



# Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

SECRETARIAL CELL

1st Floor, Udyog Bhavan, Sector-11, GH-4, Gandhinagar – 382 010

Phone No.: 23256766 Fax : 23252204

Website: <http://gsfc.gujarat.gov.in> Email: sec-cell-gsfc@gujarat.gov.in

GSFC/SEC.CELL/C-2/

June 21, 2023

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

**Sub: 63<sup>rd</sup> Annual General Meeting (AGM) –  
Submission of Annual Report for FY 2022-23**  
**Ref: Stock Code: 532160**

Dear Sirs,

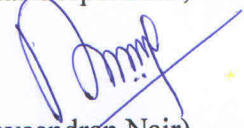
Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report for Financial Year 2022-23 containing Notice, Remote e-voting instructions and other details in connection with 63<sup>rd</sup> Annual General Meeting of the Corporation scheduled to be held on **Thursday, the 27<sup>th</sup> July, 2023 at 1.00 p.m. in the office of the Corporation at Head Office at Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector 11, Gandhinagar 382 010.** Soft copies of the Notice and Annual Report of the Corporation for FY 2022-23 have been dispatched by email only to all Members of the Corporation whose email addresses are registered with the Corporation/ RTA/DPs as on cut-off date of January 27, 2023. Members may also download Notice as well as Annual Report for FY 2022-23 from the following links:

Name of the Report	Website link
63 <sup>rd</sup> AGM Notice	<a href="https://gsfc.gujarat.gov.in/sites/default/files/63TH AGM.pdf">https://gsfc.gujarat.gov.in/sites/default/files/63TH AGM.pdf</a>
Annual Report 2022-23	<a href="https://gsfc.gujarat.gov.in/sites/default/files/AR 2023.pdf">https://gsfc.gujarat.gov.in/sites/default/files/AR 2023.pdf</a>

Please take the above on record.

Thanking you,

Yours faithfully,  
for Gujarat State Financial Corporation,

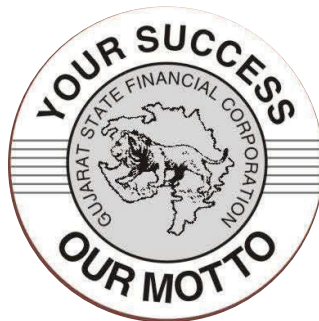
  
(Raveendran Nair)  
Secretary (Board)

Encl: Annual Report 2022-23

63<sup>rd</sup>

# ANNUAL REPORT

2022-23



**Gujarat State Financial Corporation**  
**Gandhinagar**



# **Gujarat State Financial Corporation**

Secretarial Cell

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

## **BOARD OF DIRECTORS**

(As on May 22, 2023)

### **DIRECTORS**

**Smt. Ankita R. Christian**  
**Ms. Leenaben D. Katdare**  
**Shri Sanjay Gupta**  
**Shri Akash Pawar**  
**Shri Sanjeev Mehta**

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### **MANAGING DIRECTOR**

**Shri Sandip J. Sagale, IAS**

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### **SECRETARY (BOARD)**

**Raveendran Nair**

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### **AUDITORS**

**M/s. Pankaj R Shah & Associates**  
Chartered Accountants, Ahmedabad

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### **HEAD OFFICE**

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

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**REGIONAL OFFICES AT**  
**Gandhinagar, Surat & Rajkot**

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# **Gujarat State Financial Corporation**

(Established under State Financial Corporations Act. 1951)

**SECRETARIAL CELL**

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

Phone: 23256766, Fax 23252204 Email: sec-cell-gsfc@gujarat.gov.in

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## **NOTICE**

Notice under Regulation No. 23 of General Regulations of the Corporation is hereby given that the 63<sup>rd</sup> Annual General Meeting of the shareholders of the Corporation will be held on **Thursday, the 27<sup>th</sup> July, 2023 at 1.00 p.m. in the Office of the Corporation 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 March 31, 2023 including the Balance Sheet as at March 31, 2023, 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. Pankaj R. Shah & Associates, Chartered Accountants, (Firm Reg. No. 107361W), Ahmedabad, as Statutory Auditors of the Corporation to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting as recommended by RBI and to fix their remuneration.

By order of the Board of Directors,  
for Gujarat State Financial Corporation,

Place : Gandhinagar

Date : 12-06-2023

(Raveendran Nair)

Secretary (Board)

### **NOTES:**

1. Pursuant to Regulation 28-B of GSFC General Regulations, a shareholder shall be entitled for one vote for each share held by him/her for the whole period of six months prior to the date of 63<sup>rd</sup> Annual General Meeting.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE 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 (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 25-07-2023 to 27-07-2023 (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 avail of the Common and Simplified Norms for processing Investor's Service Requests by RTAs so as to update PAN, Address with PIN code, Email address, Mobile number, Bank account details, specimen signature etc. KYC forms and other details are available on the website of the Corporation at <http://gsfc.gujarat.gov.in> under INVESTOR RELATIONS – KYC DETAILS. Members holding shares in physical form are requested to download the requisite forms and submit the mandatory details to the Corporation/RTA immediately.
7. In terms of relaxations granted by SEBI vide Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023, sending hard copy of the Annual Report for the financial year 2022-23 to shareholders who have not registered their email ids with the Corporation/RTA/DPs has been dispensed with. Therefore, Annual Report 2022-23 including Notice shall be sent by email to those shareholders whose email ids are registered with the Corporation/RTA/DPs. Members may download the Annual Report from the website of the Corporation under INVESTOR RELATIONS – ANNUAL REPORTS. Corporation shall send hard copy of the Annual Report 2022-23 to members who request for the same in writing.
8. **Disclosure under Regulation 36 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

Corporation, after complying with the requirements of RBI and Listing Regulations, on recommendation of Audit Committee and Board of Directors, proposing to members in the 63<sup>rd</sup> Annual General Meeting to re-appoint M/s. Pankaj R. Shah & Associates, Chartered Accountants, Firm Reg. No. 107361W, Ahmedabad, as Statutory Auditors of the Corporation to hold office for the second term from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at the same basic audit fee of Rs.89,000/- plus GST plus TA/HA (actual) and 12% of basic audit fee for obtaining other certifications on terms and conditions in line with RBI norms. The said fee is well within the limit prescribed by RBI.

9. **Voting through electronic means:**

In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporation is pleased to provide e-voting facility through M/s. Central Depository Services (India) Ltd. (CDSL) as an alternative in respect of the business to be transacted at the 63<sup>rd</sup> Annual General Meeting to be held on July 27, 2023.

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 entitled 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:

<b>Commencement of e-voting</b>	<b>09.00 Hours of Monday, 24<sup>th</sup> July, 2023</b>
<b>End of e-voting period</b>	<b>17.00 Hours of Wednesday, 26<sup>th</sup> July, 2023</b>

E-voting shall not be allowed beyond 17.00 hours on 26<sup>th</sup> July, 2023. 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. **Cut-off-Date for the purpose of e-voting is Friday, the 27<sup>th</sup> January, 2023.**

#### **10. INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING:**

- Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.
- Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.
- i. The voting period begins on **Monday, the 24<sup>th</sup> July, 2023 at 9.00 a.m. (IST) and ends on Wednesday, the 26<sup>th</sup> July, 2023 at 5.00 p.m. (IST)**. During this period shareholders' of the Corporation, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **Friday, the 27<sup>th</sup> January, 2023** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - iii. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

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

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

- Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

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

Pursuant to above said SEBI Circular, Login method for e-Voting for **Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

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



Type of shareholders	Login Method
	<p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

v. Login method for Remote e-Voting for **Physical shareholders and shareholders other than individual holding in Demat form.**

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

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• <b>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by RTA or contact Corporation/RTA.</b></li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• <b>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</b></li> </ul>

- vi. After entering these details appropriately, click on “SUBMIT” tab.
- vii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- viii. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- x. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xii. After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiii. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xv. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi. There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- xvii. **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Corporation at the email address viz; [sec-cell-gsfc@gujarat.gov.in](mailto:sec-cell-gsfc@gujarat.gov.in) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Corporation/RTA email id.**
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call at toll free no. 1800 22 55 33

11. Board of Directors appointed M/s. Spanj & Associates, Company Secretaries, Ahmedabad, Gujarat (Unique Identification No. of Partnership Firm: P2014GJ034800) as Scrutinizer to scrutinize the e-voting and poll process in the AGM in a fair and transparent manner.
12. 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 of the facility of remote e-voting.
13. 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 forty-eight hours 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.

- 14.** The results declared along with the report of the Scrutinizer shall be placed on the website of the Corporation at <http://gsfc.gujarat.gov.in> and on the website of CDSL immediately after declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Ltd.
- 15.** Resolutions assented to by the requisite majority of the members by means of venue voting and remote e-voting shall be deemed to have been duly passed at the AGM.

# GUJARAT STATE FINANCIAL CORPORATION

## DIRECTORS' REPORT

### **To the Members,**

The Board of Directors is pleased to place before you the 63<sup>rd</sup> Annual Report of the Corporation containing audited Balance Sheet as at March 31, 2023, Statement of Profit and Loss, Cash Flow Statement and other financial statements for the year ended March 31, 2023.

### **1. Economic Scenario:**

**Global Economy:** Global economic activity remained resilient in the year under reference amidst the persistence of inflation at elevated levels, turmoil in the banking system in some advanced economies, tight financial conditions and lingering geopolitical hostilities. In its April 2023 update of the World Economic Outlook (WEO), the IMF has attempted to clear the path of uncertainty. It has projected global growth to decline from 3.4 per cent in 2022 to 2.8 per cent in 2023. The slowing of global growth, accompanied by pressures from deglobalisation and supply chain disruptions, has also moderated global trade. Weakening external demand, spillovers from the banking crisis in some advanced economies, volatile capital flows and debt distress in certain vulnerable economies weigh on growth prospects.

**Domestic Economy:** FY23 has been strong for India's economy despite the tailwind of the pandemic and the headwind of the geo-political conflict intertwining to escalate global economic uncertainty. The Second Advance Estimates (SAE) released by the National Statistical Office on February 28, 2023 placed India's real Gross Domestic Product (GDP) growth at 7.00 per cent in 2022-23 which indicates the resilience of the Indian economy. However, the downside risks such as rising crude oil prices, adverse weather conditions and the global banking crisis outweigh the upside potential in GDP growth in the FY 2023-24 which is projected to be 6.5 per cent. The renewed thrust for capital expenditure is expected to provide impetus to India's economic growth. Consumer Price Index (CPI) for the full year rose from 5.5 per cent in FY 22 to 6.7 per cent in FY 23, much lower in the second half of FY 23 at 6.1 per cent compared to 7.2 per cent in the first half. The easing of international commodity prices, the promptness of measures taken by the Government and monetary tightening by the Reserve Bank of India have helped to rein in domestic inflation. Notably, the RBI sees CIP inflation declining to 5.2 per cent in the full year of FY24, lower than the 5.5 per cent attained in FY22. With the April 2023 update of the WEO projecting India to be the fastest growing economy in FY 24, it is likely to be strengthened by even more robust stability in the macro-economic variables.

### **2. Financial results:**

Corporation' financial performance for the financial year ended March 31, 2023 is summarized below:

(₹ in lakh)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on Loans and Advances	55.13	85.11
Interest on deposits	959.43	944.99
Other income (including exceptional items)	421.72	82.96
<b>Total income</b>	<b>1,436.28</b>	<b>1,113.06</b>
Interest on Borrowings	13,562.34	13,373.91
Employee's cost	226.85	328.22
Other expenses	161.98	191.71
<b>Total Expenditure</b>	<b>13,951.17</b>	<b>13,893.84</b>
Loss for the year under reference	12,514.89	12,780.77
Accumulated loss carried forward	3,18,060.98	3,05,546.08

### 3. Performance:

During the year under reference, interest on Loans and Advances decreased by ₹ 29.98 lakh and stood at ₹ 55.13 lakh compared to ₹ 85.11 lakh reported in the previous year. Nevertheless, other income, including non-cash items, increased by 34.36 per cent at ₹ 1,381.15 lakh during the year under reference as against ₹ 1,027.95 lakh reported a year ago. Higher rates of interest on deposits compared to previous year and increased write back of provision against NPA led to increase in other income. Total income for the year under reference stood at ₹ 1,436.28 lakh, an increase of 29.03 per cent over ₹ 1,113.06 lakh reported in the previous year.

Interest on loans granted by the Government for the year under reference increased marginally and stood at ₹ 13,562.34 lakh as against ₹ 13,373.91 lakh reported a year ago. Employees cost for the year under reference stood at ₹ 226.85 lakh, a reduction of 30.88 per cent over ₹ 328.22 lakh reported in the previous year. Total expenditure for the year under report increased marginally and stood at ₹ 13,951.17 lakh as against ₹ 13,893.84 lakh reported a year back. Loss for the year under reference stood at ₹ 12,514.89 lakh as against ₹ 12,780.77 lakh registered in the previous year. The accumulated loss of ₹ 3,18,060.98 lakh as on March 31, 2023 (previous year ₹ 3,05,546.08 lakh) was carried forward to Balance Sheet.

### 4. Borrowings:

During the year under reference, Corporation has not resorted borrowings. Borrowings from Government of Gujarat remained statistic at ₹ 66,168.43 lakh.

### 5. Recovery:

Entire business of the Corporation is revolved around recovery of dues only since last two decades. Corporation continued to extend liberal One Time Settlement Schemes to attract loanee units to come forward and settle the dues. During the year under reference, Corporation received ₹ 293.00 lakh from GIIC Ltd towards sale proceeds realized from joint financing units, ₹ 124.23 lakh from Office of Official Liquidator as liquidation settlement of assisted units and recovered ₹ 104.06 lakh from loanees in the normal course by way of OTS or otherwise. Aggregate recovery for the year under reference stood at ₹ 521.29 lakh as against ₹ 160.79 lakh reported a year ago.

