

54th

Annual Report

2014



GUJARAT STATE FINANCIAL CORPORATION
GANDHINAGAR



BOARD OF DIRECTORS

(As on 31st March, 2014)

DIRECTORS

SHRI D. J. PANDIAN, IAS

(Nominated by State Government)

SHRI C. J. MACWAN

(Nominated by State Government)

SHRI BALBIR SINGH

(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, 1st Floor, Sector-11, GH-4,

Gandhinagar-382 011

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 54th Annual General Meeting of the shareholders of the Corporation will be held on Monday, the **10th November, 2014 at 4.00 p.m. in the Conference Room of Udyog Bhavan Society at Udyog Bhavan, Block No. 19, 1st Floor, Sector-11, Gandhinagar-382 011** to transact the following business :

- (i) To receive, consider and adopt the audited financial statements of the Corporation for the Financial Year ended 31st March, 2014 including the Balance Sheet as at March 31, 2014, 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 appoint M/s. Manubhai & Shah, Chartered Accountants, Ahmedabad, as Statutory Auditors of the Corporation to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting as recommended by RBI and to fix their remuneration.

By order of the Board of Directors,

Place : Gandhinagar
Date : 10-09-2014

(ARVIND AGARWAL)
MANAGING DIRECTOR

NOTES :

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 54th Annual General Meeting.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE CORPORATION.**
3. **No proxy shall be valid unless it is duly stamped and unless it together with the power of attorney or other authority, if any, under which it is signed or a copy of that power of authority certified by a notary public or Magistrate, is deposited at the Head Office of the Corporation not less than 7 clear days before the date fixed for the meeting.**
4. Pursuant to Regulation 12 of the GSFC General Regulations, the Register of Members and Share Transfer Books will remain closed from **5-11-2014 to 10-11-2014** (both days inclusive).



5. Shareholders seeking any information with regard to accounts are requested to write to the Corporation at least 10 days before the meeting so as to enable the management to keep the information ready.
6. Members are requested to bring their copy of Annual Report at the meeting.
7. Members holding the shares in physical mode are requested to notify immediately the change of their address and e-mail id to the R & T Agent of the Corporation. In case shares held in dematerialized form, the information regarding change of address and e-mail id should be given to their respective Depository Participant.

8. Voting through electronic means :

- (a) In terms of Clause 35B of the Listing Agreement read with Rule 20 of the Companies (Management & Administration) Rules, 2014, facility is provided to the shareholders for e-Voting through Central Depository Services (India) Ltd., (CDSL) to enable them to cast their vote electronically on the resolutions mentioned in the Notice of 54th AGM. Accordingly, a member may exercise his vote by electronic means and the Corporation may pass any resolution by electronic voting system in accordance with the above provisions.
- (b) Corporation has fixed **09-05-2014** as cut-off date to record the entitlement of the shareholders to cast their votes electronically at the 54th AGM.

(c) Instructions for e-voting :

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab
- (iii) 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. Members holding shares in Physical Form should enter Folio Number registered with the Corporation.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.



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

| | For Members holding shares in Demat Form and Physical Form |
|------------------------|--|
| PAN* | Enter your 10 digit alpha-numeric*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Corporation/ Depository Participant are requested to use the first two letters of their name and the Sequence Number printed in the address slip for physical shares and covering letter in respect of members receiving e-mail in the PAN field. |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the Corporation records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the Corporation records for the said demat account or folio. # Please enter the DOB or Dividend Bank Details in order to log in. If the details are not recorded with the depository or Corporation, please enter the number of shares held by you as on the cut-off date i.e. 09-05-2014 in the Dividend Bank details field. |

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant GUJARAT STATE FINANCIAL CORPORATION on which you choose to vote.
- (xi) On the voting page, you will see ‘RESOLUTION DESCRIPTION’ and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK” else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com
 - After receiving the login details, they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (d) The voting period begins on **03-11-2014** and ends on **05-11-2014**. 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 of **09-05-2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (e) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.





DIRECTOR'S REPORT

To the Members,

The Board of Directors has pleasure in presenting the 54th Annual Report of the Corporation together with the audited statements of Accounts for the year ended 31st March 2014.

1.0 Economy :

India's economy expanded at 4.7 per cent in the entire 2013-14 financial year, marking a second straight year of below 5 per cent growth. The expansion was slower than an official estimate of 4.9 per cent and higher than 4.5 per cent growth a year earlier. Growth was affected by poor performance in mining and manufacturing. Stagnant growth of GDP is attributable to the continued weakness in industrial activity and supply side constraints. A moderate recovery is likely to set in 2014-15. The recovery is likely to be supported by investment activity picking up due to part resolution of stalled projects and improved business and consumer confidence. Manufacturing activity shows improvement in recent months, albeit the pick-up was too gradual. High and persistent inflation remained a key challenge facing India throughout the year 2013-14. Due to tightening of liquidity and other remedial measures taking place, it is expected that the economy may grow at a faster pace during 2014-15. International rating agency Fitch estimated the economic growth of India to 5.5 per cent during 2014-15.

