



# 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/

November 03, 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 3<sup>rd</sup> November, 2018**  
Ref: **Stock Code 532160**

Dear Sirs,

Further to our notice dated 19<sup>th</sup> October, 2018 and 2<sup>nd</sup> November, 2018, it is hereby informed that the Board of Directors of the Corporation at its meeting held today, i.e., 3<sup>rd</sup> November, 2018, inter alia, has considered and approved the unaudited financial results of the Corporation for the quarter and half year ended 30<sup>th</sup> September, 2018, Limited Review Report of even date issued by M/s. Priyam R Shah & Associates, Chartered Accountants, statutory auditors and extract of the results for publication.

The Board meeting commenced at **11.15 am** and concluded at **12.35 PM**. We now forward herewith the following:-

1. Unaudited financial results for the quarter and half year ended 30<sup>th</sup> September, 2018 duly executed by the Managing Director;
2. Limited Review Report of even date on the said financial results issued by Statutory Auditors, M/s. Priyam R Shah & Associates, Chartered Accountants,
3. Extract of the said financial results under Regulation 33 of SEBI (LODR) Regulations, 2015 for publication in dailies.

Kindly take the above on record.

Thanking you,

Yours faithfully,  
for Gujarat State Financial Corporation

Secretary (Board)

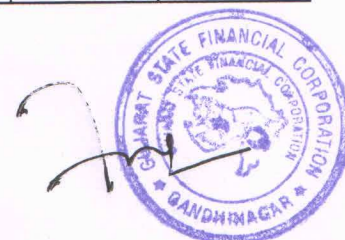


**GUJARAT STATE FINANCIAL CORPORATION  
GANDHINAGAR**

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2018

(Rs in Lakh)

PARTICULARS	Quarter ended			Half Year ended		Year ended
	30.09.2018 (Unaudited)	30.06.2018 (Unaudited)	30.09.2017 (Unaudited)	30.09.2018 (Unaudited)	30.09.2017 (Unaudited)	31.03.2018 (Audited)
1 Interest earned	-30.46	41.64	193.45	11.18	323.13	646.19
2 Other Income	249.10	218.64	198.85	467.74	423.15	858.27
3 Total Income ( 1+2 )	218.64	260.28	392.30	478.92	746.28	1504.46
4 Interest Expended	3221.30	3173.46	3172.31	6394.76	6288.80	12598.15
5 Operating Expenditure (i)+(ii)+(iii)+(iv)	165.20	151.87	162.05	317.07	412.79	744.72
(i) Employees cost	70.18	70.33	73.20	140.51	153.95	322.48
(ii) Other operating expenses	58.56	60.08	66.75	118.64	143.76	267.99
(iii)Bad debt Written Off	34.55	19.68	17.33	54.23	109.01	139.90
(iv)Repairs & Renewals	1.91	1.78	4.77	3.69	6.07	14.35
6 Total Expenditure (4+5)	3386.50	3325.33	3334.36	6711.83	6701.59	13342.87
7 Operating Profit before provisions&contingencies (3-6)	(3167.86)	(3065.05)	(2942.06)	(6232.91)	(5955.31)	(11838.41)
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)	370.41	109.65	41.48	480.06	140.33	285.83
(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	-7.97
(iv) Provision for NPA written back	370.41	109.65	41.48	480.06	140.33	293.80
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2797.45)	(2955.40)	(2900.58)	(5752.85)	(5814.98)	(11552.58)
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)	(2797.45)	(2955.40)	(2900.58)	(5752.85)	(5814.98)	(11552.58)
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)	(2797.45)	(2955.40)	(2900.58)	(5752.85)	(5814.98)	(11552.58)
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,	---	---	---	---	---	(229906.45)
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.	(3.14)	(3.32)	(3.25)	(6.46)	(6.53)	(12.96)
iii NPA Ratio						
a Gross NPA	41979.61	42350.02	42654.63	42350.02	42350.02	42459.67
b Net NPA	41979.61	42350.02	42654.63	42350.02	42350.02	42459.67
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



qtr 30.09.18  
Result 30.09.2018



**STATEMENT OF ASSETS AND LIABILITIES**  
**AS ON 30<sup>TH</sup> SEPTEMBER, 2018**

(Rs. in Lakh)

	As at		
	30-09-2018	30-09-2017	31-03-2018
	(Unaudited)	(Unaudited)	(Audited)
<b>CAPITAL AND LIABILITIES</b>			
Capital	9371.88	9371.88	9371.88
Reserves & Surplus	-235659.30	-224168.83	-229906.44
Deposits	0.00	0.00	0.00
Borrowings	66168.42	66168.42	66168.42
Other Liabilities & Provisions	174737.72	161945.28	168312.76
<b>Total</b>	<b>14618.72</b>	<b>13316.75</b>	<b>13946.62</b>
<b>ASSETS</b>			
Cash on hand	0.92	1.03	0.95
Balance with Banks & GSFS	13528.18	12274.95	12662.16
Investment	231.54	239.51	231.54
Loan & Advances	0.00	0.00	0.00
Fixed Assets	383.09	426.96	403.69
Other Assets	474.99	374.30	648.28
<b>Total</b>	<b>14618.72</b>	<b>13316.75</b>	<b>13946.62</b>

