
Mehul S. Kanani
BBA, ACA

Mehul Kanani & Co.
Chartered Accountants
I – 402, Krish Residency
B/H Uma Vidhyalaya
Nikol – Naroda Road, Nikol
Ahmedabad – 382 350.
Phone No: 99092 67118

AUDITORS' REPORT

To,
The Shareholders
Gopal Iron & Steels Co. (Gujarat) Limited

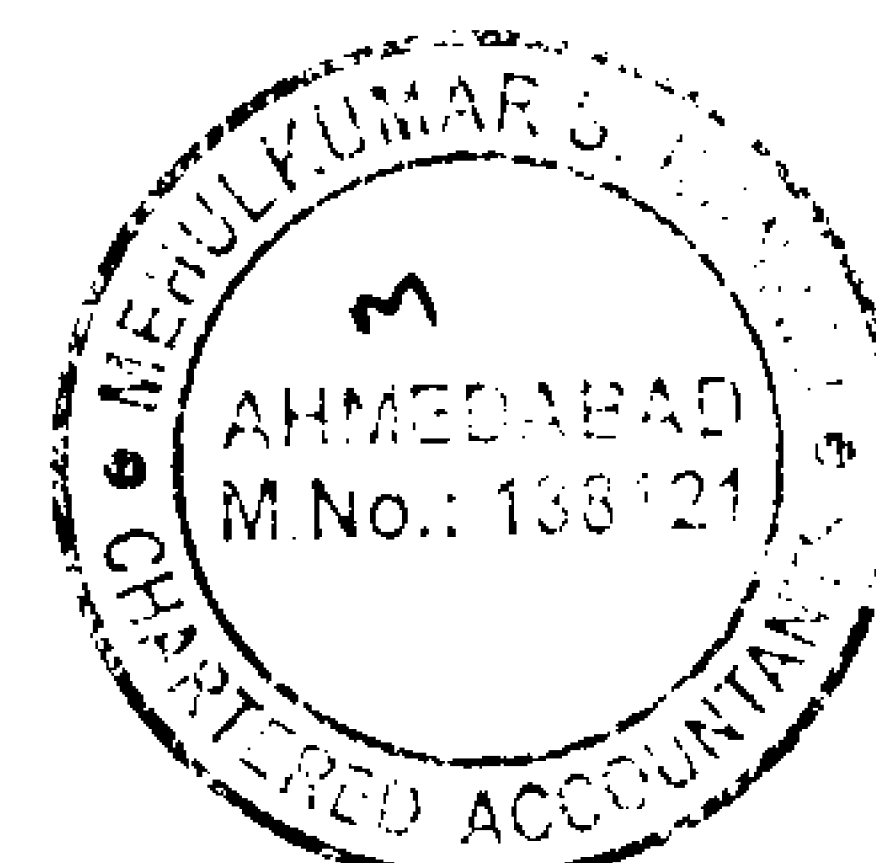
We have audited the attached Balance sheet of Gopal Iron & Steels Co. (Gujarat) limited as at 31st March 2012 and also annexed Profit and Loss Account for the year ended on that date and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

We further report that

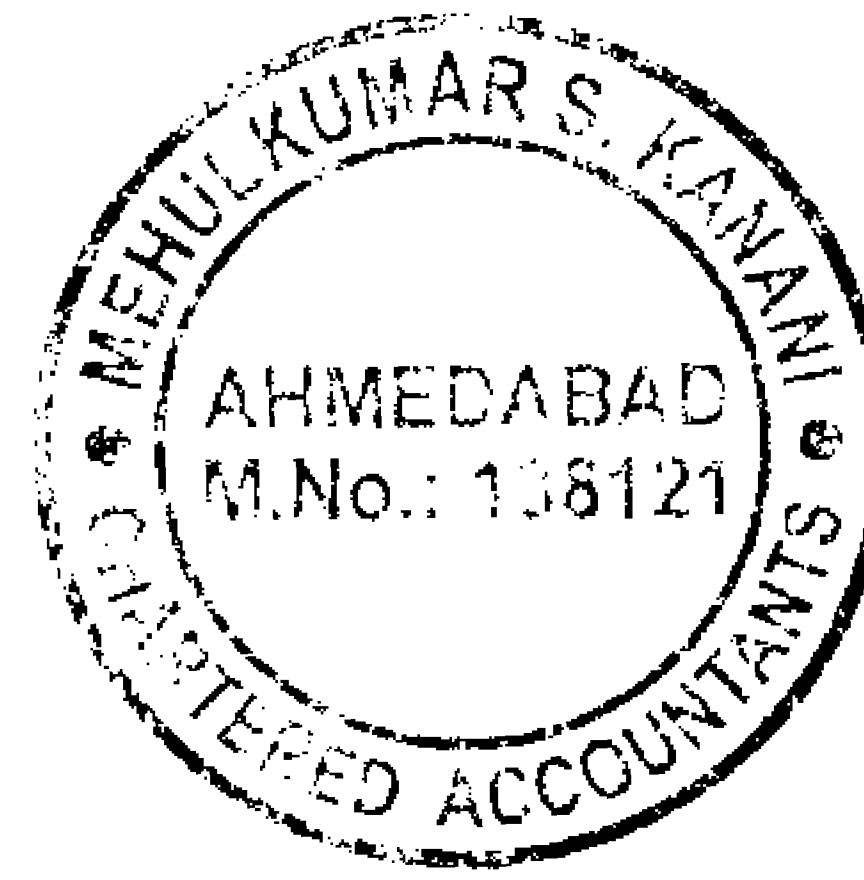
- (1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (2) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
- (3) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.



- (4) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- (5) In our opinion and based on information and explanations given to us, none of the directors is disqualified as on 31-03-2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
- (b) In the case of the Profit and Loss Account of the Profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement of the Cash flow for the year ended on that date.

Place: Ahmedabad

Date: 07-06-2012



For Mehul Kanani & Co.
Chartered Accountants


(Mehul Kanani)
Proprietor

Membership No. 138121

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS REPORT OF EVEN
DATE OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

On the basis of such checks as we considered appropriate and the terms of the information and explanations given to us, we state that:

1. (a) The Company has maintained proper records showing full particulars including quantitative and situation of fixed assets.

(b) As explained to us fixed assets, according to the practice of the company, are physically verified by the management at reasonable intervals in a phased verification program, which in our opinion is reasonable looking to the size of the company and the nature of its business. According to the information and explanation given to us no material discrepancies were noticed on such verification.

(c) In our opinion, the company has not disposed off any substantial part of its fixed assets so as to effect in it going concern.
2. (a) As explained to us, inventories have been physically verified by the management at the end of the year.

(b) In our opinion and according to the information and given to us the procedure followed by the Management are reasonable and adequate in relation to the size of the company and the nature of the business.

(c) The company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to from companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(a) The company has not granted or taken any loans secured or unsecured to companies, firms or other parties cover in the register maintained under Section 301 of the Companies Act, 1956 during the year.

(b) In our opinion and according to the information and given to us, the rate of interest, whenever applicable and other terms and conditions in respect of loans given taken by the company are not prima facie prejudicial to the interest of the company.

(c) In respects of loans taken by the Company from two parties, the loan is interest free and are payable on demand, In respect of loans taken by the company from other parties, the interest and principal amount is payable on demand.

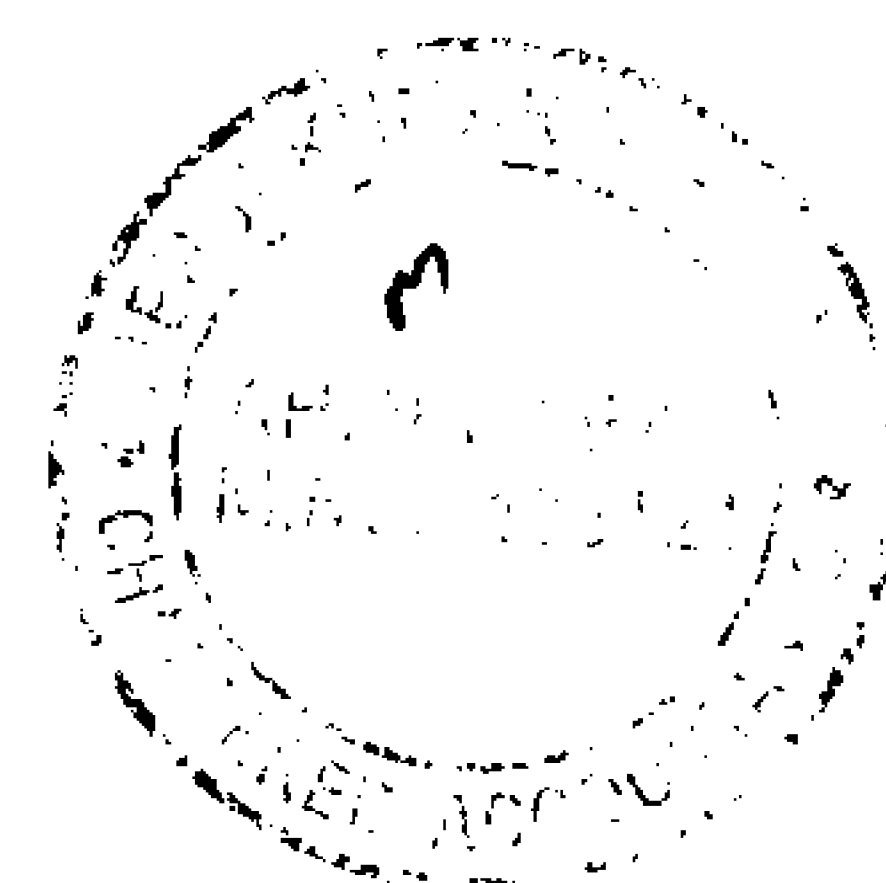
(d) In respect of loans taken by the company, these are repayable on demand and therefore the question of overdue amounts does not arise.



