

52<sup>nd</sup>

**Annual Report**  
.....  
**2012**



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



## **BOARD OF DIRECTORS**

(As on 3<sup>rd</sup> August, 2012)

### **CHAIRMAN**

**SHRI M. SAHU, IAS**

(Nominated as Director by Government of Gujarat & appointed as  
Chairman by SIDBI)

**SHRI D N PANDEY, IAS, Director**

(Nominated by Government of Gujarat)

**SHRI K C BHANOO, Director**

(Nominated by SIDBI)

**Shri R. D' SILVA, Director**

(Nominated by SIDBI)

### **MANAGING DIRECTOR**

**SHRI ARVIND AGARWAL, IAS**

### **SECRETARY (BOARD)**

**SHRI RAVEENDRAN NAIR**

### **AUDITORS**

**M/S. MAHENDRA N. SHAH & CO.**

**CHARTERED ACCOUNTANTS,**

**AHMEDABAD**

### **HEAD OFFICE**

**Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, GH-4**

**Gandhinagar – 382 017**

### **REGIONAL OFFICES**

**Ahmedabad, Surat, Rajkot**



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## NOTICE

Notice under Regulation No. 23 of General Regulations of the Corporation is hereby given that the 52<sup>nd</sup> Annual General Meeting of the shareholders of the Corporation will be held on **Thursday, the 8<sup>th</sup> November, 2012 at 4.00 P.M. in the Office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector-11, Gandhinagar-382 017** to transact the following business :

- (i) To receive, consider and adopt the Statement of Profit and Loss and Balance Sheet of the Corporation for the year ended 31<sup>st</sup> March, 2012 along with Auditor's Report thereon and the report of the Board of Directors.
- (ii) To reappoint M/s. Mahendra N. Shah & Co. Chartered Accountants, Ahmedabad as 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.

### Note :

1. A shareholder shall be entitled for one vote for each share held by him for the whole period of six months prior to the date of 52<sup>nd</sup> Annual General Meeting.
2. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Corporation.**
3. The instrument(s) appointing proxy, if any, shall be delivered at the Head Office of the Corporation not less than seven clear days before the date fixed for the meeting.
4. Pursuant to Regulation 12 of the GSFC General Regulations, the Register of Members and Share Transfer Books will remain closed from 06.11.2012 to 08.11.2012 (both days inclusive).
5. Shareholders desirous of having any information are requested to send their queries to the Corporation at least seven days before the date of the meeting so that the requisite information is made available at the meeting.
6. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.

By order of the Board of Directors,

Place : Gandhinagar  
Date : 17-09-2012

**(ARVIND AGARWAL)**  
MANAGING DIRECTOR



## DIRECTOR'S REPORT

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To the Members,

Your Directors present the 52nd Annual Report of the Corporation together with the audited statements of Accounts for the year ended 31st March 2012.

### 1.0 Economy :

The developments over the last year in major economies of the world have not been encouraging. The global economy witnessed fresh spells of crisis during 2011-12 with domestic business and consumer confidence dampening on the back of deepening sovereign debt crisis in Europe. The crisis percolated into Indian economy and growth in India is moderating more than expected earlier. The inflation, though moderated in last quarter, remained sticky and stood at 6.9% in March 2012. Average inflation for fiscal 2012 was 8.8% as compared to 9.5% in fiscal 2011. During April-March 2011-12, Index of Industrial Production (IIP) growth was 2.8% as compared to 8.2% during April-March 2010-11. The Indian economy saw moderation in economic activity during fiscal 2012, following domestic macroeconomic conditions of high interest rates and slowdown in investments. The overall growth of GDP at factor cost at constant prices, as per Advanced Estimates, is estimated at 6.9% in 2011-12 as compared to the revised growth of 8.4% during 2010-11. The growth in real GDP is placed at 6.1% in the third quarter of 2011-12. Weakening industrial growth and global economic situation has adversely affected the growth of Indian economy.

### 2.0 Operational Results/Financial Highlights :

Since last more than one decade, Corporation is solely concentrating on recovery of dues. In order to boost recovery, Corporation has extended the validity of various One Time Settlement schemes upto 31.3.2012. During the year under reference, aggregate recovery of the Corporation stood at ₹ 31.69 crore as against ₹ 38.35 crore during the last financial year 2010-11.

During the year under report, the total income of the Corporation including exceptional items stood at ₹ 56.71 crore as against ₹ 64.21 crore during the last year. The total expenditure for the period under reference came to ₹ 265.63 crore whereas the same for the last year was ₹ 221.12 crore. Corporation recorded a net loss of ₹ 208.92 crore during the year under report as against ₹ 156.91 crore in the previous year. The accumulated loss of the Corporation as on 31st March, 2012 stood at ₹ 1913.97 crore.

Corporation redeemed bonds guaranteed by the State Government totaling face value of ₹ 2.95 crore during the year under report besides meeting liability of Public Sector Bonds amounting to ₹ 1.92 crore. The outstanding Government guaranteed bonds as on 31/03/2012 stood at ₹ 1.25 crore as against ₹ 4.20 crore at the end of previous year.

### 3.0 Resources :

Corporation is receiving active support of Government of Gujarat by way of budgetary allocation of funds to meet its liabilities. During the year under report, Corporation has received loan of ₹ 4.20 crore from Government of Gujarat.



#### 4.0 Recovery :

During the year 2011-12, total recovery of the Corporation amounted to ₹ 31.69 crore as against ₹ 38.35 crore during FY 2010-11.

#### 5.0 Human Resource :

During the year under reference, keeping in pace with the requirement, Corporation attempted to recast the organization structure. Under the organization structure approved and implemented during the year, the Regional Office is manned by an officer who has been designated functionally as Regional Manager inspite of the cadre in which he belongs supported by ministerial staff designated functionally. As for Head Office, the number of departments has been pruned down to six by way of merger of various departments. Each restructured department at Head Office is headed by an officer known as “Executive Officer” supported by Junior Executive Officer and other ministerial staff. There was an attrition of 5 personnel during the year due to retirement, resignation etc. The total staff strength as on 31/03/2012 is as under:

1.	Grade ‘A’ Officers	08
2.	Grade ‘B’ officers	95
3.	Grade ‘C’ employees	26
<b>Total</b>		<b>129</b>

Out of 129 employees, 45 staff are on deputation/loan service to other offices of the Government.

#### 6.0 Audit :

As recommended by RBI under the provisions of Section 37 (I) of the SFCs Act, 1951 and approved by the members in the 51st Annual General Meeting, M/s. Mahendra N Shah & Co., Chartered Accountants, Ahmedabad, were re-appointed as Statutory Auditors to conduct audit of the Books of Accounts of the Corporation for FY 2011-12. They, being eligible, have given their consent to continue to act as Auditors of the Corporation for FY 2012-13. RBI has also confirmed their eligibility for re-appointment. Members are requested to consider their re-appointment as Statutory Auditors of the Corporation for the current year 2012-13.

#### 7.0 Board of Directors :

During the course of the financial year 2011-12, Shri DN Pandey, IAS, Commissioner (Public Sector Enterprises) & Ex-officio Secretary, Finance Department, Govt. of Gujarat was nominated on the Board of the Corporation with effect from 17.9.2011 in place of Shri CL Meena, IAS.

The Board of Directors places on record their appreciation and thanks for the valuable services rendered by Shri CL Meena, IAS, during his tenure as Director of the Corporation.



## **8.0 Corporate Governance :**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, Corporate Governance Report and Certificate regarding compliance of conditions of Corporate Governance are annexed hereto and form part of the Annual Report.

## **9.0 Directors' Responsibility Statement :**

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors, based on the representations received from the Accounts Department, hereby confirms that :

1. In the preparation of the annual accounts for the year ended 31st March 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. Such accounting policies as mentioned in Note 16 of the Annual Accounts have been selected and applied consistently and judgments and estimates that are reasonable and prudent are made so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year ended 31st March 2012 and of the loss of the Corporation for that year.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities.
4. The annual accounts for the year ended 31st March 2012 has been prepared on a going concern basis.

## **10.0 Acknowledgement :**

The Board of Directors gratefully acknowledge the valuable advice and support extended by various Ministries of the Government of Gujarat, particularly the Finance Department and Industries & Mines Department and Small Industries Development Bank of India and its office at Ahmedabad. The Board thanks various Banks for extending their support and co-operation.

Your Directors also convey their gratitude to the shareholders of the Corporation for the confidence reposed by them in the Corporation. The Board also commends the hard work and dedicated efforts put in by the employees of the Corporation.

For and on behalf of the Board

Place : Gandhinagar  
Date : 03/08/2012

(Arvind Agarwal)  
Managing Director





## **ADDENDUM TO THE DIRECTOR'S REPORT**

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### **EXPLANATORY NOTES OF THE BOARD OF DIRECTORS ON QUALIFICATIONS/ OBSERVATIONS OF STATUTORY AUDITORS**

#### **Point No. (IV)**

There are two bondholders in the category of Non-guaranteed Bonds who have not responded to the proposal of the Corporation to restructure the debts. They have already shown willingness to settle the dues and the accounts will be settled in the current year 2012-13. Thus, the default has not been recognized.

As regards dues payable to Government of Gujarat, Corporation has been getting assistance by way of loan from Government of Gujarat till the year under reference to repay Government guaranteed obligations. The financial position of the Corporation was not adequate to meet with the fund requirements. Under the circumstances, default in dues payable to Government of Gujarat has taken place.

#### **Point No. (V)**

Interest provision of ₹ 12,65,000/- on PSB bonds IV has not been made due to the fact that no interest is payable after the original date of maturity of the bonds. Since these bonds have already been matured and bondholders who have not agreed for restructuring in the past have now come forward for settlement, interest provision has not been made.

#### **Point No. (VI) Reconciliation of General Ledgers and Sub-ledgers**

Some credit balances have come because of loanees are paying in advance. Reconciliation is an ongoing exercise and most of the accounts have already been reconciled with the general ledger. Since the amount under review is insignificant compared to the total asset block, it hardly makes any difference in the provisions.

#### **POINT NO. (VII) FIXED ASSETS**

Corporation provides depreciation as per the provisions of Income Tax Act. Corporation has decided to calculate profit or loss on the assets sold where the nature of assets are significant, outdated irreparable computers where the gain hardly makes any difference and required lengthy calculation. The gain or loss is recognized and suitable adjustments are made in the respective accounts.

#### **POINT NO. (VIII) INVESTMENT**

The securities under question are acquired long back. Some companies are not in existence. The shares are not tradable in the open market. Under these circumstances, Corporation could not dispose off the securities though more than 7 years have passed. However, Corporation has made provision for diminution in value on investment keeping aside a token value of ₹ 1/- in abeyance.



#### **POINT NO. (IX) UNCLAIMED/UNPAID DIVIDEND**

The provisions of SFCs Act are applicable to the Corporation instead of Companies Act. Further, Regulation 58 (iv) empowers the Corporation to retain the dividend. Since there is a specific provision under the governing regulations framed under the applicable Act, unpaid dividend has not been transferred to Investor Education & Protection Fund.

