



# 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/

May 26, 2017

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

Sub: **Outcome of the Board meeting held on 26<sup>th</sup> May, 2017**  
Ref: **Stock Code 532160**

Dear Sirs,

Further to our notice dated 8<sup>th</sup> May, 2017, the Board of Directors of the Corporation at its meeting held today, ie., 26<sup>th</sup> May, 2017, inter alia, has considered and approved the Audited Financial Results of the Corporation for the quarter and financial year ended 31<sup>st</sup> March, 2017.

The Board meeting commenced at 3.00 PM and concluded at 4.45 PM.

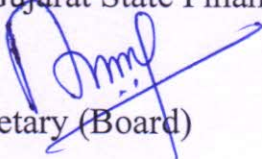
We now forward herewith the following:-

1. Audited financial results for the quarter and year ended March 31, 2017
2. Auditor's Report on quarterly financial results and year-to-date results
3. Statement on Impact of audit qualifications for the FY 2016-17
4. Extract of audited financial results for the quarter and year ended March 31, 2017 meant for releasing in newspapers.

Kindly take the above on record.

Thanking you,

Yours faithfully,  
for Gujarat State Financial Corporation

  
Secretary (Board)

GUJARAT STATE FINANCIAL CORPORATION  
GANDHINAGAR  
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31,2017

(Rs in Lacs)

PARTICULARS	Quarter ended			Year ended	
	31.03.2017 (Audited)	31.12.2016 (Reviewed)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)
1 Interest earned	77.60	57.17	58.01	317.51	1167.40
2 Other Income	203.75	265.74	248.24	987.87	1041.98
3 Total Income ( 1+2 )	281.35	322.91	306.25	1305.38	2209.38
4 Interest Expended	3071.33	3125.81	3010.77	12366.52	12109.31
5 Operating Expenditure (i)+(ii)+(iii)+(iv)	208.65	347.48	509.43	1158.13	1939.19
(i) Employees cost	95.89	107.86	123.20	394.95	407.70
(ii) Other operating expenses	76.86	98.62	309.94	356.19	414.99
(iii)Bad debt Written Off	30.34	38.62	72.34	292.55	991.38
(iv)Repairs & Renewals	5.56	102.38	3.95	114.44	125.12
6 Total Expenditure (4+5)	3279.98	3473.29	3520.20	13524.65	14048.50
7 Operating Profit before provisions&contingencies (3-6)	(2998.63)	(3150.38)	(3213.95)	(12219.27)	(11839.12)
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)+(iv)	80.84	160.01	1320.75	501.17	1339.68
(i) Profit on Sale of assets	0.00	0.00	85.83	0.10	85.83
(ii) Profit on Sale of Investment	0.00	0.00	0.56	0.00	19.49
(iii) Diminution in the value of investment written back	15.66	0.00	53.28	15.66	53.28
(iv) Provision for NPA written back	65.18	160.01	1181.08	485.41	1181.08
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2917.79)	(2990.37)	(1893.20)	(11718.10)	(10499.43)
11 Tax expenses	0.00	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	(2917.79)	(2990.37)	(1893.20)	(11718.10)	(10499.43)
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)	(2917.79)	(2990.37)	(1893.20)	(11718.10)	(10499.43)
15 Paid-up Equity Share Capital (Face value Rs. 10/- each)	8911.40	8911.40	8911.40	8911.40	8911.40
16 Reserves excluding Revaluation Reserves as at 31st March,	-	-	-	(218353.85)	(206635.75)
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.	(3.27)	(3.36)	(2.12)	(13.15)	(11.78)
iii NPA Ratio					
a Gross NPA	42753.48	42818.65	43238.88	42753.48	43238.88
b Net NPA	42753.48	42818.65	43238.88	42753.48	43238.88
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	(0.85)	(0.85)	(0.85)	(0.85)	(0.85)



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**STATEMENT OF ASSETS AND LIABILITIES AS PER CLAUSE 41(V)(H)**

PARTICULARS	As at 31.03.17 Audited	As at 31.03.16 Audited
<b>CAPITAL AND LIABILITIES</b>		
Capital	9371.88	9371.88
Reserve and Surplus	-218353.85	-206635.75
Deposits	<b>0.00</b>	<b>0.00</b>
Borrowings	66168.43	66168.43
Other liabilities & Provisions	155755.75	143387.05
<b>Total</b>	<b>12942.21</b>	<b>12291.61</b>
<b>ASSETS</b>		
Cash on hand	1.21	1.47
Balance with Banks / GSFS	11539.65	10827.30
Investment	239.51	223.86
Loan & Advances	0.00	0.00
Fixed Assets	450.37	477.52
Other Assets	711.47	761.46
	<b>12942.21</b>	<b>12291.61</b>