4. In our opinion and according to the information and given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of audit, no major weakness in internal control had come to notice.
5. (a) On the basis of the audit procedure performed by us, and according to the information and explanations given and representations given to us, we are of the opinion that, the transactions in which directors were interested as contemplated under Section 297 and sub- section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registered maintained u/s 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at parties which are reasonable having regards to prevailing market prices of at that time.
6. The company has not accepted any deposit from public cover u/s 58A of the Companies Act 1956 read along with companies (Acceptance of deposits) rules 1973 and the directive issued by the Reserve Bank of India.
7. The employees of the company have conducted the internal audit. However the same is required to be strengthened.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. (a) According to the records of the company, it has been generally regularly deposited undisputed statutory dues including Provident Fund, Income tax, Sales Tax, Wealth Tax, Excise Duty and other statutory dues with the appropriate authorities. According to the information and explanation given to us no disputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanation given to us, there is no any disputed demand outstanding during the year under preview except mentioned below:

Sr	Nature of Dues	Year	Amount Involved
1	Sales Tax	2002-2003	Rs. 29.11 Lacs
		2006-2007	Rs. 3.64 Lacs
2	Excise Duty	1998-1999 1999-2000	Rs. 33.53 Lacs

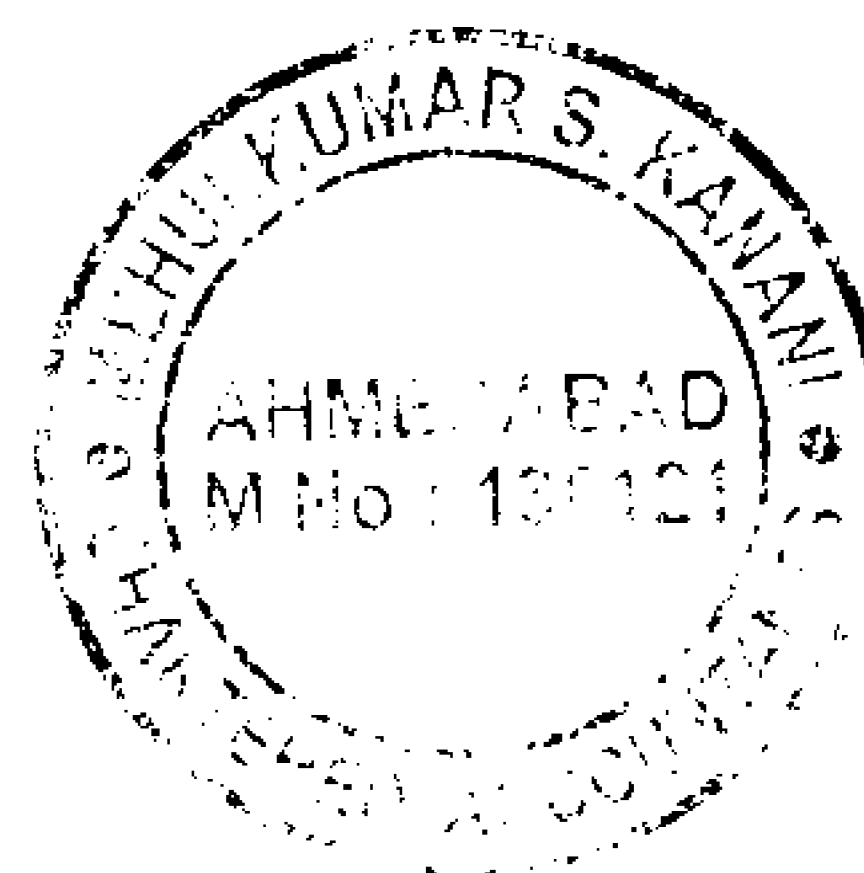
10. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses both, in the financial year under report and the immediately preceding year.



11. On the basis of the records examined by us and the information and explanation given to us, the company has not defaulted in payment of dues to financial institutions, banks or debenture holders.
12. As examined to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, or any other securities.
13. In our opinion, the company is not a chit fund or a nidhi fund / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report order 2003 is not applicable.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in respect of shares, securities debentures and other investments. According to the provision of clause 4 (xiv) of the companies (Auditor Report) order 2003 are not applicable to the company.
15. According to the information and explanation given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution.
16. The company has raised a term loan for Expansion Project of Tube Mill and the said term loan was applied for the purpose for which they were raised.
17. According to the information and explanation given to us and on overall examination of the financial statements of the company and after placing reliance on the reasonable assumption made by the company for classification of long term and short term usage's of funds, we are of the opinion that, prima-facie, long term funds have not been utilized for short term purposes.
18. The companies have not made any preferential allotment of shares of parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not issued any money by way of public issue, during the year.
21. According to the information and explanation given to us, and to the best of our knowledge and benefit, no fraud on or by the Company, has been noticed or by the company, during the year that causes the financial statements to be materially misstated.

Place: Ahmedabad

Date: 07-06-2012



For Mehul Kanani & Co.
Chartered Accountants


(Mehul Kanani)
Proprietor

Membership No. 138121

DIRECTORS REPORT

To,
The Members,

Your directors have great pleasure in presenting 18th Annual Report together with the Audited Financial statements for the year ended on 31st March 2012.

[1] **OPERATIONS**

	31-03-2012 Rs.	31-03-2011 Rs.
Turnover and other receipts	356395347	439540200
Other Income	3722459	2904343
Profit before Depreciation and Tax	18333414	11965304
Less: Depreciation	8210200	5888841
Balance	10123214	6076463
Less: Provision for Taxation	-754358	1032392
Profit carried to Balance Sheet	10877572	5044071

During the current year your company has achieved a reasonable level of growth in spite of whole world was hit by biggest and largest financial crisi in the history. During the year company has started expansion project and after successful commissioning of the same. We are hoping that the phenominal growth shall be achieved during the next coming years.

[2] **MARKET SCENARIO**

The products manufactured by your Company are mainly used in development of infrastructure facilities. Your directors are happy to inform you that with the more and more emphasis by the Central and State Governments on infrastructure development, there is a huge potential demand for the products of the company.

Further due to the addition of versatile range of products, we are now able to provide wide range which caters to need of all customers under one roof.

[3] **DIRECTORS**

Mr. Ghanshyam Narottambhai Patel retires from the office by rotation and being eligible offers them for reappointment.

[4] **INSURANCE**

The Company has made adequate arrangements for insuring of Factory buildings, other buildings, Plant and Machineries including erection, utilities etc. against fire, explosion and other perils.

[5] **FIXED DEPOSIT**

Since your company has not accepted any deposit in terms of Section 58A of the Companies Act, 1956 from the public, no information is required to be furnished in respect of outstanding deposits.



[6] **EMPLOYEE RELATION**

Relations between the employees and the management continued to remain cordial during the year under review. The Directors hereby place on record their appreciation of the efficient and loyal services rendered by the Company's employees at all levels.

The information required to be published under the provisions of section 217 (2A) of the Companies act 1956 read with companies (particulars of employees) Rules 1975 as amended is given below:

Employees receiving remuneration exceeding Rs. 24 Lacs Per year if employed for the whole year	Nil
Employees receiving remuneration exceeding Rs. 2 Lacs Per Month if employed for the part of the year	Nil

[7] **AUDITORS AND AUDITORS REPORT**

Mr. Mehul S. Kanani the auditors of the Company has tendered their resignation and mentioned his inability to continue as a Statutory Auditor of the Company. Due to this your directors propose the name of M/S Kantilal Patel & Co. Chartered Accountants, (Firm Registration No. 104744W) to be Auditor of the Company hold the office until the conclusion of the forth coming Annual General Meeting. The Company has received certificate from the said auditors to the effect that their appointment if made would be within the provisions under section 224(1) of the Companies Act.

[8] **OTHER INFORMATION**

In terms of Section 217 (1) of the companies act 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings/out go is given in Annexure - 1.

[9] **DIRECTOR'S RESPONSIBILITY STATEMENT**

In accordance with the Companies (Amendment) Act, 2000 the Directors state that:

- (a) In the preparation of the annual accounts, all applicable accounting standards have been followed and proper explanations relating to material departures if any have been furnished.
- (b) Accounting policies as listed in Schedule 23 to the financial statements have been selected and consistently applied and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the company as on 31st March, 2012 and of the profit of the company for the accounting year ended on that date.
- (c) Proper and sufficient care for maintenance of adequate accounting records has been in accordance with the provisions of this act so as to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- (d) The annual accounts have been prepared on a going concern basis.



[10] **CORPORATE GOVERNANCE**

Report of Directors on Corporate Governance is annexed to and forms part of this report.

[11] **RESUMPTION OF TRADING AT BSE**

During the month of April 2007 trading in Equity Shares of the company has been resumed and investor would have opportunity to exit / invest whatever may be.

The company has paid listing fees to Ahmedabad Stock Exchange Limited and Bombay Stock Exchange Limited for the year 2011-2012.

