



Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

SECRETARIAL CELL

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

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GSFC/SEC.CELL/

September 07, 2020

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

Sub: **Outcome of the Board meeting held on 07th September, 2020 –
Unaudited financial results for the quarter ended June 30, 2020**

Ref: **Stock Code 532160**

Dear Sirs,

Further to our notice dated August 24, 2020, the Board of Directors of the Corporation at its meeting held today, ie., 07th September, 2020, inter alia, has considered and approved the unaudited financial results of the Corporation for the quarter ended 30th June, 2020.

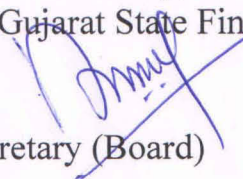
The Board meeting commenced at 01.00 PM and concluded at 01.45 PM. We now forward herewith the following:-

1. Unaudited financial results for the quarter ended June 30, 2020 duly executed by the Managing Director;
2. Limited Review Report of even date on the said quarterly financial results issued by Statutory Auditors, M/s. Priyam R Shah & Associates, Chartered Accountants,
3. Extract of unaudited financial results for the quarter ended 30th June, 2020 being released in daily "Financial Express", Ahmedabad edition.

Kindly take the above on record.

Thanking you,

Yours faithfully,
for Gujarat State Financial Corporation


Secretary (Board)

GUJARAT STATE FINANCIAL CORPORATION
GANDHINAGAR
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(Rs in Lakh)

PARTICULARS	Quarter ended			Year ended
	30.06.2020 (Unaudited)	31.03.2020 (Audited)	30.06.2019 (Unaudited)	31.03.2020 (Audited)
1 Interest earned	0.43	77.36	124.77	212.87
2 Other Income	278.53	283.57	278.25	1133.25
3 Total Income (1+2)	278.96	360.93	403.02	1346.12
4 Interest Expended	3270.63	3223.23	3222.97	12999.51
5 Operating Expenditure (i)+(ii)+(iii)	108.22	147.19	139.26	608.58
(i) Employees cost	62.06	76.75	69.96	298.96
(ii) Other operating expenses	39.22	62.43	54.89	227.32
(iii)Bad Debt written off	6.94	8.01	14.41	82.30
6 Total Expenditure (4+5)	3378.85	3370.42	3362.23	13608.09
7 Operating Profit before provisions&contingencies (3-6)	(3099.89)	(3009.49)	(2959.21)	(12261.97)
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)+(iv)	4.01	(90.85)	305.90	518.07
(i) Profit on Sale of assets	0.00	0.00	0.00	0.00
(ii) Profit on Sale of Investment	0.00	0.00	0.00	0.00
(iii) Diminution in the value of investment written back	0.00	(78.77)	0.00	(78.77)
(iv) Provision for NPA written back	4.01	(12.08)	305.90	596.84
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(3095.88)	(3100.34)	(2653.31)	(11743.90)
11 Tax expenses	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	(3095.88)	(3100.34)	(2653.31)	(11743.90)
13 Extraordinary items (net of tax expenses)	0.00	0.00	0.00	0.00
14 Net Profit(+)/Loss(-) for the period (12-13)	(3095.88)	(3100.34)	(2653.31)	(11743.90)
15 Paid-up Equity Share Capital (Face value Rs. 10/- each)	8911.40	8911.40	8911.40	8911.40
16 Reserves excluding Revaluation Reserves as at 31st March,	---	---	---	(253136.89)
17 Analytical ratios				
i Percentage of Share held by Government of Gujarat	55.09	55.09	55.09	55.09
ii Basic and diluted Earnings Per Share (Not annualized) Rs.	(3.47)	(3.48)	(2.98)	(13.18)
iii NPA Ratio				
a Gross NPA	40938.35	40942.36	41233.30	40942.36
b Net NPA	40938.35	40942.36	41233.30	40942.36
c % of Gross NPA to Gross advances	100%	100%	100%	100%
d % of Net NPA to Net advances	100%	100%	100%	100%
e Return on assets	0.00	0.00	0.00	0.00



Notes:

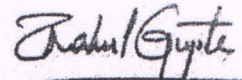
1. The above un-audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 07-09-2020.
2. Figures for the previous periods have been reclassified to conform to the presentation adopted in this statement. The figures for the three months ended 31st March, 2020 are the balancing figures between the audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the said financial year.
3. Corporation is primarily engaged in the business of term lending. All activities of the Corporation revolve around the said main business. Hence there are no reportable segments as per AS-17 "Segment Reporting".
4. Due to decrease in Loan Assets, NPA provision no longer required of Rs.4.01 lakh written back during the quarter under reference and shown as exceptional item.
5. Statutory Auditors in the Limited Review Report on the said results made qualified opinion which along with Management's views is given below:-