#### **POINT NO. (X) LOAN & ADVANCES AND NPA PROVISION**

Corporation has more than 5000 units under doubtful category scattered in State of Gujarat where valuation of each unit is not feasible. Moreover, Corporation has already made provision for 99.55% of the loan assets classified as doubtful category. As a prevailing practice, Corporation gets valuation done from outside valuers for those units which are under possession of the Corporation.





## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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### (1) Term Lending Institutions :

GSFC is established as a State level development financial institution to provide a comprehensive array of financial services to entrepreneurs who set up industrial units in Small Scale Sector in the State of Gujarat and Union Territory of Dadra & Nagar Haveli. Due to financial sector reforms, SFCs could not withstand the competition due to operational limitations. Therefore, the Corporation has been compelled to discontinue its traditional business of term lending since last one decade and hence the performance of Gujarat State Financial Corporation has been adversely affected.

### (2) Corporation's Performance :

Due to discontinuance of sanction and disbursement, Corporation is solely concentrating on recovery of dues. Corporation has recovered an aggregate amount of ₹ 31.69 crore during the year as against ₹ 38.35 crore during the previous year.

### (3) Opportunities & Threats :

The Corporation could not raise resources at competitive rates due to various limitations. The only source of fund is recovery of dues. In the present circumstances, Corporation does not envisage extending financial assistance in the near future.

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

The Corporation has proper and adequate system of internal controls proportionate to its size and business. The Corporation engaged an external firm of Chartered Accountants for internal audit. The internal control system of the Corporation is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

### (5) Human Resources :

As on 31st March, 2012, the Corporation has 129 employees on its pay-roll. The Corporation has maintained cordial relationship with the employees throughout.

### (6) Financial Performance :

#### Share Capital :

The share capital of the Corporation comprises of equity shares of ₹ 10/- each of different categories as enshrined in Section 4(3) of the SFCs Act, 1951. Corporation's shares issued by prospectus to general public in February, 1997, consisting 1,43,03,600 Class "d" equity shares, are listed with National and Mumbai Stock Exchanges.

#### Long term borrowings :

Government guaranteed bonds having face value of ₹ 2.95 crore were repaid during the year leaving a balance of ₹ 1.25 crore to be repaid as against ₹ 4.20 crore during the last year. Corporation also repaid Priority Sector Bonds (Non-guaranteed) worth ₹ 1.92 crore



during the year. The outstanding Priority Sector Bonds as on balance sheet date under reference is ₹ 1.10 crore as against ₹ 3.02 crore during the last year.

The principal dues payable to Government of Gujarat under Soft Loan portfolio is ₹ 621.37 crore as on 31/03/2012 as against ₹ 617.17 crore during the last year.

#### Financial Results

(Rs. in Crore)

Particulars	Year ended 31/03/2012	Year ended 31/03/2011
Total Income	56.71	64.21
Interest expenses	220.42	187.45
Other expenses	44.79	33.16
Loss before depreciation & tax	208.51	156.39
Depreciation	0.17	0.23
Loss before tax	208.68	156.62
Tax (of previous years)	0.24	0.29
Loss after depreciation & tax	208.92	156.91
Balance carried over to balance sheet	1913.97	1705.05

#### (7) Cautionary Statements :

The Management Discussion and Analysis Report may contain certain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Corporation's operations such as Government policies and economic developments.





## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-12

### 1. PHILOSOPHY ON CODE OF GOVERNANCE

The corporate governance philosophy of Gujarat State Financial Corporation ensures 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

Section 10 of the State Financial Corporations Act, 1951 stipulates the composition of Board of Directors of the Corporation. As on March 31, 2012, the Board consists of five Directors viz., two nominees each of Govt. of Gujarat and Small Industries Development Bank of India besides the Managing Director appointed by Govt. of Gujarat. One of the Directors nominated by the Government of Gujarat has been appointed as Chairman by Small Industries Development Bank of India.

#### A. Attendance of each Director at the Board meetings and the last AGM

Details of Board meetings, attendance of Directors etc., are as under:-

Sr. No.	Name of Director	No. of meetings			No. of other companies BODS/Board/Committee where he is a member / Director/Chairman
		Held during the tenure	Attended	Attendance at the AGM held on 30-12-2011	
1	<b>Shri M Sahu</b> , IAS (As Director from 2-4-09 & as Chairman from 9-9-09 onwards)	4	4	Not present	07
2	<b>Shri Arvind Agarwal</b> , IAS Managing Director (From 7.5.2007 onwards)	4	4	Not Present	01
3	<b>Shri C L Meena</b> , IAS (From 2-4-09 to 16.9.2011 )	2	1	NA	NA
4	<b>Shri D N Pandey</b> , IAS (From 17.9.2011 onwards)	2	1	Not present	07
5	<b>Shri K C Bhanoo</b> (From 10-6-2010 onwards)	4	1	Present	03
6	<b>Shri R. D' Silva</b> (From 10-6-2010 onwards)	4	4	Not Present	1



During the year under reference, Government of Gujarat in Industries & Mines Department vide Notification dated 17<sup>th</sup> September, 2011, withdrawn nomination of Shri CL Meena, IAS, and in his place Shri DN Pandey, IAS, Commissioner (Bureau of Public Enterprises) & Ex-officio Secretary, Finance Department, was nominated.

**INFORMATION ABOUT DIRECTOR JOINED THE BOARD DURING THE YEAR UNDER THE CODE OF CORPORATE GOVERNANCE CLAUSE :**

Shri DN Pandey, IAS, aged 52 years, graduated with Sanskrit, Hindi, English and History. He joined the Indian Administrative Service in 1985. He is a Gujarat cadre officer. He worked in various positions in Government of Gujarat as well as Government of India. He has rich and varied experience in the public administration. He is a Director on the Boards of Gujarat State Energy Generation Ltd., Gujarat Energy Transmission Corporation Ltd, Gujarat Industrial Investment Corporation Ltd., Gujarat Agro Industries Corporation Ltd., GSPC Pipavav Power Company Ltd., Gujarat State Pollution Control Board and Bhaskaracharya Institute for Space Applications and Geo-informatics as nominee of Government of Gujarat.

**B. Board Meetings**

Four Board meetings were held during the year on 21.6.2011, 12.9.2011, 14.11.2011 and 20.3.2012 at Gandhinagar.

**C. Code of Conduct**

The Board had approved a Code of Conduct for Directors and Senior Management Personnel of the Corporation. The code has been displayed on Corporation's website viz. [gsfc.gujarat.gov.in](http://gsfc.gujarat.gov.in). The Board members and Senior Management Personnel have affirmed compliance with the aforesaid code. A declaration to this effect signed by the Managing Director is annexed to this Report.

**D. CEO/CFO Certification**

In terms of Clause 49 of the Listing Agreement, CEO/CFO certificate forms part of this Report.

**3. AUDIT COMMITTEE**

**Composition, names of members and Chairman :**

The Audit Committee, as reconstituted by the Board of Directors on 14.11.2011, consists of following members as on 31<sup>st</sup> March, 2012 :

- |   |                                 |   |          |
|---|---------------------------------|---|----------|
| 1 | <b>Shri M. Sahu, IAS</b>        | - | Chairman |
| 2 | <b>Shri DN Pandey, IAS</b>      | - | Member   |
| 3 | <b>Shri KC Bhanoo</b>           | - | Member   |
| 4 | <b>Shri Arvind Agarwal, IAS</b> | - | Member   |

Secretary (Board) is acting as Secretary to Audit Committee.

During the year under reference, the Audit Committee met thrice on 12.9.2011, 14.11.2011 and 20.3.2012.



#### 4. **REMUNERATION COMMITTEE**

Since no remuneration is paid to Directors, other than Managing Director, Corporation has not constituted Remuneration Committee. The Managing Director is holding additional charge and hence he is drawing salary from his parent department. Each Director (other than Managing Director and other Directors who are employees of the State Government) is entitled to a sitting fee of ₹ 1000/- for attending each Board/Audit Committee meeting. Actual traveling expenses incurred for attending the Board and Audit Committee meetings are also reimbursed to such Directors.

During the year under reference, Corporation paid special pay of ₹ 25,769/- and reimbursed medical expenses of ₹ 76,216/- to the Managing Director.

**Sitting fee paid to other Directors is as under :**

Sr. No.	Name of the Director	Sitting Fee
1	Shri K C Bhanoo	2,000/-
2	Shri R. D' Silva	4,000/-

#### **Details of equity shares of the Corporation held by the Directors as on 31<sup>st</sup> March, 2012 :**

No Director holds equity shares of the Corporation in their individual capacity.

#### 5. **SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :**

The Shareholders'/Investors' Grievance Committee was reconstituted on 12.9.2011. As on 31<sup>st</sup> March, 2012, the said Committee known as "Share Transfer Committee" consisted of following members :

i.	Shri P L Kotwal, Executive Officer (Legal & Rec. Co-ord.)	Chairman
ii.	Shri L N Parmar, Executive Officer (Accounts)	Member
iii.	Shri PVR Nair, Executive Officer & Secretary (Board)	Member & Convener

During the year, 9 meetings of the Share Transfer Committee were held to approve share transfer requests and to attend to other shareholders/investor related matters.

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

Sr. No.	Particulars	No. of shares
1	Dematerialization	7,400
2	Transfer	3,300
3	Transmission	400
4	Rematerialization	400



## 6. **STATEMENT OF SHAREHOLDERS COMPLAINTS RECEIVED AND DISPOSED OFF :**

No. of complaints at the beginning of the year	NIL
No. of complaints received during the year	6
No. of complaints resolved during the year	6
No. of complaints pending at the end of the year	NIL

### **Name and designation of Compliance Officer :**

Shri PVR Nair, Executive Officer & Secretary (Board)

## 7. **GENERAL BODY MEETING**

The details of the General Meetings of the shareholders of the Corporation viz. Annual General Meetings held during the last three years are given below :

Year	Date	Time	Location of holding AGM
2008-09	22-01-2010	4.00 PM	Office of Chairman at Head Office at Udyog Bhavan, Block No. 10, 1 <sup>st</sup> Floor, Sector-11, Gandhinagar – 382 017
2009-10	02-12-2010	4.00 PM	-do-
2010-11	30-12-2011	4.00 PM	-do-

No resolution was put through postal ballot during the year and no special resolution was passed at any of the last three AGMs.

## 8. **DISCLOSURES**

- There were no materially significant transactions with any of the related parties in conflict with the interest of the Corporation during the year under review.
- Corporation has received communications from BSE and NSE for delay in compliance with Clause – 41 of the Listing Agreement.

## 9. **MEANS OF COMMUNICATION**

Quarterly, half yearly and annual financial results of the Corporation are published in one English daily newspaper and one Gujarati daily newspaper. Results are normally published in “The Economic Times” in English and Gujarati editions of Ahmedabad. Results are also displayed on the web-site of the Corporation. The Annual Report is also uploaded on BSE and NSE websites.