[12] **ACKNOWLEDGEMENT**

The board wishes to place on record their sincere thanks for the Co-operation and support received from various agencies of the Central and State Governments as also financial institutions and bankers to the company.

Your directors take this opportunity to place on record their appreciation of the dedicated services put in by employees, contractors, consultants at all levels and their contribution to the progress of the Company.

Place: Ahmedabad

Date: 07-06-2012

By order of the Board of Directors
For Gopal Iron & Steels Co. (Guj) Ltd.

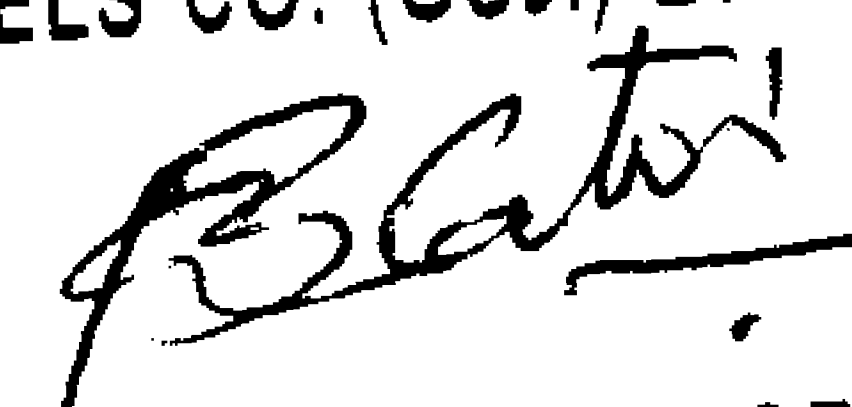

(Bhavesh Patel)
Managing Director



FORM - A Form for Disclosure of Particulars with respect to Conservation of Energy

Particulars		31-03-2012	31-03-2011
A)	Power and Fuel Consumption		
	1 Electricity		
	(a) Purchased		
	Units (KWH)	935356	1205806
	Total Amount (Rs)	7546221	8016359
	Average Rate Per Unit (Rs / KWH)	Rs. 8.07	Rs. 6.65
	(b) Own Generation		
	(i) Through Diesel Generator Units (KWH)	-	-
	Total Amount (Rs)	-	-
	Average Cost Per Unit (Rs / KWH)	-	-
	(ii) Through Steam Turbine / Generator Units (KWH)	1274138	1247923
	Total Amount (Rs)	-	-
	Average Cost Per Unit (Rs / KWH)	-	-
	2 Coal		
	(i) Blast Furnace Injection Coal Quantity (In MT)	-	-
	Total Cost (Rs)	-	-
	Average Rate (Rs / MT)	-	-
	(ii) Middling Coal and ROM Quantity (In MT)	-	-
	Total Cost (Rs)	-	-
	Average Rate (Rs / MT)	-	-
	3 Furnace Oil		
	Quantity (In Litres)	657343	1078340
	Total Amount (Rs)	27013186	32233990
	Average Rate (Rs / Litres)	Rs. 41.09	Rs. 29.89
	4 Others		
	(i) LDO		
	Quantity (In Litres)	-	-
	Total Amount (Rs)	-	-
	Average Rate (Rs / Litres)	-	-
	(ii) L.S.H.S.		
	Quantity (In Litres)	-	-
	Total Amount (Rs)	-	-
	Average Rate (Rs / Litres)	-	-
B)	Consumption Per Unit of Production of Steel		
		<u>Unit Qty</u> <u>Rs.</u>	<u>Unit Qty</u> <u>Rs.</u>
	Electricity (KWH)	58.28 470.32	56.20 373.74
	Furnace Oil (Litres)	52.33 2150.24	50.26 1502.29

For, GOPAL IRON & STEELS CO. (GUJ.) LTD.


DIRECTOR

Form - B

Research and Development (R & D)

(1) Specific Areas in which R & D carried out by the Company

- Development of new products and technology.
- Improvement in Product Quality.
- Improvement of systems in existing products.
- Process improvements.
- Cost effectiveness by substituting raw materials.
- Elimination of waste in the systems.

(2) Benefits derived as a results of the above R & D

- Improvement in yield and product quality.
- Cost effectiveness.
- Improved utilizations of material and energy.
- Technological upgradation.
- Launch of new products.
- Reduction in Machine Break down time.
- Reduction in environment pollution.

(3) Future Plan of Action

- Continuation of present work in R & D for introduction of new products and process.
- Faster introduction of new products.
- Strengthening infrastructure of R & D.

(4) Expenditure on R & D

The Company does not separately accounted R & D expenditure.

Technology absorption, adaption and Innovation

The company always ready to keep itself updated with all latest technological innovation by way of constant communication and consulting expert. Efforts are being made to reduce the cost and to improve performance etc.

Place: Ahmedabad

Date: 07-06-2012


(Bhavesh Patel)
Managing Director



Gopal Iron & Steels Co. (Gujarat) Limited

Balance Sheet as at 31-03-2012

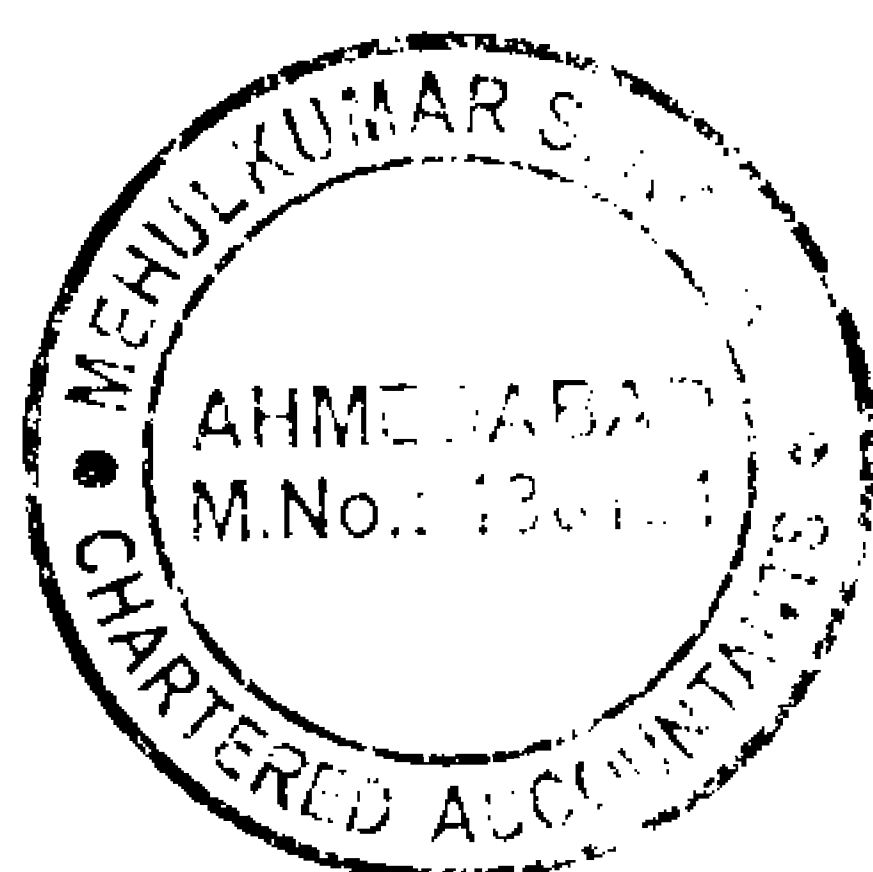
	Note	31-03-2012 Rs.	31-03-2011 Rs.
I Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	1	49171000	49171000
(b) Reserve and Surplus	2	70803140	59925568
Non Current Liabilities			
(a) Long Term Borrowings	3	93036616	43007058
(b) Deferred Tax Liabilities (Net)	4	14422974	17054176
Current Liabilities			
(a) Short Term Borrowings	5	116563301	97998453
(b) Trade Payables	6	109828817	3252020
(c) Other Current Liabilities	7	6576131	2385216
(d) Short Term Provisions	8	165066	484155
I Total		460567045	273277646
II Assets			
Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	187406500	81065972
(ii) Capital Work-in-Progress	9	0	29537726
(b) Non Current Investments	10	49900	49900
(c) Long Term Loans and Advances	11	3832771	20740947
Current Assets			
(a) Inventories	12	153094623	72247527
(b) Trade Receivables	13	82769966	60211680
(c) Cash and Cash Equivalents	14	2101194	637117
(d) Short Term Loans and Advances	15	31312091	8786777
II Total		460567045	273277646
Summary of Significant Accounting Policies	23		
Notes to the Financial Statements	24		

