2,39,34,847
2	CONTRIBUTION TO STAFF PROVIDEND FUND	31,84,207	34,48,758
3	GRATUITY	64,05,298	20,96,359
4	LEAVE ENCASHMENT	20,403	24,549
5	STAFF WELFARE EXPENSES	2,57,781	3,91,718
	<b>Total in ₹</b>	<b>3,19,36,198</b>	<b>2,98,96,231</b>



## GUJARAT STATE FINANCIAL CORPORATION

**Note : 14 Other Expenses**

Sr. No	Particulars	For the Year Ended 31st March 2021 Rs.	For the Year Ended 31st March 2020 Rs.
1	TRAVELLING & OTHER ALLOWANCES	2,22,794	5,37,940
2	DIRECTORS SITTING FEES	3,000	3,000
3	RENT,RATES,TAXES & ELECTRICITY	10,44,932	13,94,777
4	POSTAGE STAMP,TELEGRAMS & TELEPHONE	2,20,896	6,11,765
5	PRINTING & STATIONERY	3,21,722	6,77,052
6	PUBLICITY & ADVERTISEMENT	41,386	48,416
7	REPAIRS & RENEWALS	9,65,440	5,58,960
8	LEGAL CHARGES	7,73,200	7,92,572
9	VEHICLES MAINTENANCE EXPENSES	2,86,302	7,03,258
10	OTHER EXPENSES	57,25,343	48,14,781
11	BAD DEBT WRITTEN OFF	8,12,921	82,29,738
12	COMPUTERISATION EXPENSES	2,84,182	2,25,822
13	FUEL AND CONVEYANCE CHARGES	7,49,669	11,63,782
14	OUTSOURCING CHARGES	15,37,547	-
15	SERVICE TAX & GST EXPENSES	23,12,155	18,35,481
16	PROFESSIONAL FEES	38,55,551	54,93,369
17	PAYMENT TO AUDITORS'	2,20,580	2,20,580
	<b>Total in ₹</b>	<b>1,93,77,620</b>	<b>2,73,11,293</b>



## NOTE – 15

### NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS AND BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021

---

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

(01) These 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 thereunder and generally accepted accounting principles.

#### (02) REVENUE RECOGNITION:

(a) The Corporation recognizes income by way of interest, penalty and other charges after realization of cheques as intimated by banks. Interest income includes penal interest received. The said income recognition is applicable only to interest earned from operational activities and not on interest income earned through investing or financing activities.

(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. All assets have been classified as doubtful for more than three years or loss assets and accordingly 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 loaneesor 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) Prior to 1.4.2018, in case 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.

Keeping in view the fact that all loan assets are NPAs and 100% provision is made, the aforesaid policy has been changed with effect from 1<sup>st</sup> April, 2018 as under:

“In case of loanees opted for OTS, amount received from the loanee is apportioned in the following order:-

1. Principal and capitalized expenses

2. Interest

3. Penalty and other charges



At the time of issuance of No Due Certificate, the shortfall in principal account, if any, is compensated by write off of the same amount.”

As a result of adoption of the said accounting policy, during the year under reference, out of an amount of Rs.156.79 lakh (previous year Rs.9.68 lakh) received as recovery from OTS accounts pertaining to the period prior to 01-04-2018, only Rs.37.15 lakh (previous year Rs.5.41 lakh) has been recognized as interest income and balance amount of Rs.119.64 lakh (previous year Rs.4.27 lakh) has been credited towards Principal. Therefore, during the year under reference, interest income is reduced by Rs.119.64 lakh (previous year Rs.4.27 lakh) and write back of NPA provision increased by 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 Re.1/- book value since lease terms of all the assets have expired.

### **(04) DEPRECIATION:**

[a] 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 Equipment	:	15%
Motor cars	:	15%
Office Building	:	10%
Residential building	:	5%
Computers	:	40%

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. Contribution to employees' 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 and Loss. The ceiling limit of maximum amount of gratuity is increased from Rs.10.00 lakh to Rs.20.00 lakh with effect from 29.3.2018. On receipt of approval to amend GSFC (Payment of Gratuity to Employees) Regulations, 1964 from SIDBI and State Government, Corporation enhanced the maximum gratuity liability limit with LIC of India to Rs.20.00 lakh during the year under reference and remitted premium of Rs.64.05 lakh to LIC of India to cover the gratuity liability of the Corporation.

