



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: www.gsfc.gujarat.gov.in Email: sec-cell-gsfc@gujarat.gov.in

GSFC/SEC.CELL/C-2/

June 30, 2021

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

Sub: **Outcome of the Board meeting held on June 30, 2021.**
Ref: **Stock Code 532160**

Dear Sirs,

Further to our notice dated June 18, 2021, the Board of Directors of the Corporation at its meeting held today, i.e., 30th June, 2021, inter alia, has considered and approved the Audited Financial Results of the Corporation for the quarter and financial year ended 31st March, 2021. Board also decided to recommend to Members in the ensuing 61st Annual General Meeting to re-appoint M/s. Priyam R Shah & Associates, Chartered Accountants, Ahmedabad, as statutory auditors of the Corporation for the FY 2021-22 for the fourth term. In view of loss, Board of Directors has not recommended dividend for the FY 2020-21.

The Board meeting commenced at 3.00 PM and concluded at 4.15 PM.


We now forward herewith the following:-

1. Audited financial results for the quarter and year ended March 31, 2021 together with Statement of Assets & Liabilities and Cash Flow Statement as on that date.
2. Auditor's Report on quarterly financial results and the year to date results and Independent Auditor's Report for the year ended March 31, 2021.
3. Statement on Impact of audit qualifications for the FY 2020-21 together with qualifications and Management's views thereon in Annexure-A.
4. Extract of audited financial results for the quarter and year ended March 31, 2021 as per Regulation 33 of SEBI (LODR) Regulations, 2015 for publication.

The financial results and all other aforesaid documents are available on the website of the Corporation www.gsfc.gujarat.gov.in

Thanking you,

Yours faithfully,
for Gujarat State Financial Corporation,


Secretary (Board)

GUJARAT STATE FINANCIAL CORPORATION
GANDHINAGAR
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER YEAR ENDED MARCH 31, 2021

(Rs in Lakh)

PARTICULARS	Quarter ended			Year ended	
	31.03.2021 (Audited)	31.12.2020 (Unaudited)	31.03.2020 (Audited)	31.03.2021 (Audited)	31.03.2020 (Audited)
1 Interest earned	62.14	-72.11	77.36	42.86	212.87
2 Other Income	255.06	257.14	283.57	1057.80	1133.25
3 Total Income (1+2)	317.20	185.03	360.93	1100.66	1346.12
4 Interest Expended	3269.55	3330.19	3223.23	13189.33	12999.51
5 Operating Expenditure (i)+(ii)+(iii)	120.66	191.78	147.19	545.76	608.58
(i) Employees cost	61.33	124.42	76.75	319.36	298.96
(ii) Other operating expenses	59.33	66.69	62.43	218.27	227.32
(iii) Bad Debt written off	0.00	0.67	8.01	8.13	82.30
6 Total Expenditure (4+5)	3390.21	3521.97	3370.42	13735.09	13608.09
7 Operating Profit before provisions & contingencies (3-6)	(3073.01)	(3336.94)	(3009.49)	(12634.43)	(12261.97)
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)+(iv)	106.11	105.14	(90.85)	342.68	518.07
(i) Profit on Sale of assets	0.00	0.00	0.00	0.00	0.00
(ii) Profit on Sale of Investment	0.00	0.00	0.00	0.00	0.00
(iii) Diminution in the value of investment written back	58.57	0.00	(78.77)	58.57	(78.77)
(iv) Provision for NPA written back	47.54	105.14	(12.08)	284.11	596.84
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2966.90)	(3231.80)	(3100.34)	(12291.75)	(11743.90)
11 Tax expenses	0.00	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	(2966.90)	(3231.80)	(3100.34)	(12291.75)	(11743.90)
13 Extraordinary items (net of tax expenses)	0.00	0.00	0.00	0.00	0.00
14 Net Profit(+)/Loss(-) for the period (12-13)	(2966.90)	(3231.80)	(3100.34)	(12291.75)	(11743.90)
15 Paid-up Equity Share Capital (Face value Rs. 10/- each)	8911.40	8911.40	8911.40	8911.10	8911.40
16 Reserves excluding Revaluation Reserves as at 31st March,	---	---	---	(265428.64)	(253136.89)
17 Analytical ratios					
i Percentage of Share held by Govt. of Gujarat	55.09	55.09	55.09	55.09	55.09
ii Basic and diluted Earning Per Share (Not annualized) Rs.	(3.33)	(3.63)	(3.48)	(13.79)	(13.18)
iii NPA Ratio					
a Gross NPA	40658.25	40705.79	40942.36	40658.25	40942.36
b Net NPA	40658.25	40705.79	40942.36	40658.25	40942.36
c % of Gross NPA to Gross advances	100%	100%	100%	100%	100%
d % of Net NPA to Net advances	100%	100%	100%	100%	100%
e Return on assets	0.00	0.00	0.00	0.00	0.00