As per Separate Report of even date Annexed

For Mehul Kanani & Co.
Chartered Accountants

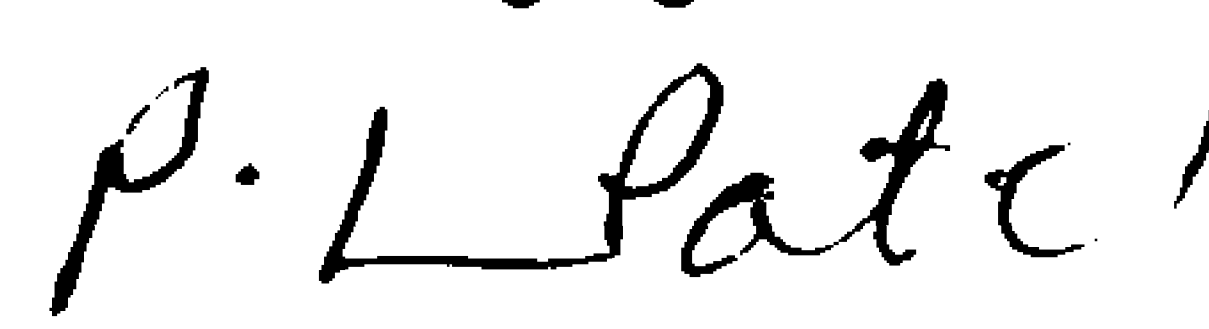

(Mehul Kanani)
Proprietor

Place: Ahmedabad
Date : 07-06-2012



For and on behalf of Board of Directors
Gopal Iron & Steels Co. (Guj) Limited


(Bhavesh Patel)
Managing Director


(Prabhubhai Patel)
Director



Gopal Iron & Steels Co. (Gujarat) Limited

Statement of Profit and Loss for the year ended on 31-03-2012

	Note	31-03-2012 Rs.	31-03-2011 Rs.
I Revenue from Operations	16	356395347	439540200
II Other Income	17	3722459	2904343
III Total Revenue (I + II)		360117806	442444543
IV Expenses			
(a) Cost of Materials Consumed	18	293530708	374479912
(b) Purchase of Stock-in-Trade		0	0
(c) Change in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade	19	-23949304	-14346800
(d) Employee Benefits Expense	20	7817206	11608431
(e) Other Expenses	21	46790154	45570784
V Sub Total of Expenses		324188764	417312327
VI Profit before Interest, Depreciation and Tax (III - V)		35929042	25132216
Finance Costs	22	17595628	13166912
Depreciation and Amortization	9	8210200	5888841
VII Total of Finance Costs and Depreciation		25805828	19055753
VIII Profit before Exceptional and Extra Ordinary Items and Tax (VI - VII)		10123214	6076463
IX Exceptional Items		0	0
X Profit before Extraordinary Items and Tax (VIII - IX)		10123214	6076463
XI Extraordinary Items		0	0
XII Profit before Tax (X - XI)		10123214	6076463
XIII Tax Expenses			
(1) Current Tax		1876844	2025852
(2) Deferred Tax		(2631202)	(993460)
XIV Profit for the period (XII - XIII)		10877572	5044071
XV Earnings Per Equity Shares			
(1) Basic		2.21	1.03
(2) Diluted		2.21	1.03
Summary of Significant Accounting Policies	23		
Notes to the Financial Statements	24		

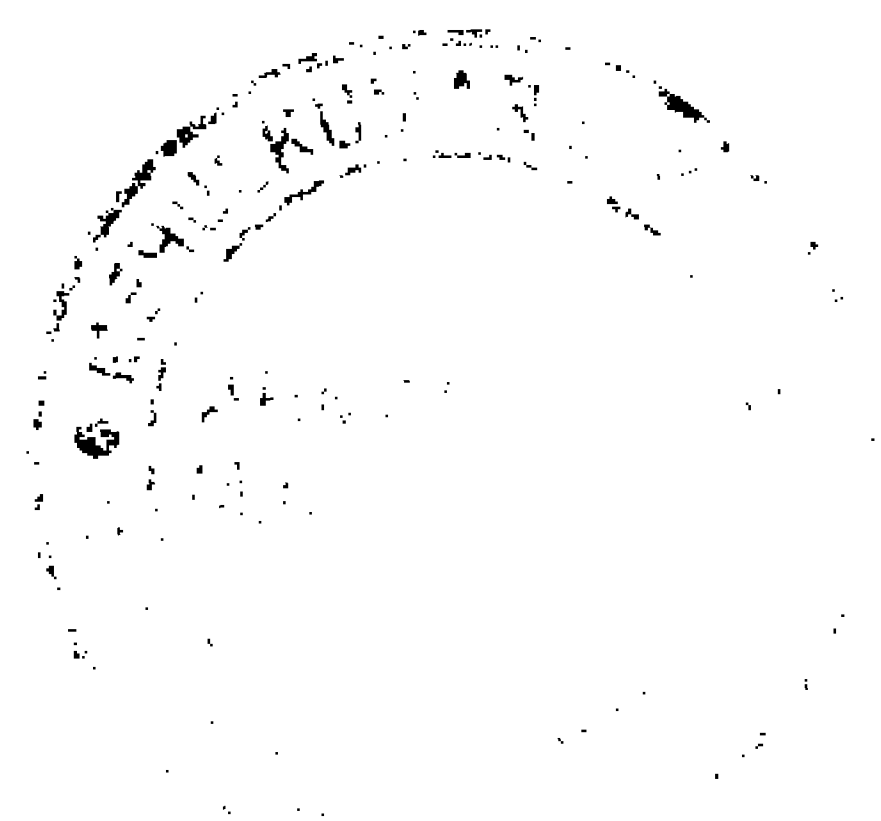
As per Separate Report of even date Annexed

For and on behalf of Board of Directors
Gopal Iron & Steels Co. (Guj) Limited

For Mehul Kanani & Co.
Chartered Accountants

(Mehul Kanani)
Proprietor

Place: Ahmedabad
Date : 07-06-2012



Bhaves Patel

(Bhaves Patel)
Managing Director

P. L. Patel

(Prabhubhai Patel)
Director



Gopal Iron & Steels Co. (Guj) Limited

Cash Flow Statement for the year ended on 31st March 2012

(In Rs.)

		31-03-2012	31-03-2011
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	10123214	6076463
	Adjustment For		
	- Depreciation and Amortization	8210200	5888841
	- Financial and Interest Charges	17595628	13166912
	Operating Profit before Working Capital Changes	35929042	25132216
	Adjustment For Changes in Working Capital		
	- Trade Payables	106576797	3252020
	- Other Current Liabilities	4190915	2385216
	- Short Term Provisions	-319089	-1068386
	- Increase in Inventories	-80847096	-15351254
	- Trade Receivables	-22558286	-4861044
	- Long Term Loans and Advances	16908176	-18643282
	- Short Term Loans and Advances	-22525314	2564496
	Cash Generated from Operations	37355145	-6590018
	- Taxes Paid	-896539	-2117904
	Net Cash Flow from operating activities - A	36458606	-8707922
B	CASH FLOW FROM INVESTING ACTIVITIES		
	- Purchase of Fixed Assets and Others	-85993307	-30712602
	- Proceeds from Sale of Fixed Assets	0	325000
	Net Cash used in investing activities - B	-85993307	-30387602
C	CASH FLOW FROM FINANCING ACTIVITIES		
	- Proceeds (-Payment) from Short Term Borrowings	18564848	16720498
	- Proceeds from Share Capital	0	-477500
	- Financial and Interest Charges	-17595628	-13166912
	- Proceeds (-Payment) from Long Term Borrowings	50029558	35381219
	Net Cash used in Financing Activities - C	50998778	38457305
	Net (-) Decrease in Cash & Cash Equivalents (A+B+C)	1464077	-638219
	Cash & Cash Equivalents as at 31-03-2011 (Sch 14)	637117	1275336
	Cash & Cash Equivalents as at 31-03-2012 (Sch 14)	2101194	637117

Note

The Cash Flow Statement has been prepared under the Indirect Method as set out in AS 3 on Cash Flow Statements issued by Companies (Accounting Standard) Rules, 2006.

As per Separate Report of even date Annexed

For and on behalf of Board of Directors
Gopal Iron & Steels Co. (Guj) Limited

For Mehul Kanani & Co.
Chartered Accountants

(Mehul Kanani)
Proprietor

Place: Ahmedabad
Date : 07-06-2012

(Bhavesh Patel)
Managing Director

(Prabhubhai Patel)
Director



Gopal Iron & Steels Co. (Gujarat) Limited**As at
31-03-2012****As at
31-03-2011****Note - 1 Share Capital****Authorized Shares**

6000000 (6000000) Equity Shares of Rs. 10/- each

60000000

60000000

6000000060000000**Subscribed and Fully Paid up Share Capital**

4917100 (4917100) Equity Shares of Rs. 10/- each

49171000

49171000

Total

4917100049171000**Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period**

	No.	Rs.	No.	Rs.
At the beginning of the period	4917100	49171000	5016600	50166000
Less : Forfeited during the year	0	0	99500	995000
Out standing at the end of the period	<u>4917100</u>	<u>49171000</u>	<u>4917100</u>	<u>49171000</u>

Terms / Rights attached to issued Equity Shares

The Company has only one class of Equity Shares having at Par value of Rs. 10/- per Share. Each holder of Equity Shares is entitles to one vote per Share.

In the event of Liquidation, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all Preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

Details of Shareholders holding more than 5% Shares in the Company

	No.	Rs.	No.	Rs.
Equity Shares of Rs. 10/- each Fully paid up				
- Bhaveshbhai Gopalbhai Patel (PAC)	547860	11.14%	527860	10.74%
- Baldevbhai Gopalbhai Patel (PAC)	301700	6.14%	301700	6.14%
- Sharad Kanaiyalal Shah	262966	5.35%	251966	5.12%
	<u>1112526</u>	<u>22.63%</u>	<u>1081526</u>	<u>22.00%</u>

As per records of the Company, including its register of Shareholders / Members and other declarations received from Shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of Shares.



