

51st

Annual Report
2011



GUJARAT STATE FINANCIAL CORPORATION
GANDHINAGAR



BOARD OF DIRECTORS

(As on 12th September, 2011)

CHAIRMAN

SHRI M. SAHU, IAS

(Nominated as Director by State Government & appointed as
Chairman by SIDBI)

SHRI C. L. MEENA, IAS, Director
(Nominated by State Government)

SHRI K. C. BHANOO, Director
(Nominated by SIDBI)

Shri R. D'SILVA, Director
(Nominated by SIDBI)

MANAGING DIRECTOR

SHRI ARVIND AGARWAL, IAS

DEPUTY MANAGER & SECRETARY (BOARD)

SHRI P.V.R. NAIR

AUDITORS

M/S. MAHENDRA N. SHAH & CO.
CHARTERED ACCOUNTANTS,
AHMEDABAD

HEAD OFFICE

Udyog Bhavan, Block No. 10, 1st 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 51st Annual General Meeting of the shareholders of the Corporation will be held on **Friday, the 30th December, 2011 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-382 017** to transact the following business :

- (i) To receive, consider and adopt the Profit and Loss Account and Balance Sheet of the Corporation for the year ended 31st March, 2011 along with Auditor's Report thereon and the report of the Board of Directors.
- (ii) To appoint 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 51st 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 28.12.2011 to 30.12.2011 (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 : 09-11-2011

(ARVIND AGARWAL)
MANAGING DIRECTOR



DIRECTOR'S REPORT

To the Members,

Your Directors present the 51st Annual Report of the Corporation together with the audited statements of Accounts for the year ended 31st March 2011.

1.0 Economy :

From a macro-economic perspective, the year 2010-11 was a year of great contrasts. While the global economic recovery advanced, it remained uneven between advanced nations and emerging markets. However, India continued to provide platform in the world economy throughout the year. The Gross Domestic Product (GDP) of India is estimated to have grown at 8.6% in 2010-11 in real terms. In 2010-11, agriculture is estimated to have grown at 5.4% and services at 9.6%. All three sectors have contributed to the consolidation of growth. More importantly, the economy has shown remarkable resilience to both external and domestic shocks. Notwithstanding a good growth tempo, domestic inflation remains a cause of concern. Inflation, fueled by rise in price of primary articles, is expected to drag down overall economic growth. Anti-inflationary stance resulted in Reserve Bank of India taking a number of corrective measures during the year. However, inflation is expected to moderate slowly but remain above the comfort level during 2011-12.

2.0 Operational Results/Financial Highlights :

As informed to members earlier, Corporation has discontinued its main business of extending financial assistance to industrial concerns since August 2001. The source of income is, therefore, reduced to recovery of dues only and Corporation has deployed its entire machinery in that direction. In order to reduce the inventory, Corporation continued to make vigorous efforts to dispose off the assets taken over by it. During the year under report, an amount of ₹ 12.84 crore was realized from sale of units/assets as against ₹ 11.29 crore during 2009-10.

Corporation continued to operate 'One Time Settlement Scheme' during the year for accelerating recovery of dues from its loanees. During the year, an amount of ₹ 22.66 crore was recovered under the scheme.

During the year under report, the total income of the Corporation including extra-ordinary item stood at ₹ 64.21 crore and the total expenditure was to the tune of ₹ 221.13 crore resulting into a net loss of ₹ 156.91 crore. The corresponding figures for the last year were ₹ 55.45 crore, ₹ 184.83 crore and ₹ 129.38 crore respectively. The accumulated loss as on balance sheet date is of ₹ 1705.49 crore.

3.0 Resources/Financial Restructuring :

State Government has continued to extend financial support to the Corporation. During the year under report, Corporation has received assistance by way of loan of ₹ 5.00 crore from Government of Gujarat, which was utilized for repayment and premature redemption of bonds guaranteed by the State Government. The outstanding Government guaranteed bonds as on 31/03/2011 was ₹ 4.20 crore as against ₹ 18.98 crore at the end of previous year.



4.0 Recovery :

During the year 2009-10, total recovery of the Corporation amounted to ₹ 38.35 crore as against ₹ 35.22 crore during FY 2009-10.

5.0 Staff Strength :

The total staff strength as on 31/03/2011 is as under :

1.	Grade 'A' Officers	09
2.	Grade 'B' officers	99
3.	Grade 'C' employees	26
	Total	134

Of the above, 48 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 50th Annual General Meeting, the Corporation appointed M/s. Mahendra N Shah & Co., Chartered Accountants, Ahmedabad, as Statutory Auditors to conduct audit of the Books of Accounts of the Corporation for FY 2010-11. They, being eligible, have given their consent to continue to act as Auditors of the Corporation for FY 2011-12. RBI has also confirmed their eligibility for re-appointment. Members are requested to consider their re-appointment as Auditors of the Corporation for the current year 2011-12.

7.0 Board of Directors :

During the year under reference, nominations of S/Shri Harsh Kaul and D Ghosh as Directors were withdrawn by SIDBI vide letters dated 10.6.2010 and in their places, S/Shri KC Bhanoo and R. D'Silva were nominated.

The Board welcomes the nominee Directors. Board noted the contributions made by the outgoing Directors during their tenure and placed on record its highest appreciation for their services.

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 :

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 :

1. That in the preparation of the annual accounts for the year ended 31st March 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.



2. That such accounting policies as mentioned in Schedule 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 2011 and of the loss of the Corporation for that year.
3. That 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. That the annual accounts for the year ended 31st March 2011 has been prepared on a going concern basis.

10.0 Acknowledgement :

The Board of Directors acknowledge with thanks the guidance and help extended by various Ministries of the Government of Gujarat, particularly the Finance Department and Industries & Mines Department. The Board is grateful to Small Industries Development Bank of India and its office at Ahmedabad for their advise, support and guidance. 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 : 12.9.2011

(Arvind Agarwal)
Managing Director





ADDENDUM TO THE DIRECTOR'S REPORT

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

Point No. V

Interest provision of ₹ 12.65 lakh on PSB bonds IV has not been made due to the fact that all bondholders, except three, have agreed for restructuring and such agreed bondholders have been paid installments regularly in accordance with the agreement. Since these bonds have already matured and bondholders who have not agreed for restructuring are being persuaded for accepting the restructuring, 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.

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 unrepairable 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.

GSFC TOWER AT SURAT

The note itself is self-explanatory of the action taken by the Corporation.

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 total provision for diminution in value on investment keeping aside a token value of ₹ 1/- in abeyance.

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.

Loan and Advances & 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

(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. 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 dependent upon recovery of dues. Corporation has recovered an aggregate amount of ₹ 38.35 crore during the year as against ₹ 35.22 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, 2011, the Corporation has 134 employees on its pay-roll. The Corporation has maintained cordial relationship with the employees throughout.

(6) Financial Performance :

Share Capital

The share capital of your Corporation comprises of equity shares of ₹ 10/- each of different categories as enshrined in Section 4(3) of the SFCs Act, 1951. Your 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 Bombay Stock Exchanges.

Long term borrowings

Government guaranteed bonds having face value of ₹ 14.78 crore were repaid during the year leaving a balance of ₹ 4.20 crore to be repaid as against ₹ 18.98 crore during the last year. Corporation also repaid Priority Sector Bonds (Non-guaranteed) worth



₹ 2.00 crore during the year. The outstanding Priority Sector Bonds on balance sheet date was ₹ 3.02 crore as against ₹ 5.02 crore during the last year

The principal dues payable to Government of Gujarat under Soft Loan portfolio is ₹ 617.17 crore as on 31/03/2011 as against ₹ 612.17 crore during the last year.

