



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 20, 2019

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

Sub: **Outcome of the Board meeting held on 20th May, 2019**
Ref: **Stock Code 532160**

Dear Sirs,

Further to our notice dated 3rd May, 2019, the Board of Directors of the Corporation at its meeting held today, i.e., 20th May, 2019, inter alia, has considered and approved the Audited Financial Results of the Corporation for the quarter and financial year ended 31st March, 2019. Board also decided to recommend to Members in the ensuing 59th Annual General Meeting to re-appoint M/s. Priyam R Shah & Associates, Chartered Accountants, Ahmedabad, as statutory auditors of the Corporation for the FY 2019-20. In view of loss, Board of Directors has not recommended dividend for the FY 2018-19.

The Board meeting commenced at 1.00 PM and concluded at **2:30PM**.

We now forward herewith the following:-

1. Audited financial results for the quarter and year ended March 31, 2019 together with Statement of Assets & Liabilities and Cash Flow Statement as on that date.
2. Independent Auditor's Review Report on financial results for the quarter and year ended 31st March, 2019 and Independent Auditor's Report addressed to Members for the year ended March 31, 2019.
3. Statement on Impact of audit qualifications for the FY 2018-19 together with qualifications and Management's views thereon.
4. Extract of audited financial results for the quarter and year ended March 31, 2019 being released in newspapers.
5. Certificate under Regulation 33 (2) (a) of SEBI (LODR) Regulations, 2015

Kindly take the above on record.

Thanking you,

Yours faithfully,
for Gujarat State Financial Corporation

Secretary (Board)

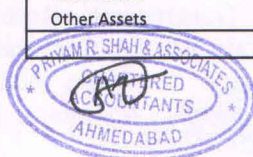
GUJARAT STATE FINANCIAL CORPORATION
GANDHINAGAR
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

(Rs in Lakh)

PARTICULARS	Quarter ended			Year ended	
	31.03.2019 (Audited)	31.12.2018 (Unaudited)	31.03.2018 (Audited)	31.03.2019 (Audited)	31.03.2018 (Audited)
1 Interest earned	207.26	24.06	195.06	242.50	646.19
2 Other Income	285.04	259.32	217.62	1012.10	858.27
3 Total Income (1+2)	492.30	283.38	412.68	1254.60	1504.46
4 Interest Expended	3175.97	3234.29	3126.36	12805.02	12598.15
5 Operating Expenditure (i)+(ii)+(iii)+(iv)	188.20	294.72	163.38	799.99	744.72
(i) Employees cost	80.17	79.21	82.49	299.89	322.48
(ii) Other operating expenses	77.58	55.00	61.33	251.22	267.99
(iii)Bad debt Written Off	25.62	159.15	16.52	239.00	139.90
(iv)Repairs & Renewals	4.83	1.36	3.04	9.88	14.35
6 Total Expenditure (4+5)	3364.17	3529.01	3289.74	13605.01	13342.87
7 Operating Profit before provisions&contingencies (3-6)	(2871.87)	(3245.63)	(2877.06)	(12350.41)	(11838.41)
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)+(iv)	35.20	348.61	72.78	863.87	285.83
(i) Profit on Sale of assets	0.53	0.00	0.00	0.53	0.00
(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	-57.13	0.00	-7.97	-57.13	-7.97
(iv) Provision for NPA written back	91.80	348.61	80.75	920.47	293.80
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2836.67)	(2897.02)	(2804.28)	(11486.54)	(11552.58)
11 Tax expenses	0.00	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	(2836.67)	(2897.02)	(2804.28)	(11486.54)	(11552.58)
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)	(2836.67)	(2897.02)	(2804.28)	(11486.54)	(11552.58)
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,	---	---	---	-241392.99	-229906.45
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.	(3.18)	(3.25)	(3.15)	(12.89)	(12.96)
iii NPA Ratio					
a Gross NPA	41539.20	41631.01	42459.67	41539.20	42459.67
b Net NPA	41539.20	41631.01	42459.67	41539.20	42459.67
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