STATEMENT OF ASSETS AND LIABILITIES AS ON MARCH 31, 2021

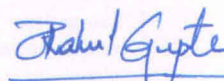
PARTICULARS	As at	As at
	31.03.21 Audited	31.03.20 Audited
CAPITAL AND LIABILITIES		
Capital	9371.88	9371.88
Reserve and Surplus	-265428.64	-253136.89
Deposits	0.00	0.00
Borrowings	66168.42	66168.42
Other liabilities & Provisions	207300.57	194122.58
Total	17412.23	16525.99
*ASSETS		
Cash on hand	0.95	0.91
Balance with Banks / GSFS	124.80	117.00
Investment	16293.22	15310.48
Loan & Advances	0.00	0.00
Fixed Assets	294.22	326.34
Other Assets	699.04	771.26
	17412.23	16525.99



Notes:

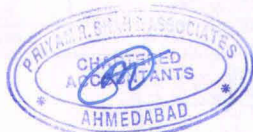
- 1 The above audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on June 30, 2021.
- 2 Previous period figures have been regrouped or rearranged wherever considered necessary. The figures for the three months ended 31st March, 2021 and 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 relevant financial year.
- 3 Corporation is primarily engaged in the business of term lending. All activities of the Corporation revolve around main business. Hence there are no reportable segments as per AS-17 "Segment Reporting".
- 4 NPA provision of Rs.47.54 lakh has been written back during the quarter ended March 31, 2021 as against provision of Rs.12.08 lakh in the corresponding quarter a year ago. For the year ended March 31, 2021, the cumulative write back of NPA provision amounted to Rs.284.11 lakh compared to Rs.596.84 lakh in the previous year. The write back of NPA provision is disclosed as exceptional item.
5. Corporation has changed the Accounting Policy in respect of recovery from NPA accounts with effect from 01-04-2018 whereby receipts are first accounted for Principal and capitalized expenses and thereafter in the order of interest, penalty and other charges. As a result of adoption of the said accounting policy, during the year under reference, out of an amount of Rs.156.79 lakh (previous year Rs.9.68 lakh) received as recovery from OTS accounts pertaining to the period prior to 1st April, 2018, only Rs.37.15 lakh (previous year Rs.5.41 lakh) has been recognized as interest income and balance amount of Rs.119.64 lakh (previous year Rs.4.27 lakh) has been credited towards Principal. Therefore, during the year under reference, interest income reduced by Rs.119.64 lakh (previous year Rs.4.27 lakh) and write back of NPA provision increased by the same amount.
6. Statutory Auditors in the Auditor's Report on quarterly financial results and year-to-date results for the quarter and year ended March 31, 2021 made qualified opinion which along with Management's views are given in **Annexure-A** as part of Statement on Impact of Audit Qualifications.
7. Corporation is not granting fresh loans and advances since last two decades and concentrating on recovery of dues only. The disruption caused by COVID-19 and the consequent lockdown imposed have considerably impacted the recovery performance of the Corporation.

By order of the Board of Directors,



(Rahul Gupta, IAS)
Managing Director

Place: Gandhinagar
Date : June 30, 2021



GUJARAT STATE FINANCIAL CORPORATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	For the Year Ended 31st March, 2021 Rs	For the Year Ended 31st March, 2020 Rs.
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax as per Profit & Loss A/c	-1,22,91,74,819	-1,17,43,90,440
Adjustments :		
Depreciation	32,56,566	36,46,025
Provision for NPA written back		
Diminution/(Reverse Diminution) in Value of Investments	-58,57,249	78,77,215
Profit on sale of Investments	-	-
Dividend Income	-11,000	-11,000
Interest Income	-10,53,85,026	-11,02,86,990
Interest on Finance Cost	-	-
Operating Loss before working capital	-1,33,71,71,528	-1,27,31,65,190
Adjusted for :		
i) Other Assets	72,22,017	-53,08,259
ii) Other Liabilities & Provisions	1,31,77,97,614	1,29,54,73,655
NET CASH USED FROM OPERATING ACTIVITIES (A)	-1,21,51,898	1,70,00,206
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (After changes in Capital W-I-P)	-45,000	-20,800
Sale of Fixed Assets	0	-
Decrease in Investments	-9,24,16,056	-12,82,67,407
Dividend Income	11,000	11,000
Interest Income	10,53,85,026	11,02,86,990
NET CASH USED FROM INVESTING ACTIVITIES (B)	1,29,34,970	-1,79,90,217
C) CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-	-
Net Increase in Cash & Cash Equivalents (A+B+C)	7,83,072	-9,90,011
Opening Balance of Cash & Cash Equivalents	1,17,91,321	1,27,81,332
Closing Balance of Cash & Cash Equivalents	1,25,74,393	1,17,91,321
Components Depicting Closing Cash and Cash Equivalents		
Cash on hand and as Imprest	94,589	91,033
BALANCE WITH BANKS	34,84,503	62,28,887
LIQUID DEPOSIT WITH GSFS	89,95,301	54,71,401
Total	1,25,74,393	1,17,91,321