Financial Results :

(₹ in lakh)

Particulars	Year ended 31/03/2011	Year ended 31/03/2010
Total Income	5874.34	4740.88
Interest expenses	18724.78	16144.02
Other expenses	3364.81	2310.93
Loss before depreciation & tax	16215.25	13714.07
Depreciation	23.15	28.15
Loss after depreciation	16238.40	13742.22
Profit on sale of assets	547.04	803.96
Net loss after extra ordinary item	15691.35	12938.26
Balance carried over to balance sheet	170549.41	154858.06

(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 2010-11

1. PHILOSOPHY ON CODE OF GOVERNANCE

Gujarat State Financial Corporation believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term shareholder value while safeguarding the interest of all the stakeholders. The policies, procedures and practices that are installed in the organization ensure fairness, 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

The constitution of Board of Directors is governed by the provisions of Section 10 of the State Financial Corporations Act, 1951. As on March 31, 2011, the Board of the Corporation 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.

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 2-12-2010	
1	Shri M Sahu, IAS, (As Director from 2-4-09 & as Chairman from 9-9-09)	4	4	Not present	07
2	Shri Arvind Agarwal, IAS Managing Director (From 7.5.2007)	4	4	Present	01
3	Shri C L Meena, IAS (From 2-4-09)	4	3	Not present	10
4	Shri Harsh Kaul (up to 9-6-2010)	NIL	NA	NA	02
5	Shri D Ghosh (up to 9-6-2010)	NIL	NA	NIL	02
6	Shri K C Bhanoo (From 10-6-2010)	4	4	Not Present	04
7	Shri R.D'Silva (From 10-6-2010)	4	4	Present	NIL



The nominations of S/Shri Harsh Kaul and D. Ghosh were withdrawn by SIDBI vide letters dated 10-6-2010 and in their places, S/Shri K. C. Bhanoo and R. D.'Silva were nominated. The details of said Directors, as required under clause 49 of the Listing Agreement, were already furnished in the Annual Report of 2009-10.

B. Board Meetings

During the financial year 2010-11, four Board meetings were held on 28-7-2010, 12-10-2010, 31-1-2011 and 10-3-2011. All the Board meetings were held 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. 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

As required under Clause 49(V) of the Listing Agreement(s), the certificate duly issued by the Managing Director and Executive Officer (Accounts) on the accounts of the Corporation for the year 2010-11, as placed before the Board of Directors and taken on record, is annexed hereto.

E. Compliance Report

Corporation has complied with mandatory requirements on the Corporate Governance Guidelines as per Clause 49 of the Listing Agreement.

3. AUDIT COMMITTEE

Composition, names of members and Chairman :

As on 31st March, 2011, the following Directors were the members of the Audit Committee:

- | | | | |
|----|-----------------------|---|----------|
| 1. | Shri C. L. Meena, IAS | - | Chairman |
| 2. | Shri K. C. Bhanoo | - | Member |
| 3. | Shri R. D'Silva | - | Member |

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

During the year under reference, the Audit Committee met four times on 28.7.2010, 12-10-2010, 1-11-2010 and 10-3-2011 in full quorum.

4. REMUNERATION COMMITTEE

Remuneration Committee has not been constituted by the Corporation as the non-executive Directors are not entitled for any remuneration. The Managing Director is on deputation from Government of Gujarat and the remuneration payable to him is in accordance with the conditions prescribed by Government of Gujarat. Each Director (other than Managing Director and other Directors who are employees of the State Government) is entitled



to 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.

No remuneration was paid to Chairman during the year. Shri Arvind Agarwal, IAS, is holding the additional charge of Managing Director of the Corporation since February, 2009. During the year under reference, he was paid ₹ 41,947.00 towards charge allowance. Besides, Corporation remitted an amount of ₹ 5,70,695/- towards pension and leave salary contribution of Managing Director to Government of Gujarat during the year under reference.

Sitting fee paid to other Directors is as under :-

Sr.No.	Name of the Director	Sitting Fee
1.	Shri K. C. Bhanoo	5,000/-
2.	Shri R. D'Silva	5,000/-

Details of equity shares of the Corporation held by the Directors as on 31st March, 2011 :

None of the Directors hold equity shares of the Corporation in their individual capacity.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

As on 31st March, 2011, Shareholders'/Investors' Grievance Committee known as Share Transfer Committee consisted of following members:-

- i. Shri N. L. Gameti – Chairman
Manager (Adm)
- ii. Shri L. N. Parmar - Member
Manager (Accounts)
- iii Shri PVR Nair - Member & Convener
Dy. Manager & Secretary (Board)

During the year, the Committee met 10 times to approve share transfer requests and to attend all other shareholders/investor related matters.

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

Particulars	No. of shares
1. Dematerialisation	3,52,000
2. Transfer	5,500
3. Transmission	1,200
4. Rematerialisation	400
5. Issuance of Duplicate share certificate	200



During the year, Corporation received 10 investor complaints and all of them were attended to. There was no complaint pending as on 31-3-2011. No grievance was received through SEBI or Stock Exchanges.

Name and designation of Compliance Officer :

Shri PVR Nair, Executive Officer & Secretary (Board)

6. 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
2007-08	23-01-2009	4.00 PM	Office of Chairperson at Head Office at Udyog Bhavan, Block No. 10, 1 st Floor, Sector-11, Gandhinagar – 382 017
2008-09	22-01-2010	4.00 PM	Office of Chairman at Head Office at Udyog Bhavan, Block No. 10, 1 st Floor, Sector-11, Gandhinagar – 382 017
2009-10	02-12-2010	4.00 PM	-do-

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

7. DISCLOSURES

Corporation has not entered into any materially significant transactions during the year under review which would have potential conflict of interest between the Corporation and its promoters, Directors, management and/or their relatives.

Corporation has received communications from BSE and NSE for delay in compliance with Clause – 41 of the Listing Agreement.

8. MEANS OF COMMUNICATION

The quarterly, half yearly and annual financial results of the Corporation are published in dailies viz. “The Economic Times” in English and Gujarati editions of Ahmedabad and 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.



9. GENERAL SHAREHOLDER INFORMATION

AGM date, time and venue	Friday, 30 th December, 2011 at 4-00 p.m. in the Office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1 st Floor, Sector-11, Gandhinagar-382 017.		
Financial Calendar	1 st April to 31 st March		
Date of Book closure	28-12-2011 to 30-12-2011		
Dividend payment date	Not applicable		
Listing on Stock-Exchange	BSE	NSE	
Stock Code	532160	GUJSTATFIN	
	Listing fee has been paid to BSE and NSE based on listed capital for the year 2011-12. However, the demand of NSE to remit Listing fee on paid up capital excluding holding of Government of Gujarat is pending for resolution.		
Demat ISIN Number (NSDL)	INE944A01011		
Market price data	High/Low price quoted at Bombay Stock Exchange (as collated) during each month in last financial year 2010-11 is as under:- (Price in ₹)		
	2010-11	High	Low
	April, 10	7.55	5.00
	May	6.66	4.90
	June	6.13	5.00
	July	6.20	5.06
	Aug.	6.28	4.70
	Sept.	5.30	4.55
	Oct.	5.31	4.16
	Nov.	4.86	3.64
	Dec.	4.29	3.47
	Jan. 11	4.06	3.33
	Feb.	3.73	3.18
	March	3.85	3.05
	No transaction was reported at National Stock Exchange during the year.		
Registrar & Transfer Agents	M/s. MCS Ltd. Satdal Complex, 1 st Floor, Ashram Road, Ahmedabad-380 009.		
Share Transfer System	The powers to approve transfer, transmission, dematerialisation etc., have been delegated to Share Transfer Committee. All requests are received by the Secretarial Cell and the documents are processed and disposed off within the stipulated time limit.		



