



Gujarat State Financial Corporation

(Established under State Financial Corporations Act, 1951)

SECRETARIAL CELL

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GSFC/SEC.CELL/C-2/

August 12, 2016

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

Sub: un-audited financial results for the quarter ended 30.6.2016

Ref: Stock Code 532160

Dear Sirs,

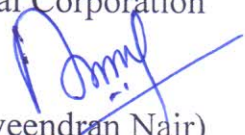
Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we forward herewith a copy of the statement containing the un-audited Financial Results of the Corporation for the quarter ended 30th June, 2016. The aforesaid results have been approved and taken on record by the Board of Directors at its meeting held today. The Board meeting commenced at 3.15 PM and concluded at 4.10 PM.

We also forward herewith Limited Review Report of even date received from Independent Auditors, M/s. Manubhai & Shah LLP, statutory auditors of the Corporation, in respect of aforesaid un-audited financial results which was also taken on record by the Board of Directors at its above mentioned meeting.

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
UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30TH JUNE, 2016

(Rs in Lacs)

PARTICULARS	Quarter ended 30.06.2016	Quarter ended 31.03.2016	Quarter ended 30.06.2015	Year ended 31.03.2016
	Unaudited	Audited	Unaudited	Audited
1 Interest earned	149.36	58.01	477.16	1167.40
2 Other Income	269.03	248.24	60.09	1041.98
3 Total Income (1+2)	418.39	306.25	537.25	2209.38
4 Interest Expended	3059.55	3010.77	2993.61	12109.31
5 Operating Expenditure (i)+(ii)+(iii)	307.04	509.43	534.01	1939.19
(i) Employees cost	104.81	123.20	100.26	407.70
(ii) Other operating expenses	112.54	313.89	80.98	540.11
(iii)Bad debt Written Off	89.69	72.34	352.77	991.38
6 Total Expenditure (4+5)	3366.59	3520.20	3527.62	14048.50
7 Operating Profit before provisions&contingencies (3-6)	-2948.20	-3213.95	-2990.37	(11839.12)
8 Provisions (other than tax) & Contingencies	0.00	0.00	0.00	0.00
9 Exceptional items (i)+(ii)+(iii)+(iv)	0.00	1320.75	0.00	1339.68
(i) Profit on Sale of assets	0.00	85.83	0.00	85.83
(ii) Profit on Sale of Investment	0.00	0.56	0.00	19.49
(iii) Diminution in the value of investment written back		53.28	0.00	53.28
(iv) Provision for NPA written back	0.00	1181.08	0.00	1181.08
10 Profit(+)/Loss(-) from Ordinary Activities before Tax (7-8-9)	(2948.20)	(1893.20)	(2990.37)	(10499.43)
11 Tax expenses	0.00	0.00	0.00	0.00
12 Net Profit(+)/Loss(-) from Ordinary Activities after Tax (10-11)	-2948.20	-1893.20	-2990.37	-10499.43
13 Extraordinary items (net of tax expenses)	0.00	0.00	0.00	0.00
14 Net Profit(+)/Loss(-) for the period (12-13)	-2948.20	-1893.20	-2990.37	-10499.43
15 Paid-up Equity Share Capital (Face value Rs. 10/- each)	8911.40	8911.40	8911.40	8911.40
16 Reserves excluding Revaluation Reserves as at 31st March,				(206635.75)
17 Analytical ratios				
i Percentage of Share held by Govt.of Gujarat	55.09	55.09	55.09	55.09
ii Basic and diluted Earning Per Share (Not annualized) Rs.	(3.31)	(2.12)	(3.36)	(11.78)
iii NPA Ratio				
a Gross NPA	43238.88	43238.88	44419.96	43238.88
b Net NPA	43238.88	43238.88	44419.96	43238.88
c % of Gross NPA to Gross advances	100%	100%	100%	100%
d % of Net NPA to Net advances	100%	100%	100%	100%
e Return on assets	(0.85)	(0.85)	(0.87)	(0.85)

Note :

- The above unaudited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 12.08.2016
- Figures for the previous period have been reclassified to confirm to the presentation adopted in this Statement.
- As a Corporation operates in single segment i.e. term lending, segment reporting is not applicable.



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- 4 NPA provision or write back, if any, will be made at the end of the year by the Corporation.
- 5 The Statutory Auditors in the Limited Review Report on the aforesaid results made qualified opinion which along with Management's response is given below:-

<p>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 results is not ascertainable.</p>	<p>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.</p>
<p>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.</p>	<p>Government loans are granted as a result of provision in the Budgets of Government of Gujarat and subsequent issuance of Government Resolutions. The Government has been moved to make the loan advanced to the Corporation interest free from 1.7.2012 which is still under consideration. However, pending decision, interest and penal interest is charged to Statement of Profit & 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.</p>
<p>3 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 results could not be ascertained.</p>	<p>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).</p>
<p>4 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.</p>	<p>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.</p>

Place : Gandhinagar
Date :12/08/2016

By order of the Board

Arvind Agarwal
Managing Director



Manubhai & Shah LLP

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 30th June, 2016 (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, required upon such confirmation. 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 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 results could not be ascertained.*
- 4. 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.*



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Manubhai & Shah (Registration No. GUJ/AHD/33849) a Partnership Firm was converted into Manubhai & Shah LLP (LLP identification No.AAG-0878) a Limited Liability Partnership with effect from 1st April, 2016

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: August 12, 2016

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

K. B. Solanki

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