## 6. Human Resource:

During the year under report, the staff strength of the Corporation reduced to 24 from 30 reported in the previous year. The break-up of staff strength is as under:-

Sr. No.	Category	Total
1	'A' Grade officers	3
2	'B' Grade employees	17
3	'C' Grade employees	4
<b>Total</b>		<b>24</b>

Of the total staff strength of 24, one employee is on loan service and 8 are on deputation with other Government departments. The effective staff strength of the Corporation, thus, stood at 16 spread over three Regional Offices and Head Office.

## 7. Corporate Governance:

The Corporation has been ensuring transparency, fairness and accountability in all its dealings. The detailed Corporate Governance Report containing all relevant information and the certificate regarding compliance of corporate governance are forming part of the Annual Report. The qualifications contained in para 2 of the Certificate of compliance with the conditions of Corporate Governance Regulations are dealt with in "Other Disclosures" in para 10 of the Report on Corporate Governance for FY 2022-23 forming part of the Annual Report.

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

## 8. Auditors:

M/s. Pankaj R Shah & Associates, Chartered Accountants (FRN No. 107361W), are appointed for the first term as the statutory auditors of the Corporation to hold office from the conclusion of 62<sup>nd</sup> Annual General Meeting till the conclusion of ensuing Annual General Meeting by the members at the AGM held on 29<sup>th</sup> July, 2022 pursuant to 37 (1) of SFCs Act, 1951. Since an auditor can be continued for four years as per Reserve Bank of India norms, Corporation requested Reserve Bank of India to confirm their eligibility and suitability for re-appointment for the second term. RBI, vide letter dated April 18, 2023, confirmed their eligibility for appointment. Proposal to appoint the said auditors for the second term as recommended by the Board is being placed before the shareholders at the ensuing Annual General Meeting for consideration.

M/s. Pankaj R Shah & Associates, Chartered Accountants, statutory auditors have submitted Independent Auditor's Report on the financial statements of the Corporation for the year ended March 31, 2023 which contains qualifications. Qualifications being reiteration of previous years, it along with comments thereon is given in Addendum to this Report and also form part of the Annual Report.

## 9. Board of Directors:

The following are the changes in chronological order in the Directorate during the financial year ended March 31, 2023:



- a. Shri Sanjay Gupta, General Manager, Regional Office, Ahmedabad of Small Industries Development Bank of India assumed office of Director on April 12, 2022 as second nominee of SIDBI on the Board of Directors of the Corporation pursuant to his nomination vide letter dated 6<sup>th</sup> April, 2022 by SIDBI.
- b. Government in Industries & Mines Department, vide Notification dated April 26, 2022, nominated Ms. Leenaben D Katdare, Deputy Manager, GIIC Ltd and officiating as Officer-on-Special Duty with Industries & Mines Department, as a Director on the Board of Directors of the Corporation in place of Ms. Ardra Agarwal, IAS. Ms. Leenaben D Katdare assumed office on April 27, 2022.
- c. Small Industries Development Bank of India, vide letter dated September 16, 2022 nominated Shri Raj Kumar, IAS, the then Additional Chief Secretary, Industries & Mines Department as Chairman on the Board of Directors of the Corporation in place of Dr. Rajiv Kumar Gupta, IAS (Retd.). Accordingly, Shri Raj Kumar, IAS assumed the position of Chairman of the Board of Directors of the Corporation with effect from September 21, 2022. However, on his relinquishing the charge of Additional Chief Secretary to Industries & Mines Department, Shri Raj Kumar, IAS submitted resignation vide letter dated January 31, 2023. Pursuant to Section 11 (1) read with Section 14 of SFCs Act, 1951, the resignation tendered was forwarded to the nominating authority for doing the needful. Nomination of his successor is awaited.
- d. Shri Akash Pawar, Deputy General Manager and Branch in-charge of Ahmedabad Branch of Small Industries Development Bank of India assumed office as Director on November 21, 2022 succeeding Shri C.V. Arun Kumar pursuant to his nomination by SIDBI, Mumbai, vide letter dated November 10, 2022.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief resume of Directors joined on the Board of Directors during the year under report as well as those who joined the Board after the close of the year under reference is furnished in the Corporate Governance Report, forming part of the Annual Report.

## **10. Directors' Responsibility Statement**

The Directors, based on the representations received from the Operations Departments and to the best of their knowledge and ability, hereby confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year ended March 31, 2023 and of the profit and loss of the Corporation for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the regulatory provisions for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;

4. the annual accounts for the year ended March 31, 2023 has been prepared on a going concern basis,
5. they have laid down internal financial controls to be followed by the Corporation and that such internal financial controls are adequate and were operating effectively during the year ended March 31, 2023; and
6. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended March 31, 2023.

**11. Acknowledgement:**

The Board of Directors is pleased to place of record its gratitude to Government of India, Ministry of Finance, Department of Financial Services, Government of Gujarat and its various departments, Small Industries Development Bank of India, Mumbai and Ahmedabad offices, Reserve Bank of India, SEBI and BSE Ltd for their continuous support and guidance. The Board gratefully acknowledges its appreciation to the commendable services rendered and guidance provided by Dr. Rajiv Kumar Gupta, IAS (Retd.) as Chairman, Ms. Ardra Agarwal, IAS and Shri C.V. Arun Kumar in their roles as Directors of the Corporation. The Board is also pleased to place on record its gratitude to the stakeholders, valued customers and well-wishers for their goodwill, patronage and support. Finally, the Board also appreciates the dedicated services rendered by the staff at all levels.

For and on behalf of the Board of Directors,

Place : Gandhinagar  
Date : 22-05-2023

**(Sandip J. Sagale)**  
Managing Director

**ADDENDUM TO THE DIRECTORS' REPORT**  
**EXPLANATORY NOTES OF THE BOARD OF DIRECTORS ON**  
**QUALIFIED OPINION OF STATUTORY AUDITORS**

**Point No. (a)**           The financial statements of the Corporation are prepared on a going concern basis, notwithstanding the fact that its net worth is completely eroded and defaulted in repayment obligations due to liquidity problems. This is not in accordance with Accounting Standard (AS)-1 "Disclosure of Accounting Policies". The effect of the same on the financial statements is not ascertainable.

Gujarat State Financial Corporation is established under State Financial Corporations Act, 1951 by Parliament as a special Act pursuant to Entry No. 43 of the Union List. Corporation is, thus, a body corporate and statutory Corporation. The main objective of establishment of the Corporation is aimed at achieving balanced regional growth by extending financial assistance to first generation entrepreneurs to establish micro and small scale units in the State and to generate employment. Corporation has so far suffered immense loss and its net worth is already eroded but it is continuing its recovery function. Corporation, being a statutory body, thus, prepares accounts on "going concern" assumptions and it is appropriate under the aforesaid circumstances.

**Point No. (b)**           Dues payable to Government of Gujarat is subject to confirmation and adjustment, if any, required upon such confirmation. Pending such confirmation, the effect thereof on interest and penal interest is not ascertainable.

Government loans are granted as a result of provision in the Budgets of Government of Gujarat from time to time and subsequent issuance of Government Resolutions to overcome the financial strain of the Corporation. Since Corporation has discontinued its main activities and dependent on recovery of dues, Corporation is not in a position to service the liabilities towards Government of Gujarat. Under the circumstances, Government has been moved to make the loan advanced to the Corporation interest free from 1-7-2012 followed by submission of information and data from time to time, as may be called for. The request is still under consideration. However, pending decision, interest and interest on delayed payment on Government loan is charged to Statement of Profit & Loss. The outstanding details are submitted to administrative department on quarterly basis. The loan accounts are subjected to verification by other authorities from time to time. In view of this, separate confirmation is not obtained.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

Gujarat State Financial Corporation is established to act as Regional Development Bank for accelerating industrial growth of the State by providing financial assistance mainly to small and smaller of the medium scale industries and to generate employment. Corporation played active role in promotion of industrial activity in the State of Gujarat till FY 2000-01. However, vigorous entry of other public and private financial institutions affected the fortune of the Corporation adversely. Non-availability of cheap funds and turning the loan assets into NPA resulted into GSFC making loss from FY 2000-01 and defaulted in repayment of debts. Corporation was compelled to discontinue its main activities of sanction and disbursement of loan since Financial Year 2001-02 and since then floating on with recovery of dues only.

### (b) Opportunities and Threats

MSME sector has been accorded high priority by banks and financial institutions for term lending. Gujarat being an industrially developed State, ample opportunity is available for the business but the state of financial condition of the Corporation does not permit it to encourage and extend financial help to entrepreneurs. Having net-worth eroded long back and being unable to source cheap funds coupled with manpower shortage pose threat to the Corporation in re-entering the business in a matured manner.

### (c) Segment-wise performance:

Corporation is primarily engaged in the business of term lending. All activities of the Corporation revolve around the said main business. Since discontinuance of sanction and disbursement, Corporation is concentrating on recovery of dues only. During the year under report, Corporation recovered an amount of ₹ 5.21 crore as against ₹ 1.61 crore recovered in the previous year.

### (d) Outlook:

With the passage of time, almost all good accounts backed by securities have been settled either in the normal course of business or through One Time Settlement Schemes. The residual accounts available with the Corporation are entangled with legal and other issues. In such circumstances, recovery of dues from the loanees is expected to be contracted in the years to come.

### (e) Risks and concerns:

Risk is an inherent part of business and the Corporation not free from various risks associated with the business. Over and above the normal risks, after effects of COVID-19 pandemic also added more concern to the recovery performance of the Corporation. Risk increases when recovery attempted from 100% Non-Performing Asset Portfolio. In spite of introducing various clients oriented attractive One Time Settlement Schemes, Corporation is not in a position to recover on expected level which is a matter of concern to the Corporation.

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

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

**(g) Financial Performance:**

(₹ in crore)

Particulars	Year ended	
	31/03/2023	31/03/2022
Total Income	14.36	11.13
Interest expenses	135.62	133.74
Other expenses	3.63	4.91
Loss before depreciation & tax	124.89	127.52
Depreciation	0.26	0.29
Loss before tax	125.15	127.81
Loss after depreciation & tax	125.15	127.81
Balance carried over to balance sheet	(3,180.61)	(3,055.46)

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

There is no reportable material development in human resources during the year under reference. Corporation's staff strength, including employees on deputation/ loan services, reduced to 24 as on 31<sup>st</sup> March, 2023 compared to 30 reported in the previous year.

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

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

**2. Disclosure of Accounting Treatment:**

Prior to 1.4.2018, in case loanees opted for OTS, amount received from the loanee is first apportioned as per normal practice as under:

- [1] Penalty & other charges
- [2] Interest
- [3] Principal

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

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

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

1. Principal and capitalized expenses
2. Interest
3. Penalty and other charges

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

The aforesaid policy has again been reviewed by the Audit Committee and as decided by the Board of Directors at their respective meetings held on December 19, 2022, it has been decided to change the Accounting Policy in case of OTS receipts with effect from April 01, 2022 as under: -

In case of loanees opted for OTS, amount received from loanee is first apportioned as per normal practice as under: -

- (1) Penalty
- (2) Interest
- (3) Principal and capitalized expenses”

Due to the above changes in Accounting Policy, ₹ 13.11 lakh received as recovery from OTS accounts pertaining to the NDC given during the period under reference, ₹ 10.74 lakh has been recognized as interest income and balance amount of ₹ 2.37 lakh has been credited towards principal. Therefore, during the year under reference, interest income is reduced by ₹ 2.37 lakh and write-back of NPA provision increased by the same amount.

### **3. Cautionary statement:**

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

## REPORT ON CORPORATE GOVERNANCE FOR FY 2022-23

### 1. PHILOSOPHY ON CODE OF GOVERNANCE

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

### 2. BOARD OF DIRECTORS

#### (a) Composition of Board

GSFC is a body corporate established by Government of Gujarat under State Financial Corporations Act, 1951. The composition of Board of Directors is governed by Section 10 read with Sections 4 (3), 15 and 17 of the said Act. As on March 31, 2023, Board comprises of seven Directors viz. Chairman nominated by Small Industries Development Bank of India, Managing Director appointed by Government of Gujarat, two Directors each nominated by Govt. of Gujarat and Small Industries Development Bank of India and a Director nominated by Life Insurance Corporation of India.

(b) Details of composition, category of Directors, Directorships/ Committee positions in other companies, number of meetings held and attended during the year, and the attendance in the last Annual General Meeting are as follows:

Sr. No.	Name of Director & category	No. of Board meetings			No. of Directorship in other companies/body corporates	Number of memberships/posts of Chairperson in Audit/ Stakeholders Relationship Committee held in listed entities including this listed entity	
		held during the tenure	attended	Attendance at last AGM		Member	Chairman
1	Dr. Rajiv Kumar Gupta, IAS* (From 26.08.2021 to 20.09.2022) Nominated by SIDBI under Section 15 read with Section 10 (a) of SFCs Act, 1951 Non-executive – Nominee Director Chairperson	2	1	Not Present	NA	NA	NA
2	Shri Raj Kumar, IAS** (From 21.09.2022 onwards) Nominated by SIDBI under Section 15 read with Section 10 (a) of SFCs Act, 1951 Non-Executive – Nominee Director Chairperson	3	2	Not Applicable	10 <sup>#</sup>	0	0

Sr. No.	Name of Director & category	No. of Board meetings			No. of Directorship in other companies/body corporates	Number of memberships/posts of Chairperson in Audit/ Stakeholders Relationship Committee held in listed entities including this listed entity	
		held during the tenure	attended	Attendance at last AGM		Member	Chairman
3	Dr. Rahul B Gupta, IAS (From 05.09.2019 onwards) Ex-officio Managing Director pursuant to Order No. AIS/35.2009/3/G dated 29 <sup>th</sup> April, 2017 of GAD, Govt. of Gujarat Executive Director	5	5	Not Present	14	0	0
4	Ms. Ardra Agarwal, IAS* (From 04.08.2021 to 26.04.2022) Nominated by Govt. of Gujarat under Section 10 (b) of SFCs Act, 1951 Non-Executive – Nominee Director	0	0	Not Applicable	NA	NA	NA
5	Smt. Ankita R Christian (From 06-10-2020 onwards) Nominated by State Government u/s 10 (b) of SFCs Act, 1951 Non-Executive – Nominee Director	5	4	Present	5	2	1
6	Ms Leenaben Katdare (From 27.04.2022 onwards) Nominated by State Government u/s 10 (b) of SFCs Act, 1951 Non-Executive – Nominee Director	5	5	Present	4 <sup>s</sup>	4	1
7	Shri Sanjay Gupta (From 12.04.2022 onwards) Nominated by SIDBI u/s 10 (c) of SFCs Act, 1951 Non-Executive – Nominee Director	5	4	Not Present	1	0	1
8	Shri C.V. Arun Kumar* (From 06.10.2021 to 20.11.2022) Nominated by SIDBI u/s 10 (c) of SFCs Act, 1951 Non-Executive – Nominee Director	3	2	Present	NA	NA	NA
9	Shri Akash Pawar (From 21.11.2022 onwards) Nominated by SIDBI u/s 10 (c) of SFCs Act, 1951 Non-Executive – Nominee Director	2	2	Not Applicable	0	0	1



Sr. No.	Name of Director & category	No. of Board meetings			No. of Directorship in other companies/body corporates	Number of memberships/posts of Chairperson in Audit/ Stakeholders Relationship Committee held in listed entities including this listed entity	
		held during the tenure	attended	Attendance at last AGM		Member	Chairman
10	Shri Sanjeev Mehta (From 22.06.2021 onwards) Nominated by LIC of India u/s 10 (d) of SFCs Act, 1951 Non-Executive – Nominee Director	5	2	Not Present	0	0	0

\*Ceased to be Chairperson or Director, as the case may be, during the year under reference.