Shareholdings Pattern as on 31st March 2011

Sr. No.	Particulars of shareholding	No. of shares held (₹ 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
	TOTAL	8,91,14,000	100.00

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 31.3.2011, 91,57,990 shares held in electronic mode consisting 64% of Class “d” shares.

Plant Location : GSFC is a financial institution having Head Office at Gandhinagar

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 & 05
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, 2011, 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) 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 share holders/investors.

Place : Ahmedabad

Date : 18-08-2011



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 2010-11 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 : 12-09-2011

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

Sd/-
(Arvind Agarwal)
Managing Director



GUJARAT STATE FINANCIAL CORPORATION

Secretariat 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 2011.

Place : Gandhinagar

Date : 11-6-2011

Arvind Agarwal

Managing Director



AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of Gujarat State Financial Corporation, Gandhinagar as at March 31, 2011, Profit and Loss Account 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, Profit and Loss Account 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 Schedule 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 March 31, 2011 and,
 - (b) In case of Profit and Loss Account 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 : 12-9-2011
Place : Ahmedabad

For Mahendra N Shah & Co.
Chartered Accountants
FRN 105775W
CHIRAG M SHAH
Partner
Memb. 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 note no. A (2) (a) of Schedule (16).
- (II) The value of securities under possession is accounted on realization instead of adjusting at the time of writing off bad debts. (Refer note no. A (2) (d) of schedule 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 net worth is completely eroded. In spite of that accounts of the Corporation have been prepared on going concern basis (Refer note no. A (1) of Schedule 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 31/03/2011 are as under :

(₹ in lakh)

	Principal Default	Interest & Penalty default	Total Default
Aggregate Non Guaranteed Borrowings	110.00	106.84	216.84
Loan from Government	28592.16	66014.04	94606.23
Guarantee fees payable	-	-	3554.94

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 lakh 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 Note No. B (4) Schedule 16, regarding non reconciliation of the general ledger balances with the balances of the subsidiary ledgers and differences of ₹ 214.59 lakh 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 note No. A (3 & 4) of Schedule 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 Profit & Loss Account, 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) GSFC TOWER AT SURAT :

Against the development agreement for development of GSFC Tower at Surat on lease hold land of about 4000 sq. mtr, the Corporation has received an office premises of about 2535 sq. ft. during the year over and above the advance of ₹ 414.87 lakh already received earlier from the developer. The Corporation has got the super structure of office premises valued at ₹ 109.84 lakh from independent valuer. The Corporation has adjusted advance received ₹ 414.87 lakh and value of the premises ₹ 109.84 lakh capitilised against the cost of lease hold land and capital work in progress already booked in the accounts in order to arrive at profit on sales of lease hold land.

INVESTMENTS :

To fulfill its underwriting liability, Corporation acquired shares for ₹ 218.86 lakh 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.

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. In the year 2002-03 aggregate amount of ₹ 1,45,50,833/- lying in Unclaimed/Unpaid Dividend



account was transferred and credited to Profit and Loss Appropriation Account, which is not in consonance with provisions of Section 205 of the Companies Act, 1956 applicable to the Corporation in view of listing agreement. To that extent accumulated losses are understated and other liabilities are understated. Unclaimed dividend 1407151/- as on 31/03/2011.

LOAN & ADVANCES AND NPA PROVISION

The provision for NPA is subject to the note no. B (4) of Schedule 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 & credit, liquidity, operating results and disclosure requirements of SIDBI has not been ascertained by the management and are subject to consequential adjustment.

Date : 12.9.2011
Place : Ahmedabad

For Mahendra N Shah & Co.
Chartered Accountants
FRN 105775W

CHIRAG M SHAH
Partner
Memb. No. F 045706





GUJARAT STATE FINANCIAL CORPORATION
BALANCE SHEET AS AT 31st March 2011

Particulars	Schedule	AS AT 31.03.2011	AS AT 31.03.2010
<u>CAPITAL / LIABILITIES</u>			
SHARE CAPITAL	1	891,140,000	891,140,000
SHARE FORFEITED	1-A	46,048,000	46,048,000
RESERVE & SURPLUS	2	2,733,666,913	2,733,666,913
LONG TERM BORROWINGS	3	6,650,809,978	6,768,558,978
OTHER LIABILITIES & PROVISIONS	4	7,136,631,321	5,347,262,037
TOTAL ₹		17,458,296,212	15,786,675,929
<u>ASSETS</u>			
CASH & BANK BALANCES	5	225,221,524	122,594,714
INVESTMENT	6	48,434,597	48,794,597
LOANS & ADVANCES	7	9,702,256	8,093,744
FIXED ASSETS	8		
1 OWN ASSETS		18,505,205	56,946,249
2 LEASE ASSETS		15	16
		18,505,220	56,946,265
OTHER ASSETS	9	105,931,284	64,440,462
PROFIT & LOSS ACCOUNT		17,050,501,331	15,485,806,146
TOTAL ₹		17,458,296,212	15,786,675,929
NOTES ON ACCOUNTS	16		

THE SCHEDULES REFERRED TO ABOVE AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF BALANCE SHEET

FOR AND BEHALF OF BOARD,

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

Sd/-
PVR Nair
Executive Officer &
Secretary (Board)

Sd/-
ARVIND AGARWAL, IAS
Managing Director

Sd/-
K. C. BHANOO
Director

As per our report of even date
attached herewith

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

Date : 12/09/2011
Place : Gandhinagar

Chirag M. Shah, Partner
M. No. F45706



GUJARAT STATE FINANCIAL CORPORATION
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

Particulars	Schedule	2010-11 Amount ₹	2009-10 Amount ₹
INCOME			
INTEREST ON LOANS & ADVANCES		235,710,031	271,134,161
INTEREST ON TERM DEPOSITS		8,400,731	4,277,116
OTHER INCOME	10	67,519,079	89,202,353
PROVISION AGAINST NON-PERFORMING ASSETS (NPA) written Back		330,508,381	189,870,147
NET LOSS (Trf. to P & L APPROPRIATION A/C)		1,569,135,185	1,293,825,961
TOTAL ₹		2,211,273,407	1,848,309,738
EXPENDITURE			
INTEREST ON BONDS, DEPOSITS & OTHER BORROWINGS	11	1,872,478,003	1,614,402,302
FINANCIAL EXPENSES & OMMITMENT CHARGES	12	1,989,693	6,071,337
PERSONNEL EXPENSES	13	89,429,822	28,170,785
OTHER EXPENSES	14	203,146,732	139,292,908
FRINGE BENEFIT TAX		0	57,208
DEPRECIATION ON OWN ASSETS	8	2,314,620	2,814,971
INCOME TAX EXPENSES		2,924,000	0
PROVISION FOR ASCERTAINED BAD DEBTS		38,990,537	57500227
TOTAL ₹		2,211,273,407	1,848,309,738

NOTES ON ACCOUNTS 16

EARNINGS PER SHARE : BASIC AND DILUTED (17.61) (14.52)
NOMINAL VALUE OF SHARE 10 10

THE SCHEDULES REFERRED TO ABOVE AND NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF THE PROFIT AND LOSS ACCOUNT.