### **(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 and 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, 2021 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 proposals for vacation of guarantees are submitted to administrative department. Since there was no Government guaranteed bonds, no guarantee fee is payable during the year under report. However, Corporation is in default of guarantee fee of Rs.35,60,39,833/- (Previous year Rs.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 amount is realized.

During the year under review, Corporation recovered an amount of Rs.1,41,990/-(previous year Rs.24,11,663/-) from Bad Debts written off.



### (03) CONTINGENT LAIBILITES :

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 is nil (previous year Rs.1,50,000/-).
- (ii) During the year under reference, BSE Ltd imposed a fine of Rs.2,14,760/- for non-compliance with Regulation 18 (1) of SEBI (LODR) Regulations, 2015 for the quarter ended June 30, 2020 and Rs.11,800/- for non-compliance with Regulation 17 (2A) of the said Regulations totaling Rs.2.26,560/- (previous year Rs.13,62,900/-). Listed entities which are not companies but body corporates have been granted relaxations and exemptions under the proviso to Regulation 15 (2) (b) of the said Regulations. Further, provisions of Regulation 17 (2A) are not applicable to the Corporation. GSFC being a body corporate is entitled to avail of the benefits of the said proviso and pending response to the representations from BSE Ltd, Corporation has not recognized the fine imposed as a liability.
- (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) Pending before Income Tax Appellate Tribunal:

Assessment Year	Particulars
2013-14	Appeal No. 1931/A/16 -Addition u/s 2 (24)(x) read with Section 36 (1)(va)

#### (b) Pending before Hon'ble High Court of Gujarat:

Assessment Year	Particulars
2012-13	Disallowance under Section 14A of Income Tax Act, 1961
2015-16	-do-

Both the appeals have been filed by Income Tax Department against the orders of Income Tax Appellate Tribunal.

#### (c) Availing Vivad se Vishvas Scheme:-

With respect to deduction claimed as bad debt under Section 36 (1)(vii) read with Section 36 (1) (vii a) for the assessment year 2000-01, appeal of the Corporation was pending with Income Tax Appellate Tribunal vide appeal No. ITA 1360/AHD/2016. Since the matter is unresolved for a long time, Corporation availed of the Vivad se Vishvas Scheme introduced by the Income Tax Department and filed Declaration and Undertaking on December 24, 2020 and furnished the information called for by the Department from time to time. The outcome of the application is awaited.

### (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.
- (ii) The outstanding balance of borrowings, other liabilities and provisions and other assets are subject to confirmation and adjustment, if any.



- (iii) 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 Rs.2,84,10,665/- in the current year and shown separately in the Statement of Profit and Loss (Previous year Rs.5,96,84,472/-).
- (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 Rs.621,36,80,000/- as interest free from 1.7.2012. A proposal dated 17<sup>th</sup> October, 2012 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) 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 as statutory Corporations 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 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.

(10) **EARNINGS PER SHARE**

Basic & diluted earnings per share

Particulars	2020-21	2019-20
	Rs.	Rs.
Earning attributable to equity shareholders (Rs.) (A)	(1,22,91,74,819)	(1,17,43,90,440)
Weighted average number of shares outstanding (B)	8,91,14,000	8,91,14,000
Basic & Diluted EPS (Rs.) [ (A) / (B) ]	(13.79)	(13.18)

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.



**GENERAL DISCLOSURE:-**

- (i) Corporation was directed by Oral Order dated 25<sup>th</sup> March, 2010 by Hon'ble High Court of Gujarat in Letters Patent Appeal No. 517 of 2000 of Neetaben U Chokshi, Through PO Falgunbahi Patel Versus GSFC that the appellant shall deposit Rs.20.25 lakh with the first respondent which the first respondent will keep it in separate interest bearing account. Accordingly, the appellant deposited Rs.20.25 lakh with the Corporation which was placed with Corporation Bank (now Union Bank of India) as Fixed Deposit on 19<sup>th</sup> April, 2010 for a term of one year. Maturity sum of the deposit is renewed from time to time. The amount shall be kept as fixed deposit till further orders from Hon'ble High Court of Gujarat. The amount of deposit together with capitalized interest is shown as "Other Assets" in Note-9 and as "Other Liabilities & Provisions" under Note-4 as contra entries.

