

Gopal Iron & Steels Co. (Gujarat) Limited

Audited Financial Accounts

Financial Year 2012-2013

Independent Auditor's Report

To the Members of
Gopal Iron and Steels Co. (Gujarat) Limited,
Ahmedabad

Report on the Financial Statements

We have audited the accompanying financial statements of Gopal Iron and Steels Co. (Gujarat) Limited which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and 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 Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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 have 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

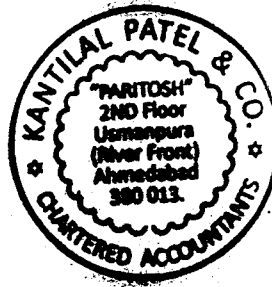
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the statement Profit and Loss, of the "Profit" for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies ("Auditor's Report) (Amendment) order, 2004 (together the "order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company 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. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement read together with note 26 (b) comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



Place: Ahmedabad
Date: June 07, 2013

For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
[Firm Reg. No.104744W]

Gopal S. Baldi
Gopal S. Baldi
Partner

Membership No.:125930

Independent Auditor's Report**Annexure to the Auditor's Report**

(Referred to in paragraph (1) of our report of even date)

1. (a) Fixed Assets register is under compilation.

(b) We are informed by the management that they have verified the fixed assets during the year. However, in absence of proper fixed assets register, material discrepancies if any, could not be noticed between physical verification and book records. Hence, the fixed assets as appearing in books of account are carried in financial statements.

(c) The Company has not disposed off any major part of the fixed assets during the year and as such the going concern concept is not affected.
2. (a) As explained to us, the inventory have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventory and the discrepancies noticed on such physical verification between physical stocks and book records were not material and have been adequately dealt with in the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the company to or 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 loans to any party hence paragraphs 4(iii) (a), (b), (c), and (d) of Company (Auditors' Report) Order, 2003 are not applicable to the company.
(b) The company has taken unsecured loan from five parties. The maximum amount involved during the year was ₹ 1,80,36,663 and the year end balance of loan taken from such parties is ₹ 1,63,63,453.
(c) In our opinion, the rate of interest and other terms and conditions of such loans taken by the company, are prima facie not prejudicial to the interest of the company. The principal amount is repayable / repaid by the company as agreed in contract.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
(a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.



- (b) The transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rupees five lacs or more in respect of each party, have been made at prices which in our opinion are prima facie reasonable.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58 A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public.
- The company has accepted fixed deposits from directors and certain shareholders by way of unsecured loans pursuant to requirement of nationalized bank for loans obtained by the company. So long as such loans are outstanding, is not considered as acceptance of deposit from the public falling within the purview of section 58A of the Companies Act, 1956 and the rules framed there under.
- We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. The company has no internal audit system during the year.
8. We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however made a detailed examination of records with a view to determine whether they are accurate or complete.
9. (a) Undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, sales tax, wealth tax, custom duty, excise duty, cess wherever applicable have been regularly deposited with appropriate authorities though there has been a slight delay in few cases and in case of income tax and service tax the delay still continuous in two cases.
- (b) According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding except service tax amounting to ₹ 28,330 and Income tax amounting to ₹ 12,16,633 as at 31st March, 2013 for a period of more than six months from the date they become payable.
- (c) The disputed statutory dues aggregating to ₹ 78,31,713 have not been deposited on account of matters pending before appropriate authorities are as under:

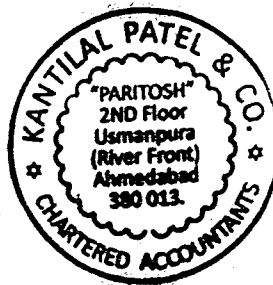
| Serial No. | Department | Period to which it relates | Amount (₹) | Forum where dispute is pending |
|------------|-------------------|----------------------------|------------|--------------------------------|
| 01 | Gujarat Sales Tax | 2002-2003 | 29,11,000 | Commissioner (A) |
| | | 2006-2007 | 3,64,000 | Commissioner (A) |
| | | 2008-2009 | 12,04,270 | Commissioner (A) |
| 02 | Central Excise | 1998-1999 | 19,91,363 | Commissioner (A) |
| | | 1999-2000 | 13,61,080 | Commissioner (A) |
| Total | | | 78,31,713 | |

10. The company has no accumulated losses and has not incurred any cash losses during the current financial year or for immediately preceding financial year.