STATEMENT OF ASSETS AND LIABILITIES AS ON MARCH 31, 2019

PARTICULARS	As at 31.03.19 Audited	As at 31.03.18 Audited
CAPITAL AND LIABILITIES		
Capital	9371.88	9371.88
Reserve and Surplus	-241392.99	-229906.45
Deposits	0.00	0.00
Borrowings	66168.43	66168.43
Other liabilities & Provisions	181167.85	168312.76
Total	15315.17	13946.62
ASSETS		
Cash on hand	1.03	0.95
Balance with Banks	126.79	12662.16
Investment	14106.58	231.54
Loan & Advances	0.00	0.00
Fixed Assets	362.59	403.69
Other Assets	718.18	648.28
Total	15315.17	13946.62

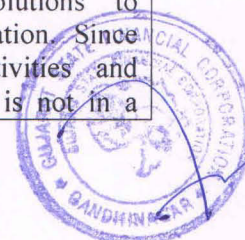
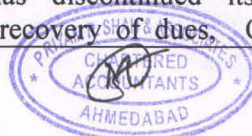


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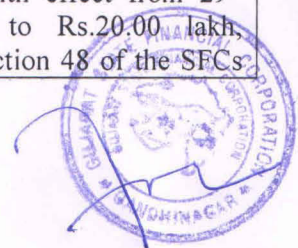
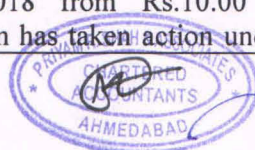
Notes:

- 1 The above audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 20, 2019.
- 2 Previous period figures have been regrouped or rearranged wherever considered necessary. The figures for the three months ended 31st March, 2019 and 31st March, 2018 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.
- 3 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".
- 4 Due to decrease in Loan Assets, NPA provision no longer required of Rs.91.80 lakh written back during the quarter under reference and the same for the financial year ended 31st March, 2019 stood at Rs.920.47 lakh and disclosed as exceptional item.
5. Corporation has changed the Accounting Policy in respect of recovery from NPA accounts with effect from 01-04-2018 whereby receipts are first accounted for Principal and capitalized expenses and thereafter in the order of interest, penalty and other charges. As a result of adoption of the said accounting policy, during the year under reference, interest income and outstanding Loans & Advances reduced by Rs.192.58 lakh and write back of NPA provision increased by Rs.192.58 lakh.
- 6 Statutory Auditors in the Independent Auditor's Report on the said results made qualified opinion which along with Management's views is given below:-

Sr. No.	Audit qualification	Management's view
1	The financial statements 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 Polices". The effect of the same on the financial statements is not ascertainable.	Gujarat State Financial Corporation is established under State Financial Corporations Act, 1951 by Parliament as a special Act pursuant to Entry 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. 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.
2	Dues payable to Government of Gujarat is subject to confirmation and adjustment, if any, required upon such confirmation. Pending such confirmation,	Government loans are granted as a result of provision in the Budgets of Government of Gujarat from time to time and subsequent issuance of Government Resolutions to overcome the financial strain of the Corporation. Since Corporation has discontinued its main activities and dependent on recovery of dues, Corporation is not in a



	the effect thereof on interest and penal interest is not ascertainable.	position to service the liabilities towards Government of Gujarat. Under the circumstances, 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 interest on delayed payment on Government loan 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 the parties are made on actual receipt basis since the beginning of current financial year from 1 st April, 2018, as a result of change in accounting policy adopted by the Corporation. However, in respect of receipts prior to 1-4-2018, the then prevailing policy is kept intact. Therefore, the actual effect on written back of NPA, bad debt provision and any other item of financial results could not be ascertained.	Till 31 st March, 2018, the practice followed was that installments received under OTS Scheme is apportioned in the order of penalty, interest and 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 write 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). This policy has been changed from 1 st April, 2018 and now receipts are first accounted for Principal and capitalized expenses and thereafter in the order of interest, penalty and other charges. As a result of adoption of the said accounting policy, interest income decreases and write back of NPA provisions increases correspondingly in settlement of NPA accounts from 1 st April, 2018. Once the OTS accounts prior to 1 st April, 2018 are settled, no discrepancy will arise.
4	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.	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. Efforts are still on to reconcile the accounts.
5	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 the financial statements is not ascertainable.	Large number of accounts is too old and transaction details as well as address of the units are not available. It is, therefore, practically difficult to obtain balance confirmation from individual parties. Borrowings are from Government of Gujarat only which are supported by Government Resolutions and periodic confirmation is resorted to.
6	The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of Gratuity and Leave Encashment liability to be	Corporation operates Group Insurance Policies with LIC of India to cover the liabilities on account of leave encashment in full and for Gratuity upto Rs.10.00 lakh.. The premium to LIC on both counts is paid annually. Due to increase in maximum ceiling limit of gratuity with effect from 29 th March, 2018 from Rs.10.00 lakh to Rs.20.00 lakh, Corporation has taken action under Section 48 of the SFCs.

