**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 third quarter and nine months period ended 31st December, 2014 (the Statement) except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from the disclosures made by the management and have not been audited by us. 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. *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.*
2. *Interest of deposits with Gujarat State Financial Services Limited, Fixed deposit with the bank as well as 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.*
3. *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 penalty interest is not ascertainable.*
4. *The depreciation is provided for on ad-hoc basis instead of the actual basis. The effect of the same is not ascertainable.*
5. *The financial results of the corporation are prepared on a going concern basis, notwithstanding the fact that its net worth is completely eroded and the Corporation's inability to infuse requisite funds for continuing in future. The circumstances indicate a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern entity. The effect of the same on the financial results is not ascertainable.*

MANUBHAI & SHAH AHMEDABAD CHARTERED ACCOUNTANTS

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***Qualified Conclusion***

Based on our review, *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 accounting practices and policies generally accepted in India has not disclosed the information required to be disclosed in terms of clause 41 of the Listing Agreement including the manner in which it is to be disclosed or that it contains any material misstatement.

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




**Place: Ahmedabad**
**Date: February 11, 2015**

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