



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/

May 28, 2018

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 28th May, 2018**
Ref: **Stock Code 532160**

Dear Sirs,

Further to our notice dated 19th May, 2018, the Board of Directors of the Corporation at its meeting held today, ie., 28th May, 2018, inter alia, has considered and approved the Audited Financial Results of the Corporation for the quarter and financial year ended 31st March, 2018.

Board also decided to recommend to members in the ensuing 58th Annual General Meeting of the Corporation to appoint M/s. Priyam R Shah & Associates, Chartered Accountants, Ahmedabad, as statutory auditors of the Corporation for the financial year 2018-19 upon confirmation of eligibility and suitability by Reserve Bank of India and recommendation of the Audit Committee.

The Board meeting commenced at 1.00 PM and concluded at 3.30 PM.

We now forward herewith the following:-

1. Audited financial results for the quarter and year ended March 31, 2018
2. Auditor's Report on quarterly financial results and year-to-date results
3. Statement on Impact of audit qualifications for the FY 2017-18
4. Extract of audited financial results for the quarter and year ended March 31, 2018 meant for releasing in newspapers.

Kindly take the above on record.

Thanking you,

Yours faithfully,
for Gujarat State Financial Corporation


Secretary (Board)

Encl: As above

GUJARAT STATE FINANCIAL CORPORATION
GANDHINAGAR
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2018

(Rs in Lacs)

PARTICULARS	Quarter ended			Year ended	
	31.03.2018 (Audited)	31.12.2017 (Reviewed)	31.03.2017 (Audited)	31.03.2018 (Audited)	31.03.2017 (Audited)
1 Interest earned	195.06	128.00	77.60	646.19	317.51
2 Other Income	217.62	217.50	203.75	858.27	987.87
3 Total Income (1+2)	412.68	345.50	281.35	1504.46	1305.38
4 Interest Expended	3126.36	3182.99	3071.33	12598.15	12366.52
5 Operating Expeniture (i)+(ii)+(iii)+(iv)	163.38	168.55	208.65	744.72	1158.13
(i) Employees cost	82.49	86.04	95.89	322.48	394.95
(ii) Other operating expenses	61.33	62.90	76.86	267.99	356.19
(iii)Bad debt Written Off	16.52	14.37	30.34	139.90	292.55
(iv)Repairs & Renewals	3.04	5.24	5.56	14.35	114.44
6 Total Expenditure (4+5)	3289.74	3351.54	3279.98	13342.87	13524.65
7 Operating Profit before provisions&contingencies (3-6)	(2877.06)	(3006.04)	(2998.63)	(11838.41)	(12219.27)
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)+(iv)	72.78	72.72	80.84	285.83	501.17
(i) Profit on Sale of assets	0.00	0.00	0.00	0.00	0.10
(ii) Profit on Sale of Investment	0.00	0.00	0.00	0.00	0.00
(iii) Diminution in the value of investment written back/(provided)	-7.97	0.00	15.66	-7.97	15.66
(iv) Provision for NPA written back	80.75	72.72	65.18	293.80	485.41
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2804.28)	(2933.32)	(2917.79)	(11552.58)	(11718.10)
11 Tax expenses	0.00	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	(2804.28)	(2933.32)	(2917.79)	(11552.58)	(11718.10)
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)	(2804.28)	(2933.32)	(2917.79)	(11552.58)	(11718.10)
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,				-229906.45	-218353.85
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.	(3.15)	(3.29)	(3.27)	(12.96)	(13.15)
iii NPA Ratio					
a Gross NPA	42459.67	42540.43	42753.48	42459.67	42753.48
b Net NPA	42459.67	42540.43	42753.48	42459.67	42753.48
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	0.00	0.00	0.00	0.00	0.00



[Handwritten Signature]