Management Discussion and Analysis forms part of the Directors Report and is given separately.



## 10. GENERAL SHAREHOLDER INFORMATION

<b>AGM date, time and venue</b>	Thursday, the 8 <sup>th</sup> November, 2012 at 4-00 p.m. in the Office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1 <sup>st</sup> Floor, Sector-11, Gandhinagar-382 017.		
<b>Financial Calendar</b>	1 <sup>st</sup> April to 31 <sup>st</sup> March		
<b>Date of Book closure</b>	06-11-2012 to 08-11-2012 (both days inclusive)		
<b>Dividend payment date</b>	Not applicable		
<b>Listing on Stock-Exchange</b>	<b>Bombay                NSE</b>		
<b>Stock Code</b>	<b>532160        GUJSTATFIN</b> Listing fee has been paid to BSE and NSE based on listed capital for the year 2012-13. However, the demand of NSE to remit Listing fee on paid up capital excluding holding of Government of Gujarat is still pending for resolution.		
<b>Demat ISIN Number (NSDL)</b>	<b>INE944A01011</b>		
<b>Market price data</b>	<b>High/Low price quoted at Bombay Stock Exchange</b> (as collated) during each month in last financial year 2011-12 is as under : (Price in ₹)		
	<b>2011-12</b>	<b>High</b>	<b>Low</b>
	April, 11	3.90	3.17
	May	3.61	3.00
	June	3.49	2.78
	July	4.04	2.78
	Aug.	3.30	2.34
	Sept.	3.18	2.35
	Oct.	3.33	2.86
	Nov.	3.20	2.52
	Dec.	3.20	2.52
	Jan.12	3.36	2.38
	Feb.	3.33	2.75
	March	3.36	2.48
	There was no transaction in National Stock Exchange during the year.		
<b>Registrar &amp; Transfer Agents</b>	M/s. MCS Ltd. Satdal Complex, 1 <sup>st</sup> Floor, Ashram Road, Ahmedabad-380 009.		
<b>Share Transfer System</b>	Corporation has constituted a Share Transfer Committee consisting of three officials which is empowered to approve transfer, transmission, dematerialization etc. The Share Transfer Committee ensures disposal of requests expeditiously.		



### 11. Shareholdings Pattern as on 31<sup>st</sup> March 2012

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

### 12. Dematerialization of shares and Liquidity

The equity shares of the Corporation are actively traded at BSE. Out of the total equity capital, 1,43,03,600 Class “d” shares issued pursuant to Section 4 (3) (d) of the SFCs Act, 1951, are allowed for dematerialization through National Securities Depository Ltd. As on 31.3.2012, 91,57,990 shares held in electronic mode consisting 64% of Class “d” shares.

Plant Location

Not applicable

**Regional Offices at**

**Ahmedabad, Surat & Rajkot**

**Other office at**

**Mumbai**

**Address for Correspondence**

The Compliance Officer  
Gujarat State Financial Corporation  
Secretarial Cell  
Udyog Bhavan, Block No.10, Sector-11,  
GANDHINAGAR-382 017  
Ph. : 079-23256766 Fax: 23252204  
E mail : sec-cell-gsfc@gujarat.gov.in.





**Kishor Dudhatra**

Company Secretaries

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

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S).**

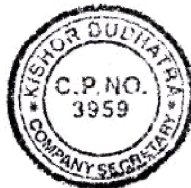
To,

The Members of  
Gujarat State Financial Corporation  
Gandhinagar.

1. We have examined the compliance of the conditions of Corporate Governance by Gujarat State Financial Corporation for the year ended 31st March, 2012, as stipulated in amended Clause 49 of the Listing Agreement of the said Corporation with the Stock Exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Corporation for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Corporation.
3. We further state that such compliance is neither an assurance as to future viability of the Corporation nor the efficiency of effectiveness with which the Management has conducted the affairs of the Corporation.
4. We hereby report that :
  - (a) Corporation has not complied with the conditions of Clause 49 II (A) (iv) & 49 II (B) during the year.
  - (b) Except subject 4(a) above, in our opinion and to the best of our information and according to the explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) have been complied with by the Corporation.
5. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances are pending for a period exceeding one month against the Corporation as per the records maintained by the Corporation which are presented to shareholders/investors.

Place : Ahmedabad

Date : 14-07-2012



Sd/-

**Kishor Dudhatra**

Company Secretary

ACS-12439 (C.P. 3959)

101, 1st Floor, Shanti Arcade, 132 Ft. Ring Road, Nr. Akash-III, Naranpura, Ahmedabad - 380 013.

Phone : (O) 27430594/595, (Mobile) 98250 12960



## GUJARAT STATE FINANCIAL CORPORATION

To,

**The Board of Directors,  
GSFC.**

### **CEO & CFO Certificate under clause 49 of the Listing Agreement**

This is to certify that

- (a) We have reviewed financial statements and the cash flow statement of Gujarat State Financial Corporation for the year 2011-12 and that to the best of our knowledge and belief :
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Corporation's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Corporation during the year which are fraudulent, illegal or violative of the Corporation's codes of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Corporation pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee
  - (i) Significant changes in internal control over financial reporting during the year.
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Corporation's internal control system over financial reporting.

Place : Gandhinagar  
Date : 03/08/2012

Sd/-  
**(L. N. Parmar)**  
Executive Officer (A/cs.)

Sd/-  
**(Arvind Agarwal)**  
Managing Director



# GUJARAT STATE FINANCIAL CORPORATION

Secretarial Cell, Udyog Bhavan, Gandhinagar.

---

## Affirmation of Compliance with the Code of Business Conduct for Directors and Senior Executives

I declare that the Corporation has received affirmation of compliance with the “Code of Conduct for Directors and Senior Executives” laid down by the Board of Directors, from all the Directors and Senior Management Personnel of the Corporation, to whom the same is applicable, for the financial year ended 31st March 2012.

Place : Gandhinagar

Date : 21-6-2012

Sd/-

**Arvind Agarwal**

Managing Director





## AUDITORS' REPORT

**The Members,  
Gujarat State Financial Corporation Ltd.  
Gandhinagar (Gujarat)**

1. We have audited the attached Balance Sheet of Gujarat State Financial Corporation Ltd. Gandhinagar as at March 31, 2012, Statement of Profit and Loss and the cash flow statement annexed thereto for the year ended on that date.
2. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
4. On the basis of our audit, subject to audit limitations indicated in paragraph 3 above and further to our comments in the Annexure attached herewith, we report that :
  - a) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of accounts 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;
5. In our opinion and to the best of our information according to the explanations given to us, the said accounts read with the notes thereon as given in the Note 16, and in particular subject to our observation in Annexure attached herewith give the information required by the State Financial Corporations Act, 1951 as amended by the State Financial Corporations (Amendment) Act, 2000 and are properly drawn up in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India;
  - (a) In case of the Balance Sheet, of the state of affairs of the Corporation as at 31<sup>st</sup> March 2012 and,
  - (b) In case of Statement of Profit and Loss of the Loss for the year ended on that date.
  - (c) In the case of cash flow statement, of the cash flow for the year ended on that date.

Date : 03/08/2012  
Place : Ahmedabad

For Mahendra N Shah & Co.  
Chartered Accountants  
FRN 105775W  
Chirag M Shah  
Partner  
M. No. F 045706



## ANNEXURE

### SYSTEM OF ACCOUNTING, INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

- (I) The day to day transactions of the Corporation are recorded on cash system of accounting in order to account for income and expenses on mercantile basis, at the year end provisions are made for income and expenses on the basis of information and estimates available. (Refer sub note no. A (2) (a) of Note (16).
- (II) The value of securities under possession is accounted on realization instead of adjusting at the time of writing off bad debts. (Refer sub note no. A (2) (d) of Note 16).
- (III) The Corporation has incurred cash losses during the year and in the immediately preceding 5 years. For the time being it has discontinued the business of lending and due to the liquidity problems defaulted in repayment obligations and its network is completely eroded. In spite of that accounts of the Corporation have been prepared on going concern basis (Refer sub note no. A (1) of Note 16) which is not in accordance with AS-1 "Disclosure of Accounting Policies", where in one of the fundamental accounting assumption is going concern, and since the quantification of the same on realization and settlement basis is not done, it is not possible to ascertain its impact on profit and loss and balance sheet of the Corporation.
- (IV) As per information given by the management, details of default position as on 31/03/2012 are as under :

	Principal Default	Interest & Penalty default	Total Default
Aggregate Non Guaranteed Borrowings	1,10,00,000	1,19,00,000	2,29,00,000
Loan from Government	34,77,01,37,000	8,77,76,93,000	12,25,47,30,000
Guarantee fees payable	-	-	35,59,14,833

As explained, management is in the process of rescheduling/restructuring the repayment obligations and future viability of Corporation can still be maintained with proper financial management and assets restructuring of Corporation.

- (V) Interest provision of ₹ 12,65,000/- due on PSB Bonds is not made in the accounts resulting in understatement of loss for the year to that extent.
- (VI) **Reconciliation of General Ledger and Subsidiary Ledgers :**

Refer sub note No. B (4) Note 16, regarding non reconciliation of the general ledger balances with the balances of the subsidiary ledgers and differences of ₹ 13,37,267/- found. In few cases, credit balances are also disclosed in the accounts. Hence, we are unable to express our opinion as to correctness of these balances.



## **(VII) Fixed Assets**

- (a) (Refer sub note No. A (3 & 4) of Note 16) Till year ended on 31.3.2002 in case of disposal of fixed assets the Corporation neither eliminated the assets from financial statements nor recognized gain or loss arising from disposal of fixed assets in Statement of Profit & Loss, which practice was contrary to the Accounting Standard 10 "Accounting for Fixed Assets" issued by ICAI. Due to this practice followed by the Corporation till 31.3.2002, both the gross block and the net block are over stated/under stated to the extent of loss/gain on disposal of assets. As a result the depreciation provision during the year is also erroneous, which is not in accordance with AS-6 "Depreciation Accounting". In absence of sufficient information, effect of this practice on the value of assets and the correct depreciation is not quantified by the management. Moreover, estimated life of assets is not ascertained by the Corporation hence correct depreciation could not be ascertained, hence due to the lack of details, quantification and its impact on the Profit and Loss and Balance Sheet of the Corporation could not be ascertained.
- (b) Corporation has not properly maintained the record of fixed assets to exhibit complete details of gross and net value, item wise original cost, accumulated depreciation and depreciation for the year including quantitative details and location of fixed assets..
- (c) There is no specific programme for physical verification of fixed assets as compared to the book records.

## **(VIII) INVESTMENTS :**

To fulfill its underwriting liability, Corporation acquired shares for ₹ 2,18,86,000/- of various companies which have not been disposed off, though the period of 7 years has been expired, that extent provisions of SFCs Act, 1951, have not been complied with.

