



Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

SECRETARIAL CELL

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The Corporate Relations Department
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Mumbai 400 001

Sub: **56th Annual General Meeting – Chairman speech**
Ref: **Stock Code 532160**

Dear Sirs,

Please find forwarded herewith the speech delivered by the Chairman to the shareholders in the 56th Annual General Meeting held today ie., Saturday, the 17th September, 2016 at 5.00 PM in the Office of the Chairman at Head Office, Gandhinagar.

Thanking you,

Yours faithfully,
for Gujarat State Financial Corporation


Secretary (Board)

GUJARAT STATE FINANCIAL CORPORATION

BLOCK No. 10, SECTOR 11, GANDHINAGAR

Speech of the Chairman at 56th Annual General Meeting of the shareholders of Gujarat State Financial Corporation held on Saturday, the 17th September, 2016 at 5.00 PM in the Office of the Chairman at Head Office at Udyog Bhavan, 1st Floor, Block 10, Sector 11, Gandhinagar.

Dear Shareholders,

Good evening.

It gives me great pleasure to welcome you all to the 56th Annual General Meeting of your Corporation. I thank you all for sparing your valuable time for being present here to attend this meeting.

The audited financial statements for the year ended 31st March, 2016 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 SCENARIO

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). The improvement in India's economic fundamentals has accelerated in the year 2015-16 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. Data for the first half of FY 2016 suggest that the economy remains on an uneven footing: industrial production picked up pace in June, while exports swung back to contraction in July. Meanwhile, the government has accelerated reform momentum, creating the foundations for a higher growth trajectory going forward. Parliament approved the Goods and Services Tax (GST) Bill, one of the most significant economic reforms in decades. The Bill will streamline the country's complex tax system, reducing business costs, and widen the tax base going forward.

Economic growth is projected to remain strong during the current financial year. Private consumption will be boosted by large increases in public wages and declining inflation. Investment will pick up gradually as excess capacity fades, deleveraging continues for corporations and banks and infrastructure projects mature. 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 Union Cabinet has approved the introduction of several short term (within one year) and medium term measures (within two years) to be implemented by government ministries, departments and organizations for promotion of payments through cards and digital means, and to reduce cash transactions. All these efforts will translate into accelerating economic growth and it is expected that Indian economy is poised to grow between 7.5% and 8% in the current fiscal.



PERFORMANCE HIGHLIGHTS

As reported to you in the previous occasions in this august house, Corporation solely concentrate on recovery of its dues. In spite of adverse situations, Corporation's interest income registered a jump of 46.42% to Rs.11.67 crore in the year under report compared to Rs.7.97 crore in the previous year. However, other income declined by 29.25% to Rs.23.82 crore from Rs.33.67 crore a year ago. Total income for the year under reference stood at Rs.35.49 crore, a decline of 14.76% over Rs.41.64 crore registered in the previous year. Corporation's total expenditure for the year report increased by 2.87% to Rs.140.48 crore as against Rs.136.45 crore in the previous year. During the year under reference, Corporation's recovery performance has shown a growth of 23.61% to Rs.16.86 crore over Rs.13.64 crore reported a year ago. The accumulated loss as on 31st March, 2016 stood at Rs.2,339.72 crore.

OUTLOOK FOR CURRENT YEAR 2016-17

You are aware that Corporation is concentrating on recovery only since last 15 years. With the passage of time, almost all good loanees have closed their accounts with the Corporation either in the normal course of business or by way of settlement. Recovery from left out accounts is a herculean task. In order to attract recalcitrant loanees and to augment recovery, One Time Settlement Schemes have been extended up to the close of the current financial year. Benefits of One Time Settlement Scheme for Women Entrepreneurs have been extended to all units promoted and continued to be owned by women entrepreneurs. OTS Scheme for term loans disbursed up to Rs.15.00 lakh has been liberalized so that units backed by assets can also take benefit of the scheme. With the strengthening of recovery efforts, Corporation expects to maintain recovery performance.

DELISTING FROM NATIONAL STOCK EXCHANGE

Members were informed in the last meeting that Corporation had applied for delisting of its securities from National Stock Exchange of India Ltd (NSE). NSE conveyed vide its letter dated 26th February, 2016 that the securities of the Corporation shall stand delisted from NSE with effect from 18th March, 2016. Members may note that though the securities are delisted from NSE, it continues to be listed on BSE Ltd.

ACKNOWLEDGEMENT

On behalf of the Board and on my behalf, I take this opportunity to thank all shareholders, customers and well-wishers for extending support and patronage. I also thank the Government of Gujarat and in particular, Finance and Industries & Mines Departments for continuous guidance and support. I am also thankful to Reserve Bank of India and Small Industries Bank of India for their co-operation. I shall be failing in my duty if I do not place on record our deep appreciation for the invaluable contributions made by Shri Ajit Nath Jha, Director. I also wish to place on record our appreciation for the services rendered by all the employees of the Corporation.

Once again thank you.