\*\*Resigned vide letter dated 31.01.2023 and forwarded to nominating Authority for necessary action.

#including Non-Executive Non-Independent Director on the Boards of listed entities of Gujarat Gas Ltd, Gujarat State Petronet Ltd and Chairman of Gujarat Mineral Development Corporation Ltd.

§including Non-Executive Non-Independent Director on the Boards of Gujarat Lease Financing Ltd and Gujarat Poly Electronics Ltd

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

Board of Directors met five times during the financial year 2022-23 on 27<sup>th</sup> May, 2022, 8<sup>th</sup> August, 2022, 10<sup>th</sup> November, 2022, 19<sup>th</sup> December, 2022 and 7<sup>th</sup> February, 2023.

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

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

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

Nil

**Change in composition of Board of Directors during the year:**

- In exercise of the powers conferred under Section 10 (c) of SFCs Act, 1951, Small Industries Development Bank of India, vide letter dated April 06, 2022 nominated Shri Sanjay Gupta, General Manager, Regional Office, SIDBI, Ahmedabad as second Nominee Director on the Board of the Corporation with immediate effect. Accordingly, Shri Sanjay Gupta assumed office of Director on April 12, 2022. Brief resume of Shri Sanjay Gupta was already published in the Annual Report 2021-22.
- Pursuant to the powers conferred under Section 10 (b) of State Financial Corporation Act, 1951, Government of Gujarat in Industries & Mines Department, vide Notification dated April 26, 2022, nominated Ms. Leenaben Katdare, Dy.

Manager of Gujarat Industrial Investment Corporation Ltd presently officiating as Officer-on-Special Duty with Industries & Mines Department, Govt. of Gujarat as a Director on the Board of Directors of the Corporation in place of Ms. Ardra Agarwal, IAS. Ms Leenaben Katdare joined the Board as Director on April 27, 2022 and brief resume was also included in the Annual Report for FY 2021-22.

3. In exercise of the powers vested under Section 15 (1) read with Section 10 (a) of the State Financial Corporations Act, 1951, Small Industries Development Bank of India, Mumbai, vide letter dated September 16, 2022 nominated Shri Raj Kumar, IAS, the then Additional Chief Secretary, Industries & Mines Department as Chairman of the Corporation in place of Dr. Rajiv Kumar Gupta, IAS (Retd.). Accordingly, Shri Raj Kumar, IAS assumed office on September 21, 2022. Brief resume of Shri Raj Kumar, IAS, as disclosed to BSE Ltd, is as under: -

Shri Raj Kumar, IAS is an officer of 1987 batch of Indian Administrative Services. He is presently the Additional Chief Secretary of Home Department and shouldering the additional charge of Industries & Mines Department, Government of Gujarat. Shri Raj Kumar, IAS is holding B.Tech (Ele. Engg.) Degree from IIT, Kanpur and Master in Public Policy from Tokyo. He has worked in various capacities covering a very wide spectrum of Government departments, both at State and Central levels. Before being appointed as ACS (Home & IMD), Shri Raj Kumar IAS served as Secretary, Department of Defence Production, Ministry of Defence, Govt. of India. He has been Chairman/Managing Director/Director in many Central and State PSUs. During his long spanning career, he has also participated in various national and international training programmes covering a wide range of topics. He has received many awards during his career in recognition of excellence in service and he has also several publications to his credit. He is not holding any equity shares of the Corporation in his personal capacity and is not related to any Key Managerial Personnel. He is on the Board of Directors of ten other companies including Chairman of Gujarat Mineral Development Corporation Ltd, Director on Board of Directors of Gujarat Gas Ltd and Gujarat State Petronet Ltd, three other listed entities.

On his relinquishing the charge of Additional Chief Secretary of Industries & Mines Department, Shri Raj Kumar, IAS submitted resignation vide letter dated January 31, 2023. Section 11 (1) of SFCs Act, 1951 stipulates that a nominated director shall hold office during the pleasure of the authority nominating him and Section 14 of the said Act does not provide for resignation by a nominee director, the letter of resignation was forwarded to nominating authority vide letter dated February 04, 2023 and the decision is awaited.

4. Small Industries Development Bank of India, Mumbai, vide letter dated November 10, 2022, nominated Shri Akash Pawar, Deputy General Manager and Branch in-charge of its Ahmedabad Office as a Director on the Board of Directors of the Corporation in place of Shri C.V. Arun Kumar in terms of Section 10 (c) of the SFCs Act, 1951. Shri Akash Pawar assumed the position of Director of the Corporation on

November 21, 2022. Brief resume of Shri Akash Pawar, as disclosed to BSE Ltd, is as under: -

Shri Akash Pawar, aged 52 years, is the Deputy General Manager of Branch Office at Ahmedabad of Small Industries Development Bank of India. He has been nominated as a Director on the Board of Directors of the Corporation by SIDBI in exercise of the powers vested in it pursuant to Section 10 (c) of State Financial Corporations Act, 1951 vide letter No. AIE/No. 2023NOV10/L000278707/ GSFC/ Nom.Dir. dated November 10, 2022. He holds degree of Bachelor of Technology from Lucknow University. He joined SIDBI as Assistant Manager on 18.11.1996. He has rich and varied experience in financial sector concerning micro, small and medium scale industries and held positions as Deputy General Manager in Accounts, Branch Operations and operations of Corporate Office with SIDBI. He is not holding any equity shares of the Corporation in his personal capacity and is not related to any Key Managerial Personnel of the Corporation. He does not hold directorship in any other company/corporation/firm/Association of Individuals.

**Change in directorate after close of FY 2022-23:**

Pursuant to Notification dated March 31, 2023 read with Order dated April 29, 2017 of General Administration Department, Govt. of Gujarat, upon his taking over charge of the post of Industries Commissioner on April 04, 2023 (AN) relieving Dr. Rahul B Gupta, IAS, Shri Sandip J Sagale, IAS also took over ex-officio charge of the post of Managing Director of the Corporation. Brief resume of Shri Sandip J Sagale, IAS is as under: -

Shri Sandip J Sagale, IAS, Industries Commissioner, Government of Gujarat, joined the Board of Directors of the Corporation and holding additional charge of Managing Director with effect from 5<sup>th</sup> April, 2023 pursuant to Order No. AIS/35.2009/3/G dated 29<sup>th</sup> April, 2017 read with Notification No. AIS/35.2023/16/G dated 31<sup>st</sup> March, 2023 of General Administration Department of Government of Gujarat. Shri Sandip J Sagale is holding the degree of B.Tech (Chemical Engineering). He joined Indian Administrative Service on August 18, 2007 in Gujarat cadre. He worked in various capacities with Government of Gujarat like Assistant Collector, Rajula, District Development Officer, Kheda, District Collector of Narmada, Bharuch, Banaskantha and Ahmedabad etc. Prior to his joining as Industries Commissioner, Government of Gujarat, he was the Municipal Commissioner, Gandhinagar Municipal Corporation, Gandhinagar. He is not holding any shares of the Corporation in his individual capacity and is not related to any Director or Key Managerial Personnel of the Corporation. He is not holding directorship in any other companies as on date.

**3. AUDIT COMMITTEE**

**a) Brief description of terms of reference:**

The terms of reference of the Audit Committee of the Corporation is in line with Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015 which inter alia include (i) review of quarterly and annual financial statements with the management before submission to the Board for approval, (ii) recommendation for appointment, remuneration and terms and conditions of Internal as well as Statutory Auditors etc.

**b) Composition of Audit Committee:**

Consequent to change in Board of Directors, Audit Committee of the Corporation was reconstituted by the Board of Directors at its meeting held on December 19, 2022. As per the office order dated December 26, 2022, Audit Committee consists of two nominee Directors of Government of Gujarat and a nominee Director of SIDBI. Secretary (Board) acts as Secretary to the Committee. In absence of enabling provisions in the SFCs Act, 1951 for induction of independent directors on the Board of Directors of the Corporation, Audit Committee does not have an independent director.

**c) Name of members and chairperson and meetings attended during the year: -**

The names of members and Chairperson as well as the meetings held and attended during the year under reference are as under: -

Name	Designation	No. of meetings	
		Held	Attended
Shri C.V. Arun Kumar* <sup>1</sup>	Chairman	3	2
Ms Leenaben Katdare* <sup>2</sup>	Chairperson	1	1
Smt. Ankita R Christian	Member	5	5
Dr. Rahul B Gupta, IAS* <sup>3</sup>	Member	4	4
Shri Sanjay Gupta* <sup>4</sup>	Member	1	1

\*<sup>1</sup> Ceased to be Chairman with effect from November 20, 2022 (AN).

\*<sup>2</sup> Chairperson with effect from December 26, 2022

\*<sup>3</sup> Member till December 25, 2022 (AN)

\*<sup>4</sup> Member with effect from December 26, 2022

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

In the financial year 2022-23, Audit Committee met five times on 27<sup>th</sup> May, 2022, 8<sup>th</sup> August, 2022, 10<sup>th</sup> November, 2022, 19<sup>th</sup> December, 2022 and 7<sup>th</sup> February, 2023.

**4. Nomination and Remuneration Committee:**

Remuneration to Directors is governed by Section 16 of the SFCs Act, 1951 read with Regulation 40 of the GSFC General Regulations according to which Directors other than the Managing Director and Directors not being servants of the Government shall be paid such fees as may be prescribed for attending meetings of the Board. At present Director representing LIC of India is entitled to receive sitting fee of ₹ 1,000/- per meeting attended. Managing Director, being ex-officio, is not

drawing salary or any other remuneration from the Corporation. Salary and allowances of employees are governed by Section 23 of the SFCs Act, 1951 and linked to such benefits as are made available to the employees of the State Government and adopted by the Corporation from time to time after consultation with Small Industries Development Bank of India and with previous sanction of State Government. In view of this, Corporation has not constituted Nomination and Remuneration Committee.

**5. Stakeholders' Relationship Committee:**

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

Pursuant to the decision taken by the Board of Directors at its meeting held on December 19, 2022 and subsequent office order dated December 26, 2022, Stakeholders' Relationship Committee was reconstituted consisting of two nominee Directors of Govt. of Gujarat and a nominee Director of SIDBI. Smt. Ankita R Christian, Director, continues to be the Chairperson of the Committee.

Members of the Committee and details of meeting attended during the year under reference are given as under: -

Name	Designation	No. of meetings	
		Held	Attended
Smt. Ankita R Christian	Chairperson	1	1
Shri C.V. Arun Kumar <sup>*1</sup>	Member	1	0
Ms Leenaben Katdare <sup>*2</sup>	Member	0	0
Dr. Rahul B Gupta, IAS <sup>*3</sup>	Member	1	1
Shri Akash Pawar <sup>*2</sup>	Member	0	0

<sup>\*1</sup> Ceased to be Member with effect from November 20, 2022 (AN).

<sup>\*2</sup> Member with effect from December 26, 2022

<sup>\*3</sup> Ceased to be Member from December 26, 2022

Keeping in view the fact that Board of Directors comprises only of nominees of shareholders, Stakeholders Relationship Committee does not consist of an independent director.

Stakeholders Relationship Committee met once during the year under reference on November 09, 2022.

In order to expeditiously deal with day-to-day requirements of investors' matters, a Sub-Committee consisting of Secretary (Board) as Chairman and Executive Officer (Accounts) as member was constituted by the Board of Directors at its meeting held on February 12, 2019. The sub-Committee holds meetings frequently to attend to matters related to investors like dematerialization of shares etc., and met 28 times during the year under reference and considered matters related to dematerialization, consolidation etc.

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

**5A. Risk Management Committee: -**

Pursuant to Regulation 21 (5) of SEBI (LODR) Regulations, 2015, Risk Management Committee is required to be constituted by the top 1000 listed entities, determined on the basis of market capitalization as at the end of the immediate preceding financial year and high value debt listed entities. Corporation does not fall within the said criteria and hence not constituted Risk Management Committee.

**6. Remuneration of Directors:**

**a) All pecuniary relationship or transactions of the non-executive directors vis-a-vis the Corporation:**

None of the non-executive directors have entered into any pecuniary relationship or transactions with the Corporation during the year under reference.

**b) Criteria of making payments to non-executive directors:**

No payment other than sitting fee to eligible Director is paid by the Corporation. During the year under reference, Director representing Life Insurance Corporation of India was paid sitting fee of aggregate ₹ 2,000/- for attending two Board meetings.

**c) Disclosures with respect to remuneration:**

No remuneration was paid to Directors during the year under reference.