## **(IX) UNCLAIMED/UNPAID DIVIDEND :**

There is an outstanding of ₹ 164989/- in unclaimed and unpaid dividend account 97-98 and ₹ 592033 in unpaid and unclaimed dividend account 98-99 which should have been transferred to Investor Education and Protection Fund.

## **(X) LOAN & ADVANCES AND NPA PROVISION :**

The provision for NPA is subject to the sub note no. B (4) of Note 16, regarding non reconciliation of difference in general ledger balance and subsidiary ledger balance in the case of advances.

The effect of our observation in foregoing paras and consequential effect of the above on the Loss/Assets/Liabilities as on business ratios for Capital, asset quality and credit, liquidity, operating results and disclosure requirements of SIDBI has not been ascertained by the management and are subject to consequential adjustment.

Date : 03/08/2012  
Place: Ahmedabad

For Mahendra N Shah & Co.  
Chartered Accountants  
FRN 105775W  
CHIRAG M SHAH  
Partner  
M. No. F 045706



**GUJARAT STATE FINANCIAL CORPORATION**  
**BALANCE SHEET AS AT 31st March 2012**

Particulars	Note. No.	As at 31st March 2012	As at 31st March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b><u>(1) Shareholder's Funds</u></b>			
(a) Share Capital	1	937,188,000	937,188,000
(b) Reserves and Surplus	2	(16,406,028,990)	(14,316,834,418)
<b><u>(2) Non-Current Liabilities</u></b>	3		
(a) Long-Term Borrowings		6,616,913,633	6,574,913,633
(b) Other Non-Current Liabilities		9,327,266,267	7,125,330,420
<b><u>(3) Current Liabilities</u></b>	4		
(a) Short-Term Borrowings Secured		12,500,000	42,000,000
(b) Short-Term Borrowings Unsecured		11,000,000	33,896,345
(c) Other Current Liabilities		24,047,377	10,015,272
<b>Total Equity &amp; Liabilities</b>		<b>522,886,286</b>	<b>406,509,252</b>
<b>II. ASSETS</b>			
<b><u>(1) Non-Current Assets</u></b>			
<b><u>(a) Fixed Assets</u></b>	5		
(i) Gross Block		139,520,176	128,237,115
(ii) Depreciation		(110,547,351)	(109,731,911)
(iii) Net Block		28,972,831	18,505,220
(b) Non-current investments	6	48,434,597	48,434,597
(c) Long term loans and advances	7	6,956,494	9,702,256
(d) Other Non-current assets	8	47,982,448	104,645,655
<b><u>(2) Current Assets</u></b>			
(a) Cash and cash equivalents	9	390,539,916	225,221,524
<b>Total Assets</b>		<b>522,886,286</b>	<b>406,509,252</b>
<b>NOTES TO ACCOUNTS</b>	16		

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

FOR AND ON BEHALF OF THE BOARD,

Sd/-  
L. N. PARMAR  
Executive Officer (A/cs)

Sd/-  
RAVEENDRAN NAIR  
Secretary (Board)

Sd/-  
ARVIND AGARWAL, IAS  
Managing Director

Sd/-  
K. C. BHANOO  
Director

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

Sd/-  
For Mahendra N. Shah & Co. Chartered Accounts  
FRN 105775 W

Chirag M. Shah, Partner  
M. No. F45706

Date : 03/08/2012  
Place : Ahmedabad

Date : 03/08/2012  
Place : Gandhinagar



**GUJARAT STATE FINANCIAL CORPORATION**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON**  
**31ST MARCH, 2012**

Sr. No	Particulars	Note. No.	2011-12 ₹	2010-11 ₹
I	Revenue from operations	10	262,393,256	235,710,031
II	Other Income	11	31,520,404	75,919,810
III	<b>III. Total Revenue (I +II)</b>		<b>293,913,660</b>	<b>311,629,841</b>
IV	<b><u>Expenses:</u></b>			
	Employee Benefit Expense	12	124,379,623	89,478,749
	Financial Costs	13	2,204,187,798	1,874,467,696
	Depreciation and Amortization Expense	14	1,740,264	2,314,620
	Other Administrative Expenses	15	323,578,274	242,088,342
	<b>Total Expenses (IV)</b>		<b>2,653,885,959</b>	<b>2,208,349,407</b>
V	<b>Loss before exceptional items and tax</b>	(III - IV)	<b>(2,359,972,299)</b>	<b>(1,896,719,566)</b>
VI	<b><u>Exceptional Items</u></b>			
	Provision against Non - Performing Assets(NPA) Written Back		273,050,355	330,508,381
	Excess Depreciation Written Back		137,424	-
VII	<b>Loss before tax</b>	(V + VI)	<b>(2,086,784,520)</b>	<b>(1,566,211,185)</b>
VIII	<b><u>Tax expense:</u></b>			
	(1) Tax Paid for the Earlier Years		2,410,052	2,924,000
IX	<b>Loss after tax</b>	(VII-VIII)	<b>(2,089,194,572)</b>	<b>(1,569,135,185)</b>
X	<b>Earning per equity share:</b>			
	(1) Basic		(23.44)	(17.61)
	(2) Diluted		(22.29)	(16.74)
NOTES TO ACCOUNTS		16		

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

FOR AND ON BEHALF OF THE BOARD,

Sd/-  
L. N. PARMAR  
Executive Officer (A/cs)

Sd/-  
RAVEENDRAN NAIR  
Secretary (Board)

Sd/-  
ARVIND AGARWAL, IAS  
Managing Director

Sd/-  
K. C. BHANOO  
Director

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

Sd/-  
For Mahendra N. Shah & Co. Chartered Accounts  
FRN 105775 W

Chirag M. Shah, Partner  
M. No. F45706

Date : 03/08/2012  
Place : Ahmedabad

Date : 03/08/2012  
Place : Gandhinagar



**GUJARAT STATE FINANCIAL CORPORATION**  
**PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED ON**  
**31ST MARCH 2012**

Sr. No	Particulars	Sch. No.	2011-2012 ₹	2010-2011 ₹
	BALANCE AS PER LAST BALANCE SHEET			
	ADD :			
1	PROFIT AS PER PROFIT & LOSS A/C			
2	TRANSFERRED FROM INVESTMENT			4,440,000
	DEPRECIATION RESERVE FUND			
3	PRIOR PERIOD ADJUSTMENT (LEASE ACCOUNT)			
	BALANCE CARRIED TO BALANCE SHEET		19,139,695,903	17,050,501,331
	<b>Total</b>		<b>19,139,695,903</b>	<b>17,054,941,331</b>
	LESS			
1	BALANCE AS PER LAST BALANCE SHEET		17,050,501,331	15,485,806,146
2	LOSS AS PER P & L ACCOUNT		- 2,089,194,572	1,569,135,185
	<b>Total</b>		<b>19,139,695,903</b>	<b>17,054,941,331</b>

FOR AND ON BEHALF OF THE BOARD,

Sd/-  
L. N. PARMAR  
Executive Officer (A/cs)

Sd/-  
RAVEENDRAN NAIR  
Secretary (Board)

Sd/-  
ARVIND AGARWAL, IAS  
Managing Director

Sd/-  
K. C. BHANOO  
Director

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

Sd/-  
For Mahendra N. Shah & Co. Chartered Accounts  
FRN 105775 W

Chirag M. Shah, Partner  
M. No. F45706

Date : 03/08/2012  
Place : Ahmedabad

Date : 03/08/2012  
Place : Gandhinagar



**GUJARAT STATE FINANCIAL CORPORATION**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

Particulars	2011-2012		2010-2011	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as per Profit & Loss A/c		(2,086,784,520)		(1,566,211,185)
Adjustments :				
Depreciation	1,740,264		2,314,620	
OTS Scheme sacrifice income	(253,910,970)		(182,867,323)	
OTS Waiver	253,910,970		182,867,323	
Profit on sale of Fixed Assets	-		(54,478,861)	
Provision for NPA and ascertained bad debt	44,514,154		38,990,537	
Provision for NPA written back	(273,050,355)		(330,508,381)	
Profit on sale of Investment	-		(225,600)	
Dividend/ interest Income	(1,908,444)		(1,285,789)	
		(228,704,381)		(345,193,474)
Operating Profit before working capital		(2,315,488,901)		(1,911,404,659)
Adjusted for :				
i) Other Non-current Receivables	56,831,241		(41,292,256)	
iii) Other Current & Non-current Liabilities	2,215,967,952	2,272,799,193	1,788,083,655	1,746,791,398
		(42,689,708)		(164,613,260)
Less: Tax Paid		(2,410,052)		(2,924,000)
Cash generated from operations		(45,099,760)		(167,537,260)
<b>Net Cash from Operating Activities</b>		<b>(45,099,760)</b>		<b>(167,537,260)</b>
<b>B) Cash Flow from Investing Activities :</b>				
Purchase of Fixed Assets	(12,207,890)		(11,296,885)	
Sale of Fixed Assets	-		102,860,460	
Purchase of Investments	-		-	
Sale of Investments	-		5,025,600	
Dividend/ interest Income	1,908,444		1,285,789	
<b>Net Cash used in Investing Activities</b>		<b>(10,299,446)</b>		<b>97,874,964</b>
<b>C) Cash Flow from Financing Activities</b>				
Borrowing of Funds	42,000,000		50,071,000	
Repayment of borrowings	(52,396,345)		(167,820,000)	
Movement in Lending	231,113,943		290,038,106	
<b>Net Cash from financing Activities</b>		<b>220,717,598</b>		<b>172,289,106</b>
<b>Net Increase in cash &amp; cash equivalents (a+b+c)</b>		<b>165,318,392</b>		<b>102,626,810</b>
Opening Balance of Cash & Cash equivalents		225,221,524		122,594,714
Closing Balance of Cash & Cash equivalents		390,539,916		225,221,524
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>		<b>165,318,392</b>		<b>102,626,810</b>

FOR AND ON BEHALF OF THE BOARD,

Sd/-  
L. N. PARMAR  
Executive Officer (A/cs)

Sd/-  
RAVEENDRAN NAIR  
Secretary (Board)

Sd/-  
ARVIND AGARWAL, IAS  
Managing Director

Sd/-  
K. C. BHANOO  
Director

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

Sd/-  
For Mahendra N. Shah & Co. Chartered Accounts  
FRN 105775 W

Chirag M. Shah, Partner  
M. No. F45706

Date : 03/08/2012  
Place : Ahmedabad

Date : 03/08/2012  
Place : Gandhinagar



## GUJARAT STATE FINANCIAL CORPORATION

Notes forming integral part of the Balance Sheet as at 31st March, 2012

### Note : 1 - Share Capital

Sr. No	Particulars	As at 31st March 2012	As at 31st March 2011
1	<b><u>AUTHORIZED CAPITAL</u></b> 10,00,00,000 Equity Shares of ₹ 10/- each.	1,000,000,000	1,000,000,000
		1,000,000,000	1,000,000,000
2	<b><u>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</u></b> <b><i>To the Subscribers of the Memorandum</i></b> A 8,66,14,000 SHARES (PREVIOUS YEAR 8,66,14,000 SHARES OF ₹ 10/- EACH) B 25,00,000 SHARES OF ₹ 10/- EACH SPECIAL CAPITAL ( PREVIOUS YEAR 25,00,000 OF ₹ 10/- EACH) ISSUED U/S 4-A OF THE SFC'S ACT,1951	866,140,000	866,140,000
		25,000,000	25,000,000
3	SHARE FORFEITED 92,09,600 EACH OF ₹ 10/- AMOUNT ORIGINALLY PAID UP VALUE ₹ 5/-	46,048,000	46,048,000
	<b>Total</b>	<b>937,188,000</b>	<b>937,188,000</b>