FOR AND BEHALF OF BOARD,

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

Sd/-
PVR Nair
Executive Officer &
Secretary (Board)

Sd/-
ARVIND AGARWAL, IAS
Managing Director

Sd/-
K. C. BHANOO
Director

As per our report of even date
attached herewith

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

Date : 12/09/2011
Place : Gandhinagar

Chirag M. Shah, Partner
M. No. F45706



**PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED ON
31ST MARCH 2011**

Particulars	Schedule	2010-11 Amount ₹	2009-10 Amount ₹
BALANCE AS PER LAST BALANCE SHEET			
ADD :			
1 PROFIT AS PER PROFIT & LOSS A/C		-	-
2 TRANSFERRED FROM INVESTMENT DEPRECIATION RESERVE FUND		4,440,000	-
3 PRIOR PERIOD ADJUSTMENT (LEASE ACCOUNT)		-	-
BALANCE IS CARRIED TO BALANCE SHEET		17,050,501,331	15,485,806,146
	TOTAL ₹	17,054,941,331	15,485,806,146
LESS			
1 BALANCE AS PER LAST BALANCE SHEET		15,485,806,146	14,191,980,185
2 LOSS AS PER P & L ACCOUNT		1,569,135,185	1,293,825,961
	TOTAL ₹	17,054,941,331	15,485,806,146

FOR AND BEHALF OF BOARD,

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

Sd/-
PVR Nair
Executive Officer &
Secretary (Board)

Sd/-
ARVIND AGARWAL, IAS
Managing Director

Sd/-
K. C. BHANOO
Director

As per our report of even date
attached herewith

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

Date : 12/09/2011
Place : Gandhinagar

Chirag M. Shah, Partner
M. No. F45706



GUJARAT STATE FINANCIAL CORPORATION
CASH FLOW STATEMENT FOR THE PERIOD FROM
01/04/10 TO 31/03/11

Particulars	Amount ₹ 2010-2011	Amount ₹ 2010-2011	Amount ₹ 2009-2010	Amount ₹ 2009-2010
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per Profit & Loss A/c Adjustments:		(1,569,135,185)		(1,293,825,961)
Depreciation	2,314,620		2,814,971	
OTS Scheme sacrifice income	(182,867,323)		(113,357,054)	
OTS Waiver	182,867,323		113,357,054	
Profit on sale of Fixed Assets	(54,478,861)		(80,395,780)	
Provision for NPA and ascertained bad debt	38,990,537		57,500,227	
Provision for NPA written back	(330,508,381)		(189,870,147)	
Profit on sale of Investment	(225,600)		-	
Dividend and interest Income	(1,285,789)		(967,551)	
		(345,193,474)		(210,918,280)
Operating Profit before working capital Adjusted for :		(1,914,328,659)		(1,504,744,241)
I) Trade & other Receivables	(53,874,770)		27,056,477	
iii) Trade Payable	1,789,369,284	1,735,494,514	1,548,268,704	1,575,325,181
Cash generated from operations		(178,834,145)		70,580,940
Net Cash from Operating Activities		(178,834,145)		70,580,940
B) Cash Flow from Investing Activities :				
Purchase of Fixed Assets	-		(144,873)	
Disposal/Adjustment of leased assets	-		-	
Sale of Fixed Assets	102,860,460		95,576,124	
Purchase of Investments	-		-	
Sale of Investments	5,025,600		-	
Dividend and interest Income	1,285,789		967,551	
Net Cash used in Investing Activities		109,171,849		96,398,802
C) Cash Flow from Financing Activities				
Borrowing of Funds	50,071,000		200,000,000	
Repayment of borrowings	(167,820,000)		(450,870,000)	
Movement in Lending	290,038,106		153,352,803	
Net Cash from financing Activities		172,289,106		(97,517,197)
Net Increase in cash & cash equivalents (a+b+c)		102,626,810		69,462,545
Opening Balance of Cash & Cash equivalents		122,594,714		53,132,169
Closing Balance of Cash & Cash equivalents		225,221,524		122,594,714
Net Increase/(Decrease) in cash & cash equivalents		102,626,810		69,462,545

FOR AND BEHALF OF BOARD,

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

Sd/-
PVR Nair
Executive Officer &
Secretary (Board)

Sd/-
ARVIND AGARWAL, IAS
Managing Director

Sd/-
K. C. BHANOO
Director

As per our report of even date
attached herewith

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

Date : 12/09/2011
Place : Gandhinagar

Chirag M. Shah, Partner
M. No. F45706



SCHEDULES FORMING PART OF BALANCE SHEET

	AS AT 31.3.2011 ₹	AS AT 31.3.2010 ₹
SCHEDULE : 1 - SHARE CAPITAL		
AUTHORISED	1,000,000,000	1,000,000,000
10,00,00,000 SHARES OF ₹ 10/- EACH (PREVIOUS YEAR 10,00,00,000 SHARES OF ₹ 10/- EACH)		
ISSUED ,SUBSCRIBED & PAID UP		
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 25,000,000	866,140,000 25,000,000
TOTAL	891,140,000	891,140,000
SCHEDULE : 1-A - SHARE FORFEITED		
SHARE FORFEITED 92,09,600 EACH OF ₹ 10/-	46,048,000	46,048,000
TOTAL	46,048,000	46,048,000
SCHEDULE : 2 - RESERVES AND SURPLUS		
A. SPECIAL RESERVE (U/S 36(1)(VIII) OF THE I.T. ACT 1961 BALANCE AS PER LAST BALANCE SHEET	643,416,722	643,416,722
B. BAD DEBTS RESERVE (U/S 36(1)(VII) OF THE INCOME TAX ACT) BALANCE AS PER LAST BALANCE SHEET	46,988,000	46,988,000
C. BAD DEBTS RESERVE : BALANCE AS PER LAST BALANCE SHEET	547,006	547,006
D. 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	25,000,000	25,000,000
E. INVESTMENT DEPRECIATION RESERVE FUND: BALANCE AS PER LAST BALANCE SHEET	39,732,113	42,542,053
BALANCE TRANSFER TO INVESTMENT A/C (AS PER CONTRA)	35,292,113	39,732,113
TRANSFER TO P & L APPROPRIATION A/C	4,440,000	2,809,940
F. SHARE PREMIUM	188,988,000	188,988,000
G. CAPITAL RESERVE - GAIN ON RESTRUCTURING OF PRINCIPAL DEBTS	1,828,727,185	1,828,727,185
TOTAL	2,733,666,913	2,733,666,913



	AS AT 31.3.2011 ₹	AS AT 31.3.2010 ₹
SCHEDULE : 3 - LONG TERM BORROWINGS		
(A) GSFC BONDS (Guaranteed by State Govt. U/S 7(1) of the SFC's Act 1951)		
1. 11.50% BONDS OF ₹ 100/ =EACH REDEEMABLE IN 2010-II SERIES	1,000,000	15,000,000
2. 11.50% BONDS OF ₹ 100/ =EACH REDEEMABLE IN 2011-II SERIES	0	1,000,000
3. 8.30% BONDS OF ₹ 100/ =EACH REDEEMABLE IN 2012-III SERIES	28,500,000	160,300,000
4. 7.92% BONDS OF ₹ 100/ =EACH REDEEMABLE IN 2012-V SERIES	12,500,000	13,500,000
TOTAL (A)	42,000,000	189,800,000
(B) PRIORITY SECTOR BOND		
1. PRIORITY SECOTR BOND SERIES IV	30,200,000	50,220,000
TOTAL (B)	30,200,000	50,220,000
(C) OTHERS		
1. FROM STATE GOVT.FOR MARGIN LOAN TO BALISANA PROJECT	210,000	210,000
2. FROM STATE GOVT.SALES TAX INT.FREE LOAN	17,686,346	17,686,346
3. SALES TAX INT. FREE DEEMED LOAN (CONTRA)	314,932,320	314,932,320
4. LOAN FROM NHFDC	3,696,345	3,696,345
5. FROM STATE GOVT.FOR HERITAGE HOTEL FUND	10,000,000	10,000,000
6. SOFT LOAN FROM GOVT.OF GUJARAT	6,171,680,000	6,121,680,000
7. SIDBI	71000	0
TOTAL (C)	6,518,276,011	6,468,205,011
(D) LOAN IN LIEU OF SHARE CAPITAL		
STATE GOVERNMENT	60,333,967	60,333,967
TOTAL (D)	60,333,967	60,333,967
TOTAL-(A+B+C+D)	6,650,809,978	6,768,558,978