**Signatories to Notes "1" to "15"**

FOR AND ON BEHALF OF THE BOARD,

(M.R. Malpani)	(Raveendran Nair)	(Ravindran A.L.)	(Rahul Gupta, IAS)
Executive Officer(A/cs.)	Secretary (Board)	Director	Managing Director

As per our Report of even date  
FOR PRIYAM R SHAH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
ICAI Firm Reg. No. : 118421W

MITESH M NAGAR  
PARTNER  
Membership No. 173787

PLACE: AHMEDABAD  
DATE: 30/06/2021

PLACE: GANDHINAGAR  
DATE: 30/06/2021



**Disclosure requirement for SFCs  
(Financial Year 2020-21)**

**A. CAPITAL**

(a) Capital to Risk Assets Ratio (CRAR)	-629.78%		
(b) The Amount of subordinated debt raised and outstanding as	-25,60,56,76,395		

Tier-I and Tier -II Capital

SHARE CAPITAL	89,11,40,000
SHARE FORFEITED	4,60,48,000
RESERVES & SURPLUS	2,73,36,66,913
PROFIT & LOSS ACCOUNT	-29,27,65,31,307

(c) Risk weighted assets- separately for on and off balance sheet items	4,06,58,25,081
---	----------------

PRINCIPAL AMOUNT (TERM LOAN , HIRE PURCHASE & LEASE FINANCE )	4,06,58,25,081
--	----------------

**B. Shareholding pattern as on 31-3-2021**

SR NO.	Category	No. of shares held ( of Rs.10 each)	Percentage of Shareholding
1	Govt. of Gujarat *	4,90,90,400	55.09%
2	SIDBI*	2,53,20,000	28.41%
3	Banks & Insurance Co.	4,00,000	0.45%
4	Others	1,43,03,600	16.05%
<b>TOTAL</b>		<b>8,91,14,000</b>	<b>100.00%</b>

\* Includes special class of shares of 18,00,000 & 7,00,000 held by Govt. of Gujarat & SIDBI repectively

**C. Assets quality and credit concentration**

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

	Amount (Rs. in crore)	Percentage
Net NPA =	406.58	100%
Net Loans & Advances=	0	0

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

	Amount (Rs. 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)**

SR NO.	Assets	Amount (Rs. in Crore)	NPA Provision Required FY 19-20	NPA Provision Required FY 20-21	Provision (+)/Write back (-)
1	NPAs		409.42	406.58	-2.84



**E. Particulars of accounts restructured: Nil**

F. Movement in net NPA's	Amount (In crore)
Opening Balance of Net NPA's	409.42
Closing Balance of Net NPA's	406.58
Movement in Net NPA's	-2.84

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

credit exposure as a percentage of	Capital Funds (Rs. in crore)	Total Assets %
The largest single borrower	2.20	0.54
The largest single group	5.06	1.24
The 10 largest single borrowers	22.62	5.56

**H. Credit Exposure to the five largest industrial sector as percentage to total Loan Assets**

**Industriwise gross sanction/disbursement/outstanding as on 31.03.2021**

(Amount in Cr.)

Industry	Sanction FY 2020-21	Disb. FY 2020-21	Principal O/S as on 31.03.21	Ind. Wise O/S %
Chem & Chemical Prod	0	0	67.91	16.70
Textiles	0	0	53.84	13.24
Food Mfg.	0	0	29.21	7.18
Plastic Ind.	0	0	23.42	5.76
Service	0	0	4.11	1.01
<b>Total</b>	<b>0</b>	<b>0</b>	<b>178.49</b>	<b>43.89</b>

**I. Liquidity**

Items	Less than OR equal 1 Year	More than to 1 Year Upto 3 Years	More than to 3 Year Upto 5 Years	More than to 5 Year Upto 7 Years	More than to 7 Year Upto 10 Years	More than 10 years	Total
Total Assets	406.58	0.00	0.00	0.00	0.00	0.00	406.58
Liabilites foreign currency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liabilites	620.95	0.42	0.00	0.00	0.00	0.00	621.37

**J. Operating results**

	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
(A) Interest income as a percentage to average working funds =	0.28%	1.47%
(B) Non-Interest income as a percentage to average working funds =	6.90%	7.94%
(C) Operating Loss as a percentage to average working funds =	-80.01%	-82.02%
(D) Return on Average Assets Employed =	-80.22%	-82.27%
(E) Net loss per employee (Rs. Crore)	3.23	2.80