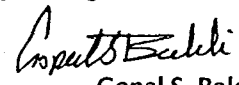


11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks. The company has not obtained any borrowings from financial institutions or by way of debentures.
12. The Company has not granted loans & advances on the basis of security by way of pledge of shares and debentures and other securities.
13. The Company is not a chit fund / Nidhi / Mutual benefit fund / society to which the provisions of special statute relating to chit fund are applicable and hence paragraph 4(xiii) of the Order is not applicable.
14. The Company is not dealing in or trading in shares, securities, debentures, and other investments and hence paragraph 4(xiv) of the order is not applicable.
15. The Company has not given guarantee for loans taken by others from bank or financial institutions.
16. The company has not obtained any term loan during the year.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on over all basis funds raised on short-term basis, prima facie, has not been used during the year for long-term investment (fixed assets etc.).
18. During the year, the company has not made preferential allotment of shares to parties and companies covered in register maintained under section 301 of the companies Act 1956.
19. During the year, the company has not issued any debentures and hence paragraph 4 (xix) of the order is not applicable.
20. During the year, the company has not raised any money by way of public issue and hence paragraph 4(xx) of the Order is not applicable.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

Place: Ahmedabad
Date: June 07, 2013



For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
[Firm Reg. No.104744W]


Gopal S. Baldi
Partner
Membership No.:125930

DIRECTORS REPORT

To,
The Members,

Your directors have great pleasure in presenting 19th Annual Report together with the Audited Financial statements for the year ended on 31st March 2013.

[1] OPERATIONS

| | 31-03-2013 Rs. | 31-03-2012 Rs. |
|--|-------------------|-------------------|
| Turnover and other receipts | 730174255 | 356395347 |
| Other Income | 6468695 | 3722459 |
| Profit before Depreciation and Tax | 15447063 | 18333414 |
| Less: Depreciation | 11279108 | 8210200 |
| Balance | 4167955 | 10123214 |
| Less: Provision for Taxation | 4021814 | -754358 |
| Profit carried to Balance Sheet | 146141 | 10877572 |

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 crisis in the history. During the year company has started expansion project and after successful commissioning of the same. We are hoping that the phenomenal 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. Prabhubhai Laxmanbhai 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**

M/S Kantilal Patel & Co. Chartered Accountants, (Firm Registration No. 104744W) auditors of the Company hold the office until the conclusion of the forth coming Annual General Meeting and being eligible offers themselves for re-appointment. The Company has received certificate from the said auditors to the effect that their appointment if made would be within the provisions U/S 224(1) of the Companies Act.

[8] **SECRETARIAL COMPLIANCE CERTIFICATE**

The Secretarial Compliance Certificate issued by M/s. A. Shah & Associates, Company Secretaries, pursuant to the requirement of proviso to sub-section (1) of section 383A of the Companies Act, 1956 is enclosed herewith.

[9] **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.

[10] **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 2.1 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, 2013 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.

[11] **CORPORATE GOVERNANCE**

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

[12] **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 Bombay Stock Exchange Limited for the year 2012-2013.

[13] **ACKNOWLEDGEMENT**

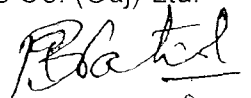
The board wishes to place on record their sincere thanks for the Co-operation and support received from various agencies of the Central and State Governments as also financial institutions and bankers to the company.