Note 1(i) Shareholders holding more than 5% equity shares in the Corporation

	No. of shares	Percentage of shares	No. of shares	Percentage of shares
1. The Governor of Gujarat	49190400	55.08%	49190400	55.08%
2. Small Indl.Dev.Bank of India	25320000	28.42%	25320000	28.42%

### Note : 2 - Reserves & Surplus

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
a	CAPITAL RESERVE - GAIN ON RESTRUCTURING OF PRINCIPAL DEBTS	1,828,727,185	1,828,727,185
b	SHARE PREMIUM	188,988,000	188,988,000
c	<b>Others</b>		
1	SPECIAL RESERVE (U/S 36(1)(VIII) OF THE I.T. ACT 1961 BALANCE AS PER LAST BALANCE SHEET	-	-
2	BAD DEBTS RESERVE (U/S 36(1)(VII) OF THE INCOME TAX ACT) BALANCE AS PER LAST BALANCE SHEET	643,416,722	643,416,722
3	BAD DEBTS RESERVE : BALANCE AS PER LAST BALANCE SHEET	46,988,000	46,988,000
4	SPECIAL RESERVE ( CREATED U/S.35 A OF THE SFC'S ACT,1951) (DIVIDEND FOREGONE BY GOVT.OF GUJARAT & IDBI) BALANCE AS PER LAST BALANCE SHEET	547,006	547,006
5	<b><u>SURPLUS</u></b> DEBIT BALANCE OF PROFIT & LOSS ACCOUNT	25,000,000	25,000,000
		(19,139,695,903)	(17,050,501,331)
	<b>Total</b>	<b>(16,406,028,990)</b>	<b>(14,316,834,418)</b>



## Notes forming integral part of the Balance Sheet as at 31st March, 2012

### Note : 3 - Non-Current Liabilities

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
(a)	<b>LONG TERM BORROWINGS</b>		
	<u>Unsecured</u>		
	FROM STATE GOVT.FOR MARGIN LOAN TO BALISANA PROJECT	210000	210000
	FROM STATE GOVT.SALES TAX INT.FREE LOAN	17686346	17686346
	SALES TAX INT. FREE DEEMED LOAN (CONTRA)	314932320	314932320
	FROM STATE GOVT.FOR HERITAGE HOTEL FUND	10000000	10000000
	SOFT LOAN FROM GOVT.OF GUJARAT	6213680000	6171680000
	SIDBI LOAN	71000	71000
	LOAN IN LIEU OF SHARE CAPITAL	60333967	60333967
	<b>Sub Total (a)</b>	<b>6,616,913,633</b>	<b>6,574,913,633</b>
(b)	<b>OTHER NON CURRENT LIABILITIES</b>		
	SECURITY DEPOSIT ( HP/LEASE FINANCE)	821,406	821,406
	UNPAID GUARANTEE FEE	355,914,833	355,493,681
	INTEREST PAYABLE ON SECURED DEPOSITS	57,491	57,491
	UNCLAIMED DIVIDEND	1,407,151	1,407,151
	SUBSIDY FROM GOVT.(AS AN AGENCY)	2,059,736,976	2,059,736,976
	LESS :DISBURSED UPTO END OF THE YEAR	(2,042,711,180)	(2,042,711,180)
	LOAN APPLICATION DEPOSITS & OTHER DEPOSITS	11,768,143	8,295,093
	INTEREST PAYABLE ON BORROWINGS AND UNPAID EXPENSES	8,940,271,447	6,742,229,802
	<b>Sub Total (b )</b>	<b>9,327,266,267</b>	<b>7,125,330,420</b>
	<b>Total [ a + b ]</b>	<b>15,944,179,900</b>	<b>13,700,244,053</b>

### Note : 4 - Current Liabilities

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
(a)	<b>SHORT TERM BORROWINGS</b>		
	<u>SECURED</u>		
	11.50% BONDS OF ₹ 100/ =EACH REDEEMABLE IN 2010-II SERIES	-	1000000
	8.30% BONDS OF ₹ 100/ =EACH REDEEMABLE IN 2012-III SERIES	-	28500000
	7.92% BONDS OF ₹ 100/ =EACH REDEEMABLE IN 2012-V SERIES	12500000	12500000
	<b>Sub Total (a)</b>	<b>12,500,000</b>	<b>42,000,000</b>
(b)	<u>UNSECURED</u>		
	PRIORITY SECOTR BOND SERIES IV	11,000,000	30,200,000
	LOAN FROM NHFDC	0	3696345
	<b>Sub Total (b)</b>	<b>11,000,000</b>	<b>33,896,345</b>
(c)	<b>OTHER CURRENT LIABILITIES</b>		
	TAX DEDUCTED AT SOURCE PAYABLE	161,955	(2262953)
	SUNDRIES (OTHER LIABILITIES) 18939853		
	LESS : STD NO LIEN A/C (CONTRA Nore 8) (2608654)	21,548,507	9,941,310
	( RAJOO COTEX LTD & OTHERS)		
	SUBVENTION RECEIVED FROM STATE		
	GOVT. ON A/C OF DIVIDEND		
	(U/S 6 Read with Sec. 35 of SFC's Act,1951)		
	BALANCE AS PER LAST BALANCE SHEET	166,956,010	166,956,010
	LESS: DIVIDEND DEFICIT A/C	(164,619,096)	(164,619,096)
	<b>Sub Total (c)</b>	<b>24,047,377</b>	<b>10,015,272</b>
	<b>Total [ a + b + c ]</b>	<b>47,547,377</b>	<b>85,911,617</b>

i) Secured borrowings are guaranteed by State Govt. U/S 7(1) of the SFC's Act 1951

**GUJARAT STATE FINANCIAL CORPORATION**

**NOTE : 5 - FIXED ASSETS & DEPRICIATION FOR THE ACCOUNTING YEAR 01.04.2011 TO 31.3.2012**

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		OPENING AS ON 01.04.11	ADDITION DURING 2011-12	DEDUCTION DURING 2011-12	CLOSING BALANCE AS ON 31.03.2012	OPENING AS ON 01.04.11	ADJUST. DURING 2011-12	CHARGE FOR THE YR. 2011-12	CLOSING AS ON 31.03.2012	OPENING AS ON 01.04.2011	CLOSING AS ON 31.03.2012
<b>1</b>	<b>TANGIBLE ASSETS</b>										
i	FURNITURE & FIXTURE	42459078	101855	51210	42509723	35892465	0	661027	36553492	6566613	5956231
ii	OFFICE EQUIPMENTS	25198064	231807	0	25429871	23827812	0	228871	24056683	1370253	1373194
iii	OFFICE VEHICLES	4653464	0	0	4653464	4915913	0	99357	4090441	662381	563024
iv	LAND & BUILDINGS	32723066	11825938	0	44548985	22939397	0	647786	23587183	9783669	20961802
v	COMPUTERS	22278618	99500	0	22378118	22156329	0	103223	22259552	122289	118565
	<b>TOTAL OF ( 1 )</b>	<b>127312290</b>	<b>12259100</b>	<b>51210</b>	<b>139520161</b>	<b>109731916</b>	<b>0</b>	<b>1740264</b>	<b>110547351</b>	<b>18505205</b>	<b>28972816</b>
<b>2</b>	<b>LEASE ASSETS</b>										
	MACHI / EQUIP.	15	0	0	15	0	0	0	0	15	15
	LEASE ADJUSTMENTS										
	<b>TOTAL OF ( 2 )</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>15</b>
	<b>TOTAL OF ( 1 + 2 )</b>	<b>127312305</b>	<b>12259100</b>	<b>51210</b>	<b>139520176</b>	<b>109731916</b>	<b>0</b>	<b>1740264</b>	<b>110547351</b>	<b>18505220</b>	<b>28972831</b>





## GUJARAT STATE FINANCIAL CORPORATION

**Notes forming integral part of the Balance Sheet as at 31st March, 2012**

### **Note : 6 - Non-current Investments**

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	SHARES ACQUIRED UNDER UNDERWRITING AGREEMENT U/S 25(1) ( C ) OF THE SFC'S ACT,1951	-	-
	PREFERENCE SHARES,FULLY PAID-UP (UNQUOTED)	740,500	740,500
	A EQUITY SHARES,FULLY PAID (UNQUOTED)	11,484,000	15,264,000
	B EQUITY SHARES, PARTLY PAID (UNQUOTED)	300,000	300,000
2	PREFERENCE SHARES ACQUIRED UNDER SPECIAL CAPITAL SCHEME (2000 Shares of ₹ 100/- each fully paid up)	200,000	200,000
3	EQUITY SHARES FULLY PAID-UP (QUOTED)	56,117,200	52,337,200
4	G.S.F.C STAFF CO.OP CREDIT SOCIETY LTD. 1 SHARE OF ₹ 10/=	10	10
5	EQUITY SHARES OF GUJARAT INDUSTRIAL & TECHNICAL CONSULTANCY (GITCO) (1100 SHARES OF ₹ 100/- EACH FULLY PAID UP)	110,000	110,000
6	INVESTMENT IN BONDS/NCD (UNQUOTED)	14,775,000	14,775,000
	LESS : INVESTMENT DEPRECIATION PROVIDED (AS PER CONTRA)	(35,292,113)	(35,292,113)
<b>Total</b>		<b>48,434,597</b>	<b>48,434,597</b>

i) The Market Value of quoted equity shares is ₹ 89,021,554 /-

### **Note : 7 - Long Term Loans and Advances**

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
	<b><u>Other loans and advances</u></b>		
	PRINCIPAL AMOUNT (TERM LOAN, HIRE PURCHASE & LEASE FINANCE ) (DETAILS AS PER NOTE-17 ANNEXED )	5,023,107,565	5,254,221,508
	LESS : 1 PROVISION FOR NPA	(3,466,332,981)	(3,739,383,336)
	2 PROVISION FOR ASCERTAINED BAD DEBTS	(1,553,570,308)	(1,509,056,154)
	ADD : INTEREST ACCRUED THEREON	3,752,218	3,920,238
<b>Total</b>		<b>6,956,494</b>	<b>9,702,256</b>

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

(ii) Bifurcation of Loans and Advances into secured and unsecured could not be ascertained in light of huge number of accounts.