Gopal Iron & Steels Co. (Gujarat) Limited**As at
31-03-2012****As at
31-03-2011****Note - 2 Reserves and Surplus****Capital Reserve**

State Cash Subsidy

1000000

1000000

Profit & Loss Account

Balance as per Last Balance Sheet

58925568

53881497

Add : Profit for the year

10877572

5044071

69803140

58925568

Total**70803140****59925568****Note - 3 Long Term Borrowings****Secured**

Term Loan from PNB for Tube Mill Project

67482621

25691228

(Secured by first charge on all Plant and Machinery, Wind Mill and movable and immovable fixed assets both present and future save and except asset acquired under Hire Purchase agreement)

The Term Loan will be repayable in 72 equal monthly instalments each of Rs. 11.25 Lacs starting from April 2012 and total amount of repayment in next 12 months is Rs. 135.00 Lacs.

Hire Purchase Loan from ICICI Bank Limited

3955347

655817

(Secured against hypothecation of Motor Cars acquired under Hire Purchase Agreement)

The Hire Purchase Loan will be repayable in monthly instalments and total amount of repayment in next 12 months is Rs. 19.29 Lacs.

Unsecured

- From Directors

3299710

2049361

- From Shareholder and Relatives of the Directors

18298938

14610652

Total**93036616****43007058****Note - 4 Deferred Tax Liabilities (Net)**

Deferred Tax Liabilities

14422974

17054176

Fixed Assets : Impact of difference between Tax Depreciation and Depreciation Charged for the period.

Total**129058238****76721247**

Gopal Iron & Steels Co. (Gujarat) Limited**As at
31-03-2012****As at
31-03-2011****Note - 5 Short Term Borrowings****Secured**

Working Capital Loan from Bank

116563301

97998453

(Secured by first charge on Stocks and Bookdebts present and future and first charge on immovable fixed assets both present and future save and except asset acquired under Hire Purchase agreement)

Total

116563301

97998453

Note - 6 Trade Payables

Trade Payables for Goods

72876215

0

Trade Payables for Others

36952602

3252020

Total

109828817

3252020

Note - 7 Other Current Liabilities

Interest Accrued and due on Term Loan

883360

170870

Advance Received from Customer

88815

0

Provision for Taxation

5135645

2090530

Other Payables

- Unpaid Expenses

324150

0

- Tax Deducted at Source Payable

144161

123816

Total

6576131

2385216

Note - 8 Short Term Provisions

Provision for Employee Benefits

165066

484155

Total

165066

484155

Note - 10 Non Current Investments

Investments (At Cost)

Units of Mutual Funds

Principal Emerging Blue Chip Fund - Growth Plan

49900

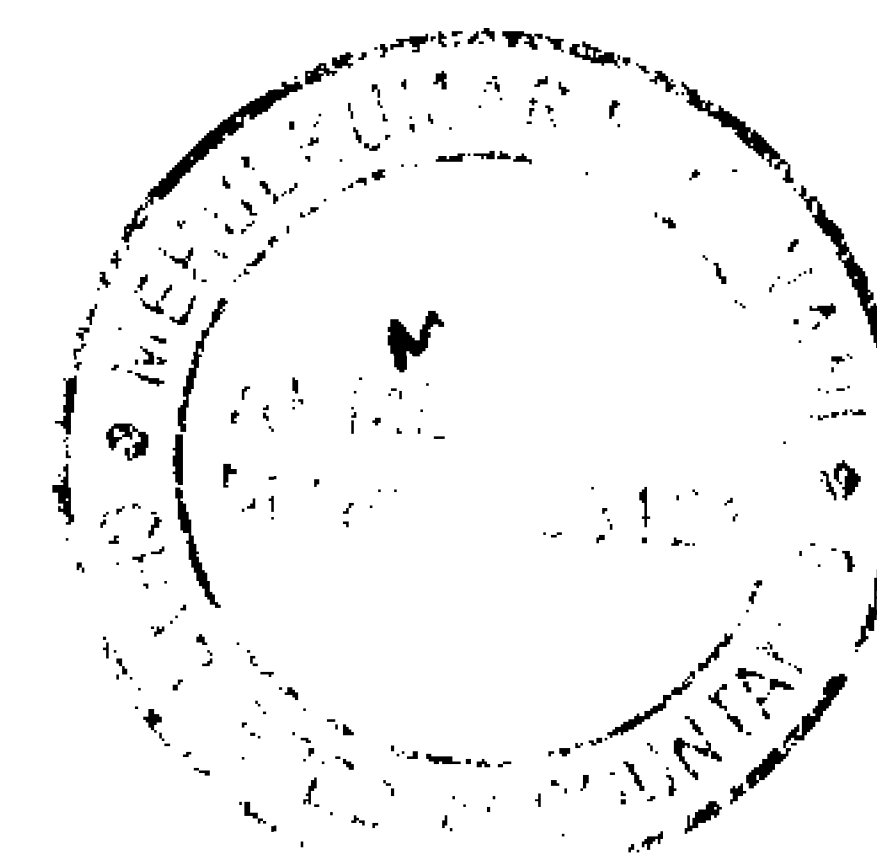
49900

(Units - 1709.49 @ Rs. 29.19)

Total

49900

49900



Gopal Iron & Steels Co. (Gujarat) Limited**As at
31-03-2012****As at
31-03-2011****Note - 11 Long Term Loans and Advances**

Security Deposits (UGVCL, Telephone and GSRTC)	2085190	2097665
Capital Advances (for New Tube Mill Project)	1747581	18643282
Total	3832771	20740947

**Note - 12 Inventories
(Physical verification done by Management)**

Raw Materials	63679959	7306236
Fuels	300255	1001884
Stores and Spares	28868285	27642587
Finished Goods	37678454	36082680
Semi Finished Goods	20734000	0
Scrap	1833670	214140
Total	153094623	72247527

**Note - 13 Trade Receivables
(Unsecured, but considered good)**

Outstanding for more than 6 months	1746996	3409150
Other Debts	81022970	56802530
Total	82769966	60211680

Note - 14 Cash and Cash Equivalents

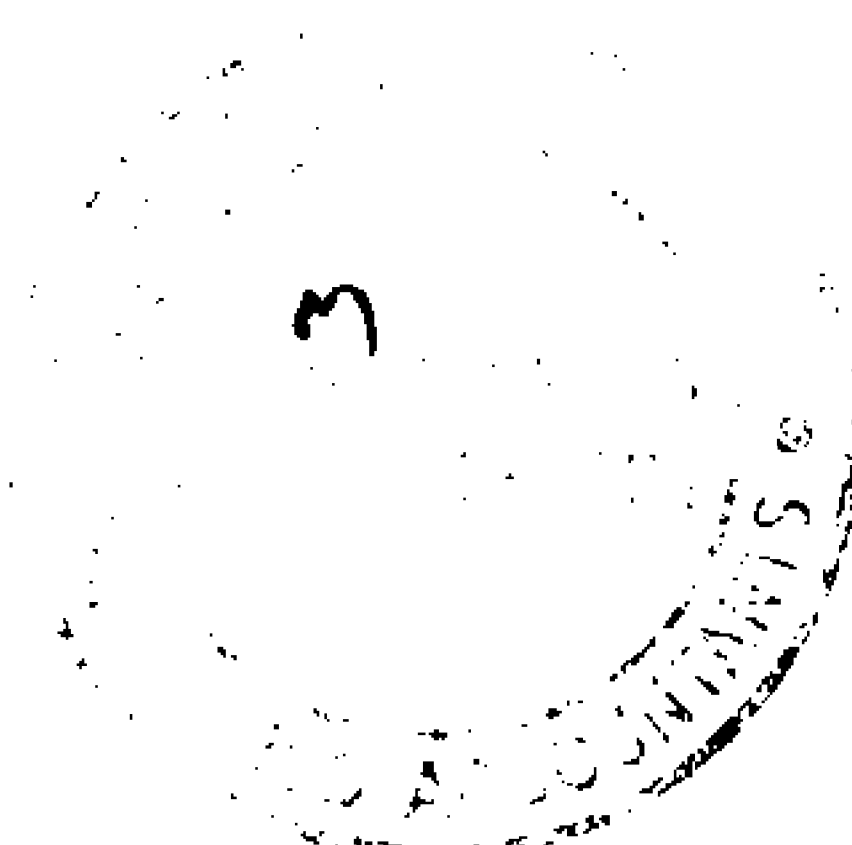
Cash on Hand	2067785	607434
Balance with Punjab National Bank (Current A/C)	33409	29683
Total	2101194	637117

**Note - 15 Short Term Loans and Advances
(Recoverable in cash or kind value to be received)**

To Suppliers	1888069	1425000
To Others	8790600	2642332
Balance of Excise CENVAT	20633422	4719445
Total	31312091	8786777

Note - 16 Details of Revenue from Operations

Revenue from Operations	324333833	404635702
Job Charges	32061514	34904498
Total	356395347	439540200



Gopal Iron & Steels Co. (Gujarat) Limited**As at
31-03-2012****As at
31-03-2011****Note - 17 Details of Other Income**

