

**GUJARAT STATE FINANCIAL CORPORATION
SECRETARIAL CELL**

MINUTES OF THE 52nd ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF GUJARAT STATE FINANCIAL CORPORATION HELD ON THURSDAY, THE 8TH NOVEMBER, 2012 AT 4.00 P.M. IN THE OFFICE OF THE CHAIRMAN AT HEAD OFFICE AT UDYOG BHAVAN, BLOCK NO. 10, FIRST FLOOR, SECTOR-11, GANDHINAGAR – 382017.

In attendance :

Board of Directors

1. Shri Arvind Agarwal, IAS, Managing Director

Class 'A' Shareholders

2. Shri Anand Bihola, Under Secretary, Industries & Mines Department, Gandhinagar, to represent the Governor of Gujarat (authorization vide order No. GFC/(AGM)/102010/6583/2011/P dated 29/10/2012 of Industries & Mines Department, Sachivalaya, Gandhinagar).

Class 'B' Shareholders

3. Shri Sanjay Gupta, Dy. General Manager, SIDBI to represent SIDBI vide authorization letter no. AHRO Ref. No. 10228/GSFC dated 06/11/2012.

Class 'C' Shareholders

4. Shri D K Gupta, Chief Manager, Union Bank of India, Gandhinagar in pursuance of authorization letter No. TRB : 283 dated 01/11/2012.

Class 'D' Shareholders

5. 23 shareholders belonging to class 'D' category remained present in person.

In presence :

1. Shri Rashmibhai Shah, Chartered Accountant, Partner – M/s. Mahendra N Shah & Company, Ahmedabad – Statutory Auditor
2. Shri Raveendran Nair, Secretary (Board)

At the outset, Secretary (Board) welcomed the shareholders and informed that ten members present in person or by proxy constitute a valid quorum and that the necessary quorum was present for the meeting. He further informed the members that since the Chairman could not attend the meeting, in accordance with Regulation 26 (i) of the GSFC General Regulations, the shareholders could elect any one of the Directors present to hold the office as Chairman of this meeting. Shri Anand Bihola, representative of Governor of Gujarat, proposed the name of Shri Arvind Agarwal, IAS, Managing Director, as Chairman of this Annual General meeting. Shri Nikunj Mahadevia, shareholder, seconded the proposal. The proposal was put to vote by show of hands and Shri Arvind Agarwal, IAS, Managing Director, was unanimously elected as Chairman of the meeting. Thereafter, Secretary (Board) requested Chairman to occupy the chair and regulate the meeting. Accordingly Chairman occupied the Chair. Secretary (Board), thereafter, announced commencement of the meeting.

With the permission of the members present, Chairman took the Statement of Profit and Loss of the Corporation for the year ended 31st March 2012 and the Balance Sheet as on that date along with the Auditor's Report thereon and the report of the Board of Directors as read. Thereafter, Chairman addressed the members highlighting the performance of the Corporation for the financial year 2011-12.

Secretary (Board) read before the members the agenda items as per the notice to be transacted in the meeting. With the unanimous approval of members, the Auditor's Report was taken as read.

Chairman thereafter moved Resolution of agenda item No. 1 regarding adoption of Statement Profit & Loss of the Corporation for the year 2011-12 and the Balance Sheet as on that date along with Auditor's report thereon and report of the Board of Directors. Shri Kamal M Bhatt, shareholder, seconded the Resolution. The Resolution was put to vote by show of hands. As no one voted against the Resolution, the following Resolution was passed unanimously:


'RESOLVED THAT THE STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET OF THE CORPORATION FOR THE YEAR ENDED ON 31ST MARCH 2012 ALONG WITH AUDITORS' REPORT THEREON AND THE REPORT OF THE BOARD OF DIRECTORS BE AND ARE HEREBY RECEIVED, CONSIDERED AND ADOPTED.'

Chairman thereafter informed the shareholders that as per Section 37 (1) of the SFCs Act, 1951, the auditors shall be required to be appointed or re-appointed in the General Meeting out of the panel of auditors approved by Reserve Bank of India. He further informed that RBI vide letter dated 27TH April 2012 confirmed the eligibility for reappointment of M/s. Mahendra N Shah & Company, Chartered Accountants, Ahmedabad as Auditors of the Corporation. He also informed that the said firm of Chartered Accountants consented to act as statutory auditors at a remuneration of Rs.1,17,250/- plus service tax etc. He thereafter moved the Resolution for reappointment of said firm of auditors and Shri Johny Joseph, shareholder, seconded the Resolution. The Resolution was put to vote by show of hand. As no one voted against the Resolution, the following Resolution was passed unanimously.

'RESOLVED THAT M/S. MAHENDRA N SHAH & COMPANY, CHARTERED ACCOUNTANTS, E-BLOCK, CAPITAL COMMERCIAL CENTRE, ASHRAM ROAD, AHMEDABAD 380 009 BE AND ARE HEREBY REAPPOINTED AS AUDITORS OF THE CORPORATION TO HOLD OFFICE FROM THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING TILL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING AT A FEE OF RS.1,17,250/- PLUS TAXES PLUS HALTING AND TRAVELLING EXPENSES ON ACTUAL BASIS AS ALSO 12% OF AUDIT FEE FOR OBTAINING LIMITED REVIEW CERTIFICATES ETC.

