



# 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

Website: <http://gsfc.gujarat.gov.in> Email: [sec-cell-gsfc@gujarat.gov.in](mailto:sec-cell-gsfc@gujarat.gov.in)

GSFC/SEC.CELL/C-2/

May 28, 2024

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 May 28, 2024 &  
Results for the quarter and year ended March 31, 2024**

**Ref: Stock Code 532160**

Dear Sirs,

Further to our notice dated May 17, 2024 and pursuant to Regulation 33 read with Regulation 30 of SEBI (LODR) Regulations, 2015, we wish to inform you that the Board of Directors of the Corporation at its meeting held today, i.e., Tuesday, the May 28, 2024, inter alia, transacted following items of business:

1. Approved the audited financial results of the Corporation for the fourth quarter and year ended March 31, 2024. The audited financial results for the quarter and year ended March 31, 2024 together with Statement of Assets & Liabilities as on March 31, 2024, Cash Flow Statement for the year ended 31<sup>st</sup> March, 2024, Extract of audited financial results for the quarter and year ended 31<sup>st</sup> March, 2024 being published in dailies as well as copy of Limited Review Report on quarterly financial results and year to date results, both of even date, with modified opinion issued by M/s. Pankaj R. Shah & Associates, Chartered Accountants, Ahmedabad and Statement on Impact of Audit Qualifications for the financial year ended March 31, 2024 are enclosed.
2. In view of loss reported for the financial year 2023-24, Corporation has not declared dividend for the said financial year.
3. Board of Directors authorized Managing Director to decide the date, time and agenda of ensuing 64<sup>th</sup> Annual General Meeting including book closure dates, cut-off date and remote e-voting dates.



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4. Board of Directors approved appointment of M/s. Spanj & Associates, Company Secretaries, TF/1, Anison Complex, SBI Lane, Near Stadium Circle, CG Road, Ahmedabad as Scrutinizer for remote e-voting and poll in connection with 64<sup>th</sup> Annual General Meeting.
5. Board of Directors have decided to recommend to members in the ensuing 64<sup>th</sup> Annual General Meeting to re-appoint M/s. Pankaj R. Shah & Associates, Chartered Accountants, (Firm Reg. No. 107361W), Ahmedabad as Statutory Auditors of the Corporation for FY 2023-24 for the second year so as to hold office from the conclusion of 64<sup>th</sup> Annual General Meeting till the conclusion of next Annual General Meeting.

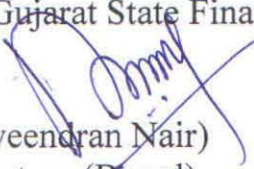
Board meeting commenced at 12.30 p.m. and concluded at 3.10 p.m. on May 28, 2024.

The financial results and all other aforesaid documents are simultaneously uploaded on the website of the Corporation <http://gsfc.gujarat.gov.in>

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,  
for Gujarat State Financial Corporation,

  
(Raveendran Nair)  
Secretary (Board)

Encl: As above

**GUJARAT STATE FINANCIAL CORPORATION**  
UDYOG BHAVAN, 1ST FLOOR, SECTOR 11, GANDHINAGAR 382 010  
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2024

(Rs in Lakh)

PARTICULARS	Quarter ended			Year ended	
	31.03.2024 (Audited)	31.12.2023 (Unaudited)	31.03.2023 (Audited)	31.03.2024 (Audited)	31.03.2023 (Audited)
1 Interest earned	62.45	1.81	4.80	465.68	55.13
2 Other Income	348.51	345.62	271.41	1307.04	1004.77
3 <b>Total Income ( 1+2 )</b>	<b>410.96</b>	<b>347.43</b>	<b>276.21</b>	<b>1772.72</b>	<b>1059.90</b>
4 Interest Expended	3407.28	3471.28	3361.46	13748.09	13562.34
5 Operating Expenditure (i)+(ii)+(iii)	80.72	-94.33	97.89	322.29	388.84
(i) Employees cost	35.14	34.22	52.41	149.25	226.85
(ii) Other operating expenses	45.58	50.21	45.48	173.04	161.99
(iii) Bad Debt written off	0.00	-178.76	0.00	0.00	0.00
6 <b>Total Expenditure (4+5)</b>	<b>3488.00</b>	<b>3376.95</b>	<b>3459.35</b>	<b>14070.38</b>	<b>13951.18</b>
7 Operating Profit before provisions & contingencies (3-6)	(3077.04)	(3029.52)	(3183.14)	(12297.66)	(12891.28)
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)	119.65	(10.89)	116.39	376.82	376.39
(i) Diminution In the value of investment written back	106.02	0.00	14.51	106.02	14.51
(ii) Provision for NPA written back/(provided)	13.63	(10.89)	101.88	270.80	361.88
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2957.39)	(3040.41)	(3066.75)	(11920.84)	(12514.89)
11 Tax expenses	0.00	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	(2957.39)	(3040.41)	(3066.75)	(11920.84)	(12514.89)
13 Extraordinary items (net of tax expenses)	0.00	0.00	0.00	0.00	0.00
14 <b>Net Profit(+)/Loss(-) for the period (12-13)</b>	<b>(2957.39)</b>	<b>(3040.41)</b>	<b>(3066.75)</b>	<b>(11920.84)</b>	<b>(12514.89)</b>
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,	---	---	---	(302864.94)	(290724.31)
17 Analytical ratios					
i Percentage of Shares held by Govt. of Gujarat	55.09	55.09	55.09	55.09	55.09
ii Basic and diluted Earnings Per Share (Not annualized) Rs.	(3.32)	(3.41)	(3.44)	(13.38)	(14.04)
iii NPA Ratio					
a Gross NPA	39993.11	40006.76	40263.92	39993.11	40263.92
b Net NPA	39993.11	40006.76	40263.92	39993.11	40263.92
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, 2024**

