



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/ 000507

May 30, 2016

The Corporate Relations Department
Bombay Stock Exchange Ltd
Floor 25, P J Towers
Dalal Street,
Mumbai 400 001

Sub: **Audited financial results for the quarter/year ended 31.3.2016**
Ref: **Stock Code 532160**

Dear Sirs,


Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we forward herewith a copy of the statement containing the Audited Financial Results of the Corporation for the quarter and year ended 31st March, 2016. The aforesaid results have been approved by the Board of Directors at its meeting held today. The Board meeting commenced at 5.30 PM and concluded at 6.15 PM.

We also forward herewith copies of Independent Auditor's Report dated 30th May, 2016 issued by M/s. Manubhai & Shah LLP, statutory auditors of the Corporation, for the year ended 31st March, 2016 as also Limited Review Report dated 30.5.2016 in respect of audited financial results for the quarter ended 31st March, 2016 obtained from the said statutory auditors together with Form-B (for audit report with qualified opinion) duly executed.

The aforesaid documents may please be displayed on BSE website.

Thanking you,

Yours faithfully,
for Gujarat State Financial Corporation


(Raveendran Nair)
Secretary (Board)

Encl: As above

GUJARAT STATE FINANCIAL CORPORATION
GANDHINAGAR
AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2016

(Rs in Lacs)

PARTICULARS	Quarter ended (Audited)	Quarter ended (Unaudited)	Quarter ended (Audited)	Year ended (Audited)	
	31.03.2016	31.12.2015	31.03.15	31.03.2016	31.03.2015
1 Interest earned	58.01	96.80	369.87	1167.40	797.43
2 Other Income	248.24	308.72	491.92	1041.98	683.70
3 Total Income (1+2)	306.25	405.52	861.79	2209.38	1481.13
4 Interest Expended	3010.77	3061.09	2943.72	12109.31	11825.91
5 Operating Expenditure (i)+(ii)+(iii)	509.43	439.92	449.43	1939.19	1819.41
(i) Employees cost	123.20	104.94	143.73	407.70	510.28
(ii) Other operating expenses	313.89	73.22	285.99	540.11	517.89
(iii) Bad debt Written Off	72.34	261.76	19.71	991.38	791.24
6 Total Expenditure (4+5)	3520.20	3501.01	3393.15	14048.50	13645.32
7 Operating Profit before provisions&contingencies (3-6)	-3213.95	-3095.49	(2531.36)	(11839.12)	-12164.19
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)+(iv)	1320.75	18.93	2683.26	1339.68	2683.26
(i) Profit on Sale of assets	85.83	0.00	385.32	85.83	385.32
(ii) Profit on Sale of Investment	0.56	18.93	1412.92	19.49	1412.92
(iii) Diminution in the value of investment written back	53.28			53.28	0.00
(iv) Provision for NPA written back	1181.08	0.00	885.02	1181.08	885.02
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(1893.20)	(3076.56)	151.91	(10499.43)	(9480.93)
11 Tax expenses	0.00	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	(1893.20)	(3076.56)	151.91	(10499.43)	(9480.93)
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)	(1893.20)	(3076.56)	151.91	(10499.43)	(9480.93)
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	-	-	-	(206635.75)	(196136.32)
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 Earning Per Share (Not annualized) Rs.	(2.12)	(3.45)	0.17	(11.78)	(10.64)
iii NPA Ratio					
a Gross NPA				43238.88	44419.97
b Net NPA				43238.88	44419.97
c % of Gross NPA to Gross advances				100%	100%
d % of Net NPA to Net advances				100%	100%
e Return on assets				(0.85)	(0.88)



STATEMENT OF ASSETS AND LIABILITIES

PARTICULARS	As at	As at
	31.03.16	31.03.15
	Audited	Audited
CAPITAL AND LIABILITIES		
Capital	9371.88	9371.88
Reserve and surplus	(206635.75)	(196136.32)
Deposits	0.00	0.00
Borrowings	66168.43	66168.43
Other liabilities and Provisions	143386.77	131405.93
Total	12291.33	10809.92
ASSETS		
Cash on hand	1.47	1.70
Balance with banks/GSFS	11365.41	9655.14
Investments	223.86	259.08
Advances	0.00	0.00
Fixed Assets	477.52	467.26
Other assets	223.07	426.74
Total	12291.33	10809.92

Note :

- The above audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30.05.2016
- Corporation is primarily engaged in the business of financing. All activities of the Corporation revolve around main business. Hence there are no reportable segments as per AS-17 "Segment Reporting."
- Previous period figures have been regrouped or rearranged wherever considered necessary. The figures for the three months ended 31st March, 2016 and 31st March, 2015 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.
- The auditors have, in the Audit Report on the financial results of the Corporation for the quarter/ year ended 31st March, 2016, made qualifications as detailed below. All the qualifications are repetition of independent Auditor's Report on the financial statements of previous year. Management's view are also included as under :