	AS AT 31.3.2011 ₹	AS AT 31.3.2010 ₹
SCHEDULE : 4 - OTHER LIABILITIES & PROVISIONS		
A. I. CURRENT LIABILITIES		
1. LOAN APPLICATION DEPOSITS & OTHER DEPOSITS	8,295,093	9,027,593
2. UNCLAIMED DIVIDEND	1,407,151	36,874,951
3. TAX DEDUCTED AT SOURCE PAYABLE	(2,262,953)	141,144
4. SUNDRIES (OTHER LIABILITIES)	72,652,524	135,473,051
LESS : STD NO LIEN A/C (CONTRA SCH-9)	62,711,214	84,561,806
(PRITHVI COTTON MILLS, & SUGAM PAPER BOARD)	9,941,310	50,911,245
5. SECURITY DEPOSIT (HP/LEASE FINANCE)	821,406	821,406
6. ST COLLECTED UNDER PROTEST	1,285,629	0
7. UNPAID GUARANTEE FEE	355,493,681	353,595,681
8. INTEREST PAYABLE ON BORROWINGS AND UNPAID EXPENSES	6,742,229,802	487,646,481
9. INTEREST PAYABLE ON SECURED DEPOSITS	57,491	57,491
TOTAL	7,117,268,610	5,327,894,327
II. 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)
TOTAL	2,336,914	2,336,914
III. 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
TOTAL	17,025,796	17,025,796
TOTAL OF (A)	7,136,631,321	5,347,257,037
B. PROVISIONS		
(I) PROVISION MADE AGAINST STANDARD ASSETS	0.00	5000
TOTAL OF (B)	0.00	5000
TOTAL OF (A+B)	7,136,631,321	5,347,262,037



Particulars	AS AT 31.3.2011 ₹	AS AT 31.3.2010 ₹
SCHEDULE : 5 - CASH & BANK BALANCES		
A. CASH ON HAND	93,948	121,517
B. BALANCE WITH BANKS (IN CURRENT ACCOUNT & IN TERM DEPSOITS)		
1. RESERVE BANK OF INDIA	0	0
2. STATE BANK OF INDIA (INCLUDING ITS SUBSIDIARIES) IN CURRENT ACCOUNTS	13,631,107	11,360,151
C. 3. SCHEDULED BANKS	13,631,107	11,360,151
I IN CURRENT ACCOUNTS	26,823,156	33,626,497
II OTHERS		
	26,823,156	33,626,497
D. LIQUID DEPOSIT WITH GSFS	39,024,715	37,172,233
GSFS INTER CORPORATE DEPOSIT	145,640,165	38,953,562
E. SHORT TERM DEPOSIT WITH GSFS	8,433	1360754
TOTAL	225,221,524	122,594,714
SCHEDULE : 6 - INVESTMENT (AT COST) (Under Section 34 of the SFC's Act, 1951)		
A. SHARES ACQUIRED UNDER UNDERWRITING AGREEMENT U/S 25(1) (C) OF THE SFC'S ACT,1951		
1. PREFERENCE SHARES,FULLY PAID-UP (UNQUOTED)	740,500	740,500
2. A. EQUITY SHARES,FULLY PAID (UNQUOTED)	15,264,000	20,064,000
B. EQUITY SHARES, PARTLY PAID (UNQUOTED)	300,000	300,000
B. PREFERENCE SHARES ACQUIRED UNDER SPECIAL CAPITAL SCHEME (2000 Shares of ₹ 100/- each fully paid up)	200,000	200,000
C. EQUITY SHARES FULLY PAID-UP (QUOTED)	52,337,200	52,337,200
D. G.S.F.C STAFF CO.OP CREDIT SOCIETY LTD. 1 SHARE OF ₹ 10/=	10	10
E. EQUITY SHARES OF GUJARAT INDUSTRIAL & TECHNICAL CONSULTANCY (GITCO) (1100 SHARES OF ₹ 100/- EACH FULLY PAID UP)	110,000	110,000
F. INVESTMENT IN BONDS/NCD (UNQUOTED)	14,775,000	14,775,000
TOTAL (GROSS)	83,726,710	88,526,710
LESS : INVESTMENT DEPRECIATION PROVIDED (AS PER CONTRA)	(35,292,113)	(39,732,113)
TOTAL (NET)	48,434,597	48,794,597
AGGREGATE BOOK VALUE OF UNQUOTED INVESTMENTS	27,609,510	36,189,510
AGGREGATE BOOK VALUE OF QUOTED INVESTMENTS	52,337,200	52,337,200
AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS	92,310,126	72,274,636



	AS AT 31.3.2011 ₹	AS AT 31.3.2010 ₹
SCHEDULE : 7 - LOANS & ADVANCES		
A. PRINCIPAL AMOUNT (TERM LOAN , HIRE PURCHASE & LEASE FINANCE) (DETAILS AS PER SCHEDULE-17 ANNEXED)	5,254,221,508	5,544,259,614
LESS : 1 PROVISION FOR NPA	(3,739,383,336)	(4,069,881,387)
2 PROVISION FOR ASCERTAINED BAD DEBTS	(1,509,056,154)	(1,470,065,617)
B. ADD : INTEREST ACCRUED THEREON	3,920,238	3,781,134
	9,702,256	8,093,743
TOTAL	9,702,256	8,093,743
SCHEDULE : 9 - OTHER ASSETS		
A. EMPLOYEES		
I. LOANS & ADVANCES	7,234,654	10,056,555
II. ADD : INTEREST ACCRUED THEREON	30,938,392	32,663,551
	38,173,046	42,720,106
B. CAPITAL SUBSIDY RECEIVABLE	580,971	580,971
C. SUNDRIES	125,936,378	99,696,562
LESS : STD ON LIEN A/C (CONTRA SCH.4A)	62,711,214	84,561,806
	63,225,164	15,134,756
D. SALES TAX ON H.P. PAID UNDER PROTEST	-	2120670.93
E. TDS - FROM INVESTMENT INCOME	659747	659747
Advance tax	68145	0
F. DEPOSITS FROM LOANEE	3224211	3224211
TOTAL	105,931,284	64,440,462
SCHEDULES FORMING PART OF PROFIT & LOSS A/C		
SCHEDULE : 10 - OTHER INCOME		
A. COMMITMENT CHARGES	41,517	193,187
B. INTEREST ON LOANS TO EMPLOYEES	4,064,675	2,937,610
C. BAD DEBTS RECOVERED	6,324,988	2,608,698
D. RENT RECEIVED FROM EMPLOYEES	33,840	27,540
E. MISCELLANEOUS INCOME	1,063,809	2,071,987
H. PROFIT ON SALE OF INVESTMENT	225,600	0
J. DIVIDEND	1,285,789	967,551
K. PROFIT ON SALE OF ASSETS	54,478,861	80,395,780
TOTAL	67,519,079	89,202,353