Other income	386820	2904343
VAT Credit	3335639	0
Total	3722459	2904343

Note - 18 Details of Cost of Materials Consumed

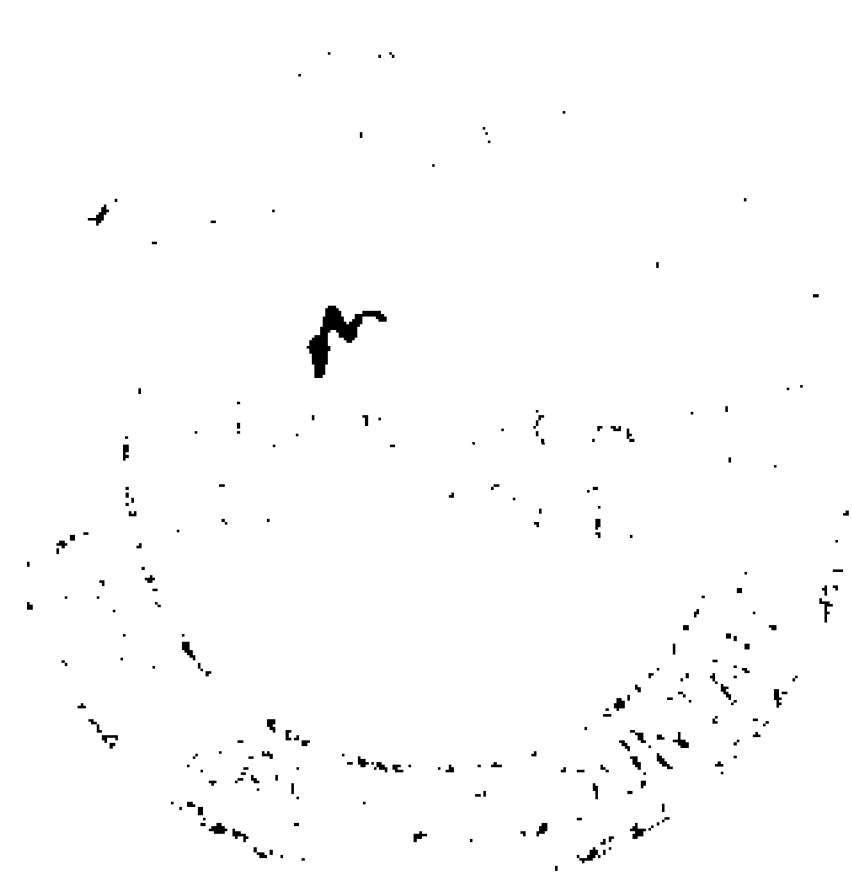
Inventory at the beginning of the year	7306236	9500168
Add : Purchases for the year	349904431	372285980
	357210667	381786148
Less : Inventory at the end of the year	63679959	7306236
Cost of Materials Consumed for the year	293530708	374479912
Total	293530708	374479912

Note - 19 Details of Change in Inventories

Inventory at the end of the year		
- Finished Goods	37678454	36082680
- Semifinished Goods	20734000	0
- Scrap	1833670	214140
	60246124	36296820
Inventory at the beginning of the year		
- Finished Goods	36082680	19299220
- Semifinished Goods	0	0
- Scrap	214140	2650800
	36296820	21950020
Total	-23949304	-14346800

Note - 20 Employee Benefits

Salary and Wages	6800238	10120047
Contribution to Provident and Other funds	754149	1234316
Other welfare expenses	262819	254068
Total	7817206	11608431



Gopal Iron & Steels Co. (Gujarat) Limited**As at
31-03-2012****As at
31-03-2011****Note - 21 Details of Other Expenses****Manufacturing Expenses**

- Fuel, Coal and Power Consumed	29624463	33214553
- Stores and Spares Consumed	2121332	2577603
- Repairs and Maintenance Expenses	635676	898225
- Other Manufacturing Expenses	2807416	865683
- Excise Duty Paid	3197754	636719

Administrative Expenses

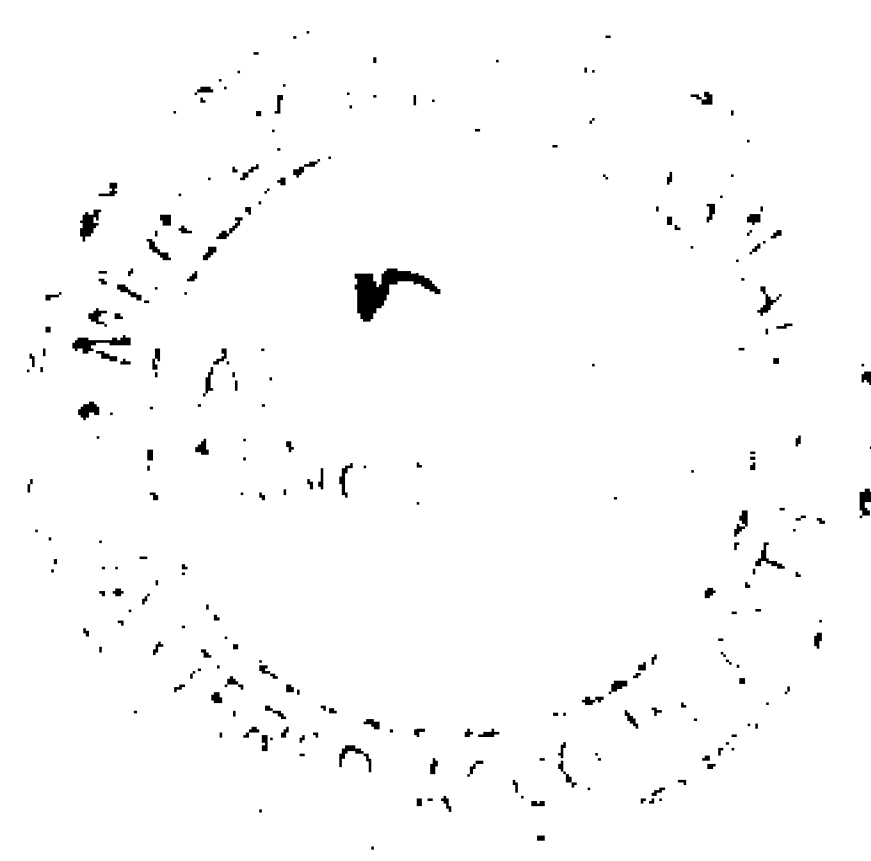
- Conveyance Expenses	1479721	1240404
- Insurance Charges	1272352	825400
- Telephone Expenses	253766	283993
- Professional and Consulting Fees	1005628	648979
- Office Expenses	104746	105997
- Stationery, Printing and Xerox	115018	91641
- Annual Listing Fees	16545	38605
- Payment to Auditors	40000	40000
- Miscellaneous Expenses	129078	103364
- Donation	112100	44222
- Licence, Renewal and Filing Fees	905065	781664
- GIDC Infrastructure Development Charges	705591	0
- Loss on Sale of Vehicle	380305	123818
- Postage Expenses	31513	18652
- Repairs to office Equipments	48970	49360
- Repairs to Factory Building	49875	52275
- Repairs to Vehicles	336062	429198

Selling and Distribution Expenses

- Advertisement Expenses	92404	14211
- Other Carriages	175094	46344
- Directors and Others Travelling Expenses	63925	74170
- Sales Promotion Expenses	88767	15435
- VAT / CST / Sales Tax Paid	996988	2350269

Total**46790154****45570784****Note - 22 Details of Finance Costs****To Bank**

- Bank Charges	322618	247999
- For Working Capital	11989317	12335653
- For Term Loan (Tube Mill)	5168661	0
- For Term Loan (Wind Mill)	0	94705
- For Term Loan (Modernization of Machinery)	0	24357
- For Vehicle Loan	183998	50090
To others	-68966	414108

Total**17595628****13166912**

Gopal Iron & Steels Co. (Gujarat) Limited

Note - 9 Details of Tangible Fixed Assets

(i)

Sr	Name of Assets	Gross Block (At Cost)			Depreciation Block			Net Block as on	
		Opening Balance	Addition	Deduction	Closing Balance	Opening Balance	Addition	Deduction	Closing Balance
1	Land (Lease Hold)	2467337	0	0	2467337	0	0	0	2467337
2	Furniture & Fixtures	245610	0	0	245610	203229	15548	0	218777
3	Office Equipment	806514	28900	53715	781699	610573	102301	53715	659159
4	Electric Installation	7416736	0	0	7416736	3306298	313564	0	3619862
5	Plant & Machinery	58267549	431148	0	58698697	26119626	2775766	0	28895392
6	Vehicles	6375369	5586744	2684491	9277622	2031170	918945	1704186	1245929
7	Factory Building	14741087	0	0	14741087	5848031	492352	0	6340383
8	Other Building	1467529	0	0	1467529	300972	23921	0	324893
9	Wind Mill	36238000	0	0	36238000	8539860	1721305	0	10261165
10	Electric Installation (Tube)	0	997978	0	997978	0	17494	0	17494
11	Plant & Machinery (Tube)	0	83796350	0	83796350	0	1492195	0	1492195
12	Factory Building (Tube)	0	24689913	0	24689913	0	336809	0	336809
Total as on 31-03-2012		128025731	115531033	2738206	240818558	46959759	8210200	1757901	53412058
Total as on 31-03-2011		128153922	30712602	1303067	157563457	41970167	5888841	899249	46959759

(ii)

Capital Work-in-Progress	29537726	44623304	74161030	0	0	0	0	0	29537726
Total as on 31-03-2012	29537726	44623304	74161030	0	0	0	0	0	29537726
Total as on 31-03-2011	1824468	27713258	0	29537726	0	0	0	0	29537726



Gopal Iron & Steels Co. (Gujarat) Limited

Note – 23 Significant Accounting Policies

(1) Basis of Preparation of Financial Statements

- (a) The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial Statement to comply in all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.
- (b) The Company follows mercantile system of accounting, unless stated otherwise.
- (c) The Accounts are prepared on the historical basis and on the Accounting Principles of on Going Concern.
- (d) Accounting Policies not specifically referred to otherwise are consistent and in consonance with generally accepted Accounting Principles. In applying Accounting Policies, consideration has been given to Prudence, Substance over form and Materiality.
- (e) Expenses and Income considered payable and receivable respectively are generally accounted for on Accrual Basis.

