

GUJARAT STATE FINANCIAL CORPORATION
GANDHINAGAR
UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2015

(Rs in Lacs)

PARTICULARS	Quarter ended (Unaudited)			Nine months ended (Unaudited)		Year ended (Audited)
	31.12.2015	30.09.2015	31.12.2014	31.12.2015	31.12.2014	31.03.2015
1 Interest earned	96.80	535.43	9.53	1109.39	427.56	797.43
2 Other Income	308.72	424.93	16.80	793.74	191.78	683.70
3 Total Income (1+2)	405.52	960.36	26.33	1903.13	619.34	1481.13
4 Interest Expended	3061.09	3043.84	2990.16	9098.54	8882.19	11825.91
5 Operating Expeniture (i)+(ii)+(iii)	439.92	455.83	644.16	1429.76	1369.98	1819.41
(i) Employees cost	104.94	79.30	122.40	284.50	366.55	510.28
(ii) Other operating expenses	73.22	72.02	456.42	226.22	231.89	517.89
(iii)Bad debt Written Off	261.76	304.51	65.34	919.04	771.54	791.24
6 Total Expenses (4+5)	3501.01	3499.67	3634.32	10528.30	10252.17	13645.32
7 Operating Profit before provisions&contingencies (3-6)	-3095.49	-2539.31	-3607.99	-8625.16	-9632.82	-12164.19
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)	18.93	0.00	0.00	18.93	0.00	2683.26
(i) Profit on Sale of assets	0.00	0.00	0.00	0.00	0.00	385.32
(ii) Profit on Sale of Investment	18.93	0.00	0.00	18.93	0.00	1412.92
(iii) Provision for NPA written back	0.00	0.00	0.00	0.00	0.00	885.02
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(3076.56)	(2539.31)	(3607.99)	(8606.23)	(9632.82)	(9480.93)
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)	-3076.56	-2539.31	-3607.99	-8606.23	-9632.82	-9480.93
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)	-3076.56	-2539.31	-3607.99	-8606.23	-9632.82	-9480.93
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,						(196136.32)
17 Basic and diluted Earning Per Share (Not annualized) Rs.	(3.45)	(2.85)	(4.05)	(9.66)	(10.81)	(10.64)

Note :

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 10.02.2016
- 2 Limited Review of the said results were carried out by Statutory Auditors.
- 3 As the Corporation operates in a single segment i.e. term lending, segment reporting is not applicable
- 4 NPA provision and other provisions, if any, will be made at the end of the year by the Corporation
- 5 From current quarter, interest on fixed deposit with GSFS Ltd. Is recognized on mercantile basis.

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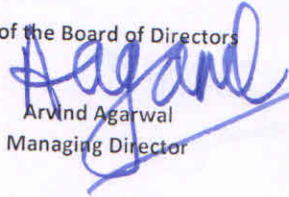
6 Previous period figures have been regrouped or rearranged wherever considered necessary.

7 The auditors have submitted Limited Review Report on the financial results of the Corporation for the quarter and nine months ended 31st December, 2015 containing qualifications as detailed below. All the qualifications are repetition of independent Auditor's Report on the financial statements for the FY 2014-15, Limited Review Reports for the quarters ended 30.06.2015 and 30.09.2015. Management's view are also included as under:

Sr No	Audit qualification	Management's views
1	Interest income on loans and advances on account of recovery from the parties are not made on actual receipt basis. The effect of the same.	In One Time Settlement with loanee units, amount is first adjusted against principal and other charges and balance, if any, towards interest and penalty. This practice is followed consistently by the Corporation since inception.
2	Accounting entries in respect of write back of provision for loans and advances on account of recovery from parties are not made. Effect of the same on financial result could not be ascertained.	Provision or write back is taken into consideration while finalizing the annual accounts as block of assets. Adequate disclosure is made in the financial results to this effect.
3	Interest income on loans to employees is accounted on cash basis. The effect of the interest to be recognized on mercantile basis as compared to interest recognized on cash basis is not ascertainable.	Corporation has decided to switch over to mercantile system of accounting for recognition of interest on loans to employees from current year.
4	The balance of loan borrowed from 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 Resolutions are the basis for release of loan and is verified by other statutory authorities from time to time. Quarterly statement indicating out-standing loan, interest and penal interest is submitted to Government also. In view of this, separate confirmation from Government is not necessary.
5	It is given to understand that the fixed assets records are under preparation. Pending such preparation of records, the effect on fixed assets and depreciation is not ascertainable in respect of discrepancy, if any.	Corporation do maintain Fixed Assets Registers. However, updating is pending because of capital work in progress.
6	The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of the gratuity and leave encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.	Both the liabilities are fully insured through LIC of India. Therefore, the practice consistently followed is continued.
7	The financial results of the Corporation are prepared on a going concern basis, notwithstanding the fact that its net worth is completed 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.	SFCs are created pursuant to Entry No. 43 of the Union List by Parliament as a special Act. Remedial measures available to companies under SICA are not available to the Corporation. Corporation still continues with the activity of recovery of dues. Management is, therefore, of the view that the preparation of accounts on "going concern" assumption is appropriate.

Place : Gandhinagar
Date :10/02/2016

By Order of the Board of Directors


Arvind Agarwal
Managing Director

Manubhai & Shah

Chartered Accountants

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 quarter ended 31st December, 2015 (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. Interest income on loans and advances on account of recovery from the parties are not made on actual receipt basis. The effect of the same on financial results could not be ascertained.*
- 2. Accounting entries in respect of write back of provision for loan and advances on account of recovery from the parties are not made. Effect of the same on financial result could not be ascertained.*
- 3. Interest income on loans to employees is accounted on cash basis. The effect of the interest to be recognized on mercantile basis as compared to interest recognized on cash basis is not ascertainable.*
- 4. The balance of loan borrowed from 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.*
- 5. It is given to understand that the fixed assets records are under preparation. Pending such preparation of records, the effect on fixed assets and depreciation is not ascertainable in respect of discrepancy, if any.*
- 6. The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of the Gratuity and Leave Encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.*



7. *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.*

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: February 10, 2016



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

A handwritten signature in blue ink, appearing to read "K. B. Solanki".

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