	AS AT 31.3.2011 ₹	AS AT 31.3.2010 ₹
SCHEDULE : 11 - INTEREST ON BONDS,DEPOSITS & OTHER BORROWINGS		
A. INTEREST ON BONDS	7,552,426	45,644,302
B. INTEREST ON FIXED DEPOSITS	0	(3,095)
C. INTEREST ON LOAN TOWARDS SHARE CAPITAL	3,097,847	4,111,689
D. INTEREST ON NHFDC LOAN	102,509	102,329
E. INTEREST ON HERITAGE HOTEL FUND	500,000	500,000
F. INTEREST ON GOVT.LOAN	1,707,227,012	1,441,688,565
G. PENAL INTEREST ON GOVT.LOAN	153,998,209	122,358,512
TOTAL	1,872,478,003	1,614,402,302
SCHEDULE : 12 - COMMITTEMENT CHARGES & FINANCIAL CHARGES		
GURANTEE FEES TO STATE GOVERNMENT	1,898,000	6,013,500
BANK CHARGES AND COMMISSION	91,693	57,837
TOTAL	1,989,693	6,071,337
SCHEDULE : 13 - PERSONNEL EXPENSES		
I. SALARY,BONUS & ALLOWANCES		
A. MANAGING DIRECTOR	612,642	289,908
B. OTHERS	48,325,670	31,795,685
	48,938,312	32,085,593
II. CONTRIBUTION TO STAFF PROVIDEND FUND	3,364,161	3,525,521
III. CONTRIBUTION TO GROUP GRATUITY TRUST AND GRATUITY PAID	10,099,881	(7,691,410)
iv. CONTRIBUTION TO LEAVE ENCASHMENT FUND	26,775,743	
IV. STAFF WELFARE EXPENSES	251,725	251,081
TOTAL	89,429,822	28,170,785



	AS AT 31.3.2011 ₹	AS AT 31.3.2010 ₹
SCHEDULE : 14 - OTHER EXPENSES		
1. TRAVELLING & OTHER ALLOWANCES		
A. MANAGING DIRECTOR	29,524	118,127
B. OTHERS	726,615	769,779
	756,139	887,906
2. DIRECTORS & COMMITTEE MEMBERS SITTING FEES	12,000	3,000
3. DIRECTORS & COMMITTEE MEMBERS TRAVELLING & OTHER ALLOWANCES	9,837	22,172
4. MEDICAL EXPENSES (MD SHRI)	28,141	11,319
5. RENT,RATES,TAXES,INSURANCE & TELEPHONE	5,782,476	4,460,080
6. POSTAGE STAMP,TELEGRAMS & TELEPHONE	799,811	941,768
7. PRINTING STATIONERY	263,653	506,573
8. PUBLICITY & ADVERTISEMENT	360,315	168,784
9. REPAIRS & RENEWALS	1,000,983	1,734,644
10. AUDIT FEES	242,620	242,250
11. LEGAL CHARGES	74,973	(153,391)
12. VEHICLES MAINTENANCE EXPENSES	671,048	709,118
13. OTHER EXPENSES	9,223,169	15,087,257
14. BAD DEBT WRITTEN OFF	182,867,323	113,357,054
15. COMPUTERISATION EXPENSES	215	189,198
16. CONVEYANCE CHARGES	762,844	677,918
17. OUTSOURCING EXP. TO INDEXTb	270,399	415,454
18. REFRESHMENT TO STAFF	20,786	31,804
TOTAL	203,146,732	139,292,908



GUJARAT STATE FINANCIAL CORPORATION
SCHEDULE : 8 & 15 DETAILS OF FIXED ASSETS & DEPRECIATION FOR THE ACCOUNTING YEAR 01.04.2010 TO 31.3.2011

Sr. No.	Particular	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		AS ON 01.04.10	ADDITION DURING 2010-11	DEDUCTION DURING 2010-11	CLOSING BALANCE AS ON 31-03-11	PROVIDED UP TO 31.03.2010	ADJUST. DURING 2010-11	PROVIDED DURING 2010-11	TOTAL DEPRI. AS ON 31.03.2011	AS ON 31.03.2010	AS ON 31.03.2011
1	OWN ASSETS										
i	FURNITURE & FIXTURE	42418348	40730	0	42459078	35160874	0	731591	35892465	7257474	6566613
ii	OFFICE EQUIPMENTS	25058024	140040	0	25198064	23609213	0	218594	23827807	1448811	1370257
iii	OFFICE VEHICALS	5577878	415	0	5578293	4796722	0	119191	4915913	781156	662380
iv	LAND & BUILDINGS	67699204	10984000	45960157	32723047	24139729	2421441	1221109	22939397	43559475	9793650
v	COMPUTERS	22146918	131700	0	22278618	22132195	0	24134	22156329	14723	122289
vi	CWIP	3884608	0	3884608	0	0	0	0	0	3884608	0
	TOTAL	166784980	11296885	49844765	128237100	109838733	2421441	2314619	109731911	56946247	18505205
2	LEASE ASSETS										
	MACHI / EQUIP.	16	0	1	15	0	0	0	0	16	15
	LEASE ADJUSTMENTS										
	TOTAL OF (2)	16	0	1	15	0	0	0	0	16	15
	TOTAL OF (1 + 2)	166784996	11296885	49844766	128237115	109838733	2421441	2314619	109731911	56946263	18505220



SCHEDULE – 16

NOTES FORMING PART OF PROFIT & LOSS A/C. AND BALANCE SHEET AS AT 31.03.2011

(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 there under 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 30th 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) The Corporation has taken a policy under Group Gratuity Scheme with Life Insurance Corporation of India for payment of gratuity to its employees and the premium thereof is charged to Profit and Loss Account. Besides, the shortfall between gratuity amount received from LIC and actual amount paid to the employees is also charged to Profit and Loss Account. Corporation has made provision for gratuity as per Project Unit Credit Method as calculated by LIC of India during the year.

During the year under reference, Corporation has adopted a policy to cover the leave encashment liabilities on actuarial method. The entire premium due under the scheme so far is charged to Profit & Loss Account.



(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 lacs 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 sales 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) RELATED PARTY DISCLOSURE :

There are no transactions under the said clause except remuneration paid to key management personnel as under :

Shri Arvind Agrawal, IAS, Managing Director

Remuneration paid	₹ 29,524=00
Travelling and other allowance	₹ 7,26,615=00
Medical Expenses	₹ 28,141=00

(10) TAXATION :

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

(11) 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 31st March, 2011 requiring recognition in terms of the said standard.



(12) 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.

(13) 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 9th 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 ₹ 0.19 crore is provided towards guarantee fee payable during the current year based on outstanding amount in the previous year which is charged to Profit & Loss account. The default in guarantee fee as on 31.3.2011 is ₹ 35.55 crore.

(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 ₹ 63,24,988/- (Previous year ₹ 26,08,698/-) towards Bad Debts written off.

(03) CONTINGENT LAIBILITES :

(a) Towards partly paid up equity shares shown as investment - ₹ 3.00 lacs.

(b) Towards net amount disputed on sales tax on hire purchase/ lease transactions ₹ 39.47 crore and interest and penalty thereon. (for FY 1995-96 to 2001-2002). Government of Gujarat convened a meeting of all concerned officials in this regard on 15.9.2003 and decided that equity capital contribution be made available to GSFC from the State Government, which should be adjusted towards payment of Sales Tax dues. The sale tax dues would be principal plus interest and not other charges or penalty etc.



- (c) Claims in Civil suits against Corporation not acknowledged as debt estimated to ₹ 2.03 crore (previous year ₹ 1.61 crore).
- (d) ₹ 29.58 lacs towards rent expense payable to Gujarat Industrial Investment Corporation Limited (GIIC) being share of expenses for Mumbai office and Mumbai Guest House upto 31st March 2004. Management has not accepted this claim.
- (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 credit balances. The total difference between General Ledger balances and the balances as per the subsidiary ledger is to the tune of ₹ 2,14,59,136/- (previous year ₹ 85,31,653.78) which is under reconciliation.
- (05)** The outstanding balance of current liabilities including the other liabilities and other assets are subject to confirmation and adjustment, if any.
- (06)** The figures of previous year been regrouped and rearranged wherever necessary to make them comparable with figures of the current year.
- (07)** Unpaid expenses of ₹ 0.88 crore (Previous year ₹ 0.80 crore) is un-reconciled.
- (08)** The Corporation has made provision as per the prudential norms prescribed by SIDBI on the principal outstanding & 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 ₹ 33.05 crore in the current year (Previous year ₹ 18.99 crore).
- (09)** The Staff Advance Balance of ₹ 0.73 crore is to be reconciled with individual ledger balances (Previous year ₹ 1.01 crore).
- (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)** There is difference of ₹ 0.60 crore (previous year ₹ 0.69 crore) in Sales Tax deferment Deemed loan between subsidiary ledger and General Ledger which needs to be reconciled.
- (12)** Corporation has made specific provision @ 100% of outstanding principal and other expenses amounting to ₹ 3.90 crore (previous year 5.75 crore) against the principal outstanding, assets of which are acquired under section 29 of SFCs, Act 1951 and sold out by Corporation.