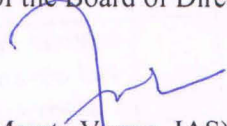


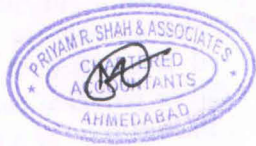
<p>recognized on mercantile basis as compared to cash basis is not ascertainable.</p>	<p>Act, 1951 to amend GSFC (Payment of Gratuity to Employees) Regulations, 1964. Pending consultation with SIDBI and previous sanction of State Government to the amendment, Corporation has provided for differential amount of gratuity in respect of retired employees. Thus, Corporation continued with its consistently followed policy of recognizing liabilities on account of gratuity and leave encashment on cash basis.</p>
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By order of the Board of Directors,

Place: Gandhinagar
Date : May 20, 2019




(Mamta Verma, IAS)
Managing Director



GUJARAT STATE FINANCIAL CORPORATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax as per Profit & Loss A/c	-1,14,86,54,640	-1,15,52,58,378
Adjustments :		
Depreciation	41,06,440	46,66,022
Provision for NPA written back		
Diminution/(Reverse Diminution) in Value of Investments	57,13,195	7,97,144
Profit on sale of Investments	-	-
Profit on Sale of Assets	-52,903	-
Dividend Income	-	-
Interest Income	-9,42,73,853	-8,28,90,271
Interest on Finance Cost	-	-
Operating Loss before working capital	-1,23,31,61,761	-1,23,26,85,482
Adjusted for :		
i) Other Assets	-69,89,721	63,19,123
ii) Other Liabilities & Provisions	1,28,55,08,501	1,25,57,00,744
NET CASH USED FROM OPERATING ACTIVITIES (A)	4,53,57,019	2,93,34,384
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (After changes in Capital W-I-P)	-12,239	-
Sale of Fixed Assets	69,498	-
Decrease in Investments	-15,94,27,292	-10,56,38,815
Dividend Income	-	-
Interest Income	9,42,73,853	8,28,90,271
NET CAS USED FROM INVESTING ACTIVITIES (B)	-6,50,96,179	-2,27,48,544
C) CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-	-
Net Increase in Cash & Cash Equivalents (A+B+C)	-1,97,39,160	65,85,840
Opening Balance of Cash & Cash Equivalents	3,25,20,492	2,59,34,652
Closing Balance of Cash & Cash Equivalents	1,27,81,332	3,25,20,492

NOTE: The above Cash Flow is prepared in accordance with Accounting Standard - 3 (indirect method).

FOR AND ON BEHALF OF THE BOARD,

(MAMTA VERMA, IAS)
MANAGING DIRECTOR

PLACE : GANDHINAGAR
DATE : 20-05-2019



Priyam R. Shah & Associates

CHARTERED ACCOUNTANTS

202, Pelican, Gujarat Chamber of Commerce Compound, Ashram Road, Ahmedabad-380 009.
Tele (O) 079-40042700-01-02-03 • E-mail : rmshah@rmshah.net



Independent Auditor's Report

To,

The Members of
GUJARAT STATE FINANCIAL CORPORATION

Report on the Financial Statements

We have audited the accompanying financial statements of **GUJARAT STATE FINANCIAL CORPORATION** ('the Corporation') which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and in accordance with the State Financial Corporations Act, 1951 (the Act). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Corporation has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Basis for Qualified Opinion

- a. *The financial statements 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 statements 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 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, 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.*
- 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 the financial statements is not ascertainable.*
- f. *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 Opinion

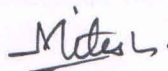
In our opinion and to the best of our information and according to the explanation given to us, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph, the aforesaid financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the corporation as at 31st March, 2019, and its loss and its cash flow for the year ended on that date.

