

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

Speech of the Chairman at 55th Annual General Meeting of the shareholders of Gujarat State Financial Corporation held on 30th October, 2015 at 4.00 PM in the Office of the Chairman at Head Office at Udyog Bhavan, 1st Floor, Block 10, Sector 11, Gandhinagar.

Dear Shareholders,

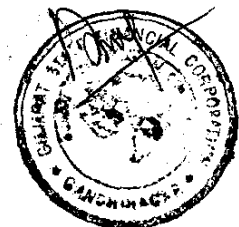
Good afternoon. On behalf of the Corporation and the Board of Directors, it gives me immense pleasure in extending a very warm welcome to all of you at this 55th Annual General Meeting of your Corporation. I thank you all for sparing your valuable time to be present here to attend this meeting.

The audited Statements of Accounts for the year ended 31st March, 2015 together with the Auditors' Report, Directors' Report and Addendum to Directors' Report have been with you some time and with your permission, I take them as read.

ECONOMIC OVERVIEW

The global economic activity recovered during Financial Year 2014-15, albeit marginally with divergent rates across economies. Among the developed economies, only US has shown signs of promise while the ongoing recession in Europe in past few years had added Greece as a new member after Portugal and Italy to the financial contagion. According to IMF, the World economy grew at 3.4% in 2014-15, a little bit higher than previous year.

On the domestic front, macroeconomic stability was reassured with falling inflation which is further supported with a stable Government at the centre. The Indian economy exhibited a strong growth of 7.3% accelerating from 6.9% recorded in the previous year. Government of India took various initiatives to overhaul the economy including allowing FDI in major sectors, increased spending on infrastructure

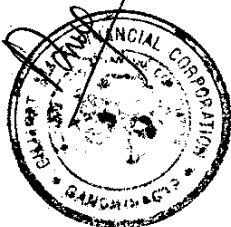


and so on which will help in long term sustainable growth of the country. Government's other measures like Make in India and Digital India would open ways for setting up numerous businesses in the country.

The latest World Bank report has maintained India's growth forecast for the year when other multilateral agencies and even the Reserve Bank of India think global situation will drag down the country's growth. World Bank stated that India will grow at 7.5 per cent in the current fiscal which would further accelerate to 7.8 per cent in the next fiscal. Reduced political uncertainty helped by positive policies, increasing pace of reforms and fiscal consolidations coupled with lower global oil prices and collapse of international commodity prices augur well for the growth prospects of Indian economy in the coming years.

PERFORMANCE DURING 2014-15

As reported to you in the previous occasions in this august house, Corporation discontinued its main functions of sanction and disbursement and since more than a decade concentrates on recovery of its dues. Due to loan assets turned to sticky NPAs, revenues from operations waning. In spite of adverse situations, Corporation recovered an amount of Rs.13.64 during the Financial Year 2014-15 as against Rs.22.88 crore reported a year ago. Revenue from operations for the year under report stood at Rs.7.97 crore as against Rs.18.02 crore recorded in the previous year. Total income including exceptional income for the year stood at Rs.41.64 crore which in the previous year was Rs.40.81 crore. The meager increase in total income, though revenue from operations reduced, attributes to profit booked on sale of investments and write back of NPA provision. Total expenses for the year under report increased by Rs.1.69 crore over the previous year to Rs.136.45 crore of which financial cost consumes a major chunk of Rs.118.26 crore. The net loss for the year under report stood at Rs.94.81 crore as against Rs.112.79 crore a year



ago. The accumulated loss as on 31st March, 2015 stood at Rs.2234.73 crore.

OUTLOOK FOR CURRENT YEAR 2015-16

Members are aware that almost all good loan accounts with the Corporation have either settled or closed. Corporation is left with sticky NPA accounts from which recovery is difficult unless strenuous efforts are made. In pursuit to encourage loanees to settle the dues and to augment recovery, One Time Settlement Schemes for Term Loan and BIFR/GBIFR cases have been re-introduced and will be operative till December, 2015. Recently Corporation has introduced a tailor-made One Time Settlement Scheme for Women Entrepreneurs so that women entrepreneurs, whom financial assistance had been extended by the Corporation and had not been successful, can settle the dues. Corporation has dropped the initiative to sell Non Performing Assets through Assessment Management Companies. Barring interest on Government loan, measures have been taken to curtail other expenses to bring down the loss.

CHANGE IN REGISTRARS AND TRANSFER AGENT

Our R&T Agent, M/s. MCS Ltd., informed their decision to withdraw from the business of Registrars as a part of their business strategy. Corporation has, therefore, appointed M/s. MCS Share Transfer Agent Ltd, Ahmedabad, subject to regulatory approvals. Both Central Depository Services (India) Ltd and National Securities Depository Ltd conveyed their approval. Accordingly, M/s. MCS Share Transfer Agent Ltd took over R&T assignment of the Corporation with effect from 9th October, 2015.

DELISTING FROM NATIONAL STOCK EXCHANGE

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ACKNOWLEDGEMENT

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Once again thank you and my advance best wishes for Diwali and a very happy and prosperous New Year.



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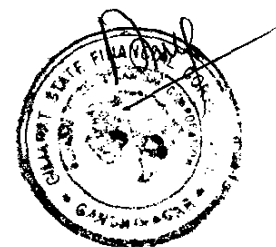
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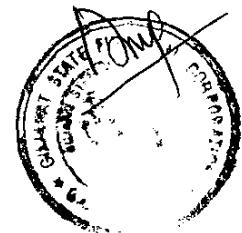
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