



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

GSFC/SEC.CELL/C-2

November 09, 2019

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

Sub: Unaudited financial results for the quarter and half year ended 30th September, 2019 – Outcome of Board meeting.
Ref: Stock Code: 532160

Dear Sirs,

Pursuant to Regulations 30 and 33 of SEBI (LODR) Regulations, 2015, it is to be informed that the Board of Directors of the Corporation at its meeting held today, i.e., 09th November, 2019, inter alia, considered and approved the unaudited financial results of the Corporation for the quarter/half year ended 30th September, 2019 together with Limited Review Report on the said results issued by Statutory Auditors. The Board meeting commenced at 12.30 PM and concluded at 01.40 PM. We now forward herewith the following:-

1. Unaudited financial results for the quarter/half year ended September 30, 2019 duly reviewed by Audit Committee and approved by Board of Directors at their respective meetings held today.
2. Limited Review Report dated 23rd October, 2019 on the said financial results issued by Statutory Auditors, M/s. Priyam R Shah & Associates, Chartered Accountants,
3. Extract of the said unaudited financial results being released in daily "Financial Express", Gujarati and English editions of Ahmedabad.

Kindly take the above on record.

Thanking you,

Yours faithfully,
for Gujarat State Financial Corporation

Secretary (Board)

GUJARAT STATE FINANCIAL CORPORATION
UDYOG BHAVAN, 1ST FLOOR, SECTOR 11, GANDHINAGAR 382 010
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019

PARTICULARS	(Rs in Lakh)					
	Quarter ended			Half Year ended		Year ended
	30.09.2019 (Unaudited)	30.06.2019 (Unaudited)	30.09.2018 (Unaudited)	30.09.2019 (Unaudited)	30.09.2018 (Unaudited)	31.03.2019 (Audited)
1 Interest earned	3.19	124.77	-30.46	127.96	11.18	242.50
2 Other Income	283.43	278.25	249.10	561.68	467.74	1012.10
3 Total Income (1+2)	286.62	403.02	218.64	689.64	478.92	1254.60
4 Interest Expended	3270.53	3222.97	3221.30	6493.50	6394.76	12805.02
5 Operating Expenditure (i)+(ii)+(iii)+(iv)	207.14	139.26	165.20	346.40	317.07	799.99
(i) Employees cost	87.13	69.96	70.18	157.09	140.51	299.89
(ii) Other operating expenses	62.81	53.13	58.56	115.94	118.64	251.22
(iii)Bad Debt Written Off	55.36	14.41	34.55	69.77	54.23	239.00
(iv)Repairs & Renewals	1.84	1.76	1.91	3.60	3.69	9.88
6 Total Expenditure (4+5)	3477.67	3362.23	3386.50	6839.90	6711.83	13605.01
7 Operating Profit before provisions & contingencies (3-6)	(3191.05)	(2959.21)	(3167.86)	(6150.26)	(6232.91)	(12350.41)
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)+(iv)	247.20	305.90	370.41	553.10	480.06	863.87
(i) Profit on Sale of assets	0.00	0.00	0.00	0.00	0.00	0.53
(ii) Profit on Sale of Investment	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Provision/write back in diminution in the value of investment	0.00	0.00	0.00	0.00	0.00	-57.13
(iv) NPA provision written back	247.20	305.90	370.41	553.10	480.06	920.47
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2943.85)	(2653.31)	(2797.45)	(5597.16)	(5752.85)	(11486.54)
11 Tax expenses	0.00	0.00	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	(2943.85)	(2653.31)	(2797.45)	(5597.16)	(5752.85)	(11486.54)
13 Extraordinary items (net of tax expenses)	0.00	0.00	0.00	0.00	0.00	0.00
14 Net Profit(+)/Loss(-) for the period (12-13)	(2943.85)	(2653.31)	(2797.45)	(5597.16)	(5752.85)	(11486.54)
15 Paid-up Equity Share Capital (Face value Rs. 10/- each)	8911.40	8911.40	8911.40	8911.40	8911.40	8911.40
16 Reserves excluding Revaluation Reserves as at 31st March,	---	---	---	---	---	(241392.99)
17 Analytical ratios						
i Percentage of Share held by Govt.of Gujarat	55.09	55.09	55.09	55.09	55.09	55.09
ii Basic and diluted Earning Per Share (Not annualized) Rs.	(3.30)	(2.98)	(3.14)	(6.28)	(6.46)	(12.89)
iii NPA Ratio						
a Gross NPA	40986.10	41233.30	41979.61	40986.10	42350.02	41539.20
b Net NPA	40986.10	41233.30	41979.61	40986.10	42350.02	41539.20
c % of Gross NPA to Gross advances	100%	100%	100%	100%	100%	100%
d % of Net NPA to Net advances	100%	100%	100%	100%	100%	100%
e Return on assets	0.00	0.00	0.00	0.00	0.00	0.00

STATEMENT OF ASSETS AND LIABILITIES

Particulars	(Rs. in Lakh)	
	As at	
	30-09-2019 (Unaudited)	31-03-2019 (Audited)
CAPITAL AND LIABILITIES		
Capital	9371.88	9371.88
Reserve and Surplus	-246990.15	-241392.99
Deposits	0.00	0.00
Borrowings	66168.43	66168.43
Other liabilities and Provisions	187626.71	181167.85
Total	16176.87	15315.17
Assets		
Cash on hand	0.98	1.03
Balance with Banks	224.68	126.79
Investment	15095.16	14106.58
Loan and Advances	0.00	0.00
Fixed Assets	344.45	362.59
Other Assets	511.60	718.18
Total	16176.87	15315.17



CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2019

Particulars	For the Half Year ended 30th September, 2019 (Rs.)	For the Year Ended 31st March, 2019 (Rs.)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax as per Profit & Loss A/c	-55,97,15,648	-1,14,86,54,640
Adjustments :		
Depreciation	18,28,009	41,06,440
Provision for NPA written back		
Diminution/(Reverse Diminution) in Value of Investments	-	57,13,195
Profit on sale of Investments	-	-
Profit on Sale of Assets	-	-52,903
Dividend Income	-	-
Interest Income	-5,40,76,170	-9,42,73,853
Interest on Finance Cost	-	-
Operating Loss before working capital	-61,19,63,809	-1,23,31,61,761
Adjusted for :		
i) Other Assets	-7,81,99,952	-69,89,721
ii) Other Liabilities & Provisions	64,58,86,677	1,28,55,08,501
NET CASH USED FROM OPERATING ACTIVITIES (A)	-4,42,77,084	4,53,57,019
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (After changes in Capital W-I_P)	-13,998	-12,239
Sale of Fixed Assets	0	69,498
Decrease in Investments	0	-15,94,27,292
Dividend Income	-	-
Interest Income	5,40,76,170	9,42,73,854
NET CASH USED FROM INVESTING ACTIVITIES (B)	5,40,62,172	-6,50,96,179
C) CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-	-
Net Increase in Cash & Cash Equivalents (A+B+C)	97,85,087	-1,97,39,160
Opening Balance of Cash & Cash Equivalents	1,27,81,332	3,25,20,492
Closing Balance of Cash & Cash Equivalents	2,25,66,419	1,27,81,332

Notes:

- 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 09.11.2019.
- Figures for the previous periods have been reclassified to conform to the presentation adopted in this statement.
- 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 During the quarter under reference, due to decrease in Loan Assets, NPA provision no longer required of Rs.247.20 lakh written back and shown as exceptional item.
- 5 Corporation has changed the Accounting Policy in respect of recovery from NPA with effect from 01-04-2018 whereby receipts are first accounted for Principal and capitalized expenses and thereafter the amount left out, if any, is apportioned in the order of interest, penalty and other charges. As a result of adoption of the said accounting policy, interest income decreased and write back of NPA provision increased correspondingly. The impact on overall financial results consequent to adoption of change in said accounting policy effective from current financial year is negligible.
- 6 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 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 balance 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 discontinued its main functions of sanction and disbursement since FY 2001-02. 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. Pending such confirmation, the effect thereof on interest and penal interest is not ascertainable.	Government loans are granted as a result of provisions made in the Budgets of Government of Gujarat from time to time and subsequent issuance of Government Resolutions. Due to paucity of funds to meet with the liabilities, Government has been moved to make the loan advanced to the Corporation as interest free from 1 st July, 2012 which 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 the beginning of previous financial year from 1 st April, 2018 as a result of change in accounting policy adopted by the Corporation. However, in respect of receipts prior to 1-4-2018 where No Due Certificate is not issued, the then prevailing policy is kept intact. Therefore, the actual effect on written back 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 was 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 account is written off. Therefore, interest income reported in P&L A/c and written off was not fully of that particular year. This policy is decided to be discontinued from the current financial year. Accordingly, with effect from 1 st April, 2018, receipts are first apportioned against principal and capitalized expenses and excess, if any, is apportioned in the order of interest and penalty. As a result of change in accounting policy, the decrease in interest will be reflected in increase of write back once the old settlement cases are issued NDC.

By order of the Board of Directors,

Rahul Gupta

(Dr. Rahul Gupta, IAS)
Managing Director

Place: Gandhinagar
Date: November 09, 2019



Result 30 Sept 2019

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



Independent Auditor's Limited Review Report

To,
The Board of Directors,
Gujarat State Financial Corporation

Introduction

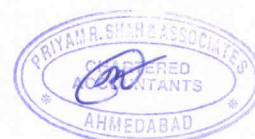
We have reviewed the accompanying statement of un-audited financial results of Gujarat State Financial Corporation ('the Corporation') for the Second quarter and three months period ended 30th September, 2019 (the Statement). This statement is the responsibility of Corporation's Management and has been 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 previous financial year 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.



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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: October 23, 2019

For, Priyam R Shah & Associates

Chartered Accountants

Firm Registration No: 118421w)



Mitesh
(Mitesh M. Nagar)

(Partner)

Membership Number: 173787

UDIN: 19173787AAAAHW9613



Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

Block No.10, Udyog Bhavan, Sector-11, GH-4, Gandhinagar – 382 010

Phone No.: (079) 23256766 Fax (079) 23252204

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

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

EXTRACT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2019 (Rs. in lakh except per share data)

Particulars	Quarter ended 30.09.2019	Half Year to date figures on 30.09.2019	Corresponding three months ended 30.09.2018
	Reviewed	Reviewed	Reviewed
Total income from Operations (net)	533.82	1242.74	589.05
Net profit/loss from ordinary activities after tax (before extra-ordinary items)	(2943.85)	(5597.16)	(2797.45)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(2943.85)	(5597.16)	(2797.45)
Paid-up Equity Share Capital (Face value of Rs.10/-)	8911.40	8911.40	8911.40
Reserves (excluding Revaluation Reserve) as on March 31	-	-	-
Earnings Per Share (EPS) (before and after extraordinary items)			
(a) Basic	(3.30)*	(6.28)*	*(3.14)
(b) Diluted	(3.30)*	(6.28)*	*(3.14)

** Not annualized.

Note:-

1. The unaudited financial results for the quarter and half year ended 30th September, 2019 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 November 09, 2019.
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,

(Dr. Rahul Gupta, IAS)
Managing Director

Place : Gandhinagar

Date : 09-11-2019