Reports on Other Legal & Regulatory Requirements

- a. *We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;*
- b. *Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of accounts as required by law have been kept by the Corporation so far as appears from our examination of those books.*
- c. *The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;*
- d. *Except the possible effect of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting standards issued by ICAI.*

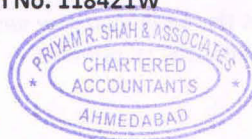
Place: Ahmedabad
Date: May 20, 2019

For Priyam R Shah & Associates
Chartered Accountants
Firm Registration No. 118421W



Mitesh M Nagar
Partner

Membership No. 173787





Independent Auditor's Review Report

To,
The Board of Directors,
Gujarat State Financial Corporation

Introduction

We have audited the accompanying statement of financial results of Gujarat State Financial Corporation ('the Corporation') for the quarter and year ended 31st March, 2019 (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, 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.





4. 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.
5. 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 the financial statements is not ascertainable.
6. 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: May 20, 2019

For, Priyam R Shah & Associates

Chartered Accountants

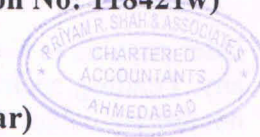
Firm Registration No: 118421w)

Mitesh

(Mitesh M. Nagar)

(Partner)

Membership Number: 173787





Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

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

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

Website : <http://gsfc.gujarat.gov.in>

E-mail: sec-cell-gsfc@gujarat.gov.in

EXTRACT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2019

(Rs. in lakh except per share data)

Particulars	Quarter ended 31-03-2019	Year ended 31-03-2019	Quarter ended 31-03-2018
Total income from Operations (net)	584.10	2,175.06	493.43
Net profit/loss from ordinary activities after tax (before extra-ordinary items)	(2,836.67)	(11,486.54)	(2,804.28)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(2,836.67)	(11,486.54)	(2,804.28)
Paid-up Equity Share Capital (Face value of Rs.10/-)	8,911.40	8,911.40	8,911.40
Reserves (excluding Revaluation Reserve) as on March 31	(2,41,392.99)	(2,41,392.99)	(2,29,906.45)
Earnings Per Share (EPS) (before and after extraordinary items)			
Basic & diluted	*(3.18)	(12.89)	*(3.15)

* Not annualized

Note:-

1. The audited financial results for the quarter and year ended 31st March, 2019 along with Limited Review Report/Independent Auditor's Report thereon issued by the statutory auditors have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 20, 2019.
2. 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 Ltd website: www.bseindia.com and also on Corporation's website: www.gsfc.gujarat.gov.in
3. The Independent Auditor's Report for the audited financial statements for the year ended 31st March, 2019 contains qualified opinion. The qualifications and the response of the Management thereon are 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,

Place : Gandhinagar

Date : 20-05-2019

(MAMTA VERMA, IAS)

Managing Director





Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

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

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

Website : <http://gsfc.gujarat.gov.in>

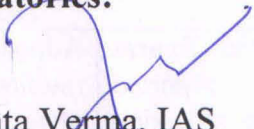
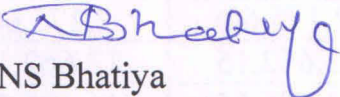
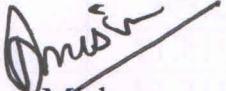

E-mail: sec-cell-gsfc@gujarat.gov.in

Statement on Impact of Audit Qualifications for the financial year ended March, 31, 2019

				(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	2,175.60	2,175.60	
	2	Total expenditure	13,662.15	13,662.15	
	3	Net profit/(Loss)	(11,486.55)	(11,486.55)	
	4	Earnings Per Share	(12.89)	(12.89)	
	5	Total Assets	15,315.17	15,315.17	
	6	Total Liabilities	15,315.17	15,315.17	
	7	Net Worth	(2,32,021.11)	(2,32,021.11)	
	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 five 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	Qualifications being general in nature, the impact on financial statements cannot be quantified.		
		(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 and eroding of		