Sr. No.	Audit qualification	Management's view
1	The financial results 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 Polices". The effect of the same on the financial results 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 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.
2	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 and subsequent issuance of Government Resolutions. The Government has been moved to make the loan advanced to the Corporation interest free from 1-7-2012 vide letter dated 17 th October, 2012. The request is still under consideration. However, pending decision, interest and penal interest is charged to Statement of Profit & Loss. The outstanding details are submitted to administrative department on quarterly basis. The loan accounts are reconciled with other authorities also from time to time. In view of this, separate confirmation is not obtained.
3	Interest income on loans and advances on account of recovery from the parties are made on actual receipt basis since beginning of financial year starting from 1 st April, 2018, as a result of change in	Till 31 st March, 2018, the practice followed was that installments received under OTS Scheme is apportioned in the order of penalty, interest and other charges and lastly in principal. After receiving settlement amount in full, interest and penalty already received is credited to principal and the amount of shortfall in principal and other capitalized expenses is written off. Therefore.



accounting policy adopted by the Corporation. However, in respect of receipts prior to 1-4-2018, the then prevailing policy is kept intact. Therefore, the actual effect on written back NPA, bad debt provision and any other items of financial results could not be ascertained.	interest income reported in P&L A/c and write off may not be of that particular year. This policy has been changed from 1 st April, 2018 and now receipts are first accounted for principal and capitalized expenses and thereafter, amount, if any, left out in the order of interest, penalty and other charges. As a result of adoption of the said accounting policy, interest income decreases and NPA provision wrote back increases in settlement of NPA accounts. The position will be set right once all old cases are settled.
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By order of the Board of Directors,



(Rahul Gupta, IAS)
Managing Director

Place: Gandhinagar
Date : September 07, 2020



Priyam R. Shah & Associates

CHARTERED ACCOUNTANTS

202, Pelican, Gujarat Chamber of Commerce Compound, Ashram Road, Ahmedabad-380 009.
Tele (0) 079-40042700-01-02-03 • E-mail : rmshah@rmshah.net



Independent Auditor's Limited Review Report

To,
The Board of Directors,
Gujarat State Financial Corporation

Introduction

We have reviewed the accompanying statement of un-audited financial results of Gujarat State Financial Corporation ('the Corporation') for the first quarter and three months period ended 30th June, 2020 (the Statement). This statement is the responsibility of Corporation's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statements based on our review.

Scope of Review

We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Basis for qualified conclusion

1. The financial results 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 results is not ascertainable.
2. Dues payable to Government of Gujarat is subject to confirmation and adjustment, if any. Pending such confirmation, the effect thereof on interest and penal interest is not ascertainable.
3. Interest income on loans and advances on account of recovery from the parties are made on actual receipt basis since beginning of financial year starting from 1st April, 2018, as a result of change in accounting policy adopted by the Corporation. However, in respect of receipts prior to 1-4-2018, the then prevailing policy is kept intact. Therefore, the actual effect on write back of NPA, bad debt provision and any other items of financial results could not be ascertained.



Priyam R. Shah & Associates

CHARTERED ACCOUNTANTS



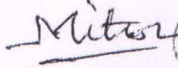
202, Pelican, Gujarat Chamber of Commerce Compound, Ashram Road, Ahmedabad-380 009.
Tele (O) 079-40042700-01-02-03 • E-mail : rmshah@rmshah.net

Qualified Conclusion

Based on our review conducted as above, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying statement prepared in accordance with applicable Accounting Standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 including the manner in which it is to be disclosed or that it contains any material misstatement.

Place: Ahmedabad
Date: September 07, 2020

For, Priyam R Shah & Associates
Chartered Accountants
Firm Registration No: 118421W


(Mitesh M. Nagar)
(Partner)
Membership Number: 173787
UDIN: 20173787AAAAGB5820





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Extract of unaudited Financial Results for the quarter ended on 30th June, 2020

(Rs. in lakh except EPS data)

Particulars	Quarter ended	Year ended	Quarter ended
	30.06.2020 (un-audited)	31.03.2020 (audited)	30.06.2019 (un-audited)
Total income from Operations (net)	4.44	1,942.96	708.92
Net profit/loss from ordinary activities after tax (before extra ordinary items)	(3,095.88)	(11,743.90)	(2,653.31)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(3,095.88)	(11,743.90)	(2,653.31)
Paid-up Equity Share Capital (Face value of Rs.10)	8,911.40	8,911.40	8,911.40
Reserves (excluding Revaluation Reserves) as on March 31	-	(2,53,136.89)	-
Earnings Per Share (EPS) (before and after extraordinary items)			
(a) Basic	(3.47)	(13.18)	** (2.98)
(b) Diluted	(3.47)	(13.18)	** (2.98)

** Not annualized.

Note:-

1. The unaudited financial results for the quarter ended 30th June, 2020 along with Limited Review Report thereon issued by the statutory Auditors have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on September 07, 2020.
2. The above is an extract of the detailed format of the quarterly financial results filed with BSE Limited under Regulation 33 of SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the quarterly financial results is available on BSE Ltd website www.bseindia.com as also on Corporation's website <https://gsfc.gujarat.gov.in>
3. The Limited Review Report in respect of the said un-audited financial results contains qualified opinion. The qualifications and the response of the management thereon are available as part of the detailed Regulation 33 formats posted on both websites named above.

For and on behalf of Board of Directors,

(Rahul Gupta, IAS)
Managing Director

Place : Gandhinagar

Date : 07-09-2020