Disclosure requirement for SFC"s (Financial Year 2010-11)

A. CAPITAL

- (a) Capital to Risk Assets Ratio (CRAR) -1913.42%
- (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 19279.59
- (d) The share holding pattern as on the date of the Balance Sheet

The Share Holding Patterns as on 31.03.2011 is under :

Sr. No.	Particulars of Share Holding	No.of Shares Held (of ₹ 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
	Total	89114000	100

* 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 ₹ (In Crores)	Percentage
Net NPA =	373.93	99.99
Net Loans & Advances = (Principal Only)	0.01	0.01

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

	Amount ₹	Percentage
Standard Assets	0.01	0.01

- (g) Amount of provision made during the year towards stadrad assets, NPA's Investments (other than those in the nature of an advance), income tax

Sr. No.		Amount ₹ (In Crore)	NPA Provision Required FY 09-10	NPA Provision Required FY 10-11	Difference
1	Standard Assets	0.32	0.0025	0.0007	(-) 0.01
2	NPAs		406.98	373.93	- 33.06
3	Income Tax	NIL	-	-	-



(h) Movement in net NPA's	Amount ₹ (In Crore)
Opening Balance of Net NPA's	553.99
Closing Balance of Net NPA's	524.94
Movement in Net NPA's	-29.15

As the figures 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.

- (l) 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	11.71	2.34
The largest borrower group	21.72	4.94
The 10 largest single borrowers	11.71	19.96

Capital Funds :	Amount ₹ (In Crore)
Paid up Share Capital	89.11
Share Premium	18.90
Statutory & Free Reserves	254.47
Less : Deficit in P & L A/C	
Misc. Expenses not written off	
Capital Fund	
Total Assets	
Total of Assets Side	1745.38
Less : Deficit in P & L A/C	1705.49
Misc. Expenses not written off	16.46
	23.43

- (j) Credit exposure to the five largest industrial sector as percentage to total loan assets Industrieswise gross sanction/disbursement/outstanding as on 31.03.11

(₹ in Crore)

Industry	Sanction FY 2008-09	Disb. FY 2009-10	Principal O/S as on 31-3-11	Ind.wise O/s %
Chem & Chemical Prod	0	0	88.93	16.93
Services	0	0	4.85	0.92
Textile	0	0	71.95	13.69
Food Mfg.	0	0	43.94	8.36
Plastic Ind	0	0	41.77	7.96
Total	0	0	251.44	47.86

Total loan outstanding ₹ 569.16 Crores as on 31-3-2011



C. Liquidity

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

(₹ in Crores)

Items	Less than or equal 1 year	More than to 1 year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years upto 10 years	More than 10 years	Total
₹ assets Total assets	485.25	11.00	0.04	0.00	0.00	0.00	496.29
₹ liabilities Foreign currency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liabilities (Considering Restructuring)	230.41	127.66	123.56	95.20	47.92	0.00	624.75

D. Operating results

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

Amount ₹ (In Crore)

Interest Income	23.57
Average working Capital Fund AS ON 31.03.2010	-18.36
Balance of Total Assets as on 31.03.2010	1578.37
Less : Deficit in P & L A/c.	1548.55
Misc. Expenses not Written off as on 31.03.10	16.46
Working Capital fund as on 31.03.10 = (A)	13.03
Balance of total Assets as on 31.03.11	1745.38
Less : Deficit in P & L A/c.	1705.49
Misc. Expenses not Written off as on 31.03.11	16.46
Working Capital fund as on 31.03.11 = (B)	23.43
Average Working Capital Fund = (A+B) / 2	18.36

(n) Non-interest income as a percentage to average working funds = 36.76%

Amount ₹ (In Crore)

Non interest Income	6.75
Average working Capital Fund	18.36

(o) Operating loss as percentage to average working funds = 854.63%

Amount ₹ (In Crore)

Total Loss	156.91
Operating loss	156.91
Average working Capital Fund	18.36



(p) Return on average assets =

	Amount ₹ (In Crore)
Loss :	156.91
Total Average Assets	18.36
Balance of Total Assets as on 31.03.2010	1578.37
Less : Deficit in P & L A/c.	1548.58
Misc. Expenses not Written off as on 31.03.10	16.46
Assets as on 31.03.2010 = (A)	13.03
Balance of Total Assets as on 31.03.2011	1745.38
Less : Deficit in P & L A/c.	1705.05
Misc. Expenses not Written off as on 31.03.11	16.46
Assets as on 31.03.2011 = (B)	18.36
Average Assets = (A+B) /2	15.83

Amount ₹ (In Crore)

(q) Net loss per employee

117.10

No.of Employees

134





GUJARAT STATE FINANCIAL CORPORATION
SCHEDULE : 17
SCHEDULE SHOWING IN RESPECT OF LOANS AND ADVANCES REFERRED TO
IN THE BALANCE SHEET AS ON 31.03.11.

	PARTICULARS OF LOANS AND ADVANCES	PRINCIPAL AMOUNT (₹)
I.	GENERAL LOAN	3264993235
II.	SPECIAL LOANS	
	1 BANKABALE MEHSANA	2013618
	2 SEED CAPCORP PRINCIPAL ADVANCE	274140
	3 CYCLONE 1983 PRINCIPAL ADVANCE	501973
	4 ELITE CLIENTS CHANEL SCHEME	12030553
	5 GEN LOAN FWD DST PRINCIPAL ADVN	27100360
	6 GOLD CARD LINE OF CREDIT SCHEME	169060233
	7 JOB TRAIL SCHEME	968053
	8 CYCLONE 1982 PRINCIPAL ADVANCE	805762
	9 DOCTOR FRIENDS SCHEME	18909913
	10 EARTH QUACK 2001 (PRIN ADV)	23358687
	11 PRINCIPAL OF DP LOAN	1418774
	12 EQUI.FIN.AHD PRINCIPAL ADVANCE	59964453
	13 FISHING LOAN PRINCIPAL ADVANCE	103337
	14 HI-TECH AGRICULTURE SCHEME	710329
	15 PRINCIPAL OF HIGHER PURCHASE	469330945
	16 SOFT HARITAGE SCHEME	1912872
	17 HARITAGE HOTEL	3778422
	18 SPL CAP TINY PRINCIPAL ADVANCE	27700
	19 LEASE ASSETS A/C	104784106
	20 MOD SCHM AHD PRINCIPAL ADVANCE	365117
	21 MAR ORG LOAN PRIN ADV	14501737
	22 LOAN A/C MAHILA SOFT SEED CAPI	1040450
	23 LOAN A/C MAHILA UDYAM NIDHI	2995425
	24 SEED CAP NES PRINCIPAL ADVANCE	12260
	25 NATIONAL EQ.DOCOTR'S FRIENDS	59818
	26 N.E.S.LOAN PRINCIPAL ADVANCE	6084659
	27 NATIONAL EQUIT TL PRIN ADV	8824484
	28 LOAN A/C NURSING HOME SCH	540096
	29 NATIONAL EQUIT SL PRIN ADV	3613397
	30 NATIONAL EQUIT WC PRIN ADV	81000
	31 HANDICAPPED PERSON'S PRIN ADV	12761217
	32 PROF LOAN PRIN ADVANCE	678856
	33 S.T. INT FREE PRINCIPAL ADVANCE	45000
	34 QUA.CONTL.AHD PRIN ADVANCE	175123
	35 QF TERM LOAN PRINCIPAL LN.	3736091