## Notes forming integral part of the Balance Sheet as at 31st March, 2012

### Note : 8 - Other Non-Current Assets

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
	LOANS & ADVANCES TO EMPLOYEES	8,270,508	7,234,654
	INTEREST ACCRUED ON LOANS & ADVANCES TO EMPLOYEES	28,504,587	30,938,392
	CAPITAL SUBSIDY RECEIVABLE	580,971	580,971
	SUNDRIES	12,896,207	125,936,378
	LESS : STD ON LIEN A/C (CONTRA NOTE.4)	(2,608,654)	(62,711,214)
	LESS : ST COLLECTED UNDER PROTEST	(3,613,274)	(1,285,629)
	TDS FROM INVESTMENT INCOME	659,747	659,747
	ADVANCE TAX	68,145	68,145
	DEPOSITS FROM LONEES	3,224,211	3,224,211
	<b>Total</b>	<b>47,982,448</b>	<b>104,645,655</b>

### Note : 9 - Cash & Cash Equivalent

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
A	<b><u>Cash-in-Hand</u></b>		
	Cash Balance	131,369	93,948
	<b>Sub Total (A)</b>	<b>131,369</b>	<b>93,948</b>
B	<b><u>Bank Balance</u></b>		
	BALANCE WITH BANKS (IN CURRENT ACCOUNTS & IN OTHERS)	13,154,473	13,631,107
	<b><u>SCHEDULE BANKS</u></b>		
	IN CURRENT ACCOUNTS	34958533	26823156
	<b><u>Others (Deposits With GSFS)</u></b>		
	LIQUID DEPOSIT WITH GSFS	49520968	39024715
	GSFS INTER CORPORATE DEPOSIT	276270496	145640165
	SHORT TERM DEPOSIT WITH GSFS	16504078	8433
	<b>Sub Total (B)</b>	<b>390,408,547</b>	<b>225,127,576</b>
	<b>Total [ A + B ]</b>	<b>390,539,916</b>	<b>225,221,524</b>

9 (i) Cash received from the loanees after closing of the banking hours as on 31st March, 2012 has been shown as cash



**Notes forming part of the Statement of Profit & Loss as at 31st March, 2012**  
**Note : 10 - Revenue from Operations**

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	INTEREST ON LOANS & ADVANCES	262,393,256	235,710,031
	<b>Total</b>	<b>262,393,256</b>	<b>235,710,031</b>

**Note : 11 Other Income**

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
	<b><u>OTHER INCOME</u></b>		
	COMMITMENT CHARGES	0	41517
	INTEREST ON LOANS TO EMPLOYEES	744621	4064675
	BAD DEBTS RECOVERED	9038977	6324988
	RENT RECEIVED FROM EMPLOYEES	15550	33840
	MISCELLANEOUS INCOME	1418791	1063809
	PROFIT ON SALE OF INVESTMENT	0	225600
	DIVIDEND RECEIVED	1908444	1285789
	PROFIT ON SALE OF ASSETS	0	54478861
	GSFS INTEREST ON ICD & LQDS	10569494	5219802
	INTEREST ON TERM DEPOSITS	7824527	3180929
	<b>Total</b>	<b>31,520,404</b>	<b>75,919,810</b>

**Note : 12 Employee Benefit Expenses**

Sr. No	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	SALARY BONUS & ALLOWANCES	37991610	48966453
2	CONTRIBUTION TO STAFF PROVIDENT FUND	4615290	3364161
3	CONTRIBUTION TO GROUP GRATUITY TRUST AND GRATUITY PAID	71959012	10099881
4	CONTRIBUTION TO LEAVE ENCASHMENT FUND	9512241	26775743
5	STAFF WELFARE EXPENSES	279382	251725
6	REFRESHMENT CHARGES	22,088	20,786
	<b>Total</b>	<b>124,379,623</b>	<b>89,478,749</b>



## Notes forming part of the Statement of Profit & Loss as at 31st March, 2012

### Note : 13 Financial Cost

Sr. No.	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	GURANTEE FEES TO STATE GOVERNMENT	421,152	1,898,000
2	BANK CHARGES AND COMMISSION	49,520	91,693
3	INTEREST ON BONDS	5,585,751	7,552,426
4	INTEREST ON LOAN TOWARDS SHARE CAPITAL	4,122,953	3,097,847
5	INTEREST ON NHFDC LOAN	51,306	102,509
6	INTEREST ON HERITAGE HOTEL FUND	501,370	500,000
7	INTEREST ON GOVT.LOAN	1,990,426,316	1,707,227,012
8	PENAL INTEREST ON GOVT.LOAN	203,029,430	153,998,209
<b>Total</b>		<b>2,204,187,798</b>	<b>1,874,467,696</b>

### Note : 14 Depreciation & Amortised Cost

Sr. No.	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Depreciation	1,740,264	2,314,620
<b>Total</b>		<b>1,740,264</b>	<b>2,314,620</b>

### Note : 15 Other Administrative Expenses

Sr. No.	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	TRAVELLING & OTHER ALLOWANCES	891,764	756,139
2	DIRECTORS & COMMITTEE MEMBERS SITTING FEES	7,000	12,000
3	DIRECTORS & COMMITTEE MEMBERS TA/DA	-	9,837
4	RENT,RATES,TAXES,INSURANCE & TELEPHONE	3,775,940	5,782,476
5	POSTAGE STAMP,TELEGRAMS	741,692	799,811
6	PRINTING STATIONERY	612,174	263,653
7	PUBLICITY & ADVERTISEMENT	144,025	360,315
8	REPAIRS & RENEWALS	1,772,861	1,000,983
9	AUDIT FEES	7,012	242,620
10	LEGAL CHARGES	73,221	74,973
11	VEHICLES MAINTENANCE EXPENSES	902,510	671,048
12	OTHER EXPENSES	14,800,730	9,223,169
13	BAD DEBT WRITTEN OFF	253,910,970	182,867,323
14	COMPUTERISATION EXPENSES	100,482	215
15	CONVEYANCE CHARGES	701,693	762,844
16	OUTSOURCING CHARGES TO INDEXt <b>b</b>	622,047	270,399
17	PROVISION FOR ASCERTAINED BAD DEBTS	44,514,154	38,990,537
<b>Total</b>		<b>323,578,274</b>	<b>242,088,342</b>

### 15(i) - Auditor Remuneration

Sr. No.	Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
	Statutory audit fees	131,742	117,250
<b>Total</b>		<b>131,742</b>	<b>117,250</b>



## NOTE – 16

### NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS AND BALANCE SHEET AS AT 31.03.2012

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

(01) Accounts are prepared on accrual basis as a going concern under historic cost convention, in accordance with the requirements of the State Financial Corporations Act, 1951 and the rules framed thereunder and generally accepted accounting principle.

(02) REVENUE RECOGNITION :

(a) The Corporation recognizes income by way of interest, penalty and other charges after realization of cheques as intimated by banks. Adequate provision is made in the year end in respect of income to be recognized on mercantile basis on all standard assets. The provisions are reversed on first day of the new financial year. Interest income includes penal interest received.

(b) In view of the prudential norms prescribed by RBI/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 above norms.

(c) Amount received from the loanees are credited in the books in the following order :

[1] Penalty & other charges

[2] Interest

[3] Principal

(d) Where the unit of the loanee is sold or collateral security is sold, the amount realized is first credited towards principal and if there is any surplus, it is credited towards other dues. However, where the amount realized in respect of the units which were written off in previous year/years and subsequently sold, the amount is credited to Bad Debts Recovery A/c. under the group of Other Income.

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

[1] Penalty & other charges

[2] Interest

[3] Principal

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



**(03) FIXED ASSETS :**

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

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

**(04) DEPRECIATION :**

(a) Depreciation of all assets is provided on Written Down Value Method as per rates prescribed in the Income Tax Act 1961.

Furniture & Fixtures	:	10%
Office Equipments	:	15%
Motor cars	:	15%
Land & Building	:	10%
Computers	:	60%

In case of additions to fixed assets, depreciation is provided for full year in case all additions are made on or before 30<sup>th</sup> September and depreciation is provided @ 50% of the rates for assets acquired after this date. In case of sale of fixed assets, profit or loss on fixed assets is recognized on the same lines.

**(05) EMPLOYEE BENEFITS :**

(a) Salaries and non monetary benefits are accrued in the year in which the services are rendered by the employees.

(b) For gratuity and leave encashment liabilities, Corporation took policies with Life Insurance Corporation of India, which takes care of liabilities of both the accounts. The entire premium paid to LIC is charged to Statement of Revenue.

Corporation has charged to Revenue an amount of ₹ 5,68,00,000/- pertaining to earlier years which was hitherto shown as Current Assets.

**(06) INVESTMENTS :**

Investment are valued in accordance with SIDBI guidelines (investment classification & valuation). All investments are classified in one category viz. "Available for sale" for the purpose of valuation and accordingly provision has been made for diminution in the value wherever applicable.

**(07) BORROWING COST :**

Borrowing cost is recognized as expense and charged to Profit & Loss account. Interest on non-guaranteed priority sector bonds amounting ₹ 12,65,000/- is not provided as concerned bondholders are still persuaded to agree the restructuring accepted by other bondholders.

**(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, 2012 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)** The State Government vide Circular NO.BHD/1098/3764 dated 9<sup>th</sup> December, 1998 has increased the rate of guarantee fees on bonds from 0.25% to 1.00% on the bonds guaranteed by the State Government on outstanding amount as on date. Amount of ₹ 4,20,000/- is provided towards guarantee fee payable during the current year based on outstanding amount in the previous year which is charged to Statement of Profit & Loss. The default in guarantee fee as on 31.3.2012 is ₹ 35,59,14,833/-.
- (02)** While writing off principal amount as bad debts in certain cases, the value of securities available has not been ascertained and deducted from the principal amount. The sale proceeds of the securities will be accounted as bad debts recovered under the head "Other Income" as and when the amounts are realized.

During the year under review, the Corporation has recovered an amount of ₹ 90,38,977/- (Previous year ₹ 63,24,988/-) towards Bad Debts written off.