**Note :**

- The above audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 26.05.2017
- Corporation is primarily engaged in the business of financing. All activities of the Corporation revolve around main business. Hence there are no reportable segments as per AS-17 "Segment Reporting."
- Due to decrease in Loan Assets, NPA provision no longer required of Rs.485.41 lakh written back and shown as exceptional item.
- Previous period figures have been regrouped or rearranged wherever considered necessary. The figures for the three months ended 31st March, 2017 and 31st March, 2016 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.
- The Audit Report on the financial results of the Corporation for the year ended 31st March, 2017 contain qualifications as detailed below. All the qualifications are repetition of independent Auditor's Report on the financial statements of previous years. Audit qualifications & Management's view are as under :

Sr No	Audit qualification	Management's views
1	The financial statements of the Corporation are prepared on a going concern basis, notwithstanding the facts that its net worth is completely eroded and defaulted in repayment obligations due to liquidity problems. This is not in accordance with Accounting Standards (AS)-1 "Disclosure of Accounting Policies." The effect of the same on the financial statements is not ascertainable.	SFCs are created in pursuance to Entry No.43 of the Union List by Parliament as a special Act. GSFC is, therefore, a statutory Corporation. The remedial measures available to companies like rehabilitation, revival, take over of management etc. are not available to the Corporation. Corporation has so far suffered immense loss. However, it is continuing its recovery functions. 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 adjustments, 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 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.

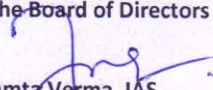


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3	Interest income on loans and advances on account of recovery from parties are not made on actual receipt basis. The effect of the same on written back of NPA, bad debt provision and any other item of financial statements could not be ascertained.	Instalments received under OTS Scheme is apportioned in the order of penalty, interest, 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 written 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)
4	The balance in parties accounts in subsidiary ledgers with general ledgers of loan 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.
5	Borrowings, Other Liabilities and Provisions, Other Assets and Loans and Advances are subject to confirmation and adjustment, 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 units are not available. It is, therefore, practically difficult to obtain balance confirmation from individual parties. Borrowings are supported by Government Resolutions and periodic confirmations are made by other agencies.
6	The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of the gratuity and leave encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.	Corporation's liabilities on Gratuity and Leave Encashment are covered under Group Insurance Policies operated with Life Insurance Corporation of India. Since premium is collected annually by LIC, as per the practice followed consistently, liabilities on both the counts are accounted on cash basis.

By Order of the Board of Directors

  
Mamta Verma, IAS  
Managing Director

Place : Gandhinagar  
Date :26/05/2017



## 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 of 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, 2017 and the year to date financial results for the period from April 01, 2016 to March 31, 2017, 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, 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 not made on actual receipt basis. The effect of the same on written back of NPA, bad debt provision and any other item of financial statements 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 financial statements is not ascertainable.*
  - f. *The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of the Gratuity and Leave Encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.*

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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 matter 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, 2017 as well as the year to date results for the period from April 01, 2016 to March 31, 2017.



For, Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Registration No. 106041W / W100136

A handwritten signature in blue ink, appearing to read 'K. B. Solanki', with a horizontal line underneath.

Place: Ahmedabad

Date : May 26, 2017

(K. B. Solanki)  
Partner  
Membership No.110299



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## Statement on Impact of Audit Qualifications for the financial year ended March, 31, 2017

(Rs. in lakh)

I	Sr, No.	Particulars	Audited figures (as reported before adjusting for qualifications)	Adjusted figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	1,806.55	1,806.55
	2	Total expenditure	13,524.65	13,524.65
	3	Net profit/(Loss)	(11,718.10)	(11,718.10)
	4	Earnings Per Share	(13.15)	(13.15)
	5	Total Assets	12,942.21	12,942.21
	6	Total Liabilities	12,942.21	12,942.21
	7	Net Worth	(2,08,981.97)	(2,08,981.97)
	8	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL
II	<b>Audit qualification (each qualification separately)</b>			
	a.	Details of audit qualification	As per Annexure A	
	b.	Type of audit qualification	Qualified opinion	
	c.	Frequency of qualifications	Repetitive since last three 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	Not quantifiable	
		(ii) If management is unable to estimate the impact, reasons for the same	Qualifications are general in nature with regard to the procedures followed by the	



