



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/C-2/

February 11, 2021

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

Sub: Unaudited financial results for the quarter and nine months ended 31st December, 2020 – Outcome of Board meeting.

Ref: Stock Code: 532160

Dear Sirs,

In continuation to our Notice dated January 25, 2021, we are pleased to inform you that the Board of Directors of the Corporation at its meeting held today i.e., February 11, 2021 has, inter alia, approved the unaudited Financial Results of the Corporation for the quarter and nine months ended December 31, 2020. Board meeting commenced at 1.00 pm and concluded at 2.50 pm.

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we forward herewith the following:-

1. Unaudited Financial Results for the quarter and nine months ended December 31, 2020 along with Limited Review Report of the Statutory Auditors thereon.
2. Extract of the said Financial Results being published in dailies.

The aforesaid communication is also uploaded on the website of the Corporation at www.gsfc.gujarat.gov.in

Kindly take the same on record.

Thanking you,

Yours faithfully,
for Gujarat State Financial Corporation

Secretary (Board)

**GUJARAT STATE FINANCIAL CORPORATION
GANDHINAGAR**

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rs in Lakh)

PARTICULARS	Quarter ended			Nine months ended		Year ended
	31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)
1 Interest earned	-72.11	52.40	7.55	-19.28	135.51	212.87
2 Other Income	257.14	267.07	288.00	802.74	849.68	1133.25
3 Total Income (1+2)	185.03	319.47	295.55	783.46	985.19	1346.12
4 Interest Expended	3330.19	3318.96	3282.78	9919.78	9776.28	12999.51
5 Operating Expenditure (i)+(ii)+(iii)	191.78	125.10	120.54	425.10	466.94	608.58
(i) Employees cost	124.42	71.55	65.12	258.03	222.21	298.96
(ii) Other operating expenses	66.69	53.03	50.90	158.94	170.44	227.32
(iii)Bad Debt written off	0.67	0.52	4.52	8.13	74.29	82.30
6 Total Expenditure (4+5)	3521.97	3444.06	3403.32	10344.88	10243.22	13608.09
7 Operating Profit before provisions & contingencies (3-6)	(3336.94)	(3124.59)	(3107.77)	(9561.42)	(9258.03)	(12261.97)
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)	105.14	127.42	55.82	236.57	608.92	518.07
(i) Profit on Sale of assets	0.00	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	0.00
(iii) Diminution in the value of investment written back	0.00	0.00	0.00	0.00	0.00	(78.77)
(iv) Provision for NPA written back	105.14	127.42	55.82	236.57	608.92	596.84
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(3231.80)	(2997.17)	(3051.95)	(9324.85)	(8649.11)	(11743.90)
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)	(3231.80)	(2997.17)	(3051.95)	(9324.85)	(8649.11)	(11743.90)
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)	(3231.80)	(2997.17)	(3051.95)	(9324.85)	(8649.11)	(11743.90)
15 Paid-up Equity Share Capital (Face value Rs. 10/- each)	8911.40	8911.40	8911.40	8911.10	8911.40	8911.40
16 Reserves excluding Revaluation Reserves as at 31st March,	---	---	---	---	---	(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.	(3.63)	(3.36)	(3.42)	(10.46)	(9.71)	(13.18)
iii NPA Ratio						
a Gross NPA	40705.79	40810.93	40930.28	40705.79	40930.28	40942.36
b Net NPA	40705.79	40810.93	40930.28	40705.79	40930.28	40942.36
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

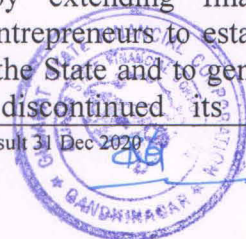
P.T.O.



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 February 11, 2021.
- 2 Figures for the previous periods have been reclassified to conform to the presentation adopted in this statement.
- 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 During the quarter under reference, due to decrease in Loan Assets, NPA provision no longer required of Rs.105.14 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. The impact on overall financial results consequent to adoption of change in said accounting policy is negligible in respect of the period under reference.
6. While settling and issuing NDC to the units which have paid part payment before 1.4.2018, during the quarter ended 31-12-2020, accounts of such units were required to be recast and payment already credited to interest and other dues in the past were transferred to Principal. Due to this, an amount of (Rs.72.11 lakh) appears in the interest income for the quarter ended December 31, 2020 and (Rs.19.28 lakh) for the nine months of current financial year.
7. Employees cost for the quarter under reference of Rs.124.42 lakh includes one-time remittance of Rs.64.05 lakh to LIC of India towards premium for the financial year 2020-21 on account of increase in ceiling limit of Gratuity from Rs.10.00 lakh to Rs.20.00 lakh and correspondingly the insurance cover thereof.
8. 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	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 a 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 discontinued its main



	“Disclosure of Accounting Policies”. The effect of the same on the financial results is not ascertainable.	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 vide letter dated 17 th October, 2012 followed by submission of various data, as required, 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 beginning of financial year starting 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, 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 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 discontinued from Financial Year 2018-19. 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 by increase in write back. Once the old settlement cases are issued NDC, the discrepancy will not arise.

By order of the Board of Directors,

Rahul Gupta

(Dr. Rahul Gupta, IAS)
Managing Director

Place: Gandhinagar
Date : February 11, 2021



Priyam R. Shah & Associates

CHARTERED ACCOUNTANTS

202, Pelican, Gujarat Chamber of Commerce Compound, Ashram Road, Ahmedabad-380 009.

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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 third quarter and nine months period ended as on 31st December, 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

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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: 11-02-2021

**For, Priyam R Shah & Associates
Chartered Accountants**

FRN: 0118421W



(Mitesh M. Nagar)

(Partner)

Membership Number: 173787

UDIN: 21173787AAAABA2492



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(Established under State Financial Corporations Act. 1951)

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EXTRACT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31ST DECEMBER, 2020 (Rs. in lakh except per share data)

Particulars	Quarter ended 31-12-2020	Nine months ended 31-12-2020	Corresponding three months ended 31.12.2019
	Reviewed	Reviewed	Reviewed
Total income from Operations (net)	290.17	1020.03	351.37
Net profit/loss from ordinary activities after tax (before extra-ordinary items)	(3231.80)	(9324.85)	(3051.95)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(3231.80)	(9324.85)	(3051.95)
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	*(3.63)	*(10.46)	*(3.42)
(b) Diluted	*(3.63)	*(10.46)	*(3.42)

** Not annualized.

Note:-

1. The unaudited financial results for the quarter and nine months ended 31st December, 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 February 11, 2021.
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 : 11-02-2021



Results 31-12-20