**(03) CONTINGENT LAIBILITES :**

- (a) Towards partly paid up equity shares shown as investment - ₹ 3,00,000/-.
- a. Towards net amount disputed on sales tax on hire purchase/lease transactions ₹ 39,47,16,960/- and interest and penalty thereon. (for FY 1995-96 to 2001-2002). Corporation has made a proposal to the Government of Gujarat for settlement of dues by paying principal amount. The proposal is under active consideration.
- b. Claims in Civil suits against Corporation not acknowledged as debt estimated to ₹ 2,03,000/- (previous year ₹ 2,03,000/-).
- c. ₹ 29,58,000/- towards rent expense payable to Gujarat Industrial Investment Corporation Limited (GIIC) being share of expenses for Mumbai office and Mumbai Guest House upto 31<sup>st</sup> March 2004. Management has not accepted this claim.
- d. Against Income Tax demand for Assessment Years 1998-1999, 1999-2000 and 2000-2001 of ₹ 45,67,768/-, ₹ 24,10,052/- paid and taken to Revenue account whereas balance demand for ₹ 21,57,716/- is treated as contingent liability pending final verdict of litigation.
- (04)** In some of the cases, the balance as per the General Ledger are not tallied with the respective subsidiary ledgers. Some accounts also show odd balances. The total difference between General Ledger balances and the balances as per the subsidiary ledger is to the tune of ₹ 13,37,267/- (previous year ₹ 2,14,59,136/-) which is under reconciliation.
- (05)** The outstanding balance of current liabilities/ non current liabilities including the other liabilities and other assets are subject to confirmation and adjustment, if any.
- (06)** The figures of previous year have been regrouped and rearranged wherever necessary to make them comparable with figures of the current year.
- (07)** Unpaid expenses of ₹ 90,41,126/- (Previous year ₹ 87,91,885/-) stands un-reconciled.
- (08)** The 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. However since there is reduction in NPA on an overall net basis after considering all relevant provisions, Corporation has written back ₹ 27,30,50,355/- in the current year (Previous year ₹ 33,05,08,381/-).
- [09]** The Staff Advance interest accumulation of ₹ 2,85,04,587/- is to be reconciled with individual ledger balances (Previous year ₹ 3,09,38,392/-).
- (10)** Corporation's operations are solely in the Financial Service Industry including Investment Operation. As interest income accounts for nearly 95% of Corporation's total revenue, separate segment reporting as per Accounting Standard -17 is not considered necessary.
- (11)** The difference in Sales Tax deferment Deemed loan between Subsidiary Ledger and General Ledger stands un-reconciled.
- (12)** Corporation has made specific provision @ 100% of outstanding principal and other expenses amounting to ₹ 4,45,14,154/- (previous year 3,89,90,537/-) against the principal outstanding, assets of which are acquired under section 29 of SFCs, Act 1951.



## Disclosure requirement for SFC's (Financial Year 2011-12)

### A. CAPITAL

- (a) Capital to Risk Assets Ratio (CRAR) -1919.10%
- (b) The Amount of subordinated debt raised and outstanding as Tier -II Capital Nil
- (c) Risk weighted assets- separately for on and off balance sheet items
- (d) The share holding pattern as on the date of the Balance Sheet

The Share holding patterns as on 31.03.2012 is under :

Sr. No.	Particulars of Share Holding	No. of Share Held (of Rs. 10 each)	Percentage of Share Holding
1	Govt. of Gujarat*	49090400	55.09
2	SIDBI*	25320000	28.41
3	Banks & Insurance Co.	400000	0.45
4	Others	14303600	16.05
<b>TOTAL</b>		<b>89114000</b>	<b>100</b>

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

### B. Assets quality and credit concentration

- (e) Percentage of net NPA's to net loans and advances

	Amount Rs. (In Crores)	Percentage
Net NPA	346.63	99.94
Net Loans & Advances (Principal only)	0.32	0.06

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

	Amount	Percentage
Standard assets	0.32	0.06

- (g) Amount of provision made during the year towards standard asstes, NPA's Investment (other than those in the nature of an advance), Income tax

Sr. No.		Amount Rs. (In Crore)	NPA Provision Required Fy 10-11	NPA Provision Required Fy 11-12	Difference
1	Standard Assets	0.32	0.0007	0.0008	0.0001
2	NPAs		373.93	346.63	-27.3
3	Income tax	NIL			

- (h) Movement in net NPA's Amount (In Crores)
- Opening Balance of Net Npa's 524.84
- Closing Balance of Net NPA's 502.99
- movement in Net NPA's -21.85

As the figure of recoveries in NPA's were not available, the addition in net NPA's has been netted by the amount of recoveries made during the year



- (i) Credit Exposure as percentage to capital fund and as percentage to total assets in respect of

Credit exposure as a percentage of	Capital Funds%	Total Assets%
The largest single borrower	10.67	1.91
The largest single group	11.55	2.07
The 10 largest single borrower	23.15	4.15

**Capital Funds :**

Amount (In Crores)

Paid up Share Capital	89.11
Share Premium	18.90
Statutory & Free Reserve	254.47
Less :Deficit in P & L A/C	
Misc. Expense not written off	
Capital Fund	
Total Assets	
Total of Assets Side	1966.62
Less :Deficit In P & L A/C	1913.97
Misc. Expense not written off	16.46
	<u>36.19</u>

- (j) Credit Exposure to the five largest industrial sector as percentage to total loan Assets Industriwise gross sanction/disbursement/outstanding as on 31.03.12

Industry	Sanction FY 2011-12	Disb. FY 2011-12	Principal O/S as on 31.03.12	Ind. Wise O/S %
Chem & Chemical Prod	0	0	75.86	15.10
Services	0	0	4.85	0.97
Textile	0	0	62.60	12.46
Food Mfg.	0	0	34.83	6.93
Plastic ind	0	0	40.62	8.09
<b>Total</b>	<b>0</b>	<b>0</b>	<b>218.76</b>	<b>43.55</b>

Total loan outstanding ₹ 502.31 Crores As on 31.03.2012

**C. Liquidity**

- (k) Maturity pattern of assets and liabilities are as under

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	457.50	0.08	0.00	0.00	0.00	0.00	457.58
<b>Liabilites</b>							
foreign currency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Liabilites (considering Restructuring)	229.59	124.50	124.40	96.05	49.18	0.00	623.72



#### D. Operating results

- (m) Interest income as a percentage to average working funds=11.99%

	Amount ₹ (In Crore)
Interest Income	26.24
Average working Capital Fund AS ON 31.03.2011	-29.81
Balance of total Assets as on 31.03.2011	1745.58
Less :Deficit in P & L A/C	1705.49
Misc. Expense not written off as on 31.03.11	16.46
Working Capital fund as on 31.03.11 = (A)	23.43
Balance of Total Assets as on 31.03.12	1966.62
Less :Deficit in P & L A/C	1913.97
Misc. Expense not written off as on 31.03.12	96.46
Working Capital fund as on 31.03.12 =(B)	36.19
Average working Capital Fund = (A+B)/2	29.81

- (n) Non-Interest income as a percentage to Average working funds= 10.63%

	Amount ₹ (In Crore)
Non- interest Income	3.15
Average working capital fund	29.81

- (o) Operating loss as percentage to average working funds = 700.84%

	Amount ₹ (In Crore)
Total Loss	208.92
Operating loss	208.75
Average working Capital Fund	29.81

- (p) Return on average

	Amount ₹ (In Crore)
Loss :	208.92
Total Average Assets	29.81
Balance of Total Assets as on 31.03.11	1745.58
Less :Deficit in P & L A/C	1705.49
Misc. Expense not written off as on 31.03.11	16.46
Assets as on 31.03.11 = (A)	18.36
Balance of Total Assets as on 31.03.12	1966.62
Less :Deficit in P & L A/C	1913.97
Misc. Expense not written off as on 31.03.12	16.46
Assets as on 31.03.12 =(B)	29.81
Average Assets = (A+B)/2	24.085

	Amount ₹ (In Crore)
(q) Net Loss Per Employee	1.62
No. of Employees	129



**GUJARAT STATE FINANCIAL CORPORATION**

**NOTE : 17**

**SCHEDULE SHOWING LOANS AND ADVANCES REFERRED TO IN NOTE 7 OF THE  
BALANCE SHEET AS ON 31.03.12**

Sr. No.	PARTICULARS OF LOANS AND ADVANCES	PRINCIPAL AMOUNT ₹
1	CORP.,GOLD CARD BILL DISCOUNT LOAN	3902699106
2	N.E.S. LOAN	5012369
3	MARGIN LOAN TO BALISANA	364336
4	T.L.SUBS NES PRINCIPAL ADVAN	8391
5	TRANSPORT LOAN	5289910
6	FISHING LOAN	134945
7	TRAN STG ADV	492427
8	HIGHER PURCHASE LOAN	443397560
9	MORDENISATION LOAN	300872
10	EQUI.FIN.LOAN	51393195
11	MINI LOAN	2950826
12	RIOT LOAN	15209
13	BANKABLE LOANS OF ALL REGIONS	1966398
14	LEASE FINANCE	102411447
15	SILVER LINE SCH	7498157
16	QUA.CONTL.PRIN LOAN	174999
17	TECHNOLOGY MORDENATIONS	9274803
18	WOMEN ENTERPRINIOR LOANS	5495908
19	HERITAGE HOTEL LOAN	1530561
20	SINGLE WINDOW LOAN	20092702
21	QUICK FINANCE	3737891
22	HERITAGE AGRICULTURE	717685
23	MAHILA UDYAMNID LOAN	3154055
24	MAHILA SOFT SEED CAPITAL	1156764
25	TECHNOLOGY UFS LOAN	35609053
26	TINY LOAN	13286959
27	UNBANKED LOAN ALL REGIONS	1240227
28	NATIONAL EQUIT SL PRIN.	3401854
29	NATIONAL EQUIT WC PRIN ADV	93000
30	NATIONAL EQUIT TL PRIN ADV.	6468039
31	PROF LOAN ADV.	897284
32	MAR ORG LOAN ADV	11671852
33	SEMFEX GEN.LOAN	3581441



Sr. No.	PARTICULARS OF LOANS AND ADVANCES	PRINCIPAL AMOUNT ₹
34	SMFX GEN SOFT SEED	1491521
35	SEMFEX TRANS LO	2327477
36	SMFX TRAN SOFT SEED	476053
37	DOCTOR'S LOAN	10757725
38	S.T.INT.FREE.ADV.	4689774
39	S.T.INT FREE PRINCIPAL ADV	47417
40	H.T. LOAN	3778422
41	EARTH QUACK 2001 (ADVO ADV)	19530457
42	CYCLONE & FLOOD LOANS	1236853
43	SPL CAP CORP LOAN	2448309
44	SPL CAP NES PRINCIPAL ADVANC	85775
45	SPL CAP MINI PRINCIPAL ADVAN	1100
46	SPL CAP TINY PRINCIPAL ADVAN	27700
47	SEED CAP CORP PRIN	288670
48	SEED CAP NES PRINCIPAL ADVAN	12260
49	GENERAL LOAN STAMP DUTY A/C	9556014
50	SEED MONEY PRINCIPAL ADVANCE	93485
51	REHBLI CORP PRIN	5820369
52	LOAN FOR REHBLI NES	99535
53	INT FREE DEEMED ST LOAN	314818425
	GRAND TOTAL	5023107565
	LESS :	
	PROVISION FOR NPA	(3466332981)
	PROVISION FOR ASCERTAINED BAD DEBTS	(1553570308)
<b>TOTAL ₹</b>		<b>3204276</b>

#### SIGNATORIES TO NOTES "1" TO "17"

FOR AND ON BEHALF OF THE BOARD,

Sd/-  
L. N. PARMAR  
Executive Officer (A/cs)

Sd/-  
RAVEENDRAN NAIR  
Secretary (Board)