**Notes:**

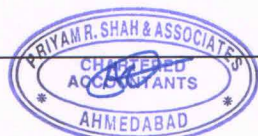
- The above un-audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 03.11.2018.
- Figures for the previous periods have been reclassified to conform to the presentation adopted in this statement.
- Corporation is primarily 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".
- During the quarter under reference, due to decrease in Loan Assets, NPA provision no longer required of Rs.370.41 lakh written back and shown as exceptional item.
- 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 correspondingly. The impact on overall financial results consequent to adoption of change in said accounting policy effective from current financial year is negligible.
- 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
	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	Gujarat State Financial Corporation is established under State Financial Corporations Act, 1951 by Parliament as a special Act pursuant to Entry





1	<p>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.</p>	<p>No. 43 of the Union List. Corporation is, thus, a body corporate and statutory Corporation. The main objective of establishment of the Corporation is aimed at achieving balance regional growth by extending financial assistance to first generation entrepreneurs to establish micro and small scale units in the State and to generate employment. The remedial measures available to companies are not available to the Corporation. 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.</p>
2	<p>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.</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>
3	<p>Interest income on loans and advances on account of recovery from the parties are made on actual receipt basis since the beginning of current financial year from 1<sup>st</sup> April, 2018 as a result of change in accounting policy adopted by the Corporation. However, in respect of receipts prior to 1-4-2018 where No Due Certificate is not issued, the then prevailing policy is kept intact. Therefore, the actual effect on written back NPA, bad debt provision and any other item of financial results could not be ascertained.</p>	<p>Till 31<sup>st</sup> 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&amp;L A/c and written off was not fully of that particular year. This policy is decided to be discontinued from the current financial year. Accordingly,</p>



		with effect from 1 <sup>st</sup> 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 exactly be reflected in increase of write back once the old settlement cases are issued NDC.
4	The Corporation insured its liability in respect of Gratuity and Leave Encashment through policy obtained from Life Insurance Corporation (LIC) of India and claims expense of premium paid in the quarter in which it is paid. Though there is no liability other than premium payable to LIC, Corporation is making provision for the differential amount due to increase in ceiling limit of Gratuity. This is not in accordance with GAAP.	Corporation operates Group Insurance Policies with LIC of India to cover the liabilities of gratuity and leave encashment. The premium to LIC on both counts is paid annually. Thus, Corporation consistently follows the policy of recognizing liabilities on account of gratuity and leave encashment on cash basis. Due to increase in ceiling limit of gratuity w.e.f. 29.3.2018 from Rs.10 lakh to Rs.20 lakh, Corporation has taken action under Section 48 of the SFCs Act, 1951 to amend its Gratuity Regulations. Pending prior sanction and consent, Corporation has made provision for the differential amount of gratuity in respect of employees retiring in the intervening period.

By order of the Board of Directors,

  
(Mamta Verma, IAS)  
Managing Director

Place: Gandhinagar  
Date : November 03, 2018







# 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 STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30<sup>TH</sup> SEPTEMBER, 2018

(Rs. in lakh except per share data)


Particulars	Quarter ended 30.09.2018	Half Year to date figures on 30.09.2018	Corresponding three months ended 30.09.2017
	Reviewed	Reviewed	Reviewed
Total income from Operations (net)	589.05	958.98	433.78
Net profit/loss from ordinary activities after tax (before extra-ordinary items)	(2797.45)	(5752.85)	(2900.58)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(2797.45)	(5752.85)	(2900.58)
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	*(3.14)	*(6.46)	* ( 3.25)
(b) Diluted	*(3.14)	*(6.46)	* ( 3.25)

\* Not annualized.

### 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](http://www.bseindia.com) and also on Corporation's website: [www.gsfc.gujarat.gov.in](http://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)  
Managing Director

Place : Gandhinagar  
Date : 03-11-2018



Results 30-9-18





**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 second quarter and six months period ended 30<sup>th</sup> September, 2018 (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 current financial year 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 where No Due Certificate is not issued, 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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4. The Corporation insured its liability of Gratuity and Leave Encashment through policy obtained from Life Insurance Corporation (LIC) of India and claims expense of premium paid in the quarter in which it is paid. Though there is no liability other than premium payable to LIC, corporation is making provision for the differential amount due to increase in ceiling limit of Gratuity. This is not in accordance with GAAP.

## **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: November 3, 2018**

**For, Priyam R Shah & Associates**

**Chartered Accountants**

**Firm Registration No: 118421w)**

*Mitesh*

**(Mitesh M. Nagar)**

**(Partner)**

**Membership Number: 173787**