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: 07-06-2013

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

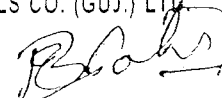


(Bhavesh Patel)
Managing Director

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

| Particulars | | 31-03-2013 | | 31-03-2012 | |
|-------------|--|-----------------|------------|-----------------|------------|
| A) | Power and Fuel Consumption | | | | |
| | 1 Electricity | | | | |
| | (a) Purchased | | | | |
| | Units (KWH) | 1205400 | | 935356 | |
| | Total Amount (Rs) | 9768213 | | 7546221 | |
| | Average Rate Per Unit (Rs / KWH) | Rs. 8.10 | | Rs. 8.07 | |
| | (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) | 1295195 ✓ | | 1274138 | |
| | 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) | 877873 ✓ | | 657343 | |
| | Total Amount (Rs) | 37732935 | | 27013186 | |
| | Average Rate (Rs / Litres) | Rs. 42.98 | | Rs. 41.09 | |
| | 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) | 49.77 | 403.14 | 58.28 | 470.32 |
| | Furnace Oil (Litres) | 56.06 | 2409.46 | 52.33 | 2150.2 |

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

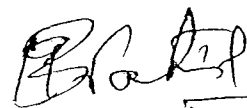
The Company does not separately accounted R & D expenditure.

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: 07-06-2013



(Bhavesh Patel)
Managing Director

ANNEXURE 'A'

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) constituted the committee on Corporate Governance to promote and raise the standard of corporate governance of listed companies. The committee made recommendations on the composition of the board of directors, audit committee, board procedure etc.

The Company has taken necessary steps to comply with the newly amended clause 49 of the Listing Agreement. Given below is the report of the Directors on the corporate governance:

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believe in functioning in a transparent manner with the basic philosophy being to enhance the shareholder value, keeping in mind the needs and interest of other share holders. In compliance thereof, the following information is placed before the shareholders.

(1) BOARD OF DIRECTORS

| Name of Director | Category | No. of Board Meetings Attended | Attendance | Last AGM Attendance |
|------------------|---------------------------|--------------------------------|------------|---------------------|
| Bhavesh Patel | Managing Director | 4 | Yes | Yes |
| Prabhu Patel | Whole Time Director | 4 | Yes | Yes |
| Darshan Patel | Non-executive independent | 4 | Yes | Yes |
| Ghanshyam Patel | Non-executive independent | 4 | Yes | Yes |
| Ashlesha Shah | Non-executive independent | 4 | Yes | Yes |

Details of other Directorships

| Name of Director | Other Directorship |
|-------------------|--------------------|
| Bhaveshbhai Patel | Nil |
| Prabhubhai Patel | Nil |
| Darshan Patel | Nil |
| Ghanshyam Patel | Nil |
| Ashlesha Shah | Nil |

In line with the requirements of the code of the Corporate Governance, the board of directors comprises five members. The composition of the Board is in conformity with the revised agreement, having one Managing Director, One promoter Director and remaining three directors are Non – Executive independent Directors.

Company does not have any system of payment of Sitting Fees to independent Directors.

Further during the year, meeting of Board of Directors was held four times.

A declaration signed by Mr. Bhavesh Patel, Director of the Company according compliance of sub – Clause (1D) of Clause 49 of Listing Agreement as amended is attached herewith forming part of this Annual Report

(2) **AUDIT COMMITTEE**

Presently the company has five Directors. The company has independent internal Auditors who submit the report to the management on monthly basis and action is taken on the same by the Managing Director on regular basis.

Pursuant to the revised clause 49 of the listing agreement, the company has appointed Audit Committee consisting of followings:

- (i) Mr. Darshan Patel – Chairman
- (ii) Mr. Ghanshyam Patel – Member

Function of audit committee is as under.

- (a) To review financial reporting process and financial statement.
- (b) To review internal control system and functioning of internal audit process.
- (c) Post Audit review with statutory auditors.

During the year Audit Committee met five times and reviewed performance.

(3) **REMUNERATION COMMITTEE**

During the year, Remuneration paid to the Directors was to the tune of Rs. 1831187/- which is not in conformity with the provisions of the Companies Act, 1956. No sitting fees are paid to any Director.

(4) **SHAREHOLDERS COMMITTEE**

The company have complied the requirements of the Clause 49 of the Listing Agreement. Mr. Darshan Patel, Director heads the committee.

During the year, the company and their Registrar and Share Transfer Agents Sharepro Services (India) Private Limited received no complaint. It is policy of the company to give reply of shareholders complaint within the time frame prescribed by the SEBI / Stock Exchanges.

