



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 9, 2018

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

**Sub: Outcome of Board meeting -
Unaudited financial results for the quarter and
nine months ended 31st December, 2017.**

Ref: Stock Code: 532160

Dear Sirs,

Pursuant to our communications dated 23rd January, 2018 and 3rd February, 2018 and in compliance with Regulations 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby informed that the Board of Directors at its meeting held today, the 9th February, 2018, considered and approved the unaudited financial results for the quarter and nine months ended 31st December, 2017.

The said Board meeting commenced at 11.30 a.m. and concluded at 11.55 a.m.

Copies of aforesaid financial results together with Limited Review Report and extract of the financial results being published are forwarded herewith. These documents are being made available on the website of the Corporation at www.gsfc.gujarat.gov.in.

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 AND NINE MONTHS ENDED DECEMBER 31, 2017

(Rs in Lacs)

PARTICULARS	Quarter ended			Nine months ended		Year ended
	31.12.2017 (Reviewed)	30.09.2017 (Reviewed)	31.12.2016 (Reviewed)	31.12.2017 (Reviewed)	31.12.2016 (Reviewed)	31.03.2017 (Audited)
1 Interest earned	128.00	193.45	57.17	451.13	239.91	317.51
2 Other Income	217.50	198.85	265.74	640.65	784.12	987.87
3 Total Income (1+2)	345.50	392.30	322.91	1091.78	1024.03	1305.38
4 Interest Expended	3182.99	3172.31	3125.81	9471.79	9295.19	12366.52
5 Operating Expeniture (i)+(ii)+(iii)+(iv)	168.55	162.05	347.48	581.34	949.48	1158.13
(i) Employees cost	86.04	73.20	107.86	239.99	299.06	394.95
(ii) Other operating expenses	62.90	66.75	98.62	206.66	279.33	356.19
(iii)Bad debt Written Off	14.37	17.33	38.62	123.38	262.21	292.55
(iv)Repairs & Renewals	5.24	4.77	102.38	11.31	108.88	114.44
6 Total Expenditure (4+5)	3351.54	3334.36	3473.29	10053.13	10244.67	13524.65
7 Operating Profit before provisions&contingencies (3-6)	(3006.04)	(2942.06)	(3150.38)	(8961.35)	(9220.64)	(12219.27)
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)	72.72	41.48	160.01	213.05	420.33	501.17
(i) Profit on Sale of assets	0.00	0.00	0.00	0.00	0.10	0.10
(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	15.66
(iv) Provision for NPA written back	72.72	41.48	160.01	213.05	420.23	485.41
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2933.32)	(2900.58)	(2990.37)	(8748.30)	(8800.31)	(11718.10)
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)	(2933.32)	(2900.58)	(2990.37)	(8748.30)	(8800.31)	(11718.10)
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)	(2933.32)	(2900.58)	(2990.37)	(8748.30)	(8800.31)	(11718.10)
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,						(218353.85)
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.	(3.29)	(3.25)	(3.36)	(9.82)	(9.88)	(13.15)
iii NPA Ratio						
a Gross NPA	42540.43	42613.15	42818.65	42540.43	42818.65	42753.48
b Net NPA	42540.43	42613.15	42818.65	42540.43	42818.65	42753.48
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

Note :

1 The above unaudited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 09.02.2018



- 2 Figures for the previous periods have been reclassified to conform to the presentation adopted in this statement
- 3 As the Corporation operates in Single Segment i.e., term lending, segment reporting is not applicable
- 4 During the quarter under reference, NPA provision no longer required of Rs.72.72 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 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 accordanc with Accounting Standards (AS)-1 "Disclosure of Accounting Policies." The effect of the same on the financial resultss 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 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, interst, 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. Thereofre, 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 fully 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,

Place : Gandhinagar
Date :09/02/2018



Mamta Verma, IAS
Managing Director



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 third quarter and nine months period ended 31st December, 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.*



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.



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

K. B. Solanki

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

Place: Ahmedabad
Date: February 9, 2018



Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

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

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EXTRACT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31ST DECEMBER, 2017

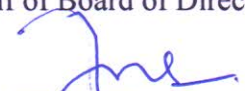
(Rs. in lakh except per share data)

Particulars	Quarter ended 31-12-2017	Nine months ended 31-12-2017	Quarter ended 31-12-2016
	(Unaudited)	(Unaudited)	(Unaudited)
Total income from Operations (net)	418.22	1304.83	482.92
Net profit/loss from ordinary activities after tax (before extra-ordinary items)	(2933.32)	(8748.30)	(2990.37)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(2933.32)	(8748.30)	(2990.37)
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) – not annualized			
Basic & diluted	(3.29)	(9.82)	(3.36)

Note:-

1. The above is an extract of the detailed format of Quarterly 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 Financial Results is available on BSE Ltd website: www.bseindia.com and also on Corporation's website: www.gsfc.gujarat.gov.in
2. The Limited Review Report issued by Independent Auditors for the period under reference contained qualified opinions which are repetitive in nature. Management's response on the qualified opinions is 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,


(MAMTA VERMA, IAS)
Managing Director

Place : Gandhinagar

Date : 09-02-2018