Sd/-  
ARVIND AGARWAL, IAS  
Managing Director

Sd/-  
K. C. BHANOO  
Director

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

Sd/-  
For Mahendra N. Shah & Co. Chartered Accounts  
FRN 105775 W

Chirag M. Shah, Partner  
M. No. F45706

Date : 03/08/2012  
Place : Ahmedabad

Date : 03/08/2012  
Place : Gandhinagar

# GUJARAT STATE FINANCIAL CORPORATION

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

(₹ in crores)

Sr. No.	Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Since inception
1	2	3	4	5	6	7	8	9	10	11	12	13
(A)	Assistance	No.	---	---	---	---	---	---	---	---	---	61756.00
	1. Flow of Applications Term Loans	No.	---	---	---	---	---	---	---	---	---	---
	2. Loan Sanctioned	No. ₹	21	---	---	---	---	---	---	---	---	46646.00
	a. Term Loan	3.18	---	---	---	---	---	---	---	---	---	3732.10
	b. Lease Finance	No. ₹	---	---	---	---	---	---	---	---	---	41
	c. Short Term Finance	No. ₹	---	---	---	---	---	---	---	---	---	28.62
	d. Line of Credit	No. ₹	---	---	---	---	---	---	---	---	---	299
	e. Bill discounting	No. ₹	---	---	---	---	---	---	---	---	---	219.48
	f. Working Capital Term Loan	No. ₹	---	---	---	---	---	---	---	---	---	11
	g. N.H.F.D.C.	No. ₹	114	538	113	16	---	---	---	---	---	80.00
	h. Fund Based Merchant Banking Activity	0.73	0.17	2.00	0.35	0.04	---	---	---	---	---	130
	i. Small Scale Units (SSI)	No. ₹	---	---	---	---	---	---	---	---	---	227.96
	j. Backward District	No. ₹	21	---	---	---	---	---	---	---	---	225
	k. Backward Talukas	No. ₹	3.18	---	---	---	---	---	---	---	---	174.73
	l. Rural Areas	No. ₹	---	---	---	---	---	---	---	---	---	1113
	m. Tribble Area/Talukas Pockets	No. ₹	6	---	---	---	---	---	---	---	---	4.36
		1.16	---	---	---	---	---	---	---	---	---	20
		---	---	---	---	---	---	---	---	---	---	26.29
		---	---	---	---	---	---	---	---	---	---	45170
		---	---	---	---	---	---	---	---	---	---	3000.59
		---	---	---	---	---	---	---	---	---	---	18168
		---	---	---	---	---	---	---	---	---	---	1482.14
		---	---	---	---	---	---	---	---	---	---	9759
		---	---	---	---	---	---	---	---	---	---	1574.47
		---	---	---	---	---	---	---	---	---	---	13599
		---	---	---	---	---	---	---	---	---	---	1935.50
		---	---	---	---	---	---	---	---	---	---	4479
		---	---	---	---	---	---	---	---	---	---	652.30





Sr. No.	Particulars		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Since Inception
1	2		3	4	5	6	7	8	9	10	11	12	13
	3. Disbursement												
	a. Term Loan	₹	21.76	3.09	---	---	---	---	---	---	---	---	2748.92
	b. Lease Finance	₹	---	---	---	---	---	---	---	---	---	---	23.14
	c. Short Term Finance	₹	---	---	---	---	---	---	---	---	---	---	187.49
	d. Line of Credit	₹	---	---	---	---	---	---	---	---	---	---	65.79
	e. Bill discounting	₹	---	---	---	---	---	---	---	---	---	---	200.72
	f. Working Capital Term Loan	₹	---	---	---	---	---	---	---	---	---	---	154.42
	g. Fund Based Merchant Banking Activity	₹	---	---	---	---	---	---	---	---	---	---	11.52
	h. N.H.F.D.C.	₹	0.36	0.05	0.60	0.26	9.67	---	---	---	---	---	12.31
	4. Recovery												
	a. Term Loan	₹	132.37	119.47	139.76	156.23	70.21	91.92	70.22	27.22	29.72	28.45	3425.00
	b. Lease Finance	₹	0.64	0.17	0.03	0.04	0.03	---	---	---	---	---	14.64
	c. Short Term Finance	₹	5.56	4.07	1.79	2.25	0.67	0.54	---	---	---	---	208.16
	d. Line of Credit	₹	3.99	0.25	0.07	---	---	2.34	0.62	0.53	1.28	---	60.53
	e. Bill discounting	₹	1.81	0.83	1.13	1.00	0.51	0.70	0.88	---	---	0.02	204.67
	f. Working Capital Term Loan	₹	17.27	5.71	5.55	2.08	6.09	2.70	3.18	7.39	1.89	3.21	107.16
	g. Fund Based Merchant Banking Activity	₹	---	---	---	---	---	---	---	---	---	0.01	0.11
	h. N.H.F.D.C.	₹	0.18	0.22	0.24	0.31	0.27	0.24	0.23	0.08	0.02	---	1.79
	5. Loan Outstanding(at year end)	No.	---	---	---	---	---	---	---	---	---	---	---
(B)	Working Results												
	1. Earning												
	a. Interest	₹	36.11	41.05	61.78	71.14	28.32	65.61	55.29	27.11	23.57	26.24	
	b. Other Income	₹	3.59	7.88	2.89	3.02	2.14	2.29	3.17	9.34	7.59	3.15	



Sr. No.	Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Since inception
1	2	3	4	5	6	7	8	9	10	11	12	13
	2. Expenditure											
	a. Interest on bond, deposits & Other Borrowings	₹ 146.66	120.85	113.39	73.17	87.79	112.55	135.05	161.44	187.25	220.37	
	b. Financial Expenses & Commitment Charges	₹ 10.06	11.26	8.18	2.73	2.06	1.75	9.88	0.61	0.20	0.05	
	c. Personnel Expenses	₹ 22.92	21.13	20.35	11.99	7.83	6.10	22.15	2.82	8.94	12.44	
	d. Other expnses	₹ 25.33	2.91	34.19	39.25	14.75	26.53	33.80	13.93	20.60	32.36	
	e. Depreciation	₹ 1.60	1.15	0.93	0.54	0.46	0.40	0.35	0.28	0.23	0.17	
	f. Provision against NPA	₹ 34.73	50.10	25.85	89.74	229.21	29.69	14.30	5.75	3.90	4.45	
	3. Profit/(Loss) before tax	₹ -201.60	-158.47	-138.22	-12.01	-311.64	-109.13	-117.93	-129.38	-156.91	-208.68	
	4. Profit/(Loss) after tax	₹ -201.60	-158.47	-138.22	-12.01	-311.64	-109.13	-117.93	-129.38	-156.91	-208.92	
(C)	Capital & Resources ( as at the end of)											
	1. Paid up capital	₹ 89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	
	2. Share Forfeited	₹ 9.21	9.21	9.21	4.60	4.60	4.60	4.60	4.60	4.60	4.60	
	3. Reserves	₹ 85.89	85.89	85.89	249.95	249.95	265.29	273.36	273.36	273.36	273.36	
	4. Borrowings	₹ 1203.01	1200.49	1155.61	927.83	942.55	965.41	1000.92	676.86	665.09	661.69	
	a. Market Bonds	₹ 380.59	348.19	196.94	97.01	77.36	67.31	60.14	18.98	4.20	1.25	
	b. Govt. Loan	₹ 8.82	48.82	187.60	288.65	412.82	532.17	592.17	612.17	617.17	621.37	
	c. SIDBI Loan	₹ ----	----	----	----	----	----	----	----	----	----	
	d. Refinance	₹ 558.28	557.66	557.36	299.87	179.87	59.87	----	----	----	----	
	e. Fixed Deposits	₹ 0.13	0.13	0.13	0.13	----	----	----	----	----	----	
	f. Line of Credit from Banks	₹ 42.63	40.13	40.13	30.00	16.00	----	----	----	----	----	
	g. Priority Sector Bond	₹ 208.93	182.07	162.33	141.10	116.05	76.67	8.95	5.02	3.02	1.10	
	h. Loan from NHFDC	₹ 3.63	3.49	1.12	0.68	0.38	0.37	0.37	0.37	0.37	----	
	i. Short Term Loan GIDC	₹ ----	20	10	0.00	----	----	----	----	----	----	



**HEAD OFFICE**  
**GUJARAT STATE FINANCIAL CORPORATION**  
**SECTOR – 11, GH – 4, UDYOG BHAVAN GANDHINAGAR – 382 017**

TELE.NO: 23256761 to 66, 23256772-74, FAX NO. 23252204-05

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

REGIONAL & OTHER OFFICES	
<b>AHMEDABAD REGIONAL OFFICE</b> CHILDREN'S HOSPITAL BUILDING OPP. ELLIS BRIDGE POLICE LINE, ELLIS BRIDGE, AHMEDABAD – 380006. TELE.NO. (079) 26402372, 26464480 FAX NO. (079) 26463837	<b>RAJKOT REGIONAL OFFICE</b> RACE COURSE, RING ROAD, NEAR LIFE BUILDING, RAJKOT – 360 001. TELE.NO. (0281) 2443664, 2442715 FAX NO. (0281) 2479292
<b>SURAT REGIONAL OFFICE</b> PLOT NO. 12/1, RAJ EMPIRE MULTIPACK, GROUND FLOOR, BHATAR ROAD, SURAT-395002 TELE NO. (0261) 2231005/2231006 FAX NO. (0261) 2231004	<b>MUMBAI OFFICE</b> 198, KHETAN BHAVAN, 1 <sup>ST</sup> FLOOR, 198 J-TATA ROAD, CHURCH GATE, MUMBAI – 400 020 TELE / FAX NO. (022) 22845041



## GUJARAT STATE FINANCIAL CORPORATION

Head Office : UDYOG BHAVAN, 1st FLOOR, BLOCK NO. 10,  
SECTOR-11, GH-4, GANDHINAGAR-382 017.

### ATTENDANCE SLIP

Folio No.	
DP ID	
Client ID	
No. of shares	

I certify that I am a registered shareholder of the Corporation. I hereby record my presence at the FIFTY SECOND ANNUAL GENERAL MEETING of the Corporation in the office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector-11, Gandhinagar-382 017 on Thursday, the 8<sup>th</sup> November, 2012 at 4.00 p.m.

**Signature of the attending  
Member/Proxy**

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

## GUJARAT STATE FINANCIAL CORPORATION

Head Office : UDYOG BHAVAN, 1st FLOOR, BLOCK NO. 10,  
SECTOR-11, GH-4, GANDHINAGAR-382 017.

### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of the above named Corporation hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my our behalf at the FIFTY SECOND ANNUAL GENERAL MEETING of the Corporation in the office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector-11, Gandhinagar-382 017 on Thursday, the 8<sup>th</sup> November, 2012 at 4.00 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Folio No.	
DP ID	
Client ID	
No. of shares	

Affix Re. 1  
Revenue  
Stamp  
**Signature**

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



# Book Post

To,

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Pincode

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If not delivered please return to :

**GUJARAT STATE FINANCIAL CORPORATION**

Udyog Bhavan, Block No. 10, GH-4, Sector-11, Gandhinagar-382 017.