



# 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/

August 11, 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 11<sup>th</sup> August, 2017**  
Ref: **Stock Code 532160**

Dear Sirs,

Further to our notice dated 14<sup>th</sup> July, 2017 and 2<sup>nd</sup> August, 2017, the Board of Directors of the Corporation at its meeting held today, ie., 11<sup>th</sup> August, 2017, inter alia, has considered and approved the unaudited financial results of the Corporation for the quarter ended 30<sup>th</sup> June, 2017.

The Board meeting commenced at 3.00 PM and concluded at 4.05 PM. We now forward herewith the following:-

1. Unaudited financial results for the quarter ended June 30, 2017 duly executed by the Managing Directors;
2. Limited Review Report of even date on the said quarterly financial results issued by Statutory Auditors, M/s. Manubhai & Shah, LLP, Chartered Accountants,
3. Extract of unaudited financial results for the quarter ended 30<sup>th</sup> June, 2017 to be released in The Financial Express.

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, 2017

(Rs in Lacs)

PARTICULARS	Quarter ended			Year ended
	30.06.2017 (Unaudited)	31.03.2017 (Audited)	30.06.2016 (Unaudited)	31.03.2017 (Audited)
1 Interest earned	129.68	77.60	149.36	317.51
2 Other Income	224.30	203.75	269.03	987.87
3 Total Income ( 1+2 )	353.98	281.35	418.39	1305.38
4 Interest Expended	3116.49	3071.33	3059.55	12366.52
5 Operating Expenditure (i)+(ii)+(iii)+(iv)	250.74	208.65	307.04	1158.13
(i) Employees cost	80.75	95.89	104.81	394.95
(ii) Other operating expenses	77.01	76.86	111.03	356.19
(iii)Bad debt Written Off	91.68	30.34	89.69	292.55
(iv)Repairs & Renewals	1.30	5.56	1.51	114.44
6 Total Expenditure (4+5)	3367.23	3279.98	3366.59	13524.65
7 Operating Profit before provisions&contingencies (3-6)	(3013.25)	(2998.63)	(2948.20)	(12219.27)
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)+(iv)	98.85	80.84	0.00	501.17
(i) Profit on Sale of assets	0.00	0.00	0.00	0.10
(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	15.66	0.00	15.66
(iv) Provision for NPA written back	98.85	65.18	0.00	485.41
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2914.40)	(2917.79)	(2948.20)	(11718.10)
11 Tax expenses	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	(2914.40)	(2917.79)	(2948.20)	(11718.10)
13 Extraordinary items (net of tax expenses)	0.00	0.00	0.00	0.00
14 Net Profit(+)/Loss(-) for the period (12-13)	(2914.40)	(2917.79)	(2948.20)	(11718.10)
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,		-		(218353.85)
17 Analytical ratios				
i Percentage of Share held by Govt.of Gujarat	55.09	55.09	55.09	55.09
ii Basic and diluted Earning Per Share (Not annualized) Rs.	(3.27)	(3.27)	(3.31)	(13.15)
iii NPA Ratio				
a Gross NPA	42654.63	42753.48	43238.88	42753.48
b Net NPA	42654.63	42753.48	43238.88	42753.48
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

Note :

- The above unaudited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 11.08.2017
- Figures for the previous period have been reclassified to conform to the presentation adopted in this statement
- 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."



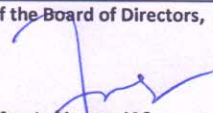
*[Handwritten Signature]*

4 Due to decrease in Loan Assets, NPA provision no longer required of Rs.98.85 lakh written back and shown as exceptional item.

5 The Statutory Auditors in the Limited Review Report on the said results made qualified opinion which along with Management's response is given below:-

Sr No	Audit qualification	Management's views
1	The financial results 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.
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 results 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 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 :11/08/2017



# Manubhai & Shah LLP

Chartered Accountants

## Independent Auditor's 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 quarter ended 30<sup>th</sup> June, 2017 (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, required upon such confirmation. 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 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 results could not be ascertained.*
4. *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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**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: August 11, 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", written over a horizontal line.

(K. B. Solanki)  
(Partner)  
Membership Number: 110299



# Gujarat State Financial Corporation

(Established under State Financial Corporations Act. 1951)

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

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## Extract of unaudited Financial Results for the quarter ended on 30<sup>th</sup> June, 2017

(Rs. in lakh)

Particulars	Quarter ended	Year ended	Quarter ended
	30.06.2017	31.03.2017	30.06.2016
Total income from Operations (net)	452.83	1790.79	418.39
Net profit/loss from ordinary activities after tax (before extra ordinary items)	(2914.40)	(11718.10)	(2948.20)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(2914.40)	(11718.10)	(2948.20)
Paid-up Equity Share Capital (Face value of Rs.10)	8911.40	8911.40	8911.40
Reserves (excluding Revaluation Reserves) as on March 31		(218353.85)	
Earnings Per Share (EPS) (before and after extraordinary items)			
(a) Basic	** (3.27)	(13.15)	** (3.31)
(b) Diluted	** (3.27)	(13.15)	** (3.31)

\*\* Not annualized.

### Note:-

1. 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](http://www.bseindia.com) as also on Corporation's website <https://gsfc.gujarat.gov.in>
2. 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,

(Mamta Verma, IAS)  
Managing Director

Place : Gandhinagar  
Date : 11-08-2017