(2) Change in Accounting Policy

Presentation and Disclosure of the Financial Statements during the year ended on 31st March, 2012 the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its Financial Statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements. However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(3) Use of Estimates

The preparation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognizes in the period in which the results are known / materialized.



(4) Inventories

Inventories are valued as under:

Particulars	Method of Valuation	Mode of ascertaining Cost
Raw Materials	At lower of cost or net realizable value	FIFO
Bought out Components (Rolls and Spares)	At cost	-
Scrap	At net realizable value	FIFO
Semi Finished Goods	At the lower of cost and estimated net realizable value	FIFO
Finished Goods	At cost or net realizable value whichever is lower	FIFO

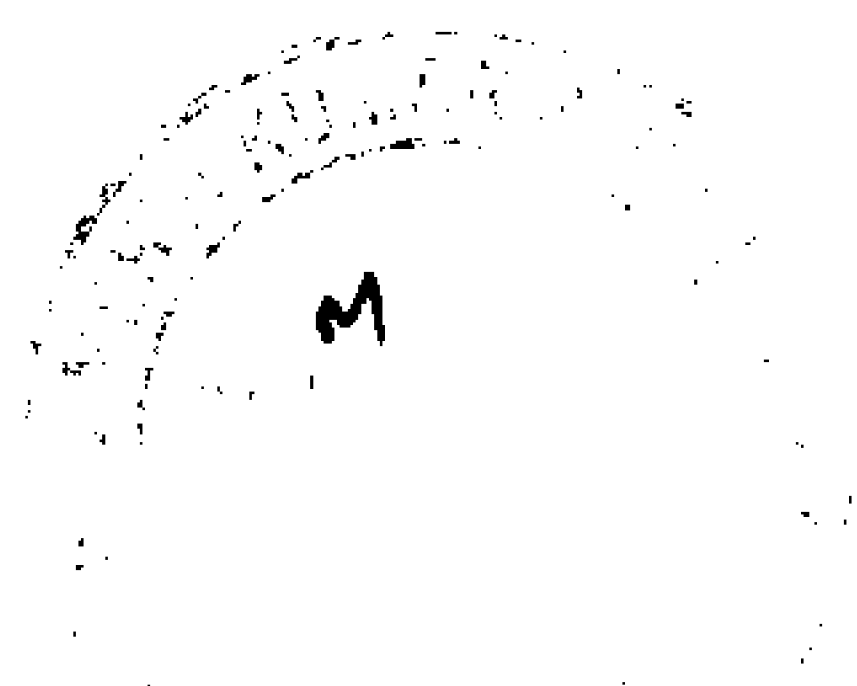
The cost of Semi-Finished and Finished Goods includes the Cost of Material, Labour and manufacturing overheads.

(5) Fixed Assets, Method of Depreciation, Amortization and Impairment

- (a) The Gross Block of Assets is shown at the Cost, which includes taxes, duties and other identifiable, direct expenses which are attributable to acquisition of fixed assets and other direct expenses and overheads incurred up to date on which such assets were first put to use less accumulated depreciation and impairment loss..
- (b) Expenditure incurred during Construction / Erection period is included under Capital Work-in-Progress and allocated to the respective Fixed Assets on Completion of Construction / Erection.
- (c) Depreciation has been provided in the books on straight-line method basis at the rate and the method as specified under schedule XIV to the Companies Act, 1956.

Lease hold Land is for 99 years and therefore Lease provision is not amortized. Moreover yearly rent paid for the Lease Hold land is expensed in the Profit & Loss Statement.

- (d) The company evaluates impairment of losses on the Fixed Assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired, the impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds recoverable amount, which is the higher of an assets net selling price and value in use.



(6) Employee Benefits

(a) Defined Contribution Plan

Contribution to the Provident Fund, Pension Fund, Other Funds and Leave encashment paid during the year are being charged to Profit & Loss Account.

- (b) Liability towards Gratuity is paid to fund maintained by the LIC of India and administered through a separate trust set up by the Company. Difference between the fund balance and the accrued liability determined based on the actuarial valuation as per the Projected Limit Credit Method by LIC of India is charged to Profit & Loss Account during the year. Any Shortfall arising in future between the Gratuity amounts received from LIC of India and an employee actual Gratuity payable to being undetermined shall be accounted in the year of actual payment of Gratuity.

(7) Investments

Long Term Investments are stated at Cost. Provision for diminution in the value of Long Term Investments is made only if such a decline is other than temporary in the opinion of the Management.

(8) Accounting for Taxes on Income

- (a) Income Tax expenses comprises of Current Tax, Deferred Tax Charge or Credit. Provision for Current Tax is made with reference to Taxable Income Computed for the Accounting period, for which the Financial Statements are prepared and applying the tax rates as applicable.
- (b) Deferred tax results from Timing Difference between Book Profit and Taxable Profit is accounted for using tax rates and laws that have been enacted / or substantial annexed as on the Balance Sheet date.
- (c) MAT Credit is recognized as an asset only when there is convincing evidence that the Company will pay normal Income Tax within the specified period. The asset shall be reviewed at each Balance Sheet Date.

(9) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past events and it is probable that there will be an outflow of resources.

Contingent Liabilities are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the Financial Statements.



(10) Revenue Recognition

- (a) Revenue recognized when it is earned and no significant uncertainty exists as to its realization or collection and is recorded on gross value including CENVAT and VAT.
- (b) Revenue from Job work income is recognized on delivery of the products, when all significant contractual obligations have been satisfied.
- (c) Other income is accounted on accrual basis.

(11) Earnings per Share

The company reports Basic and Diluted Earnings per Share (EPS) in accordance with Accounting Standards – 20 on Earnings per Share.

Basic Earnings per share are calculated, by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted Earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

(12) Government Grant Treatment

Government grants of Capital Nature are credited to Capital reserve and treated as a part of shareholder's fund.

(13) Segment Information

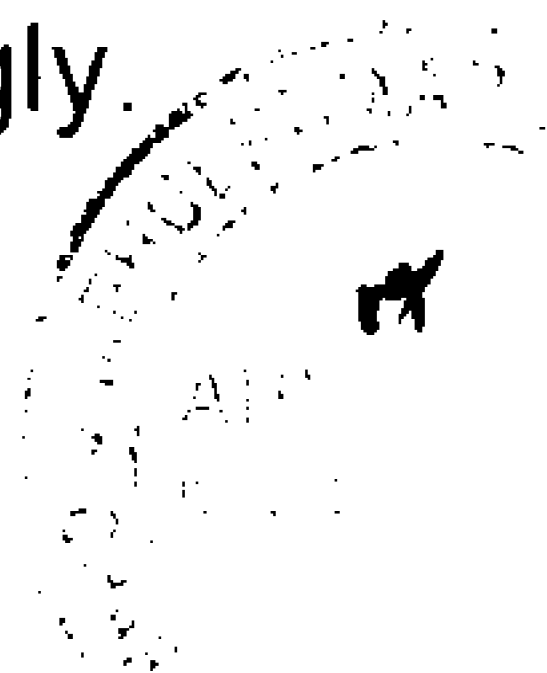
The company is primarily engaged in a single segment business of manufacturing of Iron and Steel items.

(14) Leases

Land subject to operating leases is included under Fixed Assets. Rent (Lease) payment is recognized in the profit & loss account on a payment basis over the lease term.

(15) CENVAT Treatment

- (a) Revenue from operations and Cost of Materials Consumed are inclusive of Excise Duty Levied. The excise duty paid net of CENVAT claimed is accounted separately.
- (b) Unutilized balance of CENVAT claimable at the yearend has been accounted and disclosed separately under the head "Short Term Loans and Advances" and the CENVAT component at the yearend inventories has been adjusted accordingly.



Gopal Iron & Steels Co. (Gujarat) Limited

Note – 24 Notes forming Part of Financial Statements

- (1) Balances of Sundry Creditors, Sundry Debtors, Advances, Deposits, Secured and Unsecured Loans are as per the book and subject to confirmation and reconciliation from respective parties.
- (2) In the opinion of the Board of Directors Current Assets, Loans and Advances are approximately of the same value if realized in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.
- (3) Contingent Liabilities
- (a) Estimated amount of contracts yet to be executed on capital account and not provided for Rs. 20.00 Lacs (Rs. 639.63 Lacs) and against this liability an advance of Rs. 17.48 Lacs (Rs. 168.71).
- (b) Gujarat Commercial Tax Department have raised a demand aggregating Rs. 32.75 Lacs (Rs. 29.11 Lacs) for the financial year 2002-2003 and 2006-2007 which has been disputed by the Company, as it is of the opinion that the same shall be quashed in the appeal preferred by the company. Hence no provision for this disputed Sales Tax demand has been made.
- (c) Central Excise Authorities have raised demand aggregating Rs. 33.53 Lacs (Rs. 33.53 Lacs) for the financial year 1998-1999 and 1999-2000 which has been disputed by the Company, as it is of the opinion that the same shall be quashed in the appeal preferred by the company. However company has paid under protest Rs. 36.24 Lacs (Rs. Nil) and shown as an asset under the head of "Short Term Loans and Advances".