**GUJARAT STATE FINANCIAL CORPORATION**  
**PERFORMANCE OF THE CORPORATION AT A GLANCE DURING THE LAST DECADE**

Sr.No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	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
		Rs.	----	----	----	----	----	----	----	----	----	5385.60
	2. Loan Sanctioned											
	a. Term Loan	No.	----	----	----	----	----	----	----	----	----	46646.00
		Rs.	----	----	----	----	----	----	----	----	----	3732.10
	b. Lease Finance	No.	----	----	----	----	----	----	----	----	----	41
		Rs.	----	----	----	----	----	----	----	----	----	28.62
	c. Short Term Finance	No.	----	----	----	----	----	----	----	----	----	299
		Rs.	----	----	----	----	----	----	----	----	----	219.48
	d. Line of Credit	No.	----	----	----	----	----	----	----	----	----	11
		Rs.	----	----	----	----	----	----	----	----	----	80.00
	e. Bill discounting	No.	----	----	----	----	----	----	----	----	----	130
		Rs.	----	----	----	----	----	----	----	----	----	227.96
	f. Working Capital Term Loan	No.	----	----	----	----	----	----	----	----	----	225
		Rs.	----	----	----	----	----	----	----	----	----	174.73
	g. N.H.F.D.C.	No.	----	----	----	----	----	----	----	----	----	1113
		Rs.	----	----	----	----	----	----	----	----	----	4.36
	h. Fund Based Merchant Banking Activity	No.	----	----	----	----	----	----	----	----	----	20
		Rs.	----	----	----	----	----	----	----	----	----	26.29
	i. Small Scale Units (SSI)	No.	----	----	----	----	----	----	----	----	----	45170
		Rs.	----	----	----	----	----	----	----	----	----	3000.59
	j. Backward District	No.	----	----	----	----	----	----	----	----	----	18168
		Rs.	----	----	----	----	----	----	----	----	----	1482.14
	k. Backward Talukas	No.	----	----	----	----	----	----	----	----	----	9759
		Rs.	----	----	----	----	----	----	----	----	----	1574.47
	l. Rural Areas	No.	----	----	----	----	----	----	----	----	----	13599
		Rs.	----	----	----	----	----	----	----	----	----	1935.50
	m. Triple Area/Talukas Pockets	No.	----	----	----	----	----	----	----	----	----	4479
		Rs.	----	----	----	----	----	----	----	----	----	652.30



(Rs in Crore)

Sr.No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Since Inception
1	2	3	4	5	6	7	8	9	10	11	12	13
	3. Disbursement											
	a. Term Loan	Rs.	----	----	----	----	----	----	----	----	----	2748.92
	b. Lease Finance	Rs.	----	----	----	----	----	----	----	----	----	23.14
	c. Short Term Finance	Rs.	----	----	----	----	----	----	----	----	----	187.49
	d. Line of Credit	Rs.	----	----	----	----	----	----	----	----	----	65.79
	e. Bill discounting	Rs.	----	----	----	----	----	----	----	----	----	200.72
	f. Working Capital Term Loan	Rs.	----	----	----	----	----	----	----	----	----	154.42
	g. Fund Based Merchant Banking Activity	Rs.	----	----	----	----	----	----	----	----	----	11.52
	h. N.H.F.D.C.	Rs.	----	----	----	----	----	----	----	----	----	12.31
	<b>4. Recovery</b>											
	a. Term Loan	Rs.	28.45	26.14	21.58	12.51	6.53	7.61	10.86	7.92	3.53	3500.33
	b. Lease Finance	Rs.	----	----	----	----	----	----	----	----	----	14.64
	c. Short Term Finance	Rs.	----	----	----	----	----	----	----	----	----	208.16
	d. Line of Credit	Rs.	----	----	----	----	----	----	----	----	----	60.53
	e. Bill discounting	Rs.	0.02	3.01	3.29	0.24	2.31	----	----	----	----	209.99
	f. Working Capital Term Loan	Rs.	3.21	5.40	3.25	0.89	0.46	1.04	0.54	0.03	----	116.42
	g. Fund Based Merchant Banking Activity	Rs.	0.01	----	----	----	----	----	----	----	----	0.11
	h. N.H.F.D.C.	Rs.	----	----	----	----	0.03	0.01	0.31	----	----	2.16
	5. Loan Outstanding(at year end)	No.	----	----	----	----	----	----	----	----	----	----
(B)	<b>Working Results</b>											
	1. Earning											
	a. Interest	Rs.	26.24	25.06	18.03	7.97	3.18	6.46	2.42	2.13	----	----
	b. Other Income	Rs.	3.15	6.35	6.88	6.84	9.87	8.58	10.12	11.33	----	----