**7. GENERAL BODY MEETINGS**

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

Year	Date	Time	Location of holding AGM
2019-20	25-09-2020	01.00 PM	AGM through VC/OAVM. Deemed venue being Head Office of the Corporation at above address
2020-21	30-09-2021	01.00 PM	-do-
2021-22	29-07-2022	01.00 PM	Office of the Corporation at Head Office at Udyog Bhavan, Block No. 10, 1 <sup>st</sup> Floor, Sector 11, Gandhinagar.

- b) Whether any special resolutions passed in the previous three general meetings: No
- c) Whether any special resolution passed last year through postal ballot: - No
- d) Person who conducted the postal ballot exercise – Not applicable
- e) Whether any special resolution is proposed to be conducted through postal ballot: No

## 8. MEANS OF COMMUNICATION

### a) Quarterly results:

Quarterly results are published on or before due dates stipulated under SEBI (LODR) Regulations, 2015 and submitted to BSE Ltd as also uploaded on the website of the Corporation. Extract of the results are published in dailies.

### b) Newspapers wherein results normally published:

Extracts of quarterly/half yearly and yearly financial results are normally published in “Financial Express”, both English and Gujarati editions of Ahmedabad.

### c) Any website, where displayed:

Full formats of the results together with extracts are uploaded on the website of the Corporation <http://gsfc.gujarat.gov.in> under Investor Relations – Financial Results.

### d) Whether it also displays official news releases:

No such occasion arose.

### e) Presentations made to institutional investors or to analysts: Nil

## 9. GENERAL SHAREHOLDER INFORMATION

- a) Date, time & venue of the Annual General Meeting : Thursday, the 27<sup>th</sup> July, 2023  
at 1.00 p.m. in the Office of the Corporation at Head Office, at Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector 11, Gandhinagar 382 010
- b) Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March
- c) Dividend payment date : Not applicable
- d) Listing on Stock-Exchanges : BSE Ltd  
Phiroz Jeejeebhoy Towers  
Dalal Street, Fort, Mumbai 400 001.  
It is confirmed that Annual Listing Fee for FY 2023-24 was remitted to BSE Ltd.
- e) Stock Code : 532160
- f) Market price data

Monthly high and low quotation of shares traded on BSE during Financial Year 2022-23 were as under:

Month	High (₹)	Low (₹)	No. of trades during the month	No. of shares traded during the month
April, 2022	10.49	8.40	3076	2838044
May, 2022	9.25	7.22	2173	1,76,161
June, 2022	8.71	6.90	1593	1,92,250
July, 2022	8.77	7.13	1423	1,58,507
August, 2022	8.73	6.84	1546	2,60,112
September, 2022	9.00	7.36	1537	2,38,532
October, 2022	8.28	7.11	848	1,06,324
November, 2022	8.00	6.90	118	2,56,945
December, 2022	7.65	6.61	1976	2,49,219
January 2023	7.55	6.52	1079	1,32,374
February 2023	7.3.	6.52	1001	1,01,172
March, 2023	7.10	5.95	714	92,188

(Source: BSE data)

- g) Performance comparison in comparison to BSE Sensex is not attempted.
- h) During the year, the securities of the Corporation are not suspended from trading.

**i) Registrars & Transfer Agents**

M/s. MCS Share Transfer Agent Ltd.  
201, Satdal Complex, 2<sup>nd</sup> Floor,  
Opp. Bata Show Room, Ashram Road,  
Ahmedabad-380 009  
Phone (079) 26580461/2/3, Fax (079) 26581296  
E-mail: mcsstaahmd@gmail.com

**j) Share Transfer System**

All shareholders/investors matters like transfer, transmission, dematerialization, investor grievances etc., received directly by the Corporation or through R&T Agents are dealt with by sub-Committee of Stakeholders Relationship Committee constituted by the Board of Directors. In case of dematerialization, R&T Agents are advised to confirm or reject the requests, as may be, as decided by the Sub-Committee. In other cases, the matters are dealt with in association with R&T agents. In order to attend to matters related to shareholders expeditiously, the sub-Committee meets frequently and during the year under reference, it met 28 times. Corporation obtains yearly certificate from a Company Secretary in Practice in respect of share transfers as required under Regulation 40 (9) of SEBI (LODR) Regulations, 2015 and filing the said certificate with BSE Ltd well within the prescribed time limit and also uploaded on the website of the Corporation.



**k) Distribution of shareholding by size/Folios as on 31<sup>st</sup> March 2023**

Shares held	No. of shares	Folios	%age of shares	%age of holders
1 – 500	16,96,846	10,236	1.0941	83.3483
501-1000	9,15,144	1,028	1.0269	8.3707
1001-2000	7,47,392	466	0.8387	3.7945
2001-3000	4,12,867	163	0.4633	1.3273
3001-4000	2,07,082	57	0.2324	0.4641
4001-5000	5,06,172	105	0.5680	0.8550
5001-10000	7,09,158	89	0.7958	0.7247
10001-50000	23,82,258	114	2.6733	0.9283
50001-100000	4,71,075	7	0.5286	0.0570
100001 and above	8,10,66,006	16	90.9689	0.1303
<b>Total</b>	<b>8,91,14,000</b>	<b>12,281</b>	<b>100.0000</b>	<b>100.0000</b>

**Distribution of shareholding by ownership as on 31st March, 2023  
(Pursuant to Sections 4 and 4A of SFCs Act, 1951)**

Sr. No.	Particulars of shareholding	No. of shares held (₹ 10/- each)	Percentage share
1	<b>Government of Gujarat</b>		
	“a” Class of shares <i>(issued pursuant to Section 4(3)(a) of SFCs Act, 1951)</i>	4,72,60,000	53.03
	“c” Class of shares <i>(issued pursuant to Section 4(3)(c) of SFCs Act, 1951)</i>	250	-
	“d” Class of shares <i>(issued pursuant to Section 4(3)(d) of SFCs Act, 1951)</i>	30,150	0.03
	Special Class of shares <i>(issued pursuant to Section 4A of SFCs Act, 1951)</i>	18,00,000	2.02
2	<b>Small Industries Development Bank of India</b>		
	“b” Class of shares <i>(issued pursuant to Section 4(3)(b) of SFCs Act, 1951)</i>	2,46,20,000	27.63
	Special Class of shares <i>(issued pursuant to Section 4A of SFCs Act, 1951)</i>	7,00,000	0.79
3	<b>Scheduled Banks, Co. Op. Banks, Insurance Cos.</b>		
	“c” Class of shares <i>(issued pursuant to Section 4(3)(c) of SFCs Act, 1951)</i>	4,00,000	0.45
4	<b>Others (Public Shareholders)</b>		
	“d” Class of shares <i>(issued pursuant to Section 4(3)(d) of SFCs Act, 1951)</i>	1,43,03,600	16.05
	<b>T O T A L</b>	<b>8,91,14,000</b>	<b>100.00</b>

**l) Dematerialization of shares and Liquidity**

Due to restrictions contained in the SFCs Act, 1951, only 1,43,03,600 Class “d” shares issued to parties referred to in Section 4 (3) (d) of the SFCs Act, 1951 are listed for trading on the floor of Stock Exchange of which 1,02,59,340 shares are held in electronic mode as on 31<sup>st</sup> March, 2023 which consists of 71.72% of listed Class “d” shares. Class ‘d’ shares are available for dematerialization with both depositories viz. National Securities Depository Ltd and Central Depository Services (India) Ltd. ISIN Code allotted to the Corporation is INE944A01011. Listed shares are frequently traded on the floor of BSE Ltd.

**m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Nil**

**n) Commodity price risk or foreign exchange risk – Not applicable**

**o) Plant Location : Not applicable**

**p) Address for correspondence**

The Compliance Officer

Gujarat State Financial Corporation

Secretarial Cell

Udyog Bhavan, Block No.10, Sector-11,

GANDHINAGAR-382 010

Phone: 079-23256766 Fax: 079-23252204

E-mail : sec-cell-gsfc@gujarat.gov.in

**q) During the year under reference, no credit rating was obtained by the Corporation.**

**10. OTHER DISCLOSURES:**

**a) During the year under reference, no materially significant related party transaction has been entered into with any of the related parties in conflict with the interest of the Corporation.**

**b) Corporation has complied with all mandatory requirements of corporate governance in such a manner and to the extent that it does not violate the provisions of State Financial Corporation Act, 1951, under which it is established, and the Regulations made thereunder as well as the guidelines or directives issued by the State Government or other relevant authorities from time to time. Pursuant to omitting proviso to Regulation 15 (2) of SEBI (LODR) Regulations, 2015, Corporation represented to SEBI for continuation of the relaxations/exemptions but SEBI suggested, vide letter dated 20<sup>th</sup> December, 2021, to take up the matter of amendment to SFCs Act, 1951 so as to align it with that of LODR requirements with Government. Corporation took up the matter with appropriate authorities vide letter dated 27<sup>th</sup> December, 2021 and is following up for amendments to SFCs Act, 1951. In spite of the said development, during the year under reference, BSE Ltd imposed fine on the Corporation in each quarter as per details below:-**

<b>Sr. No.</b>	<b>Quarter ended</b>	<b>Non-compliance - Regulations under SEBI (LODR) Regulations, 2015</b>	<b>Amount of fine ₹</b>
1	March 31, 2022 filed on April 19, 2022	17 (1), 18(1), 19 (1)/19 (2) and 20 (2)/(2A) – Corporate Governance – Absence of independent directors	11,68,200/-
2	June 30, 2022 filed on July 12, 2022	-do-	11,81,180/-
3	September 30, 2022 filed on October 12, 2022	-do-	11,94,160/-
4	September 30, 2022 filed on December 19, 2022	33 – Delay in submission of unaudited financial results	1,77,000/-
5	December 31, 2022 filed on January 17, 2023	17 (1), 18(1), 19 (1)/19 (2) and 20 (2)/(2A) – Corporate Governance – Absence of independent directors	11,94,160/-
<b>Total</b>			<b>49,14,700/-</b>

- c) A well established vigil mechanism for Directors and employees to report concerns about unethical behaviors, actual or suspected fraud or violation of its code of conduct is in vogue in the Corporation. During the year, no personnel has been denied access to the Audit Committee. Whistle Blower Policy is also in vogue in the Corporation.
- d) Mandatory and non-mandatory requirements have been complied with in such a manner and to the extent that it does not violate the provisions of State Financial Corporation Act, 1951, under which it is established, and the Regulations made thereunder as well as the guidelines or directives issued by the State Government or other relevant authorities from time to time.
- e) Corporation has no material subsidiaries and hence the policy of determining material subsidiaries is not displayed on the website of the Corporation.
- f) Corporation has discontinued its main activities of sanction and disbursement since last two decades and concentrating on recovery of dues only. No material related party transaction is entered into by the Corporation with any of the related parties and hence neither policy for related party transactions is framed nor displayed on the website of the Corporation.
- g) Corporation has not entered into any commodity hedging activities during the year.
- h) During the year under reference, no fund was raised through preferential allotment or QIP by the Corporation.
- i) Disqualification for being a Director is governed by Section 12 of the State Financial Corporations Act, 1951. Corporation, being a body corporate, provisions of Section 164 of Companies Act, 2013 are not attracted to the Directors of the Corporation. Therefore, certificate from Company Secretary in Practice is not obtained with regard to disqualification of Directors.

- j) During the year under reference, unaudited financial results for the quarter and half year ended September 30, 2022 was reviewed by the Audit Committee at its meeting held on November 10, 2022. However, while considering the said results, Board of Directors at its meeting held on November 10, 2022 decided to revisit the accounting policy followed by the Corporation with regard to receipts out of OTS cases. Accordingly, the accounting policy was revisited and the unaudited financial results for the quarter and half year were recast. Revisited accounting policy and unaudited financial results for the period under reference were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on December 19, 2022.
- k) During the year under reference, Corporation paid ₹ 1,46,320/- to M/s. Priyam R. Shah & Associates, Chartered Accountants, erstwhile statutory auditors for obtaining two Limited Review Reports and towards statutory audit fee. Corporation also remitted ₹ 25,208/- to M/s. Pankaj R. Shah & Associates, Chartered Accountants, Ahmedabad, present statutory auditors, for obtaining Limited Review Reports for the quarters ended September 30, 2022 and December 31, 2022. Corporation also made provision of ₹ 1,05,020/- towards audit fee for FY 2022-23 payable to M/s. Pankaj R. Shah & Associates, Chartered Accountants, Ahmedabad which will be remitted in FY 2023-24.
- l) During the year under reference, no complaint under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was received by the Corporation.
- m) Corporation has no subsidiaries and not made any loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.
11. The affairs of the Corporation are inspected by SIDBI under Section 37-A of the SFCs Act, 1951 from time to time, commercial as well as compliance audit by Comptroller and Auditor General of India under Section 37 of the said Act besides statutory audit by a firm of Chartered Accountants selected from the panel of list furnished by Reserve Bank of India and eligibility and suitability are confirmed by RBI. Keeping in view the fact that the affairs are being audited and inspected by the aforesaid authorities, Corporation has not opted for Secretarial Audit as provided under Regulation 24A of SEBI (LODR) Regulations, 2015. Nevertheless, Corporation has obtained Annual Secretarial Compliance Report from a Practicing Company Secretary and filed the same with BSE Ltd.
12. The extent of implementation of discretionary requirements as specified in Part E of Schedule II is furnished as under: -

	<b>Requirement</b>	<b>Compliance</b>
A	The Board: A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties	Not applicable to the Corporation
B	Shareholder Rights: A half-yearly declaration of financial performance including summary of the significant events in last six months, may be sent to each household of shareholders	Half yearly financial results are uploaded on the website of the Corporation, submitted to BSE Ltd and also published in the newspapers.

	<b>Requirement</b>	<b>Compliance</b>
C	Modified opinion(s) in audit report: The listed entity may move towards a regime of financial statements with unmodified audit opinion	The audit opinions are of technical in nature inspite of which efforts are made to comply with the qualifications.
D	Reporting of internal auditor The Internal Auditor may report directly to the audit committee.	Internal Auditor's Reports are periodically placed before the Audit Committee for suitable consideration. Directions of the Committee are promptly complied with.