STATEMENT OF ASSETS AND LIABILITIES

PARTICULARS	As at	As at
	31.03.18 Audited	31.03.17 Audited
<u>CAPITAL AND LIABILITIES</u>		
Capital	9371.88	9371.88
Reserve and Surplus	-229906.45	-218353.85
Deposits	0.00	0.00
Borrowings	66168.43	66168.43
Other liabilities & Provisions	168312.76	155755.75
Total	13946.62	12942.21
<u>ASSETS</u>		
Cash on hand	0.95	1.21
Balance with Banks / GSFS	12662.16	11539.65
Investment	231.54	239.51
Loan & Advances	0.00	0.00
Fixed Assets	403.69	450.37
Other Assets	648.28	711.47
Total	13946.62	12942.21

Note :

- The above audited financial results were reviewed by the Audit Committee at its meeting held on 24-05-2018 and approved by the Board of Directors in the meeting held on 28.05.2018
- 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.293.80 lakh written back in the year under reference 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, 2018 and 31st March, 2017 are the balancing figures between the audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the relevant financial year.
- The Audit Report on the financial results of the Corporation for the year ended 31st March, 2018 contains 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 views 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 results 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.



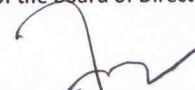
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28/5



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 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. 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 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 ongoing 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 addresses 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 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 : 28/05/2018


Mamta Verma, IAS
Managing Director



Manubhai & Shah LLP

Chartered Accountants

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, 2018 and the year to date financial results for the period from April 01, 2017 to March 31, 2018, 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, 2018 as well as the year to date results for the period from April 01, 2017 to March 31, 2018.



Place: Ahmedabad

Date : May 28, 2018

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 No.110299



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Statement on Impact of Audit Qualifications for the financial year ended March, 31, 2018

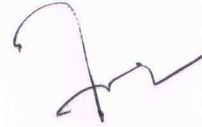
(Rs. in lakh)

I	Sr, No.	Particulars	Audited figures (as reported before adjusting for qualifications)	Adjusted figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	1,798.26	1,798.26
	2	Total expenditure	13,350.84	13,350.84
	3	Net profit/(Loss)	(11,552.58)	(11,552.58)
	4	Earnings Per Share	(12.96)	(12.96)
	5	Total Assets	13,946.62	13,946.62
	6	Total Liabilities	13,946.62	13,946.62
	7	Net Worth	(2,20,534.56)	(2,20,534.56)
	8	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL
II	Audit qualification (each qualification separately)			
	a.	Details of audit qualification	As per Annexure A	
	b.	Type of audit qualification	Qualified opinion	
	c.	Frequency of qualifications	Repetitive since last four 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	



Impact Statement FY 18

		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	Signatories: Mamta Verma, IAS Managing Director NS Bhatiya Executive Officer (Accounts) Pushkar Mishra Chairman, Audit Committee meeting KB Solanki Partner Manubhai & Shah LLP Statutory Auditors	
Place : Gandhinagar Date : 24/28.05.2018		









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Annexure A

Qualifications contained in the Independent Auditor's Report on financial statements for the financial year ended 31st March, 2018 on annual financial statements and management response thereto on qualifications:

Audit qualification	Management's views
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.
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.



Annexure A

<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 & 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 31st March, 2018

(Rs. in lakh except EPS data)

Particulars	Quarter ended	Year ended	Quarter ended
	31.03.2018	31.03.2018	31.03.2017
Total income from Operations (net)	493.43	1798.26	346.53
Net profit/loss from ordinary activities after tax (before extra ordinary items)	(2804.28)	(11552.58)	(2917.79)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(2804.28)	(11552.58)	(2917.79)
Paid-up Equity Share Capital (Face value of Rs.10)	8911.40	8911.40	8911.40
Reserves (excluding Revaluation Reserves) as on March 31	(229906.45)	(229906.45)	(218353.85)
Earnings Per Share (EPS) (before and after extraordinary items)			
(a) Basic	** (3.15)	(12.96)	** (3.27)
(b) Diluted	** (3.15)	(12.96)	** (3.27)

** 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 and also on Corporation's website: www.gsfc.gujarat.gov.in
2. The Independent Auditor's Report for the audited financial statements for the year ended 31st March, 2018 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,

Place : Gandhinagar

Date : 28-05-2018

(Mamta Verma, IAS)
Managing Director