PARTICULARS	As at 31.03.24 Audited	As at 31.03.23 Audited
<b>CAPITAL AND LIABILITIES</b>		
Capital	9371.88	9371.88
Reserve and Surplus	-302864.94	-290724.31
Deposits	0.00	0.00
Borrowings	66168.42	66168.42
Other liabilities & Provisions	247948.99	234219.76
	<b>20624.35</b>	<b>19035.75</b>
<b>ASSETS</b>		
Cash on hand	0.79	0.78
Balance with Banks and Liquid Deposit with GSFS Ltd	123.08	198.73
Investment	19393.03	17915.53
Loan & Advances	0.00	0.00
Fixed Assets	217.37	239.67
Other Assets	890.08	681.04
<b>Total</b>	<b>20624.35</b>	<b>19035.75</b>

P.T.O.



**GUJARAT STATE FINANCIAL CORPORATION**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2024**

Particulars	For the Year Ended 31st March, 2024 Rs.	For the Year Ended 31st March, 2023 Rs.
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before tax as per Profit & Loss A/c	-1,19,20,83,767	-1,25,14,89,274
Adjustments :		
Depreciation	22,94,422	25,66,204
Reserves for Bad and Doubtful debts written back	-2,19,79,133	
Diminution/(Reverse Diminution) in Value of Investments	-1,06,01,891	-14,50,428
Profit on sale of Investments	-	-
Dividend Income	-5,11,435	-55,314
Interest Income	-12,94,01,245	-9,59,42,743
Interest on Finance Cost	-	-
<b>Operating Loss before working capital</b>	<b>-1,35,22,83,049</b>	<b>-1,34,63,71,555</b>
Adjusted for :		
i) Other Assets	-13,64,45,591	-9,02,76,662
ii) Other Liabilities & Provisions	1,37,29,23,664	1,35,54,78,809
<b>NET CASH USED FROM OPERATING ACTIVITIES (A)</b>	<b>-11,58,04,975</b>	<b>-8,11,69,408</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (After changes in Capital W-I-P)	-65,301	0
Sale of Fixed Assets	-	-
Decrease in Investments		
Dividend Income	5,11,435	55,314
Interest Income	10,77,94,855	9,31,19,622
<b>NET CAS USED FROM INVESTING ACTIVITIES (B)</b>	<b>10,82,40,990</b>	<b>9,31,74,936</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>-75,63,985</b>	<b>1,20,05,528</b>
Opening Balance of Cash & Cash Equivalents	1,99,51,263	79,45,735
Closing Balance of Cash & Cash Equivalents	1,23,87,278	1,99,51,263
<b>Components Depecting Closing Cash and Cash Equivalents</b>		
Cash on hand and as Imprest	78,861	78,431
BALANCE WITH BANKS	75,76,527	71,40,942
LIQUID DEPOSIT WITH GSFS	47,31,890	1,27,31,890
<b>Total</b>	<b>1,23,87,278</b>	<b>1,99,51,263</b>