(Rs in Crore)

Sr.No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
1	2	3	4	5	6	7	8	9	10	11	12	13
2	Expenditure											
a	Interest on bond, deposits & Other Borrowings	Rs. 220.37	145.71	115.21	118.26	121.09	123.66	125.99	128.05	129.99	131.89	
b	Financial Expenses & Commitment Charges	Rs. 0.05	0.00	0.00	0.00	0.00	0.01	0	0.001	0.00	0.00	
c	Personnel Expenses	Rs. 12.44	4.33	4.53	5.10	4.08	3.95	3.22	3.00	2.99	3.19	
d	Other expenses	Rs. 32.36	27.37	14.71	11.88	14.88	7.10	3.75	5.16	3.52	1.94	
e	Depreciation	Rs. 0.17	0.20	0.31	0.42	0.43	0.52	0.47	0.41	0.36	0.33	
f	Provision against NPA	Rs. 4.45	-33.04	-15.90	-8.85	-11.81	-4.85	-2.94	-9.20	-5.97	-2.84	
3	Profit/(Loss) before tax	Rs. -208.68	-113.16	-112.76	-121.64	-104.99	-117.18	-115.53	-114.87	-117.44	-122.92	
4	Profit/(Loss) after tax	Rs. -208.92	-113.16	-112.79	-121.64	-104.99	-117.18	-115.53	-114.87	-117.44	-122.92	
(C)	Capital & Resources ( as at the end of)											
1	Paid up capital	Rs. 89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	
2	Share Forfeited	Rs. 4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	
3	Reserves	Rs. (1640.60)	(1753.77)	(1866.55)	(1961.36)	273.37	273.37	273.37	273.37	273.37	273.37	
4	Borrowings	Rs. 661.69	661.69	661.69	661.68	661.68	661.68	661.68	661.68	661.68	661.68	
a	Market Bonds	Rs. 1.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
b	Govt. Loan	Rs. 621.37	621.37	621.37	621.37	621.37	621.37	621.37	621.37	621.37	621.37	
c	SIDBI Loan	Rs. ---	---	---	---	---	---	---	---	---	---	
d	Refinance	Rs. ---	---	---	---	---	---	---	---	---	---	
e	Fixed Deposits	Rs. ---	---	---	---	---	---	---	---	---	---	
f	Line of Credit from Banks	Rs. ---	---	---	---	---	---	---	---	---	---	
g	Priority Sector Bond	Rs. 1.10	0.00	---	---	---	---	---	---	---	---	
h	Loan from NHFDC	Rs. ---	---	---	---	---	---	---	---	---	---	
i	Short Term Loan GIDC	Rs. ---	---	---	---	---	---	---	---	---	---	



**HEAD OFFICE**

**GUJARAT STATE FINANCIAL CORPORATION**

**SECTOR-11, GH-4, UDYOG BHAVAN, GANDHINAGAR-382 010**

TELE. NO. (079) 23256761 to 66, 23256772-74, FAX NO. (079) 23252204

**E-mail :** webmaster-gsfc@gujarat.gov.in, **Web site :** <http://www.gsfc.gujarat.gov.in>

**REGIONAL OFFICES**

**AHMEDABAD REGIONAL OFFICE**

BLOCK NO. 10, FIRST FLOOR, UDYOG BHAVAN, GANDHINAGAR-382 010

TELE. NO. (079) 232 21594, 232 52209

FAX NO. (079) 232 21625

**SURAT REGIONAL OFFICE**

2ND FLOOR, MIRAMBICA COMPLEX, OPP. GANDHI BAUG, CHOWK BAZAR, SURAT.

TELE. NO. (0261) 2460546/47

FAX NO. (0261) 2460543

**RAJKOT REGIONAL OFFICE**

RACE COURSE, RING ROAD, NEAR LIFE BUILDING, RAJKOT-360 001.

TELE. NO. (0281) 2443664, 2442715

FAX NO. (0281) 2479292

-----

# **Gujarat State Financial Corporation**

**Udyog Bhavan, Block No. 10, GH-4, Sector-11,  
Gandhinagar - 382010**

**Designed, Processed & Printed @ Government Central Press, Gandhinagar**