NOTE: The above Cash Flow is prepared in accordance with Accounting Standard - 3 (indirect method).

FOR AND ON BEHALF OF THE BOARD,

Rahul Gupta

(RAHUL GUPTA, IAS)
MANAGING DIRECTOR

PLACE: GANDHINAGAR

DATE : 30/06/2021



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



Auditor's Report on Quarterly Financial Results and Year to Date Results of Gujarat State Financial Corporation Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors,
Gujarat State Financial Corporation

1. We have audited the quarterly financial results of Gujarat State Financial Corporation ("the Corporation") for the quarter ended on March 31, 2021 and the year to date financial results for the period from April 01, 2020 to March 31, 2021, attached herewith, being submitted by the Corporation pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results as well as the year to date financial results have been prepared on the basis of interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued by the Institute of Chartered Accountants of India read with other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and the significant estimates made by the Management. We believe that our audit provides a reasonable basis for our opinion.
3. **Basis for qualified conclusion**
 - a. 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.
 - b. 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.



Priyam R. Shah & Associates

CHARTERED ACCOUNTANTS


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- c. Interest income on loans and advances on account of recovery from the parties are made on actual receipt basis since beginning of financial year 2018-19, 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.
- d. The balances in parties' accounts in subsidiary ledgers with general ledgers of loans and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.
- e. Borrowings, Other Liabilities and Provisions Other Assets and Loans and Advances are subject to confirmation and adjustments, if any and the effect of the same on the financial statements is not ascertainable.
4. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in Basis for Qualified Opinion paragraph, these quarterly financial results as well as the year to date results:
- i. are presented in accordance with the requirements Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- ii. give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2021 as well as the year to date results for the period from April 01, 2020 to March 31, 2021.

Place: Ahmedabad
Date: June 30, 2021

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


(Mitesh M. Nagar)
(Partner)



Membership Number: 173787

UDIN: 21173787 AAAAIE 4890

Priyam R. Shah & Associates

CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To,

The Members of
GUJARAT STATE FINANCIAL CORPORATION
Gandhinagar

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 31st March, 2021 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 statement 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 31st March, 2021, 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.
- c. Interest income on loans and advances on account of recovery from the parties are made on actual receipt basis since beginning of financial year 2018-19, 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.
- d. The balances in parties' accounts in subsidiary ledgers with general ledgers of loans and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.
- e. Borrowings, Other Liabilities and Provisions Other Assets and Loans and Advances are subject to confirmation and adjustments, if any and the effect of the same on the financial statements 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.

Place: Ahmedabad
Date: June 30, 2021

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



Mitesh M Nagar
Partner

Membership No. 173787

UDIN: 21173787AAAAIF7882





Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

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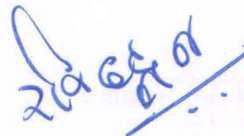

E-mail: sec-cell-gsfc@gujarat.gov.in

Statement on Impact of Audit Qualifications for the financial year ended March, 31, 2021

(Rs. in lakh except Earnings Per Share)

I	Sr, No.	Particulars	Audited figures (as reported before adjusting for qualifications)	Adjusted figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	1,443.34	1,443.34
	2	Total expenditure	13735.09	13735.09
	3	Net profit/(Loss)	(12,291.75)	(12,291.75)
	4	Earnings Per Share	(13.79)	(13.79)
	5	Total Assets	17,412.23	17,412.23
	6	Total Liabilities	17,412.23	17,412.23
	7	Net Worth	(2,56,056.76)	(2,56,056.76)
	8	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL
II Audit qualification (each qualification separately)				
	a.	Details of audit qualification	As per Annexure A	
	b.	Type of audit qualification	Qualified opinion	
	c.	Frequency of qualifications	Repetitive since last seven years	
	d.	For audit qualifications(s) where the impact is quantified by the auditor, Management's views	Not quantified, Management's view as per Annexure A	
	e.	For audit qualification(s) where the impact is not quantified by the auditor; (i) Management's estimation on the impact of audit qualification	Qualifications being general in nature, the impact on financial statements cannot be quantified.	
		(ii) If management is unable to estimate the impact, reasons for the same	Qualifications are general and technical in nature with regard to the procedures followed by the Corporation and eroding of capital. Impact on financial statement cannot be ascertained. Management's views/ response are	



