



BOARD OF DIRECTORS

(As on 30th June, 2015)

● DIRECTORS ●

SMT. MAMTA VERMA, IAS

(Nominated by State Government)

SHRI C. J. MACWAN

(Nominated by State Government)

SHRI AJIT NATH JHA

(Nominated by SIDBI)

● MANAGING DIRECTOR ●

SHRI ARVIND AGARWAL, IAS

● SECRETARY (BOARD) ●

SHRI RAVEENDRAN NAIR

● AUDITORS ●

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

● HEAD OFFICE ●

**Udyog Bhavan, Block No. 10, 1st Floor, Sector-11, GH-4,
Gandhinagar-382 010**

● 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 55th Annual General Meeting of the shareholders of the Corporation will be held on **Friday, the 30th October, 2015 at 4.00 p.m. in the Office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1st Floor, Sector-11, Gandhinagar 382 010** to transact the following business :

- (i) To receive, consider and adopt the audited financial statements of the Corporation for the Financial Year ended 31st March 2015 including the Balance Sheet as at March 31, 2015, Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- (ii) To re-appoint M/s. Manubhai & Shah, 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 : 22-08-2015

(ARVIND AGARWAL, IAS)
MANAGING DIRECTOR

NOTES :

1. Pursuant to Regulation 28-B of GSFC General Regulations, a shareholder shall be entitled for one vote for each share held by him for the whole period of six months prior to the date of 55th 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 **26-10-2015 to 30-10-2015** (both days inclusive).
5. Shareholders seeking any information with regard to accounts are requested to write to the Corporation at least 10 days before the meeting so as to enable the management to keep the information ready.
6. Members are requested to bring their copy of Annual Report at the meeting.
7. Members holding the shares in physical mode are requested to notify immediately the change of their address and e-mail id to the R & T Agent of the Corporation. In case shares held in dematerialized form, the information regarding change of address and e-mail id should be given to their respective Depository Participant.



8. Voting through electronic means :

In terms of Clause 35B of the Listing Agreement read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Rules, 2015, the Corporation is pleased to provide e-voting facility to the members in respect of business to be transacted at the 55th Annual General Meeting to be held on **Friday, the 30th October, 2015 at 4.00 p.m.** The facility of casting votes by the members using electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services India Ltd (CDSL).

The Corporation has engaged the services of CDSL to provide e-voting. The e-voting facility is available at the link www.evotingindia.com.

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

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

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

Commencement of e-voting	10.00 Hours of Tuesday, 27 th October, 2015
End of e-voting period	17.00 Hours of Thursday, 29 th October, 2015

E-voting shall not be allowed beyond 17.00 hours on 29th October, 2015. The e-voting module shall be disabled by CDSL for voting thereafter. During the e-voting period, shareholders of the Corporation holding shares either in physical form or in dematerialized form, as on the Cut-off-Date may cast their votes electronically. The **Cut-off-Date for the purpose of e-voting is 24th April, 2015.**

Instructions for e-voting :

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

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders.
- (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 10 digits Sequence Number in the PAN Field. The Sequence Number is printed on the mailing address.
Date of Birth 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 login. If the details are not recorded with the depository or Corporation, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

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



- (xvii) Any person, who acquires shares of the Corporation and becomes a member of the Corporation after dispatch of the Notice of the AGM and holding share as on the cut-off-date i.e. 24th April, 2015, should follow the same procedure as mentioned above for e-voting. However, if a person is already registered with CDSL for e-voting then existing password can be used for casting vote.
- (xviii) **Note for Non-individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) 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.
- (xx) The results of e-voting will be announced by the Corporation on its website and also informed to the Stock Exchanges. Kindly note that once you have cast your vote, you cannot modify or vote on poll at the Annual General Meeting. However, you can attend the meeting and participate in the discussions, if any.
- (xxi) Mr. Pragnesh M Joshi, Practicing Company Secretary, Ahmedabad, Gujarat (Membership No. FCS 7238 & Certificate of Practice No. 7743) has been appointed as the Scrutinizer to scrutinize the e-voting, remote e-voting and poll process in the AGM in a fair and transparent manner.
- (xxii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of “Ballot Paper”/“Polling Paper” for all those members who are present at the AGM but have not cast their vote by availing the facility of e-voting.
- (xxiii) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast in the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses who are not in the employment of the Corporation and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (xxiv) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Corporation at www.gsfc.gujarat.gov.in and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Ltd., and NSE Limited.