**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 28, 2024.
- 2 Previous period figures have been regrouped or rearranged wherever considered necessary. The figures for the three months ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 are the balancing figures between the audited figures in respect of the full financial years 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 NPA write-back of Rs.13.63 lakh has been effected during the quarter ended March 31, 2024 as against Rs.101.88 lakh wrote back in the corresponding quarter a year ago. For the year ended March 31, 2024, net write back of NPA provision amounted to Rs.270.80 lakh compared to Rs.361.88 lakh wrote back in the previous year. Likewise, due to fluctuation in market value of quoted investments, during the year ended 31<sup>st</sup> March, 2024, an amount of Rs.106.02 lakh was written-back from the provision of diminution in the value of investment which in the previous year was Rs.14.51 lakh. The write back of NPA provision as well as diminution in the value of investment are disclosed as exceptional items.
5. Since FY 2022-23, Corporation restored the Accounting Policy followed for treatment of receipts from OTS prevailed before 1.4.2018. Due to the changes in Accounting Policy, Rs.331.05 lakh (previous year Rs.13.11 lakh) received as recovery from OTS accounts pertaining to the NDC given during the period under reference, Rs.32.99 lakh (previous year Rs.10.74 lakh) has been recognized as interest income and balance amount of Rs.298.06 (previous year Rs.2.37 lakh ) has been credited towards principal. Therefore, during the year under reference, interest income is reduced by Rs.298.06 lakh (previous year Rs.2.37 lakh) and write-back of NPA provision increased by the same amount.
6. During the year under reference, Corporation withdrew Rs.219.79 lakh (previous year nil) from "Reserve for Bad and Doubtful Debts" and adjusted against bad debts written off resulting into reduction in Reserves & Surplus as well as expenditure to that extent.
7. Statutory Auditors in the Auditor's Report on quarterly financial results and year-to-date results for the quarter and year ended March 31, 2024 made qualified opinion which along with Management's views are given in as under:-

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	Gujarat State Financial Corporation is established under State Financial Corporations Act, 1951, a special Act of Parliament 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 balanced regional growth



	<p>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.</p>	<p>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 still continuing its recovery function. Corporation, being a statutory body, thus, prepares accounts on "going concern" assumptions and it is appropriate in the aforesaid circumstances.</p>
2	<p>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.</p>	<p>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 vide letter dated 17<sup>th</sup> October, 2012 which is still under consideration. However, pending decision, interest and interest on delayed payment on Government loan is charged to Statement of Profit &amp; Loss. The outstanding details are submitted to administrative department on quarterly basis. The loan accounts are subjected to verification by other authorities also from time to time and no observation was made. In view of this, separate confirmation is not obtained.</p>

By order of the Board of Directors,

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(Sandip J. Sagale, IAS)  
Managing Director

Place: Gandhinagar  
Date : 28-05- 2024





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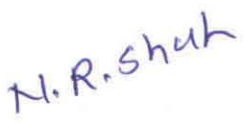
## Statement on Impact of Audit Qualifications for the financial year ended March 31, 2024

(₹ in lakh except Earnings Per Share)

I	Sr, No.	Particulars	Audited figures (as reported before adjusting for qualifications)	Adjusted figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	2,149.55	2,149.55
	2	Total expenditure	14,070.38	14,070.38
	3	Net profit/(Loss)	(11,920.83)	(11,920.83)
	4	Earnings Per Share	(13.38)	(13.38)
	5	Total Assets	20,624.35	20,624.35
	6	Total Liabilities	3,50,606.18	3,50,606.18
	7	Net Worth	(2,93,493.06)	(2,93,493.06)
	8	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL
<b>II Audit qualification (each qualification separately)</b>				
	a.	Details of audit qualification	As per Annexure X	
	b.	Type of audit qualification	Qualified opinion	
	c.	Frequency of qualifications	Repetitive since last seven 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 X	
	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 and technical in nature with regard to the procedures followed by the Corporation and eroding of capital. Impact on financial statement cannot be ascertained.	



Impact Statement FY 23-24

		Management's views/ response are given in <b>Annexure X</b>
	(iii) Auditors' comments on (i) or (ii) above	No additional comments other than what is stated in our Report of even date.
<b>III</b>	<b>Signatories:</b>	
	Sandip J. Sagale, IAS Managing Director	
	M.R. Malpani Executive Officer (Accounts)	
	Leena D Katdare Chairperson, Audit Committee	
	Nilesh Shah Partner Pankaj R Shah & Associates Statutory Auditors	
Place : Gandhinagar		
Date : 28/05/2024		







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## Annexure X

**Qualifications contained in the Independent Auditor's Report on financial statements for the financial year ended 31<sup>st</sup> March, 2024 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 Policies". 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 balanced 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 in 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 vide letter dated 17 <sup>th</sup> October, 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 subjected to verification by other authorities also from time to time and no observation was made. In view of this, separate confirmation is not obtained.