Impact Statement FY 19

		capital. 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 Report of even date.
III	Signatories:  Mamta Verma, IAS Managing Director  NS Bhatiya Executive Officer (Accounts)  Pushkar Mishra Chairman, Audit Committee meeting  Mitesh M Nagar Partner Priyam R Shah & Associates Statutory Auditors	
Place : Gandhinagar Date : 20-05-2019		





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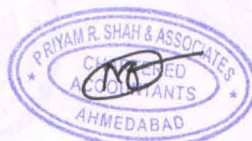
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Annexure A

Qualifications contained in the Independent Auditor's Report on financial statements for the financial year ended 31st March, 2019 on annual financial statements and management response thereto on qualifications:

Sr. No.	Audit qualification	Management's view
1	The financial statements 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 Polices". The effect of the same on the financial statements is not ascertainable.	Gujarat State Financial Corporation is established under State Financial Corporations Act, 1951 by Parliament as a special Act pursuant to Entry 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. 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.
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.	Government loans are granted as a result of provision in the Budgets of Government of Gujarat from time to time and subsequent issuance of Government Resolutions to overcome the financial strain of the Corporation. Since Corporation has discontinued its main activities and dependent on recovery of dues, Corporation is not in a position to service the liabilities towards Government of Gujarat. Under the circumstances, 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 interest on delayed payment on Government loan 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.
	Interest income on loans and advances on account of	Till 31 st March, 2018, the practice followed was that installments received under OTS Scheme is apportioned in



Annexure A

3	<p>recovery from the parties are made on actual receipt basis since the 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, the then prevailing policy is kept intact. Therefore, the actual effect on written back of NPA, bad debt provision and any other item of financial results could not be ascertained.</p>	<p>the order of penalty, interest and 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 write 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). This policy has been changed from 1st April, 2018 and now receipts are first accounted for Principal and capitalized expenses and thereafter in the order of interest, penalty and other charges. As a result of adoption of the said accounting policy, interest income decreases and write back of NPA provisions increases correspondingly in settlement of NPA accounts from 1st April, 2018. Once the OTS accounts prior to 1st April, 2018 are settled, no discrepancy will arise.</p>
4	<p>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.</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. Efforts are still on to reconcile the accounts.</p>
5	<p>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 the financial statements is not ascertainable.</p>	<p>Large number of accounts is too old and transaction details as well as address of the units are not available. It is, therefore, practically difficult to obtain balance confirmation from individual parties. Borrowings are from Government of Gujarat only which are supported by Government Resolutions and periodic confirmation is resorted to.</p>
6	<p>The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of Gratuity and Leave Encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.</p>	<p>Corporation operates Group Insurance Policies with LIC of India to cover the liabilities on account of leave encashment in full and for Gratuity upto Rs.10.00 lakh.. The premium to LIC on both counts is paid annually. Due to increase in maximum ceiling limit of gratuity with effect from 29th March, 2018 from Rs.10.00 lakh to Rs.20.00 lakh, Corporation has taken action under Section 48 of the SFCs Act, 1951 to amend GSFC (Payment of Gratuity to Employees) Regulations, 1964. Pending consultation with SIDBI and previous sanction of State Government to the amendment, Corporation has provided for differential amount of gratuity in respect of retired employees. Thus, Corporation continued with its consistently followed policy of recognizing liabilities on account of gratuity and leave encashment on cash basis.</p>



Annexure A



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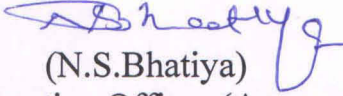
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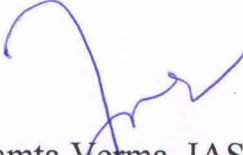
CERTIFICATE

(Pursuant to Regulation 33 (2) (a) of SEBI (LODR) Regulations, 2015

This is to certify that the audited financial results of the Corporation for the year ended March 31, 2019 placed before the Board of Directors at its meeting 1st meeting for the Financial Year 2019-20 scheduled on Monday, the 20th May, 2019 do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.


(N.S. Bhatiya)

Executive Officer (Accounts)


(Mamta Verma, IAS)
Managing Director

Place : Gandhinagar
Date : May 20, 2019