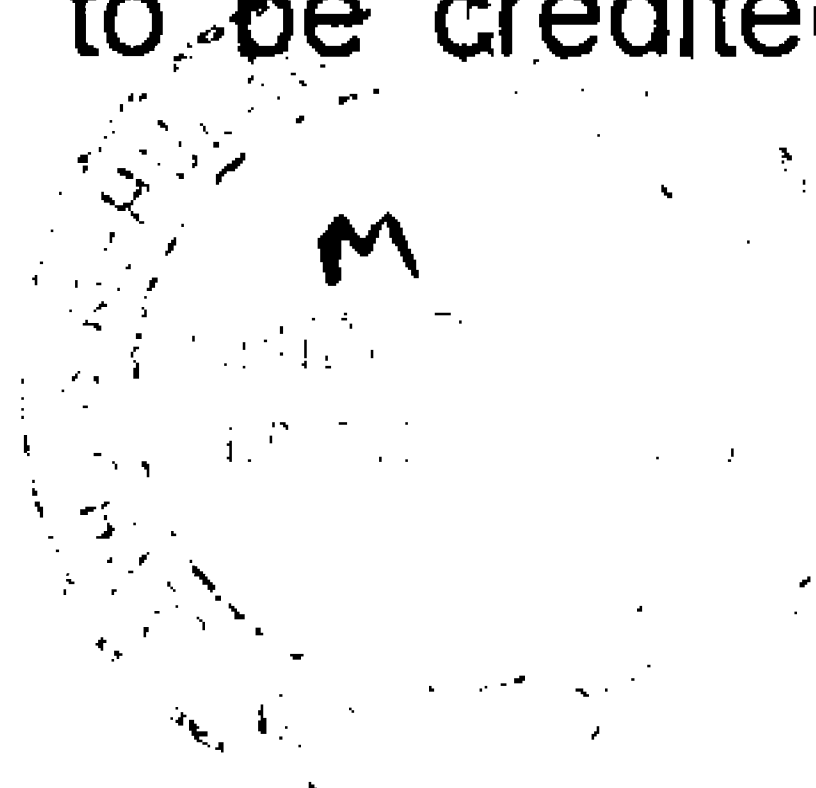
(4) Payment to Auditors (In Rs.)

	31-03-2012	31-03-2011
For Statutory Audit	40000	40000
Total	40000	40000

(5) Payment to Directors (In Rs.)

	31-03-2012	31-03-2011
Salary and Bonus	1522020	1400335
Contribution to Funds	141854	154060
Perquisites	186653	134176
Total	1850527	1688571

- (6) There are no amounts due to be credited to Investor Education and Protection Fund.



(7) Quantitative Details (Rs. In Lacs)

Finished Goods	MS Items	SS Items	Tubes
Opening Stock	325.69 (146.27)	35.14 (46.72)	0.00 (0.00)
Sold during the year	1502.56 (2235.49)	147.60 (1695.68)	1534.98 (0.00)
Closing Stock	281.91 (325.69)	0.00 (35.14)	94.88 (0.00)

Scrap	MS Items	SS Items
Opening Stock	1.37 (9.67)	0.77 (16.84)
Closing Stock	16.51 (1.37)	1.82 (0.77)

Raw Materials (Indigenous)	MS Items	SS Items	Tubes
Opening Stock	53.50 (43.05)	19.56 (0.00)	0.00 (0.00)
Purchased during the year	1383.42 (2100.53)	110.27 (1622.33)	1929.14 (0.00)
Consumed during the year	1435.22 (2090.08)	127.67 (1654.72)	1290.58 (0.00)
Sales during the year	0.00 (0.00)	0.00 (0.00)	5.62 (0.00)
Closing Stock	1.70 (53.50)	2.16 (19.56)	632.94 (0.00)

(8) Details of Indigenous and Imported Raw Materials, Stores and Spares consumed during the year and the percentage of each to the total consumption:

	MS Items	SS Items	Tubes
	%	%	%
Indigenous Raw Materials	100 (100)	100 (100)	100 (100)
Imported Raw Materials	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

	%
Indigenous Stores and Spares	100 (100)
Imported Stores and Spares	0.00 (0.00)

(9) Disclosure in respect of Related Parties Pursuant to AS – 18

(a) Details of Key Management Personnel

<i>Name of Key Management Personnel</i>
<i>Bhaveshbhai Gopalbhai Patel</i>
<i>Prabhubhai Laxmanbhai Patel</i>
<i>Darshan Dashrathbhai Patel</i>
<i>Ghanshyam Narottambhai Patel</i>
<i>Ashlesha Kunal Shah</i>

(b) During the year the following transactions (In Rs.) were carried out with related parties in the ordinary course of business:

		31-03-2012	31-03-2011
1	Managerial Remuneration paid to Key Personnel and their Relatives	3730723	3442963
2	Gross Loans from Key Personnel and their Relatives	6595046	5071082
3	Gross Loans repaid to Key Personnel and their Relatives	1780320	4342676
4	Amounts Paid to Key Personnel and their relatives for Expenses	192185	312888
5	Loans payable to Key Personnel and their Relatives	8557550	3899361

The above loan amount brought in by the promoters by way of Unsecured Loans in pursuance of stipulations of the Bank for the finance and it is exempted under Section 58A of the Companies Act, 1956.

(10) The disclosures as required as per the Accounting Standard – 15 are as under:

(a) Brief Description of Plans

The Company has various schemes for Long-term benefits such as Provident Fund, Pension Fund, Gratuity and Leave Encashment. In case of funded schemes, the funds are recognized by the Tax authorities and administered through separate trust. The company's defined contribution plans are Provident Fund and Pension Scheme since the company has no further obligation beyond making the contributions. The company's defined benefit plans include Gratuity and Leave Encashment.

(b) Charge to Profit & Loss Account

	31-03-2012	31-03-2011
Provident and Pension Fund	715425	750161
Gratuity	38721	484155
Leave Encashment	274215	239293
Total	1028364	1473609



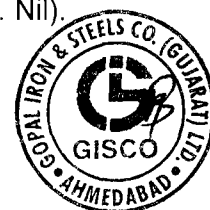
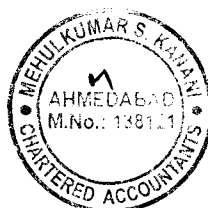
(c) Disclosure for defined benefit plan i.e., Gratuity as on 31-03-2012

		31-03-2012	31-03-2011
I	<u>Change in Defined Benefit Obligation</u>		
	Opening defined benefit obligation	1878688	989286
	Current Service Cost	309853	150897
	Interest Cost	150295	79143
	Actuarial Loss / (Gain)	(204798)	86174
	Benefits Paid	0	0
	Closing Defined Benefit Obligation	2134038	1305500
II	<u>Change in Fair Value</u>		
	Opening Fair Value of Plan Assets	1731703	783527
	Expected return of Plan Assets	165489	110287
	Actuarial Gain / (Loss)	0	0
	Contributions by Employer	456702	789168
	Benefits Paid	0	0
	Closing Fair Value of Plan Assets	2353894	1682982
III	<u>Amount Recognized in Balance Sheet</u>		
	Present Value of Obligations as at year end	2134038	1305500
	Fair Value of Plan assets as at year end	2353894	1682982
	Amount not recognized as an asset	219856	377482
	Net (Asset)/Liability recognized as on 31-03-2012	(219856)	(377482)
IV	<u>Expense Recognized in Profit & Loss Account</u>		
	Current Service Cost	309853	150897
	Interest on Defined Benefit Obligation	150295	79143
	Expected Return on Plan Assets	(165489)	(110287)
	Net actuarial Loss / (Gain) recognized in the Year	(204798)	86174
	Total Expenses	89861	205927
V	<u>Actual Return on Plan Assets</u>		
	Expected Return on Plan Assets	204798	110287
	Actuarial Gain / (Loss) on Plan Assets	0	0
	Actual Return on Plan Assets	(204798)	(110287)
VI	<u>Assets Information</u>		
	Administered by LIC of India	100%	100%
VII	<u>Principal Actuarial Assumptions used</u>		
	Discount Rate (P.A.)	8.00%	8.00%
	Salary Escalation (P.A.)	7.00%	7.00%

(11) Earning in Foreign Exchange at F.O.B. Value: Rs. Nil (Rs. Nil).

(12) Expenses in Foreign Currency at CIF Value: Rs. Nil (Rs. Nil).

(13) Value of Imports on CIF basis accounted for during the year: Rs. Nil (Rs. Nil).



(14) Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

	31-03-2012	31-03-2011
Principal amount remaining unpaid to any suppliers as at the end of Accounting Year	0	0
Interest due thereon remaining unpaid to any supplier as at the end of Accounting Year	0	0
The amount of Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day.	0	0
The amount of Interest due and payable for the period of delay in making payment.	0	0
The amount of interest accrued and remaining unpaid at the end of Accounting year.	0	0
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006		
Total	0	0

Note

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent of such vendors / parties identified from the available information.

As per attached report of even date

For Mehul S. Kanani & Co.
Chartered Accountants



(Mehul S. Kanani)
Proprietor

Place: Ahmedabad
Date: 07-06-2012



For and behalf of Board of Directors


Bhavesh Patel
(Managing Director)


Prabhubhai Patel
(Director)