13. The disclosures with regard to compliance with corporate governance requirements have been uploaded and available on the website of the Corporation at <http://gsfc.gujarat.gov.in> under INVESTOR RELATIONS – Corporate Governance Reports.
14. Pursuant to Corporation's Code of Conduct policy, Directors and senior management personnel have affirmed compliance with the Code for the Financial Year 2022-23. Declaration regarding compliance of Code of Conduct by the Board members and Senior Management Personnel by the Managing Director forms part of this Report.
15. Compliance certificate from M/s. K.K. Patel & Associates, Practicing Company Secretaries, Gandhinagar regarding compliance of conditions of corporate governance also forms part of this Report. Observations contained in the Certificate are dealt with in para 10 (b) and for brevity, it is not repeated.
16. Disclosure with respect to demat suspense account/unclaimed suspense account – Not applicable.

### **CODE OF CONDUCT DECLARATION**

As required under Regulation 34 (3) read with Clause D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the members of Board of Directors and the senior management personnel of the Corporation have affirmed compliance with the Code of Conduct of Board of Directors and senior management for the year ended March 31, 2023.

Place: Gandhinagar  
Dated: 04-05-2023

**(Sandip J. Sagale, IAS)**  
Managing Director

**K. K. PATEL & ASSOCIATES,  
PRACTICING COMPANY SECRETARIES**

**CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF REGULATIONS 17, 18, 19, 20, 21, 22, 23, 24, 24[A], 25, 26, 27 AND CLAUSE (B) TO (I) OF SUB -REGULATION (2) OF REGULATION 46 AND PARA C, D AND E OF SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 FOR THE YEAR ENDED MARCH 31, 2023.**

To,

The Members of

Gujarat State Financial Corporation

Gandhinagar

1. We have examined the compliance of conditions of Corporate Governance by Gujarat State Financial Corporation for the year ended on 31st March, 2023, as stipulated in Regulations (R.W. Regulation 15 (2) (b)), 17, [17A,] 18, 19, 20, 21, 22, 23, 24, [24A,] 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Corporation with stock exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Corporation for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Corporation. We report that;

During the year under reference, BSE Ltd imposed fine on the Corporation in each quarter as per details below: -

Sr. No.	Quarter Ended	Non-compliance - Regulations under SEBI (LODR) Regulations, 2015	Amount of fine ₹
1	March 31, 2022	17 (1), 18(1), 19 (1)/19 (2) and 20 (2)/(2A) – Corporate Governance – Absence of independent directors	11,68,200/-
2	June 30, 2022	17 (1), 18(1), 19 (1)/19 (2) and 20 (2)/(2A) – Corporate Governance – Absence of independent directors	11,81,180/-
3	September 30, 2022	17 (1), 18(1), 19 (1)/19 (2) and 20 (2)/(2A) – Corporate Governance – Absence of independent directors	11,94,160/-
4	September 30, 2022	33 – Delay in submission of unaudited financial results	1,77,000/-

<b>Sr. No.</b>	<b>Quarter Ended</b>	<b>Non-compliance - Regulations under SEBI (LODR) Regulations, 2015</b>	<b>Amount of fine ₹</b>
5	December 31, 2022	17 (1), 18(1), 19 (1)/19 (2) and 20 (2)/(2A) – Corporate Governance – Absence of independent directors	11,94,160/-
<b>Total</b>			<b>49,14,700/-</b>

We further report that in addition to the violations of above regulations, the corporation has not complied with regulation 24A, 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Corporation has made several communications with respect to aforementioned violations and sought for exemption/relaxation pursuant to Proviso of Regulation 15(2) (b) of SEBI (LODR) Regulations, 2015. Corporation represented to SEBI for continuation of the relaxations/exemptions but SEBI suggested, vide letter dated 20<sup>th</sup> December, 2021, to take up the matter of amendment to SFCs Act, 1951 so as to align it with that of LODR requirements with Government. Corporation took up the matter with appropriate authorities vide letter dated 27<sup>th</sup> December, 2021 and is following up for amendments to SFCs Act, 1951. The matter is pending as on 31<sup>st</sup> March, 2023.

In our opinion and to the best of our information and according to the explanations given to us and subject to violations as stated above and since the above non-compliance is subject to approval of appropriate authority for amendment in SFC Act, 1951 for which correspondence with appropriate authorities were made by the Corporation, the Corporation has complied with the conditions of corporate governance to the extent that it is not violate the provisions of State Financial Corporations Act, 1951 and the guidelines or directives issued by the relevant authorities and subject to what is stated above, we certify that Corporation has complied with the conditions of Corporate Governance, as stipulated in the above-mentioned Listing Regulations.

3. We further state that such compliance is neither an assurance as to the future viability of the corporation nor the efficiency or effectiveness with which the management has conducted the affairs of the Corporation.

FOR KK PATEL & ASSOCIATES,

Date: 24.04.2023

Place: Gandhinagar

CS KIRAN KUMAR PATEL

PRACTICING COMPANY SECRETARIES

FCS NO.6384 C.P. No: 6352

UDIN: F006384E000175927

# **Pankaj R. Shah & Associates**

Chartered Accountants

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7<sup>th</sup> Floor, Regency Plaza, Opp. Rahul Tower, Near Madhur Hall,  
Anandnagar Cross Road, Satellite, Ahmedabad 380 015

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## **Independent Auditor's Report**

To,

The Members of

**GUJARAT STATE FINANCIAL CORPORATION**

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

### **Opinion**

We have audited the financial statements of **GUJARAT STATE FINANCIAL CORPORATION ('the Corporation')**, which comprise the balance sheet as at 31<sup>st</sup> March, 2023 and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanation given to us, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the corporation as at 31<sup>st</sup> March, 2023, and its loss and its cash flow for the year ended on that date.

### **Basis for Qualified Opinion**

- a. The financial statements of the corporation are prepared on a going concern basis, notwithstanding the fact that its net worth is completely eroded and defaulted in repayment obligations due to liquidity problems. This is not in accordance with Accounting Standard (AS) – 1 "Disclosure of Accounting Policies". The effect of the same on the financial statements is not ascertainable.
- b. Dues payable to Government of Gujarat is subject to confirmation and adjustment, if any, required upon such confirmation. Pending such confirmation, the effect thereof on interest and penal interest is not ascertainable.

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

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

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



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

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

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

Management is responsible for the matters stated the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are also responsible for expressing our opinion on whether the corporation has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Reports on Other Legal & Regulatory Requirements**

- a. We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of accounts as required by law have been kept by the Corporation so far as appears from our examination of those books.
- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d. Except the possible effect of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting standards issued by ICAI.

**For and on behalf of**  
**M/s Pankaj R. Shah & Associates**  
**Chartered Accountants**  
**(Registration No. 107361W)**

**CA Nilesh Shah**  
**Partner**  
**(Membership No. 107414)**  
**UDIN: 23107414BGUYWF1022**

**Place: Ahmedabad**  
**Date : 22/05/2023**

<b>GUJARAT STATE FINANCIAL CORPORATION</b>			
<b>BALANCE SHEET AS AT 31ST MARCH, 2023</b>			
<b>Particulars</b>	<b>Note. No.</b>	<b>As at 31st March 2023</b>	<b>As at 31st March 2022</b>
<b>CAPITAL/LIABILITIES</b>		<b>₹</b>	<b>₹</b>
SHARE CAPITAL	1	89,11,40,000	89,11,40,000
SHARE FORFEITED	1-A	4,60,48,000	4,60,48,000
RESERVES & SURPLUS	2	2,73,36,66,913	2,73,36,66,913
BORROWINGS	3	6,61,68,42,633	6,61,68,42,633
OTHER LIABILITIES & PROVISIONS	4	23,42,19,75,903	22,06,64,97,093
<b>Total ₹</b>		<b>33,70,96,73,449</b>	<b>32,35,41,94,639</b>
<b>ASSETS</b>		`	`
CASH & BANK BALANCES	5	1,99,51,263	79,45,735
INVESTMENTS	6	1,79,15,52,997	1,70,01,46,274
LOANS & ADVANCES	7	-	-
FIXED ASSETS	8	2,39,66,806	2,65,33,010
OTHER ASSETS	9	6,81,04,458	6,49,60,970
PROFIT & LOSS ACCOUNT		31,80,60,97,924	30,55,46,08,650
<b>Total ₹</b>		<b>33,70,96,73,449</b>	<b>32,35,41,94,639</b>
<b>NOTES TO ACCOUNTS</b>	<b>15</b>		
<b>Notes referred to above and notes attached there to form an integral part of the Financial Statements</b>			
<b>FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,</b>			
(M.R.Malpani) Executive Officer (A/cs)	(Raveendran Nair) Secretary (Board)	(Sanjay Gupta) Director	(Leena D. Katdare) Director
			(Sandip J Sagale, IAS) Managing Director
As per our Report of even date.			
<b>FOR PANKAJ R. SHAH &amp; ASSOCIATES</b>			
<b>CHARTERED ACCOUNTANTS</b>			
ICAI Firm Reg. No.: 107361W			
<b>CA NILESH SHAH</b>			
<b>PARTNER</b>			
Membership No. :107414			
<b>PLACE: AHMEDABAD</b>			
<b>DATED: 22-05-2023</b>			
			<b>PLACE: GANDHINAGAR</b>
			<b>DATED: 22-05-2023</b>

<b>GUJARAT STATE FINANCIAL CORPORATION</b>				
<b>STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED 31ST MARCH, 2023</b>				
Particulars	Note. No.	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022	
<b>INCOME</b>		₹	₹	
INTEREST ON LOANS & ADVANCES		55,12,745	85,10,600	
INTEREST ON DEPOSITS		9,59,42,742	9,44,99,522	
PROVISION AGAINST NPA WRITTEN BACK		3,61,88,318	32,44,428	
OTHER INCOME	10	45,34,188	31,10,542	
DIMINUTION IN THE VALUE OF INVESTMENTS WRITTEN BACK		14,50,428	19,41,485	
<b>TOTAL INCOME ₹</b>		<b>14,36,28,421</b>	<b>11,13,06,577</b>	
<b>EXPENDITURE</b>				
INTEREST ON BONDS, DEPOSITS & OTHER BORROWINGS	11	1,35,62,33,716	1,33,73,91,220	
FINANCIAL EXPENSES & COMMITMENT CHARGES	12	7,037	6,700	
EMPLOYEE'S COST	13	2,26,84,982	3,28,22,342	
OTHER EXPENSES	14	1,36,25,756	1,62,74,731	
DEPRECIATION	8	25,66,204	28,88,927	
<b>TOTAL EXPENDITURE ₹</b>		<b>1,39,51,17,695</b>	<b>1,38,93,83,920</b>	
<b>NET LOSS FOR THE YEAR</b>		<b>-1,25,14,89,274</b>	<b>-1,27,80,77,343</b>	
<b>ADD: OPENING BALANCE OF PROFIT &amp; LOSS ACCOUNT</b>		<b>-30,55,46,08,650</b>	<b>-29,27,65,31,307</b>	
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b>-31,80,60,97,924</b>	<b>-30,55,46,08,650</b>	
<b>EARNINGS PER SHARE (BASIC AND DILUTED)</b>		<b>-14.04</b>	<b>-14.34</b>	
<b>NOTES TO ACCOUNTS</b>	<b>15</b>			
<b>Notes referred to above and notes attached there to form an integral part of the Financial Statements</b>				
<b>FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,</b>				
(M.R.Malpani) Executive Officer (A/cs)	(Raveendran Nair) Secretary (Board)	(Sanjay Gupta) Director	(Leena D. Katdare) Director	(Sandip J Sagale, IAS) Managing Director
As per our Report of even date.				
<b>FOR PANKAJ R. SHAH &amp; ASSOCIATES</b>				
<b>CHARTERED ACCOUNTANTS</b>				
ICAI Firm Reg. No.: 107361W				
<b>CA NILESH SHAH</b>				
Membership No. : 107414				
PLACE: AHMEDABAD				
DATED: 22-05-2023				
			PLACE: GANDHINAGAR	
			DATED: 22-05-2023	

<b>GUJARAT STATE FINANCIAL CORPORATION</b>		
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023</b>		
Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>₹</b>	<b>₹</b>
Net Loss before tax as per Profit & Loss A/c	-1,25,14,89,274	-1,27,80,77,343
Adjustments :		
Depreciation	25,66,204	28,88,927
Provision for NPA written back		
Diminution/(Reverse Diminution) in Value of Investments	-14,50,428	-19,41,485
Profit on sale of Investments	-	-
Dividend Income	-55,314	-11,000
Interest Income	-9,59,42,743	-9,45,04,896
Interest on Finance Cost	-	-
<b>Operating Loss before working capital</b>	<b>-1,34,63,71,555</b>	<b>-1,37,16,45,797</b>
Adjusted for :		
i) Other Assets	-9,02,76,662	-8,51,94,040
ii) Other Liabilities & Provisions	1,35,54,78,809	1,31,77,97,614
<b>NET CASH USED FROM OPERATING ACTIVITIES (A)</b>	<b>-8,11,69,408</b>	<b>-13,90,42,223</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (After changes in Capital W-I-P)	-	-45,000
Sale of Fixed Assets	-	-
Decrease in Investments		
Dividend Income	55,314	11,000
Interest Income	9,31,19,622	9,45,04,896
<b>NET CASH USED FROM INVESTING ACTIVITIES (B)</b>	<b>9,31,74,936</b>	<b>9,44,70,896</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	-	-
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>1,20,05,528</b>	<b>-4,45,71,327</b>
Opening Balance of Cash & Cash Equivalents	79,45,735	1,17,91,321
Closing Balance of Cash & Cash Equivalents	1,99,51,263	-3,27,80,006
<b>Components Depicting Closing Cash and Cash Equivalents</b>		
Cash on hand and as Imprest	78,431	1,00,868
BALANCE WITH BANKS	71,40,942	35,60,327
LIQUID DEPOSIT WITH GSFS	1,27,31,890	42,84,540
<b>Total ₹</b>	<b>1,99,51,263</b>	<b>79,45,735</b>
<b>NOTE: The above Cash Flow is prepared in accordance with Accounting Standard - 3 (indirect method).</b>		
<b>FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,</b>		
(M.R.Malpani)	(Raveendran Nair)	(Sanjay Gupta)
Executive Officer (A/cs)	Secretary (Board)	Director
		(Leena D. Katdare)
		Director
		(Sandip J Sagale, IAS)
		Managing Director
As per our Report of even date.		
<b>FOR PANKAJ R. SHAH &amp; ASSOCIATES</b>		
<b>CHARTERED ACCOUNTANTS</b>		
<b>ICAI Firm Reg. No.: 107361W</b>		
<b>CA NILESH SHAH</b>		
<b>PARTNER</b>		
<b>Membership No. :107414</b>		
<b>PLACE: AHMEDABAD</b>		
<b>DATED: 22-05-2023</b>		
		<b>PLACE: GANDHINAGAR</b>
		<b>DATED: 22-05-2023</b>