DIRECTOR'S REPORT

To the Members,

Your Corporation's Board of Directors is pleased to present the 55th Annual Report on the operations of the Corporation together with the audited statement of accounts for the year ended March 31, 2015.

Before going into the performance highlights of the Corporation, economic scenario of the country, in brief, is taken stock of as under :

1. Economy :

Fiscal 2015 has been a different year for the Indian economy. During the year under reference, macro-economic stability has returned, reforms are being undertaken, the external environment has moved in India's favour and above all, a new Government has come into power. Regaining growth momentum requires restoration of domestic macroeconomic balance and enhancing efficiency and to this end, the emphasis of policy remained on fiscal consolidation and removal of structural constraints. Apart from fiscal consolidation, Government of India focused on maintaining a stable external balance, measures to further control inflation, priorities for growth revival which included streamlining of implementation procedures to restart the investment cycle and simplification of tax policy. The annual growth rate of the Indian economy is projected to be in the range of 5.4 to 5.9 per cent in 2014-15 overcoming the sub-5 per cent GDP growth of past two years. Measures taken for repealing of archaic laws governing market access, expansion and entry/exit of firms and revamp of the dispute resolution mechanism for commercial disputes to lend greater predictability to policy, giving boost to physical infrastructure and improving productivity in agriculture will yield results in years to come. Fundamentally, India's medium term growth prospects are promising and growth of about 7-8 per cent should be within reach. With basic public good provision and investment tapping into cheap labour, India can easily get closer to its growth frontier laying a strong foundation for the long run.

2. Financial Highlights :

During the year under report, your Corporation's gross income amounted to ₹ 41.64 crore, comprising interest income at ₹ 7.97 crore, other income at ₹ 6.84 crore and exceptional income at ₹ 26.83 crore. Interest expenses of ₹ 118.26 crore and operational expenses of ₹ 16.98 crore accounted for total expenditure, excluding provisions, depreciation and contingencies. Corporation provided ₹ 0.79 crore towards diminution in value of investments and written back NPA provision no longer required of ₹ 8.85 crore. During 2014-15, your Corporation's operations resulted in net loss of ₹ 94.80 crore. However, after over more than a decade, Corporation registered a net profit of ₹ 1.52 crore in the 4th quarter of the year under report due to exceptional income. Accumulated loss as on the last day of the year under report stood at ₹ 2234.73 crore. In view of loss, your Directors refrained from recommending dividend for the year under reference.

3. Resources :

During the year under report, your Corporation has not resorted to any borrowings. Corporation disposed off a part of its investment in shares and realized a net gain of ₹ 14.13 crore. As at the end of the year, no external debts are outstanding for payment except that of Government of Gujarat.



4. Recovery :

As the members are aware, Corporation concentrates only on recovery since last many years. Good clients have already closed accounts either in the normal course of business or by availing benefits of One Time Settlement (OTS) schemes introduced by the Corporation from time to time. This has resulted into leaving only sticky accounts with the Corporation from which recovery was not easily forthcoming. In order to boost the recovery efforts, OTS schemes for BIFR/GBIFR cases and Term Loans are re-introduced during the second half of the year under report. Corporation's recovery of dues stood at ₹ 13.64 crore during 2014-15 as against ₹ 22.88 crore reported a year ago.

5. Human Resource :

The staff strength as on 31st March, 2015 stood at 81 consisting of 9 "A" Grade officers, 60 "B" Grade employees and 12 Grade "C" subordinate employees. Five employees are on loan service and 25 on deputation to various Government departments. The effective manpower strength available with the Corporation as on the last day of the report stood at 51.

6. Vigil Mechanism :

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, Corporation has devised an effective whistle blower mechanism enabling stakeholders, including individual employees, to freely communicate their concerns about illegal or unethical practices. The Whistle Blower Policy of the Corporation is available at the website of the Corporation.

7. Corporate Governance :

As required by Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report, Corporate Governance Report and Certificate regarding compliance of conditions of Corporate Governance are annexed hereto and form part of this Annual Report.