2.0 Financial Results :

The income generation capacity of the Corporation is deteriorating since discontinuation of its main operations of sanction and disbursement. Further, One Time Settlement schemes for Term Loan and BIFR/GBIFR units have expired during the year. In spite of adverse circumstances, Corporation earned interest income of ₹ 18.03 crore during the year under reference as against ₹ 25.06 crore earned a year ago. Total income, including exceptional items, stood at ₹ 40.82 crore compared to ₹ 64.44 crore during the previous year. Corporation's total expenditure for the period under reference stood at ₹ 153.61 crore as against ₹ 177.61 crore in 2012-13. Corporation registered a loss of ₹ 112.79 crore during the year under reference while the same in the previous year was ₹ 113.16 crore. The accumulated loss of the Corporation as on 31st March, 2014 stood at ₹ 2139.92 crore.

3.0 Recovery :

In spite of the difficult economic conditions that prevailed during the year under report, Corporation recovered an amount of ₹ 22.88 crore during the year 2013-14 as against ₹ 34.55 crore recovered during FY 2012-13.

4.0 Human Resources :

During the year under reference, the employees of the Corporation were extended the benefit of revision of pay scales on line with VI Pay Commission recommendations from December, 2013. In order to adapt the rapidly changing environment and the challenges, nine officials were imparted external training through institutions of repute.



11 officers/employees retired during the year. The total staff strength as on 31-03-2014 is as under :

| | | |
|--------------|---------------------|-----------|
| 1. | Grade 'A' Officers | 11 |
| 2. | Grade 'B' officers | 74 |
| 3. | Grade 'C' employees | 21 |
| Total | | 95 |

Out of 95 employees, 35 staff is on deputation/loan service to other offices of the Government.

5.0 Auditors :

M/s. Mahendra N. Shah & Co., Chartered Accountants, Ahmedabad retires at the conclusion of the ensuing Annual General Meeting. They have been associated with the Corporation for the past four financial years and are not eligible for re-appointment as per the guidelines issued by Reserve Bank of India.

As recommended by RBI under the provisions of Section 37 (1) of the SFCs Act, 1951, followed by recommendation by the Audit Committee, M/s. Manubhai & Shah, Chartered Accountants, Ahmedabad, are proposed to be appointed as statutory auditors of the Corporation for financial year 2014-15 from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

6.0 Management Discussion & Analysis and Corporate Governance Reports :

Reports on Management Discussion & Analysis and Corporate Governance together with the corresponding Compliance Certificate are attached as part of this Annual Report.

7.0 Board of Directors :

The following changes have taken place in the Board of Directors of the Corporation during the year ended 31st March, 2014 :

SIDBI, vide its letter dated 5.8.2013, withdrawn the nomination of Shri KC Bhanoo as a Director on the Board of the Corporation and in his place, Shri Balbir Singh, Deputy General Manager, SIDBI, Ahmedabad, has been nominated.

Government of Gujarat in Finance Department, vide Office Order dated 4th March, 2014, nominated Shri C. J. Macwan, Deputy Secretary & Director (IF), Finance Department, in place of Miss S. Aparna, IAS.

Shri D. J. Pandian, IAS, Additional Chief Secretary, Industries & Mines Department, was nominated as a Director on the Board of the Corporation by Notification dated 7-3-2014 of Industries & Mines Department in place of Shri M. Sahu, IAS (Retired).

The Board places on record its gratitude for the valuable contribution rendered by Shri M. Sahu, IAS (Retd.), Shri K. C. Bhanoo and Miss S. Aparna, IAS, during their tenure of office as Chairman and Directors respectively.

In compliance with Clause 49 of the Listing Agreement, brief resume of the Directors joined on the Board of the Corporation during the period under reference, is furnished in the Corporate Governance Report attached to this Directors' Report.



8.0 Directors' Responsibility Statement :

The Directors, based on the representations received from the Accounts Department, hereby confirm that :

1. in the preparation of the annual accounts for the year ended 31st March 2014, the applicable accounting standards had 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 2014 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 2014 had been prepared on a going concern basis.

9.0 Acknowledgement :

The Directors are grateful to Government of Gujarat, Reserve Bank of India and Small Industries Development Bank of India for their advise, support and guidance. The Directors are also grateful to Industries & Mines Department and Finance Department for their continuous support. The Board thanks its valued customers and other stakeholders for their patronage. The Board also conveys its appreciation to all employees of the Corporation for their contribution during the year.

For and on behalf of the Board of Directors,

Place : Gandhinagar
Date : 05-08-2014

(Arvind Agarwal)
Managing Director