**GUJARAT STATE FINANCIAL CORPORATION**

*Notes to the Financial Statements for the year ended on 31st March, 2023*

**Note : 1 Share Capital**

Sr. No	Particulars	As at 31st March 2023 ₹	As at 31st March 2022 ₹
1	<b><u>AUTHORIZED CAPITAL</u></b>		
	10,00,00,000 Equity Shares of ₹10/- each.	1,00,00,00,000	1,00,00,00,000
		1,00,00,00,000	1,00,00,00,000
2	<b><u>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</u></b>		
	A) 8,66,14,000 SHARES (PREVIOUS YEAR 8,66,14.000 SHARES OF ₹ 10/- EACH)	86,61,40,000	86,61,40,000
	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	2,50,00,000	2,50,00,000
	<b>Total in ₹</b>	<b>89,11,40,000</b>	<b>89,11,40,000</b>

**Note : 1-A Share Forfeited**

Sr. No	Particulars	As at 31st March 2023 ₹	As at 31st March 2022 ₹
1	SHARE FORFEITED 92,09,600 EACH OF ₹ 10/- (ORIGINALLY PAID UP VALUE ₹ 5/-)	4,60,48,000	4,60,48,000
	<b>Total in ₹</b>	<b>4,60,48,000</b>	<b>4,60,48,000</b>

**Note : 2 Reserves & Surplus**

Sr. No	Particulars	As at 31st March 2023 ₹	As at 31st March 2022 ₹
A	SPECIAL RESERVE (U/S 36(1)(VIII) OF THE I.T. ACT 1961	64,34,16,722	64,34,16,722
B	RESERVE FOR BAD AND DOUBTFUL DEBTS	4,75,35,006	4,75,35,006
C	SECURITIES PREMIUM	18,89,88,000	18,89,88,000
D	CAPITAL RESERVE - GAIN ON RESTRUCTURING OF PRINCIPAL DEBTS	1,82,87,27,185	1,82,87,27,185
E	SPECIAL RESERVE ( CREATED U/S.35 A OF THE SFC'S ACT,1951) (DIVIDEND FOREGONE BY GOVT.OF GUJARAT & IDBI)	2,50,00,000	2,50,00,000
	<b>Total in ₹</b>	<b>2,73,36,66,913</b>	<b>2,73,36,66,913</b>

**Note : 3 Borrowings**

Sr. No	Particulars	As at 31st March 2023 ₹	As at 31st March 2022 ₹
(a)	<b>LONG TERM BORROWINGS</b>		
	<b>UNSECURED</b>		
	FROM STATE GOVT.FOR MARGIN LOAN TO BALISANA PROJECT	2,10,000	2,10,000
	FROM STATE GOVT.SALES TAX INT.FREE LOAN SALES TAX INT. FREE DEEMED LOAN (CONTRA)	1,76,86,346	1,76,86,346
	FROM STATE GOVT.FOR HERITAGE HOTEL FUND (INTEREST 5%)	31,49,32,320	31,49,32,320
	SOFT LOAN FROM GOVT.OF GUJARAT	1,00,00,000	1,00,00,000
	LOAN IN LIEU OF SHARE CAPITAL FROM GOVT OF GUJARAT.	6,21,36,80,000	6,21,36,80,000
	(INTEREST 3.5% & 7.5%)	6,03,33,967	6,03,33,967
	<b>Total in ₹</b>	<b>6,61,68,42,633</b>	<b>6,61,68,42,633</b>

Note Soft loan received from Government of Gujarat (21 accounts) during the years from 2004-05 to 2011-12 are repayable in 10 years in quarterly installments from the date of disbursement carrying interest ranging from 12% to 15%.

On account of consistent operational losses, the Corporation has continuously defaulted in repayment of Government of Gujarat's long term loans/borrowings.

**Note : 4 Other Liabilities & Provisions**

Sr. No	Particulars	As at 31st March 2023 ₹	As at 31st March 2022 ₹
	TAX DEDUCTED AT SOURCE PAYABLE	1,18,771	1,06,001
	SECURITY DEPOSIT	1,45,406	1,45,406
	GST PAYABLE	-37,313	-38,654
	UNPAID GUARANTEE FEE	35,60,39,833	35,60,39,833
	INTEREST PAYABLE ON BORROWINGS	23,02,02,61,664	21,66,40,27,948
	INTEREST PAYABLE ON SECURITY DEPOSITS	57,491	57,491
	UNCLAIMED DIVIDEND	3,51,048	3,51,048
	SUBSIDY FROM GOVT.(AS AN AGENCY)	2,05,97,36,976	2,05,97,36,976
	LESS :DISBURSED UPTO END OF THE YEAR	-2,04,27,11,180	-2,04,27,11,180
	OTHER DEPOSITS	63,41,616	74,59,616
	SUNDRIES (OTHER LIABILITIES)	1,93,34,678	1,89,85,695
	LESS : STD NO LIEN A/C (CONTRA NOTE -9)	0	0
	<b>SUBVENTION FROM STATE GOVT</b>		
	BALANCE AS PER LAST BALANCE SHEET	16,69,56,010	16,69,56,010
	LESS: DIVIDEND DEFICIT A/C	-16,46,19,096	-16,46,19,096
	<b>Total in ₹</b>	<b>23,42,19,75,903</b>	<b>22,06,64,97,093</b>



**Note : 5 Cash & Bank Balances**

Sr. No	Particulars	As at 31st March 2023 ₹	As at 31st March 2022 ₹
<b>A</b>	<b><u>Cash-on-Hand</u></b> Cash on hand and as Imprest	78,431	1,00,868
	<b>Sub Total (A)</b>	<b>78,431</b>	<b>1,00,868</b>
<b>B</b>	<b><u>Bank Balance with Scheduled Banks</u></b> BALANCE WITH BANKS (IN CURRENT ACCOUNTS )	71,40,942	35,60,327
	<b>Sub Total (B)</b>	<b>71,40,942</b>	<b>35,60,327</b>
	<b><u>Others (Deposits with GSFS)</u></b> LIQUID DEPOSIT WITH GSFS	1,27,31,890	42,84,540
	<b>Sub Total (C)</b>	<b>1,27,31,890</b>	<b>42,84,540</b>
	<b>Total in ₹ [ A + B + C ]</b>	<b>1,99,51,263</b>	<b>79,45,735</b>

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

Sr. No	Particulars	As at 31st March 2023 ₹	As at 31st March 2022 ₹
(i)	<b>SHARES ACQUIRED UNDER UNDERWRITING AGREEMENT U/S 25(1) ( C ) OF THE SFC'S ACT,1951</b> PREFERENCE SHARES,FULLY PAID-UP (UNQUOTED) A EQUITY SHARES,FULLY PAID (UNQUOTED) B EQUITY SHARES, PARTLY PAID (UNQUOTED)	7,40,500 1,14,84,000 3,00,000	7,40,500 1,14,84,000 3,00,000
(ii)	<b>PREFERENCE SHARES ACQUIRED UNDER SPECIAL CAPITAL SCHEME</b> (2000 Shares of ₹ 100/- each fully paid up) (UNQUOTED)	2,00,000	2,00,000
(iii)	<b>EQUITY SHARES FULLY PAID-UP (QUOTED)</b>  285440 (PREVIOUS YEAR 285440) EQUITY SHARES OF ₹10 EACH FULLY PAID-UP IN IDBI BANK LTD  165 (PREVIOUS YEAR 165) EQUITY SHARES OF ₹2 EACH FULLY PAID-UP IN UNION BANK OF INDIA  409000 (PREVIOUS YEAR 409000) EQUITY SHARES OF ₹10 EACH FULLY PAID-UP IN KUSH INDUSTRIES LIMITED (FORMERLY KNOWN AS SNS TETILES LTD)  220417 (PREVIOUS YEAR 220417) EQUITY SHARES OF ₹10 EACH FULLY PAID-UP IN SAR AUTO PRODUCTS LTD  150000 (PREVIOUS YEAR 150000) EQUITY SHARES OF ₹10 EACH FULLY PAID-UP IN OMKAR PHARMA LTD	2,31,92,000  8,000  61,35,000  22,04,170  15,00,000	2,31,92,000  8,000  61,35,000  22,04,170  15,00,000
(iv)	<b>EQUITY SHARES FULLY PAID-UP ( UNQUOTED)</b>  1 (PREVIOUS YEAR 1) EQUITY SHARE OF G.S.F.C STAFF CO.OP CREDIT SOCIETY LTD. OF ₹ 10/-  1100 (PREVIOUS YEAR 1100) EQUITY SHARES OF ₹100/- OF GUJARAT INDUSTRIAL& TECHNICAL CONSULTANCY (GITCO)  1446470(PREVIOUS YEAR 1446470) EQUITY SHARES OF ₹10 EACH FULLY PAIDUP IN JAGADIA COPPER LTD.	10  1,10,000  1,44,64,700	10  1,10,000  1,44,64,700

(v)	<b>OTHERS - GSFS INTER CORPORATE DEPOSIT</b>	1,77,27,39,994	1,68,27,83,699
	<b>LESS :</b>		
	INVESTMENT DEPRECIATION PROVIDED	(4,15,25,377)	(4,29,75,805)
	<b>Total in ₹</b>	<b>1,79,15,52,997</b>	<b>1,70,01,46,274</b>

Aggregate cost of quoted securities - ₹ 3,30,39,170/-  
Market value of quoted securities - ₹ 21,33,45,933/-  
Aggregate cost of unquoted securities - ₹ 1,80,00,39,204/-

**Note: 7 Loans and Advances**

Sr. No	Particulars	As at 31st March 2023 ₹	As at 31st March 2022 ₹
	- PRINCIPAL AMOUNT (TERM LOAN , HIRE PURCHASE & LEASE FINANCE )	4,02,63,92,335	4,06,25,80,653
	LESS : PROVISION FOR NPA	(4,02,63,92,335)	(4,06,25,80,653)
	<b>Total in ₹</b>	-	-

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

**GUJARAT STATE FINANCIAL CORPORATION**

*Notes to the Financial Statements for the year ended on 31st March, 2023*

**Note-8 Fixed Assets**

(in ₹)

Sr. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01-04-2022	Addition during 2022-23	Deduction during 2022-23	Closing Balance as on 31-03-2023	Provided upto 31-03-2022	Writtenback during 2022-23	Provided during 2022-23	Total Depreciation as on 31-03-2023	As on 31-03-2023	As on 31-03-2022
<b>A.</b>	<b>OWN ASSETS</b>										
1	Furniture & Fixtures	3,27,68,630			3,27,68,630	2,02,31,699		12,53,693	2,14,85,392	1,12,83,238	1,25,36,931
2	Office Equipments	96,57,080	-		96,57,080	70,61,252		3,89,375	74,50,627	22,06,453	25,95,828
3	Office Vehicles	45,18,014			45,18,014	36,21,156		1,34,529	37,55,685	7,62,329	8,96,858
4	Land & Building	3,94,45,116			3,94,45,116	2,89,62,535		7,80,288	2,97,42,823	97,02,293	1,04,82,581
5	Computers	2,32,91,120	-		2,32,91,120	2,32,70,323		8,319	2,32,78,642	12,478	20,797
	<b>Total in ₹ [A]</b>	<b>10,96,79,960</b>	<b>-</b>	<b>-</b>	<b>10,96,79,960</b>	<b>8,31,46,965</b>	<b>-</b>	<b>25,66,204</b>	<b>8,57,13,169</b>	<b>2,39,66,791</b>	<b>2,65,32,995</b>
<b>B.</b>	<b>LEASE ASSETS</b>										
1	Machinery & Equipments	15	-	-	15	-		-	-	15	15
	<b>Total in ₹ [B]</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>
	<b>Total in ₹ [A] + [B]</b>	<b>10,96,79,975</b>	<b>-</b>	<b>-</b>	<b>10,96,79,975</b>	<b>8,31,46,965</b>	<b>-</b>	<b>25,66,204</b>	<b>8,57,13,169</b>	<b>2,39,66,806</b>	<b>2,65,33,010</b>

## GUJARAT STATE FINANCIAL CORPORATION

**Note : 9 Other Assets**

Sr. No	Particulars	As at 31st March 2023 ₹	As at 31st March 2022 ₹
1	LOANS & ADVANCES TO EMPLOYEES	3,14,086	3,14,566
	ADD : INTEREST ACCRUED THEREON	7,98,187	11,59,570
2	CAPITAL SUBSIDY RECEIVABLE	5,80,971	5,80,971
3	SUNDRIES	77,94,908	77,84,908
	LESS : STD ON LIEN A/C (CONTRA NOTE.4)	-	-
4	TAX DEDUCTED SOURCES	6,67,204	6,61,672
5	ADVANCE TAX	6,12,050	5,75,442
6	INTEREST ACCRUED BUT NOT DUE ON ICD AND LQDS	5,53,45,533	5,25,22,412
7	EXCESS TDS DEPOSITED TO BE ADJUSTED AGAINST EXPENSES	6,96,520	66,430
8	DEPOSIT FROM LOANEES	12,95,000	12,95,000
	<b>Total in ₹</b>	<b>6,81,04,458</b>	<b>6,49,60,969</b>