8. Auditors :

M/s. Manubhai & Shah, Chartered Accountants, Ahmedabad (Firm Registration No. 106041W), statutory auditors of the Corporation retire at the ensuing Annual General Meeting and are eligible for re-appointment. In terms of Section 37 (1) of the SFCs Act, 1951, Reserve Bank of India confirmed their eligibility for re-appointment and the said firm has also consented for re-appointment as statutory auditors for financial year 2015-16. Their re-appointment is being placed before the shareholders for approval in the ensuing Annual General Meeting. The observations made in the Auditors' Report on the audited accounts of the Corporation for the year ended 31st March, 2015 are dealt with in "Addendum" to this Report.

9. Board of Directors :

During the year under reference, SIDBI, vide its letter dated 29.12.2014, withdrawn the nomination of Shri Balbir Singh as Director on the Board of the Corporation and in his place, Shri Ajit Nath Jha, Deputy General Manager, SIDBI, Ahmedabad was nominated. In compliance with Clause 49 of the Listing Agreement, brief resume of the Director, who has been nominated by SIDBI during the year under reference, is furnished in the Corporate Governance Report attached to this Report.



The Board places on record its appreciation for the guidance and counsel received from Shri Balbir Singh during deliberations of the Board and Audit Committee as its Chairman.

On his elevation as Chief Secretary to Government of Gujarat, Shri D.J. Pandian, IAS, tendered resignation from the Board of the Corporation vide Note dated 1.11.2014. Since Section 14 of the SFCs Act, 1951 does not envisage resignation by a nominated Director and Section 11 of the said Act stipulates that a nominated director shall hold office during the pleasure of the authority nominating him, the resignation letter was forwarded to nominating authority.

10. 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 2015, 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 2015 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 regulatory provisions for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities.
4. the annual accounts for the year ended 31st March 2015 has been prepared on a going concern basis.

11. Acknowledgement :

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

For and on behalf of the Board of Directors,

Place : Gandhinagar
Date : 30-05-2015

(Arvind Agarwal)
Managing Director





ADDENDUM TO THE DIRECTORS' REPORT

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

Point No. (a) Preparation of financial statements as per proforma prescribed in Regulation 55 of GSFC General Regulations :

Corporation has changed the presentation of Balance Sheet and Profit and Loss Account from horizontal basis to vertical basis with effect from Financial Year 1985-86 with the approval of the Board of Directors. The financial statements have again been synchronized with Schedule VI of the Companies Act, 1956 since FY 2011-12. Appropriate steps are being taken for restoring the position followed since 1985-86.

Point No. (b) Confirmation and adjustment of Government loan :

Government loans are granted as a result of provision in the Budgets of Government of Gujarat and subsequent issuance of Government Resolutions. The outstanding details are submitted to administrative department on quarterly basis. The loan accounts are also reconciled with other authorities. However, separate confirmation is not obtained from lending authority.

Point No. (c) Fixed Assets Register :

Fixed Assets Registers in respect of Land & Building, Vehicles and Computers have been updated during the year under reference. Corporation has already received physical verification reports in respect of Furniture & Fixtures and Office Equipments. Capital work at Surat office and in a portion of Head Office is in progress. All the Registers will be updated in FY 2015-16.

Point Nos. (d) & (e) Confirmation and adjustments of Assets & Liabilities and SL & GL :

Reconciliation of assets and liabilities and Subsidiary Ledgers and General Ledgers is an on-going process and wherever lacuna is found out, necessary rectification is resorted to. Corporation has not adopted the practice of obtaining balance confirmation from loanees. Adequate disclosure has been made in Note 16 (B) (4) with regard to such differences.

Point No. (f) Party-wise details of interest received and bad debts written off :

Management Information System will be strengthened so as to extract party-wise details of interest received from Long Term Loans and Advances. Bad debts are written off when an account is closed as a result of One Time Settlement. The procedure followed is disclosed in Note 16 (A) (02) (e) and (08).

Point No. (g) Gratuity and leave encashment :

Liabilities on account of gratuity and leave encashment are accounted on the basis of valuation done by Life Insurance Corporation of India at the time of making contribution to LIC and not on the basis of actuarial valuation at year end. Adequate disclosure is made in Note 16 (A) (5).

Point No. (h) Going concern :

Adequate disclosure is made in Note 16(B) (12).