Sr No	Audit qualification	Management's views
1	The financial statements of the Corporation are prepared on a going concern basis, notwithstanding the 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.	SFCs are created in pursuance to Entry No. 43 of the Union List by Parliament as a special Act. GSFC is, therefore, a statutory Corporation. The remedial measures available to companies like rehabilitation, revival, take over of management etc., are not available to the Corporation. Corporation has so far suffered immense loss. However, it is continuing its recovery functions. Corporation, being a statutory body, thus, prepares accounts on "going concern" assumption 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 and subsequent issuance of Government Resolutions. The Government has been moved to make the loan advanced to the Corporation interest free from 1.7.2012 which is still under consideration. However, pending decision, interest and penal interest is charged to Statement of Profit & Loss. The outstanding details are submitted to administrative department on quarterly basis. The loan accounts are reconciled with other authorities also from time to time. In view of this, separate confirmation is not obtained.
3	Interest income of loans and advances on account of recovery from parties are not made on actual receipt basis. The effect of the same on written back NPA, bad debt provision and any other item of financial statements could not be ascertained.	Installments received under OTS Scheme is apportioned in the order of penalty, interest, other charges and lastly in principal. OTS amount received from time to time of an account is initially apportioned in the manner stated above. After receiving settlement amount in full, interest and penalty already received is credited to principal and the same amount of shortfall in principal and other account is written off. Therefore, interest income reported in P&L A/c and written off may not be of that particular year. In short, interest income already recognized in a particular year is affected in the subsequent year(s).
4	The balances in parties' accounts in subsidiary ledgers with general ledgers of loan and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.	Reconciliation of assets and liabilities is an 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.
5	Borrowings, Other Liabilities and Provisions, Other Assets and Loans and Advances are subject to confirmation and adjustment, if any.	Large number of accounts is too old and transaction details as well as addresses of units are not available. It is, therefore, practically difficult to obtain balance confirmation from individual parties. Borrowings are supported by Government Resolutions and periodic confirmations are made by other agencies.
6	The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of the gratuity and leave encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.	Corporation's liabilities on Gruity and Leave Encashment are covered under Group Insurance Policies operated with Life Insurance Corporation of India. Since premium is collected annually by LIC, as per the practice followed consistently, liabilities on both the counts are accounted on cash basis.

By Order of the Board of Directors


Arvind Agarwal
Managing Director

Place : Gandhinagar
Date :30/05/2016



Manubhai & Shah LLP

Chartered Accountants

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, 2016, 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 not made on actual receipt basis. The effect of the same on written back of NPA, bad debt provision and any other item of financial statements could not be ascertained.*
- d. *The balances in parties' accounts in subsidiary ledgers with general ledgers of loans and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.*
- e. *Borrowings, Other Liabilities and Provisions Other Assets and Loans and Advances are subject to confirmation and adjustments, if any.*
- f. *The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of the Gratuity and Leave Encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.*

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, 2016, 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. *Due to 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.*



For, Manubhai & Shah LLP
Chartered Accountants
Firm Registration No. 106041W / W100136

K. B. Solanki

K. B. Solanki
Partner
Membership No. 110299

Place: Ahmedabad
Date: 30/05/2016

Manubhai & Shah LLP

Chartered Accountants

Auditor's Report on Quarterly Financial Results and Year to Date Results of Gujarat State Financial Corporation Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Board of Directors of Gujarat State Financial Corporation

1. We have audited the quarterly financial results of Gujarat State Financial Corporation ("the Corporation") for the quarter ended on March 31, 2016 and the year to date financial results for the period from April 01, 2015 to March 31, 2016, attached herewith, being submitted by the Corporation pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results as well as the year to date financial results have been prepared on the basis of interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued by the Institute of Chartered Accountants of India read with other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and the significant estimates made by the Management. We believe that our audit provides a reasonable basis for our opinion.
3. **Basis for Qualified Conclusion**
 - a. *The financial results of the corporation are prepared on a going concern basis, notwithstanding the fact that its net worth is completely eroded and defaulted in repayment obligations due to liquidity problems. This is not in accordance with Accounting Standard (AS) – 1 "Disclosure of Accounting Policies". The effect of the same on the financial results is not ascertainable.*
 - b. *Dues payable to Government of Gujarat is subject to confirmation and adjustment, if any, required upon such confirmation. Pending such confirmation, the effect thereof on interest and penal interest is not ascertainable.*
 - c. *Interest income on loans and advances on account of recovery from the parties are not made on actual receipt basis. The effect of the same on written back of NPA, bad debt provision and any other item of financial statements could not be ascertained.*
 - d. *The balances in parties' accounts in subsidiary ledgers with general ledgers of loans and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.*
 - e. *Borrowings, Other Liabilities and Provisions Other Assets and Loans and Advances are subject to confirmation and adjustments, if any.*
 - f. *The Corporation provides liability in respect of Gratuity and Leave Encashment on the cash basis. The effect of the Gratuity and Leave Encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.*



4. In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in Basis for Qualified Opinion paragraph*, these quarterly financial results as well as the year to date results:
- i. are presented in accordance with the requirements Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
 - ii. give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2016 as well as the year to date results for the period from April 01, 2015 to March 31, 2016.

For, Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Registration No. 106041W / W100136



K. B. Solanki

(K. B. Solanki)
Partner
Membership No.110299

Place: Ahmedabad

Date : 30/05/2016



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(Established under State Financial Corporations Act. 1951)

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Statement on Impact of Audit Qualifications for the financial year ended March 31, 2016

(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	3,549.06	3,549.06
	2	Total expenditure	14,048.50	14,048.50
	3	Net profit/(Loss)	(10,499.43)	(10,499.43)
	4	Earnings Per Share	(11.78)	(11.78)
	5	Total Assets	12,291.33	12,291.33
	6	Total Liabilities	12,291.33	12,291.33
	7	Net Worth	(1,97,263.87)	(1,97,263.87)
	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 qualification : Repetitive since two years		
	d.	For audit qualification(s) where the impact is quantified : No by the auditor, Management's views : As per Annexure-A		
	e.	For Audit Qualification(s) Where the impact is not Quantified by the auditor:		



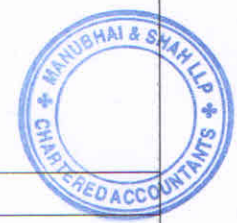
	(i) Management's estimation on the impact of audit qualification: Not quantifiable
	(ii) If management is unable to estimate the impact, reasons for the same: Qualifications are general in nature with regard to the procedures followed. Impact on financial statements cannot be ascertained. Management's views/response are given in Annexure-A.
	(iii) Auditors' Comments on (i) or (ii) above No additional comments than what is stated in our Auditor's Report of even date.
III	Signatories: Shri Arvind Agarwal, IAS Managing Director
	Shri LN Parmar Executive Officer (Accounts)
	Shri Ajit Nath Jha Audit Committee Chairman
	Shri KB Solanki Partner Manubhai & Shah LLP Statutory Auditors
	Place : Gandhinagar
	Date : May 30, 2016

Agarwal

LN

Ajit Nath Jha

KB Solanki





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

Annexure - 'A'

Qualifications contained in the Independent Auditor's Report on financial statements for the financial year 2015-16 on annual financial statements and management response thereto on qualifications:-

Audit qualification (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.

Management response

SFCs are created in pursuance to Entry No. 43 of the Union List by Parliament as a special Act. GSFC is, therefore, a statutory Corporation. The remedial measures available to companies like rehabilitation, revival, takeover of management etc., are not available to the Corporation. Corporation has so far suffered immense loss. However, it is continuing its recovery functions. Corporation, being a statutory body, thus, prepares accounts on "going concern" assumption and it is appropriate under the aforesaid circumstances.

Audit qualification (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.

Management response

Government loans are granted as a result of provision in the Budgets of Government of Gujarat and subsequent issuance of Government Resolutions. The Government has been moved to make the loan advanced to the Corporation interest free from 1.7.2012 which is still under consideration. However, pending decision, interest and penal interest is charged to Statement of Profit & Loss. The outstanding details are submitted to administrative department on quarterly basis. The loan accounts are also reconciled with other agencies from time to time. In view of this, separate confirmation is not obtained.



Audit qualification (c)

Interest income on loans and advances on account of recovery from the parties are not made on actual receipt basis. The effect of the same on written back NPA, bad debt provision and any other item of financial statements could not be ascertained.

Management response

Installments received under OTS Scheme is apportioned in the order of penalty, interest, other charges and lastly in principal. OTS amount received from time to time of an account is initially apportioned in the said manner. After receiving settlement amount in full, interest and penalty already received is credited to principal and the same amount of shortfall in principal and other account is written off. Therefore, interest income reported in P&L A/c and written off may not be of that particular year. In short, interest income already recognized in a particular year is affected in subsequent year(s).

Audit qualification (d)

The balances in parties' accounts in subsidiary ledgers with general ledgers of loan and advances are not reconciled. The effect thereof on loans and advances is not ascertainable.

Management response

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. Adequate disclosure has been made in the financial statements on this count.

Audit qualification (e)

Borrowings, Other Liabilities and Provisions, Other Assets and Loans and Advances are subject to confirmation and adjustment, if any.

Management response

Large numbers of accounts are too old and transaction details as well as addresses of units are not available. It is, therefore, practically difficult to obtain balance confirmation from individual parties. Borrowings are supported by Government Resolutions and periodic reconciliation is resorted to by different agencies.

Audit qualification (f)

The Corporation provides liability in respect of Gratuity and Leave encashment on the cash basis. The effect of the Gratuity and Leave Encashment liability to be recognized on mercantile basis as compared to cash basis is not ascertainable.



Management response

Corporation's liabilities on Gratuity and Leave Encashment are covered under Group Insurance Policies operated with Life Insurance Corporation of India. Since premium is collected annually by LIC, as per the practice followed consistently, liabilities on both the counts are accounted on cash basis.