Annexure X



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## EXTRACT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31<sup>ST</sup> MARCH, 2024

(Rs. in lakh except per share data)

Particulars	Quarter ended 31-03-2024 (Audited)	Year ended 31-03-2024 (Audited)	Quarter ended 31-03-2023 (Audited)
Total income from Operations (net)	424.59	2,043.52	378.09
Net profit/loss from ordinary activities after tax (before extra-ordinary items)	(2,957.39)	(11,920.84)	(3,066.75)
Net profit/loss from ordinary activities after tax (after extraordinary items)	(2,957.39)	(11,920.84)	(3,066.75)
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	(3,02,864.94)	(3,02,864.94)	(2,90,724.31)
Earnings Per Share (EPS) (before and after extraordinary items)			
Basic & diluted	*(3.32)	(13.38)	*(3.44)

\* Not annualized

### Note:-

1. The audited financial results for the quarter and year ended March 31, 2024 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 28, 2024.
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](http://www.bseindia.com) and also on Corporation's website: <http://gsfc.gujarat.gov.in>
3. The Independent Auditor's Report for the audited financial statements for the year ended March 31, 2024 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 : 28-05-2024

(SANDIP J. SAGALE, IAS)

Managing Director



# Pankaj R Shah & Associates

## Chartered Accountants

CA. DR. Pankaj Shah B.Com., F.C.A., Ph. D. (Commerce)	CA. Chintan Shah B.Com., L.L.B., F.C.A.	CA. Nilesh Shah B.Com., L.L.B., F.C.A.	CA. Manali Shah B.Com., F.C.A.	CA. Sandip Gupta B.Com., F.C.A.
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7th Floor, Regency Plaza, Opp. Rahul Tower, Nr. Madhur Hall, Anandnagar Cross Road, Satellite, Ahmedabad-380015. India. Phone : +91 79 - 4603 1545, 4603 1546, 4032 1025. URL : <http://www.prsca.in>

### Independent Auditors' Report on Quarterly and Year to Date audited Standalone Ind AS Financial Results of M/s Gujarat State Financial Corporation Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

To  
The Board of Directors,  
Gujarat State Financial Corporation

#### Opinion

1. We have audited the quarterly financial results of Gujarat State Financial Corporation ("the Corporation") for the quarter ended on March 31, 2024 and the year to date financial results for the period from April 01, 2023 to March 31, 2024, 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.

#### 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.



**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.

**Qualified Conclusion:**

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 matters described in basis for opinion paragraph, these quarterly financial and year to date results:

1. Are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
2. Give true and fair view of the net loss and other financial information for the quarter ended March 31, 2024 as well as year to date results.

We conducted our audit of the Statement in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

For, Pankaj R. Shah & Associates  
Chartered Accountants  
Registration No.: 107361W

*N. R. Shah*



CA Nilesh Shah  
Partner

Membership No. 107414

UDIN: 24107414BJZXAM6171

Date: 28-05-2024

Place: Ahmedabad

# Pankaj R Shah & Associates

## Chartered Accountants

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### Independent Auditor's Report

To,

The Members of

**GUJARAT STATE FINANCIAL CORPORATION**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the financial statements of **GUJARAT STATE FINANCIAL CORPORATION ('the Corporation')**, which comprise the balance sheet as at 31st March, 2024 and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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, 2024, and its loss and its cash flow for the year ended on that date.

### Basis for Qualified Opinion

- 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.
- 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.

### Information other than the financial statements and auditors' report thereon

Management is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not



express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

Management is responsible for the matters stated 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those management is also responsible for overseeing the Corporation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether



due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are also responsible for expressing our opinion on whether the corporation has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**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.
- e. Based on our examination carried out in accordance with the Implementation Guidance on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised 2024 Edition) issued by the Institute of Chartered Accountants of India, which included test checks, we report that the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention. Our examination of the audit trail was in the context of an audit of financial statements carried out in accordance with the Standard of Auditing and only to the extent required by Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014. We have not carried out any audit or examination of the audit trail beyond the matters required by the aforesaid Rule 11(g) nor have we carried out any standalone audit or examination of the audit trail.

For and on behalf of  
M/s Pankaj R. Shah & Associates  
Chartered Accountants  
(Registration No. 107361W)

*N. R. Shah*  
CA Nilesh Shah  
Partner  
Membership No. 107414  
UDIN: 24107414BJZXAN1666  
Place: Ahmedabad  
Date: 28-05-2024