	PARTICULARS OF LOANS AND ADVANCES	PRINCIPAL AMOUNT (₹)
36	RIOT LOAN PRINCIPAL ADVANCE	38111
37	REHEBILATION OF BHUKAMP 2001	225711236
38	LOAN FOR REHBLES	99535
39	LOAN FOR REHBLES CORPO	8290073
40	MINI LOAN PRINCIPAL ADVANCE	3055890
41	SPL CAP CORP PRINCIPAL ADVANCE	2291547
42	SEED MONEY PRINCIPAL ADVANCE	93485
43	TRAN STG ADV PRINCIPAL ADVANCE	650774
44	SL SCHEME PRIN ADVANCE	14990578
45	SPL CAP NES PRINCIPAL ADVANCE	57595
46	S.T.INT FREE PRINCIPAL ADVANCE	4482740
47	SW TERM LOAN PRINCIPAL LN.	22455798
48	TRANSPORT LN PRINCIPAL ADVANCE	5538137
49	TINY LOAN PRINCIPAL ADVANCE	13026491
50	LINE OF CREDIT FOR FINANCE	265503233
51	TM SCHEME PRIN ADVANCE	10945805
52	T.L.SUBS NES PRINCIPAL ADVANCE	8391
53	PRIN.TECHNOLOGY UPGRAD FUND	34878774
54	UNBANKED SRT PRINCIPAL ADVANCE	850414
55	WES AHD PRIN ADVANCE	5136859
56	PRINCIPAL WORKING CAPITAL LOAN	410472010
57	LOAN A/C SMFX TRAN SOFT SEED	477650
58	LOAN A/C SEMFX GENERAL LOAN	3729103
59	LOAN A/C SMFX GEN SOFT SEED	1545682
60	LOAN A/C SEMFEX TRANSPORT LOAN	2329402
		5254221508
	LESS :	
	1. PROVISION FOR NPA	(3739383336)
	2. PROVISION FOR ASCERTAINED BAD DEBTS	(1509056154)
	TOTAL ₹	5782018

SIGNATORIES TO SCHEDULES "1" TO "17"

FOR AND BEHALF OF BOARD,

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

Sd/-
PVR Nair
Executive Officer &
Secretary (Board)

Sd/-
ARVIND AGARWAL, IAS
Managing Director

Sd/-
K. C. BHANOO
Director

As per our report of even date
attached herewith

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

Date : 12/09/2011
Place : Gandhinagar

Chirag M. Shah, Partner
M. No. F45706

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

(₹ in crores)

Sr. No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Since inception
		3	4	5	6	7	8	9	10	11	12	13
(A)	Assistance	No.										
	1. Flow of Applications Term Loans	640										61756
		157.77										5385.60
	2. Loan Sanctioned	No.										
	a. Term Loan	535	21									46646
		86.99	3.18									3732.10
	b. Lease Finance	No.										41
												28.62
	c. Short Term Finance	No.										299
		3										219.48
	d. Line of Credit	₹										11
		1.24										80.00
	e. Bill discounting	No.										130
												227.96
	f. Working Capital Term Loan	₹										225
		4.56										174.73
	g. N.H.F.D.C.	No.										1113
		298	114	34	538	113	16					4.36
		1.07	0.73	0.17	2.00	0.35	0.04					
	h. Fund Based Merchant Banking Activity	No.										20
												26.29
	i. Small Scale Units (SSI)	₹										45170
		No.	21									3000.59
		₹	64.48	3.18								18168
	j. Backward District	No.										1482.14
		₹	29.17									9759
	k. Backward Talukas	No.	19									1574.47
		₹	1.31									13599
	l. Rural Areas	No.	282	6								1935.50
		₹	47.92	1.16								4479
	m. Triple Area/Talukas Pockets	No.	8									652.30
		Rs.	1.44									





Sr. No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Since Inception
1	2	3	4	5	6	7	8	9	10	11	12	13
	3. Disbursement											
	a. Term Loan	₹ 76.81	21.76	3.09	----	----	----	----	----	----	----	2748.92
	b. Lease Finance	----	----	----	----	----	----	----	----	----	----	23.14
	c. Short Term Finance	₹ 3.00	----	----	----	----	----	----	----	----	----	187.49
	d. Line of Credit	----	----	----	----	----	----	----	----	----	----	65.79
	e. Bill discounting	----	----	----	----	----	----	----	----	----	----	200.72
	f. Working Capital Term Loan	₹ 9.31	----	----	----	----	----	----	----	----	----	154.42
	g. Fund Based Merchant Banking Activity	----	----	----	----	----	----	----	----	----	----	11.52
	h. N.H.F.D.C.	₹ 1.29	0.36	0.05	0.60	0.26	9.67	----	----	----	----	12.31
	4. Recovery											
	a. Term Loan	₹ 173.13	132.37	119.47	139.76	156.23	70.21	91.92	70.22	27.22	29.72	3396.55
	b. Lease Finance	₹ 1.21	0.64	0.17	0.03	0.04	0.03	----	----	----	----	14.64
	c. Short Term Finance	₹ 10.13	5.56	4.07	1.79	2.25	0.67	0.54	0.62	0.53	1.28	208.16
	d. Line of Credit	₹ 4.67	3.99	0.25	0.07	----	----	2.34	0.62	----	----	60.53
	e. Bill discounting	₹ 1.51	1.81	0.83	1.13	1.00	0.51	0.70	0.88	----	----	204.65
	f. Working Capital Term Loan	₹ 17.94	17.27	5.71	5.55	2.08	6.09	2.70	3.18	7.39	1.89	103.95
	g. Fund Based Merchant Banking Activity	----	----	----	----	----	----	----	----	----	----	0.10
	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. 10952	----	----	----	----	----	----	----	----	----	----
(B)	Working Results											
	1. Earning											
	a. Interest	₹ 92.73	36.11	41.05	61.78	71.14	28.32	65.61	55.29	27.11	23.57	
	b. Other Income	₹ 7.41	3.59	7.88	2.89	3.02	2.14	2.29	3.17	9.34	7.59	



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	
AHMEDABAD REGIONAL OFFICE CHILDREN'S HOSPITAL BUILDING OPP. ELLIS BRIDGE POLICE LINE, ELLIS BRIDGE, AHMEDABAD – 380006. TELE.NO. (079) 26402372, 26464480 FAX NO. (079) 26463837	RAJKOT REGIONAL OFFICE RACE COURSE, RING ROAD, NEAR LIFE BUILDING, RAJKOT – 360 001. TELE.NO. (0281) 2443664, 2442715 FAX NO. (0281) 2479292
SURAT REGIONAL OFFICE VIKAS BUILDING, DUTCH GARDEN ROAD, NANPURA, SURAT – 395 001 TELE.NO. (0261) 2475821, 2471173 FAX NO. (0261) 2473061	MUMBAI OFFICE 198, KHETAN BHAVAN, 1 ST FLOOR, 198 J-TATA ROAD, CHURCH GATE, MUMBAI – 400 020 TELE / FAX NO. (022) 22845041



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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 FIFTHY ONE ANNUAL GENERAL MEETING of the Corporation in the office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1st Floor, Sector-11, Gandhinagar-382 017 on Friday, the 30th December, 2011 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 FIFTHY ONE ANNUAL GENERAL MEETING of the Corporation in the office of the Chairman at Head Office at Udyog Bhavan, Block No. 10, 1st Floor, Sector-11, Gandhinagar-382 017 on Friday, the 30th December, 2011 at 4.00 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

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, _____

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.