		Corporation. 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 Auditor's Report of even date.
III	<b>Signatories:</b>  Mamta Verma, IAS Managing Director  LN Parmar Executive Officer (Accounts)  C.J. Macwan Chairman of Audit Committee meeting  KB Solanki Patner Manubhai & Shah LLP Statutory Auditors	
Place : Gandhinagar Date : Friday, the 26 <sup>th</sup> May, 2017		







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## Annexure A

**Qualifications contained in the Independent Auditor's Report on financial statements for the financial year ended 31<sup>st</sup> March, 2017 on annual financial statements and management response thereto on qualifications:**

Audit qualification	Management's views
<p>The financial statements of the Corporation are prepared on a going concern basis, notwithstanding the facts that its net worth is completely eroded and defaulted in repayment obligations due to liquidity problems. This is not in accordance with Accounting Standards (AS)-1 "Disclosure of Accounting Policies." The effect of the same on the financial statements is not ascertainable.</p>	<p>SFCs are created in pursuance to Entry No.43 of the Union List by Parliament as a special Act. GSFC is, therefore, a statutory Corporation. The remedial measures available to companies like rehabilitation, revival, take-over of management etc. are not available to the Corporation. Corporation has so far suffered immense loss. However, it is continuing its recovery functions. Corporation, being a statutory body, thus, prepares accounts on "going concern" assumptions and it is appropriate under the aforesaid circumstances.</p>
<p>Dues payable to Government of Gujarat is subject to confirmation and adjustments, if any, required upon such confirmation. Pending such confirmation, the effect thereof on interest and penal interest is not ascertainable.</p>	<p>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 which is still under consideration. However, pending decision, interest and penal interest is charged to Statement of Profit &amp; 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.</p>



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<p>Interest income on loans and advances on account of recovery from parties are not made on actual receipt basis. The effect of the same on written back of NPA, bad debt provision and any other item of financial statements could not be ascertained.</p>	<p>Installments received under OTS Scheme is apportioned in the order of penalty, interest, 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 &amp; L A/c. and written 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)</p>
<p>The balance in parties accounts in subsidiary ledgers with general ledgers of loan and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.</p>	<p>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.</p>
<p>Borrowings, Other Liabilities and Provisions, Other Assets and Loans and Advances are subject to confirmation and adjustment, if any and the effect of the same on the financial statements is not ascertainable.</p>	<p>Large number of accounts is too old and transaction details as well as address of units are not available. It is, therefore, practically difficult to obtain balance confirmation from individual parties. Borrowings are supported by Government Resolutions and periodic confirmations are made by other agencies.</p>
<p>The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of the gratuity and leave encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.</p>	<p>Corporation's liabilities on Gratuity and Leave Encashment are covered under Group Insurance Policies operated with Life Insurance Corporation of India. Since premium is collected annually by LIC, as per the practice followed consistently, liabilities on both the counts are accounted on cash basis.</p>



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## Extract of Audited Financial Results for the quarter and year ended on 31<sup>st</sup> March, 2017

(Rs. in lakh)

Particulars	Quarter ended	Year ended	Quarter ended
	31.03.2017	31.03.2017	31.03.2016
Total income from Operations (net)	346.53	1790.79	1487.33
Net profit/loss from ordinary activities after tax (before extra ordinary items)	(2917.79)	(11718.10)	(1893.20)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(2917.79)	(11718.10)	(1893.20)
Paid-up Equity Share Capital (Face value of Rs.10)	8911.40	8911.40	8911.40
Reserves (excluding Revaluation Reserve as on March 31)	(218353.85)	(218353.85)	(206635.75)
Earning Per Share (EPS) (before and after extraordinary items)			
(a) Basic	** (3.27)	(13.15)	** (2.12)
(b) Diluted	** (3.27)	(13.15)	** (2.12)

\*\* Not annualized.

### Note:-

1. 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 website: [www.bseindia.com](http://www.bseindia.com) and also on Corporation's website: [www.gsfc.gujarat.gov.in](http://www.gsfc.gujarat.gov.in)
2. The Independent Auditor's Report for the audited financial statements for the year ended 31<sup>st</sup> March, 2017 contains qualified opinion. The qualifications and the response of the management thereon are available as part of the detailed Regulation 33 formats posted on BSE Ltd and Corporation's websites named above.

For and on behalf of Board of Directors,

(Mamta Verma, IAS)  
Managing Director

Place : Gandhinagar  
Date : 26-05-2017