**Note : 10 Other Income**

Sr. No	Particulars	For the Year Ended 31st March 2023 ₹	For the Year Ended 31st March 2022 ₹
1	BAD DEBTS RECOVERED	36,93,510	18,15,791
2	INTEREST ON LOANS TO EMPLOYEES	1	5,374
3	DIVIDEND INCOME	55,314	11,000
4	MISCELLANEOUS INCOME	7,85,363	12,78,377
	<b>Total in ₹</b>	<b>45,34,188</b>	<b>31,10,542</b>

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

Sr. No	Particulars	For the Year Ended 31st March 2023 ₹	For the Year Ended 31st March 2022 ₹
1	INTEREST ON GOVT.LOAN	92,93,01,998	92,90,91,998
2	INTEREST ON HERITAGE HOTEL FUND LOAN	5,00,000	5,00,000
3	INTEREST ON LOAN TOWARDS SHARE CAPITAL	41,11,689	41,11,689
4	INTEREST ON DELAYED PAYMENT ON GOVT.LOANS	42,23,20,029	40,36,87,533
	<b>Total in ₹</b>	<b>1,35,62,33,716</b>	<b>1,33,73,91,220</b>

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

Sr. No	Particulars	For the Year Ended 31st March 2023 ₹	For the Year Ended 31st March 2022 ₹
1	BANK CHARGES AND COMMISSION	7,037	6,700
	<b>Total in ₹</b>	<b>7,037</b>	<b>6,700</b>

**Note: 13 Employee's Cost**

<b>Sr. No</b>	<b>Particulars</b>	<b>For the Year Ended 31st March 2023 ₹</b>	<b>For the Year Ended 31st March 2022 ₹</b>
1	SALARY, BONUS & ALLOWANCES	1,85,38,585	2,06,67,511
2	CONTRIBUTION TO STAFF PROVIDEND FUND	25,76,690	29,84,933
3	GRATUITY	12,90,596	73,08,542
4	LEAVE ENCASHMENT	13,517	18,550
5	STAFF WELFARE EXPENSES	2,65,594	18,42,806
	<b>Total in ₹</b>	<b>2,26,84,982</b>	<b>3,28,22,342</b>

**Note : 14 Other Expenses**

<b>Sr. No</b>	<b>Particulars</b>	<b>For the Year Ended 31st March 2023 ₹</b>	<b>For the Year Ended 31st March 2022 ₹</b>
1	TRAVELLING & OTHER ALLOWANCES	2,59,002	3,18,431
2	DIRECTORS SITTING FEES	2,000	1,000
3	RENT,RATES,TAXES & ELECTRICITY	12,24,184	15,23,083
4	POSTAGE STAMP,TELEGRAMS & TELEPHONE	1,59,567	2,14,921
5	PRINTING & STATIONERY	3,57,402	3,42,175
6	PUBLICITY & ADVERTISEMENT	78,937	50,751
7	REPAIRS & RENEWALS	4,68,906	5,07,747
8	LEGAL CHARGES	68,755	6,75,620
9	VEHICLES MAINTENANCE EXPENSES	1,78,824	2,98,324
10	OTHER EXPENSES	51,79,738	53,60,567
11	BAD DEBT WRITTEN OFF	-	17,13,210
12	COMPUTERISATION EXPENSES	2,23,267	1,97,904
13	FUEL AND CONVEYANCE CHARGES	7,68,652	8,84,107
14	OUTSOURCING CHARGES	-	-
15	SERVICE TAX & GST EXPENSES	18,89,527	17,74,113
16	PROFESSIONAL FEES	25,46,415	21,92,198
17	PAYMENT TO AUDITORS'	2,20,580	2,20,580
	<b>Total in ₹</b>	<b>1,36,25,756</b>	<b>1,62,74,731</b>

## NOTE – 15

### NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS AND BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2023

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

(01) These financial statements have been prepared on accrual basis, unless otherwise stated, as a going concern under historic cost convention, in accordance with the requirements of the State Financial Corporations Act, 1951; regulations framed thereunder and generally accepted accounting principles.

#### (02) REVENUE RECOGNITION:

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

(b) In view of the prudential norms prescribed by SIDBI, no income is recognized in respect of Non-Performing Assets (NPA). Income on such assets shall be recognized as and when received. Provision for NPA has been made as per the norms prescribed by SIDBI. All assets have been classified as doubtful for more than three years or loss assets and accordingly 100% provision has been made.

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

[1] Penalty & other charges

[2] Interest

[3] Principal

(d) Where the unit of the loanees 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 out, the amount is credited to Bad Debts Recovery A/c under the group of "Other Income".

(e) Prior to 1.4.2018, in case loanees opted for OTS, amount received from the loanee is first apportioned as per normal practice as under:

[1] Penalty & other charges

[2] Interest

[3] Principal

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

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

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

1. Principal and capitalized expenses
2. Interest
3. Penalty and other charges

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

The aforesaid policy has again been revisited by the Audit Committee and as decided by the Board of Directors at their respective meetings held on December 19, 2022, it has been decided to change the Accounting Policy in case of OTS receipts with effect from April 01, 2022 as under: -

“In case of loanees opted for OTS, amount received from loanee is first apportioned as per normal practice as under:-

- (1) Penalty
- (2) Interest
- (3) Principal and capitalized expenses”

Due to the above changes in Accounting Policy, ₹ 13.11 lakh received as recovery from OTS accounts pertaining to the NDC given during the period under reference, ₹ 10.74 lakh has been recognized as interest income and balance amount of ₹ 2.37 lakh has been credited towards principal. Therefore, during the year under reference, interest income is reduced by ₹ 2.37 lakh and write-back of NPA provision increased by the same amount.

### **(03) FIXED ASSETS**

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

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

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

[a] Depreciation on assets is provided under Written Down Value Method in accordance with rates prescribed under Income Tax Act, 1961 as under: -

Furniture & Fixtures	: 10%
Office Equipment	: 15%
Motor cars	: 15%
Office Building	: 10%
Residential building	: 5%
Computers	: 40%

In case of additions to fixed assets, depreciation is provided for full year where additions are made on or before 30<sup>th</sup> September and at 50% of the rates for assets acquired after 30<sup>th</sup> September. In respect of sale/disposal of fixed assets, no depreciation is provided in the year of sale/disposal.

**(05) EMPLOYEE BENEFITS:**

- (a) Salaries and non-monetary benefits are accrued in the year in which the services are rendered by the employees. Contribution to employees' provident fund are recognized as an expense and charged to Statement of Profit and Loss.
- (b) For gratuity and leave encashment liabilities, Corporation took policies with Life Insurance Corporation of India which takes care of liabilities on both the counts. The entire premium paid to LIC is charged to Statement of Profit and Loss. The ceiling limit of maximum amount of gratuity is increased from ₹ 10.00 lakh to ₹ 20.00 lakh with effect from 29.3.2018. Employee's cost for the year under reference includes ₹ 12,90,596/- (previous year ₹ 73,08,542/-) towards premium for the gratuity liability of the Corporation and ₹ 13,517/- (previous year ₹ 18,550/-) towards leave encashment remitted to LIC of India.

**(06) INVESTMENTS:**

Investment is classified as "Available for sale" for the purpose of valuation and provision for net diminution in value of investment is made as per the guidelines issued by SIDBI.

**(07) BORROWING COST:**

Borrowing cost is recognized as expense and charged to Statement of Profit and Loss.

**(08) WRITE OFFS:**

While writing off loans, the Corporation takes into consideration the following where

- A] Assets of the loanees are lost
- B] Loanees are not in existence
- C] To the extent of deficit on sale of loanee assets
- D] The units are closed and no recovery is forthcoming
- E] Waiver/sacrifice on account of One Time Settlement/any other settlement.

**(09) TAXATION:**

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



**(10) IMPAIRMENT OF ASSETS:**

A substantial portion of Corporation's assets comprise of 'financial assets' to which Accounting Standard-28 "Impairment of assets" is not applicable. In respect of assets to which Standard applies, in the opinion of the management, there are no indications, internal or external, which could have the effect of impairing the value of the assets to any material extent as at 31<sup>st</sup> March, 2023 requiring recognition in terms of the said standard.

**(11) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:**

Material adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Non adjusting events (that are indicative of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the report of the Board of Directors.

**(12) PROVISION:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources even though the amount cannot be determined with certainty and represents only a best estimate in the light of available information. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**B. NOTES ON ACCOUNTS:**

(01) All Government guaranteed bonds have been redeemed and Government in Industries & Mines Department, vide Resolution No. PRC/102015/1126/P dated 07-10-2021, vacated the Government Guarantee of ₹ 43,299.00 lakh thereby making nil outstanding guarantee amount. However, Corporation is in default of guarantee fee of ₹ 35,60,39,833/- (Previous year ₹ 35,60,39,833/-) to Government of Gujarat.

(02) While writing off principal amount as bad debts in certain cases, the value of securities available has not been ascertained and deducted from the principal amount. The sale proceeds of the securities will be accounted as bad debts recovered under the head "Other Income" as and when the amount is realized.

During the year under review, Corporation recovered an amount of ₹ 36,93,510/- (previous year ₹ 18,15,791/-) from Bad Debts written off.

**(03) CONTINGENT LAIBILITES:**

Contingent liabilities are not recognized as there is no present obligation as a result of past events and it is probable that there will be an outflow of resources. However, contingent liabilities are disclosed as under:

(i) During the year under reference, BSE Ltd imposed fine for non-compliance with the provisions contained in SEBI (LODR) Regulations, 2015 as under:-

<b>Sr. No.</b>	<b>Quarter ended</b>	<b>Non-compliance Regulations under SEBI (LODR) Regulations, 2015</b>	<b>Amount of fine ₹</b>
1	March 31, 2022 filed on April 19, 2022	17 (1), 18(1), 19 (1)/19 (2) and 20 (2)/(2A) – Corporate Governance – Absence of independent directors	11,68,200/-
2	June 30, 2022 filed on July 12, 2022	-do-	11,81,180/-
3	September 30, 2022 filed on October 12, 2022	-do-	11,94,160/-
4	September 30, 2022 filed on December 19, 2022	33 – Delay in submission of unaudited financial results	1,77,000/-
5	December 31, 2022 filed on January 17, 2023	17 (1), 18(1), 19 (1)/19 (2) and 20 (2)/(2A) – Corporate Governance – Absence of independent directors	11,94,160/-
<b>Total</b>			<b>49,14,700/-</b>

Since Corporation has represented to appropriate authorities for amendment in SFCs Act, 1951 as advised by SEBI vide letter dated December 20, 2021 and keeping in view the representations made to BSE Ltd and that the outcome is awaited, fine imposed of ₹ 49,14,700/- (previous year: Nil) has been recognized as contingent liability.

(ii) Details of Income Tax disputes against which appeals have been preferred are given below. The quantum of disputed tax liability is not ascertainable.

**(a) Pending before Income Tax Appellate Tribunal:**

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

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

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

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

**Additional disclosures:-**

**(a) Availing Vivad se Vishvas Scheme:-**

Pursuant to Corporation availing of the Vivad se Vishvas Scheme introduced by the Income Tax Department in respect of demand raised for Assessment Year 2000-01, Income Tax Department issued Form No. on 27<sup>th</sup> May, 2021. Vide order giving effect to the Scheme dated 11.01.2023, refund of ₹.24,79,448/- is awaited.

- (b)** During the year under reference, Return of Income for the AY 2021-22 was selected for “Complete Scrutiny” assessment under E-assessment Scheme, 2019 and NPA provision written back of ₹ 2,84,10,665/- was disallowed vide Assessment Order dated December 07, 2022. Corporation preferred immunity from imposition of penalty under Section 270A and initiation of proceedings under Section 276C or Section 276CC of the Act as provided under Section 270AA of the Income Tax Act, 1961. Vide order dated February 02, 2023 read with Corrigendum to order dated February 07, 2023, the relief sought for was granted by CIT, Circle 2 (1) (1), Ahmedabad.

**(04) Details of pending reconciliation:**

- (i) In some of the cases, the balances as per the General Ledger are not tallied with the respective subsidiary ledgers.
- (ii) The outstanding balance of borrowings, other liabilities and provisions and other assets are subject to confirmation and adjustment, if any.
- (iii) The difference in Sales Tax Deferment Deemed loan between Subsidiary Ledger and General Ledger stands un-reconciled.
- (05) The figures of previous year have been regrouped and rearranged wherever necessary to make them comparable with the figures of the current year.
- (06) Corporation has made provision as per the prudential norms prescribed by SIDBI on the principal outstanding and other expenses incurred and shown as receivables. The provision made is subject to the Note No. B-4 regarding non reconciliation of general ledger balances as per the subsidiary ledger. During the year under reference, all loan accounts are treated as doubtful for more than three years or loss assets. Accordingly, 100% provision has been made. Corporation has written back excess provision of ₹ 3,61,88,318/- in the current year and shown separately in the Statement of Profit and Loss (Previous year ₹ 32,44,428/- ).

- (07) Corporation's operations are solely in the Financial Service Industry including Investment Operation. As majority of Corporation's total revenue consists of interest income, separate segment reporting as per Accounting Standard -17 is not considered necessary.
- (08) Board of Directors at its meeting held on 3.10.2012 decided to recommend to Government of Gujarat to make the loan of ₹ 621,36,80,000/- as interest free from 1.7.2012. A proposal dated 17<sup>th</sup> October, 2012 has been submitted to Government through Industries & Mines Department and decision is awaited. Till then, interest on Government loan is charged to Statement of Profit & Loss on simple interest basis from 1.7.2012.
- (09) Financial Corporations are established to financing medium and small scale industries as Regional Development Banks for accelerating the industrial growth in States. SFCs are created as statutory Corporations pursuant to Entry No. 43 of the Union List by Parliament as a special Act. GSFC being body corporate established under SFCs Act, 1951, remedial measures available to companies are not available to the Corporation. The Corporation has suffered immense losses till date. However, it is continuing its recovery functions. The Government has been moved to make the loan advanced to the Corporation interest-free, which is under consideration. Corporation, being a statutory body, thus prepares accounts on "going concern" assumption and it is appropriate under the aforesaid circumstances.