		given in Annexure A
	(iii) Auditors' comments on (i) or (ii) above	No additional comments other than what is stated in our Report of even date.
III	Signatories:	
	Rahul Gupta, IAS Managing Director	
	M.R. Malpani Executive Officer (Accounts)	
	Ravindran A.L. Chairman, Audit Committee	
	Mitesh M Nagar Partner Priyam R Shah & Associates Statutory Auditors	
Place : Gandhinagar		
Date : 30-06-2021		





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(Established under State Financial Corporations Act. 1951)

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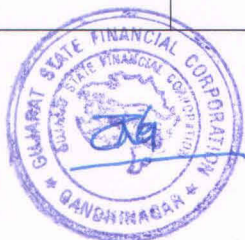
Website : <http://gsfc.gujarat.gov.in>

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

Annexure A

Qualifications contained in the Independent Auditor's Report on financial statements for the financial year ended 31st March, 2021 on annual financial statements and management response thereto on qualifications:

Sr. No.	Audit qualification	Management's view
1	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 Polices". 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 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 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 vide letter dated 17 th October, 2012 which 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 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 2018-19, 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 written back of NPA, bad debt provision and any other item of financial results could not be ascertained.	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. OTS amount received from time to time of an account is initially apportioned in the manner stated above. After receiving settlement amount in full, interest and penalty already received is credited to principal and the same amount of shortfall in principal and other account is written off. Therefore, interest income reported in P&L A/c and write off may not be of that particular year. In short, interest income already recognized in a particular year is affected in the subsequent year(s). This policy has been changed from 1 st April, 2018 and now receipts are first accounted for Principal and capitalized expenses and thereafter in the order of interest, penalty and other charges. As a result of adoption of the said accounting policy, interest income decreases and write back of NPA provisions increases correspondingly in case of settlement of NPA accounts from 1 st April, 2018. Once the OTS accounts prior to 1 st April, 2018 are settled, no discrepancy will arise.
4	The balances in parties' accounts in subsidiary ledgers with general ledgers of loans and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.	Reconciliation of assets and liabilities is an on-going process and wherever lacuna is found out, necessary rectification is resorted to. Corporation has not adopted the practice of obtaining balance confirmation from loanees. Efforts are still on to reconcile the accounts.
5	Borrowings, Other Liabilities and Provisions, Other Assets and Loans and Advances are subject to confirmation and adjustments, if any and the effect of the same on the financial statements is not ascertainable.	Large number of accounts is too old and transaction details as well as address of the units are not available. It is, therefore, practically difficult to obtain balance confirmation from individual parties. Borrowings are from Government of Gujarat only which are supported by Government Resolutions and periodic confirmation is resorted to.





Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

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EXTRACT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2021

(Rs. in lakh except per share data)

Particulars	Quarter ended 31-03-2021	Year ended 31-03-2021	Quarter ended 31-03-2020
Total income from Operations (net)	364.74	1384.77	348.85
Net profit/loss from ordinary activities after tax (before extra-ordinary items)	(2,966.90)	(12,291.75)	(3,100.34)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(2,966.90)	(12,291.75)	(3,100.34)
Paid-up Equity Share Capital (Face value of Rs.10/-)	8,911.40	8,911.40	8,911.40
Reserves (excluding Revaluation Reserve) as on March 31	(2,65,428.64)	(2,65,428.64)	(2,53,136.89)
Earnings Per Share (EPS) (before and after extraordinary items)			
Basic & diluted	*(3.33)	(13.79)	*(3.48)

* Not annualized

Note:-

1. The audited financial results for the quarter and year ended 31st March, 2021 along with Limited Review Report/Independent Auditor's 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 June 30, 2021.
2. The above is an extract of the detailed format of Quarterly/Annual Financial Results filed with the BSE Limited under Regulation 33 of SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly/Annual Financial Results is available on BSE Ltd website: www.bseindia.com and also on Corporation's website: www.gsfc.gujarat.gov.in
3. The Independent Auditor's Report for the audited financial statements for the year ended 31st March, 2021 contains qualified opinion. The qualifications and the response of the Management thereon are available as part of the detailed Regulation 33 formats posted on websites of the Corporation and BSE Ltd.

For and on behalf of Board of Directors,



(RAHUL GUPTA, IAS)
Managing Director

Place : Gandhinagar

Date : 30-06-2021