Secretary (Board) thanked the Chairman and shareholders for sparing their valuable time and attending the meeting.

As there was no other business to be transacted, Secretary (Board), with the permission of the Chair, declared the meeting as concluded.


(Raveendran Nair)
Secretary (Board)

Sd/-
(Arvind Agarwal)
Chairman of the meeting

GUJARAT STATE FINANCIAL CORPORATION
BLOCK No. 10, SECTOR 11, GANDHINAGAR

Speech of the Chairman at 52nd Annual General Meeting of the shareholders of Gujarat State Financial Corporation held on 8th November, 2012 at 4.00 PM in the office of the Chairman, GSFC, Head Office, Udyog Bhavan, 1st Floor, Block 10, Sector 11, Gandhinagar.

Ladies and Gentlemen,

On behalf of the Board of Directors of Gujarat State Financial Corporation and on my own behalf, I am pleased to welcome you on the occasion of the Fifty Second Annual General Meeting of your Corporation. The Annual Report 2011-12 has been with you for some time now and with your permission, I shall take the Audited Financial Statements and the Directors' Report as read. I take this opportunity to share my views on the economic scenario as well as to present the performance highlights of your Corporation.

ECONOMIC OVERVIEW

India is developing into an open-market economy. Economic liberalization, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and has served to accelerate the country's growth, which has averaged more than 7% per year since 1997. India's diverse economy encompasses traditional farming, modern agriculture, handicrafts, a wide range of modern industries and a multitude of services. Slightly more than half of the work force is in agriculture, but services are the major source of economic growth, accounting for more than half of India's GDP, with only one-third of its labour force. In 2010, the Indian economy rebounded robustly from the global financial crisis – in large part because of strong domestic demand and growth exceeded 8% year-on-year in real terms. However, India's economic growth in 2011 slowed because of persistently high inflation and interest rates and slowing down of economic reforms. India's medium-term growth outlook is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates and increasing integration into the global economy.

The GDP growth was estimated to be 6.5% during 2011-12 compared to 8.4% in 2010-11. The economy witnessed slowdown in agricultural and manufacturing sectors, increasing inflation and weakening of the Indian rupee. According to UN Economic and Social Commission for Asia and the Pacific, India was expected to see a slower economic growth of 5.9 per cent in the current financial year, even as there are reasons to believe the "economy has turned the corner".

PERFORMANCE OF GSFC DURING 2011-12

The performance of the Corporation continued to be under the grip of recessionary trend that has been visible since the last decade. In spite of the fact that Corporation discontinued its main functions of sanction and disbursement for more than ten years and concentrates only on recovery of dues, your Corporation could recover Rs.31.69 crore during the year under reference as against Rs.38.35 crore during the previous year. The total income, including exceptional income, for the year under reference stood at Rs.56.71 crore, whereas the same for the last year was Rs.64.21 crore. Your Corporation incurred total expenditure (including accrued interest) of Rs.265.63 crore during the year under reference as against Rs.221.12 crore during the last year. The net loss reported by your Corporation stood at Rs.208.92 crore during the year as against Rs.156.91 crore in the previous year. The accumulated loss of the Corporation as on balance sheet date is Rs.1913.97 crore.

RESOURCES MANAGEMENT

During the year under reference, your Corporation received financial assistance of Rs.4.20 crore from Government of Gujarat. Your Corporation redeemed Government guaranteed bonds having face value of Rs.2.95 crore leaving a balance of Rs.1.25 crore, which was redeemed in the current year. Your Corporation also repaid Priority Sector Bonds (Non-guaranteed) worth Rs.1.92 crore during the year under reference. Your Corporation made settlement with remaining Priority Sector bondholders during the current year and I am happy to inform that as of now, except loan from Government of Gujarat, no other external borrowing is due to any agencies by the Corporation.

INITIATIVES TAKEN BY THE CORPORATION

As informed to members in the last Annual General Meeting, all loan assets of your Corporation have almost turned into NPA. Members were also informed that Corporation was considering auctioning such accounts to Asset Reconstruction Companies in accordance with the provisions of SARFAESI Act, 2002. I am happy to inform you that your Corporation has already started this process. We expect to complete it during the current year.

Due to heavy burden of interest and penal interest on Government loans, your Corporation has made a request to Government of Gujarat to make the Government loan of Rs.621.37 crore interest free from 1.7.2012. I hope to receive a positive response from Government at the earliest. It is expected that making Government loan interest free will bring down the loss of the Corporation substantially.

ACKNOWLEDGEMENT

I take this opportunity to express my sincere gratitude for the immense support and guidance received by your Corporation from various departments of Government of Gujarat, particularly the Industries & Mines Department and Finance Department. My grateful thanks are also due to the Reserve Bank of India and SIDBI and their local offices for their co-operation. I would also like to express my thanks and appreciation to my esteemed colleagues on the Board and to all employees of GSFC for their unwavering commitment to their work, and to all the other stakeholders for their valuable support and cooperation.

Thank you.