(10) **EARNINGS PER SHARE**

Basic & diluted earnings per share

Particulars	2022-23	2021-22
	₹	₹
Earning attributable to equity shareholders (Rs.) (A)	(1,25,14,89,274)	(1,27,80,77.343)
Weighted average number of shares outstanding (B)	8,91,14,000	8,91,14,000
Basic & Diluted EPS (Rs.) [ (A) / (B) ]	(14.04)	(14.34)

Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 – Earnings per share. Basic and diluted earnings per share are calculated by dividing the net loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**GENERAL DISCLOSURE:-**

(i) Corporation, while acting as an agency to Sales Tax Department, Government of Gujarat, had sanctioned loans being the amount of sales tax payable by loanee units to Sales Tax Department (part of loans and advances depicted under Note 7) and created a liability for the same amount under the head “Long Term Borrowings” (Note 3). The amount recovered from the loanee units is paid to Sales Tax Department. Though the Corporation was only an agency for sanctioning of the loans, it has made provision for NPA of ₹ 31.49 crore on the said loan on a conservative basis.

**Signatories to Notes “1” to “15”**

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

**(M.R. Malpani) (Raveendran Nair) (Sanjay Gupta) (Leena D Katdare) (Sandip J Sagale, IAS)**  
Executive Officer Secretary(Board) Director Director Managing Director  
(Accounts)

As per our Report of even date

FOR PANKAJ R SHAH & ASSOCIATES

CHARTERED ACCOUNTANTS

ICAI Firm Reg. No. : 107361W

NILESH SHAH

PARTNER

Membership No. 107414

PLACE: AHMEDABAD

DATE: 22/05/2023

PLACE: GANDHINAGAR

DATE: 22/05/2023

Disclosure requirement for SFCs  
(Financial Year 2022-23)

**A. CAPITAL**

(a) Capital to Risk Assets Ratio (CRAR)	-698.77%
(b) The Amount of subordinated debt raised and outstanding as Tier-I and Tier -II Capital	-28,13,52,43,012
SHARE CAPITAL	89,11,40,000
SHARE FORFEITED	4,60,48,000
RESERVES & SURPLUS	2,73,36,66,913
PROFIT & LOSS ACCOUNT	-31,80,60,97,924
(c) Risk weighted assets- separately for on and off balance sheet items	4,02,63,92,335
PRINCIPAL AMOUNT (TERM LOAN, HIRE PURCHASE & LEASE FINANCE )	4,02,63,92,335

**B. Shareholding pattern as on 31-3-2023**

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

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

**C. Assets quality and credit concentration**

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

	Amount (₹ in crore)	Percentage
Net NPA =	402.64	100%
Net Loans & Advances=	0	0

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

	Amount (₹ in crore)	Percentage
Standard assets	0	0

**Amount of provision made/written back during the year towards standard assets, NPA's Investment (other than those in the nature of an advance)**

**D.**

SR NO.	Assets	Amount (₹ in Crore)	NPA Provision Required FY 21-22	NPA Provision Required FY 22-23	Provision (+)/ Write back (-)
1	NPAs		406.26	402.64	-3.62

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

F. Movement in net NPA's	Amount (In crore)
Opening Balance of Net NPA's	406.26
Closing Balance of Net NPA's	402.64
Movement in Net NPA's	-3.62

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

credit exposure as a percentage of	Capital Funds (₹ in crore)	Total Assets %
The largest single borrower	2.13	0.52
The largest single group	3.79	0.94
The 10 largest single borrower	27.49	6.83

**H. Credit Exposure to the five largest industrial sector as percentage to total Loan Assets Industriwise gross sanction/disbursement/outstanding as on 31.03.2023**

(Amount in Cr.)

Industry	Sanction FY 2022-23	Disb. FY 2022-23	Principal O/S as on 31.03.23	Ind. Wise O/S %
Chem & Chemical Prod	0	0	64.22	15.94
Textiles	0	0	53.64	13.32
Food Mfg.	0	0	29.02	7.20
Plastic Ind.	0	0	23.38	5.70
Service	0	0	3.98	0.98
<b>Total</b>	<b>0</b>	<b>0</b>	<b>174.24</b>	<b>43.14</b>

**I. Liquidity**

₹ in Crore

Items	Less than OR equal 1 Year	More than to 1 Year Upto 3 Years	More than to 3 Year Upto 5 Years	More than to 5 Year Upto 7 Years	More than to 7 Year Upto 10 Years	More than 10 years	Total
Total Assets	402.64	0.00	0.00	0.00	0.00	0.00	402.64
Liabilites foreign currency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liabilites	621.37	0.00	0.00	0.00	0.00	0.00	621.37

I. Operating results	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
(A) Interest income as a percentage to average working funds =	0.33%	0.53%
(B) Non-Interest income as a percentage to average working funds =	5.96%	6.08%
(C) Operating Loss as a percentage to average working funds =	-74.03%	-79.41%
(D) Return on Average Assets Employed =	-74.19%	-79.59%
(E) Net loss per employee (Rs. Crore)	5.21	4.26

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

Sr.No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Since inception
		3	4	5	6	7	8	9	10	11	12	
<b>1</b>	<b>2</b>											<b>13</b>
(A)	Assistance											
	1. Flow of Applications Term Loans	No.	----	----	----	----	----	----	----	----	----	61756.00
		₹	----	----	----	----	----	----	----	----	----	5385.60
	2. Loan Sanctioned											
	a. Term Loan	No.	----	----	----	----	----	----	----	----	----	46646.00
		₹	----	----	----	----	----	----	----	----	----	3732.10
	b. Lease Finance	No.	----	----	----	----	----	----	----	----	----	41
		₹	----	----	----	----	----	----	----	----	----	28.62
	c. Short Term Finance	No.	----	----	----	----	----	----	----	----	----	299
		₹	----	----	----	----	----	----	----	----	----	219.48
	d. Line of Credit	No.	----	----	----	----	----	----	----	----	----	11
		₹	----	----	----	----	----	----	----	----	----	80.00
	e. Bill discounting	No.	----	----	----	----	----	----	----	----	----	130
		₹	----	----	----	----	----	----	----	----	----	227.96
	f. Working Capital Term Loan	No.	----	----	----	----	----	----	----	----	----	225
		₹	----	----	----	----	----	----	----	----	----	174.73
	g. N.H.F.D.C.	No.	----	----	----	----	----	----	----	----	----	1113
		₹	----	----	----	----	----	----	----	----	----	4.36
	h. Fund Based Merchant Banking Activity	No.	----	----	----	----	----	----	----	----	----	20
		₹	----	----	----	----	----	----	----	----	----	26.29
	i. Small Scale Units (SSI)	No.	----	----	----	----	----	----	----	----	----	45170
		₹	----	----	----	----	----	----	----	----	----	3000.59
	j. Backward District	No.	----	----	----	----	----	----	----	----	----	18168
		₹	----	----	----	----	----	----	----	----	----	1482.14
	k. Backward Talukas	No.	----	----	----	----	----	----	----	----	----	9759
		₹	----	----	----	----	----	----	----	----	----	1574.47
	l. Rural Areas	No.	----	----	----	----	----	----	----	----	----	13599
		₹	----	----	----	----	----	----	----	----	----	1935.50
	m. Triple Area/Talukas Pockets	No.	----	----	----	----	----	----	----	----	----	4479
		₹	----	----	----	----	----	----	----	----	----	652.30



(₹ in Crore)

Sr.No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Since Inception
1	2	3	4	5	6	7	8	9	10	11	12	13
	3. Disbursement											
	a. Term Loan	₹	---	---	---	---	---	---	---	---	---	2748.92
	b. Lease Finance	₹	---	---	---	---	---	---	---	---	---	23.14
	c. Short Term Finance	₹	---	---	---	---	---	---	---	---	---	187.49
	d. Line of Credit	₹	---	---	---	---	---	---	---	---	---	65.79
	e. Bill discounting	₹	---	---	---	---	---	---	---	---	---	200.72
	f. Working Capital Term Loan	₹	---	---	---	---	---	---	---	---	---	154.42
	g. Fund Based Merchant Banking Activity	₹	---	---	---	---	---	---	---	---	---	11.52
	h. N.H.F.D.C.	₹	---	---	---	---	---	---	---	---	---	12.31
	4. Recovery											
	a. Term Loan	₹	21.58	12.51	12.74	6.53	7.61	7.92	3.53	1.61	5.21	3507.15
	b. Lease Finance	₹	---	---	---	---	---	---	---	---	---	14.64
	c. Short Term Finance	₹	---	---	---	---	---	---	---	---	---	208.16
	d. Line of Credit	₹	---	---	---	---	---	---	---	---	---	60.53
	e. Bill discounting	₹	3.29	0.24	2.31	---	---	---	---	---	---	209.99
	f. Working Capital Term Loan	₹	3.25	0.89	1.79	0.46	1.04	0.54	0.03	---	---	115.85
	g. Fund Based Merchant Banking Activity	₹	---	---	---	---	---	---	---	---	---	0.11
	h. N.H.F.D.C.	₹	---	---	0.02	0.03	0.01	0.31	---	---	---	1.85
	5. Loan Outstanding(at year end)	No.	---	---	---	---	---	---	---	---	---	---
(B)	Working Results											
	1. Earning											
	a. Interest	₹	18.03	7.97	11.67	3.18	6.46	2.42	0.42	0.85	0.55	
	b. Other Income	₹	6.88	6.84	12.01	9.87	8.58	10.12	10.58	9.76	10.05	

(₹ in Crore)

Sr.No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	2	3	4	5	7	8	9	10	11	12	13
2	Expenditure										
a	Interest on bond, deposits & Other Borrowings	₹ 115.21	118.26	121.09	123.66	125.99	128.05	129.99	131.89	133.74	135.62
b	Financial Expenses & Commitment Charges	₹ 0.00	0.00	0.00	0.01	0	0.001	0.00	0.00	0.00	0.00
c	Personnel Expenses	₹ 4.53	5.10	4.08	3.95	3.22	3.00	2.99	3.19	3.28	2.27
d	Other expenses	₹ 14.71	11.88	14.88	7.10	3.75	5.16	3.52	1.94	1.63	1.36
e	Depreciation	₹ 0.31	0.42	0.43	0.52	0.47	0.41	0.36	0.33	0.29	0.26
f	Provision against NPA	₹ -15.90	-8.85	-11.81	-4.85	-2.94	-9.20	-5.97	-2.84	-0.33	-3.62
3	Profit/(Loss) before tax	₹ -112.76	-121.64	104.99	-117.18	-115.53	-114.87	-117.44	-122.92	-127.81	-125.15
4	Profit/(Loss) after tax	₹ -112.79	-121.64	104.99	-117.18	-115.53	-114.87	-117.44	-122.92	-127.81	-125.15
(C)	Capital & Resources ( as at the end of)										
1	Paid up capital	₹ 89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11	89.11
2	Share Forfeited	₹ 4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60
3	Reserves	₹ (1866.55)	(1961.36)	273.37	273.37	273.37	273.37	273.37	273.37	273.37	273.37
4	Borrowings	₹ 661.69	661.68	66168.00	661.68	661.68	661.68	661.68	661.68	661.68	661.68
a	Market Bonds	₹ 0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b	Govt. Loan	₹ 621.37	621.37	621.37	621.37	621.37	621.37	621.37	621.37	621.37	621.37
c	SIDBI Loan	₹ ---	---	---	---	---	---	---	---	---	---
d	Refinance	₹ ---	---	---	---	---	---	---	---	---	---
e	Fixed Deposits	₹ ---	---	---	---	---	---	---	---	---	---
f	Line of Credit from Banks	₹ ---	---	---	---	---	---	---	---	---	---
g	Priority Sector Bond	₹ ---	---	---	---	---	---	---	---	---	---
h	Loan from NHFDC	₹ ---	---	---	---	---	---	---	---	---	---
i	Short Term Loan GIDC	₹ ---	---	---	---	---	---	---	---	---	---

**HEAD OFFICE**

**GUJARAT STATE FINANCIAL CORPORATION**

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

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

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

**REGIONAL OFFICES**

**AHMEDABAD REGIONAL OFFICE**

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

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

FAX NO. (079) 232 21625

**SURAT REGIONAL OFFICE**

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

TELE. NO. (0261) 2460546/47

FAX NO. (0261) 2460543

**RAJKOT REGIONAL OFFICE**

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

TELE. NO. (0281) 2443664, 2442715

FAX NO. (0281) 2479292

**GUJARAT STATE FINANCIAL CORPORATION**  
Head Office : UDYOG BHAVAN, 1<sup>st</sup> FLOOR, BLOCK NO.10,  
SECTOR-11, GH-4, GANDHINAGAR-382 010.

**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 SIXTY THIRD ANNUAL GENERAL MEETING of the Corporation in the Office of the Corporation at Head Office at Udyog Bhavan, Block No. 10, 1<sup>st</sup> Floor, Sector-11, Gandhinagar-382010 on Thursday the 27<sup>th</sup> July, 2023 at 1:00 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, 1<sup>st</sup> FLOOR, BLOCK NO.10,  
SECTOR-11, GH-4, GANDHINAGAR-382 010.

**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 SIXTY THIRD ANNUAL GENERAL MEETING of the Corporation in the Office of the  
Corporation at Head Office at Udyog Bhavan Block No.10, 1<sup>st</sup> Floor Sector-11, Gandhinagar-382010  
on Thursday the 27<sup>th</sup> July, 2023 at 1:00 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Folio No.	
DP ID	
Client ID	
No. of shares	

**Affix ₹ 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.

# **Gujarat State Financial Corporation**

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

Designed, Processed & Printed @ Government Central Press, Gandhinagar