The Share received for transfer is approved on 15th and 30th of the each month and are given effect by the Registrar and Share Transfer Agent.

Sharepro Services (India) Private Limited was appointed as common Agent for electronic as well as physical share transfer work.

(5) **GENERAL BODY MEETING**

| Year | Date | Day | Time | Location |
|-----------|------------|----------|----------|--|
| 2009-2010 | 23-09-2010 | Thursday | 10.00 AM | Plot No. 1401/2 |
| 2010-2011 | 29-09-2011 | Thursday | 11.00 AM | GIDC Kerala Industrial Estate, Bavla, Dist. Ahmedabad – 220 |
| 2011-2012 | 09-08-2012 | Thursday | 11.00 AM | |

(6) **DISCLOSURES**

- (a) Company has followed all accounting standards diligently.
- (b) Company is in the process of laying down risk assessment systems.
- (c) Company has not received any funds through capital market during the year.
- (d) Management Discussion and Analysis report is attached and forms part of this Report.
- (e) During the year, transaction with related parties has been properly disclosed in Notes to accounts and discussed at arms length by Audit Committee.
- (f) Further, Shri Bhaveshbhai Patel, Director of the company has certified to Board of Directors of the company regarding compliance of sub – clause (v) of clause 49 of listing Agreement.

(7) **MEANS OF COMMUNICATION**

The means of communication between the Shareholders and Company are transparent and investor friendly. The quarterly results of the Company are published in Financial Express English and Gujarati as required by the listing agreement. Steps are being taken to display the same on the corporate website, which is being developed.

(8) **GENERAL SHAREHOLDER INFORMATION**

Date of Annual General Meeting : 30-09-2013 at 10.00 AM
Financial Calendar : 1st April, 2012 to 31st March, 2013
Dividend Payment Date : No dividend declared.
Date of Book Closure : 24th September to 30th September 2013.

(9) **LISTING OF STOCK EXCHANGE**

| | |
|-------------------------------|---------------|
| Bombay Stock Exchange Limited | Code – 531913 |
|-------------------------------|---------------|

(10) **MARKET PRICE DATA AT BOMBAY STOCK EXCHANGE LIMITED**

| Month | High (Rs.) | Low (Rs.) |
|-----------------|------------|-----------|
| April, 2012 | 7.87 | 7.87 |
| May, 2012 | 7.48 | 6.76 |
| June, 2012 | 7.35 | 6.99 |
| July, 2012 | 7.05 | 7.00 |
| August, 2012 | 7.01 | 6.80 |
| September, 2012 | 6.47 | 6.13 |
| October, 2012 | 6.40 | 6.20 |
| November, 2012 | N.A. | N.A. |

| | | |
|----------------|-------|------|
| December, 2012 | N.A. | N.A. |
| January, 2013 | 7.01 | 6.51 |
| February, 2013 | 7.70 | 7.00 |
| March, 2013 | 11.34 | 8.08 |

(11) REGISTRAR AND SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Opp. Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400 072.

(12) SHARE TRANSFER SYSTEM

The share transfer work is handled by Sharepro Services (India) Private Limited registrar and transfer agent for the company.

Share Transfers are registered and dispatched within a period of thirty days from the date of the lodgments if the transfer documents are correct and valid in all respects.

(13) Distribution of shareholding as on 31st March, 2013

| No. of Equity Shares held | No. of Share holders | % of Share holders | No. of Share held | % of Share holding |
|---------------------------|----------------------|--------------------|-------------------|--------------------|
| 1 to 500 | 1190 | 76.63 | 192051 | 3.90 |
| 501 to 1000 | 117 | 7.53 | 169300 | 3.44 |
| 1001 to 2000 | 98 | 6.31 | 165398 | 3.37 |
| 2001 to 3000 | 22 | 1.42 | 55600 | 1.14 |
| 3001 to 4000 | 18 | 1.16 | 64100 | 1.30 |
| 4001 to 5000 | 5 | 0.32 | 24300 | 0.49 |
| 5001 to 10000 | 9 | 0.58 | 61901 | 1.26 |
| 10001 to above. | 34 | 2.19 | 55200 | 1.12 |
| Total | 1553 | 100.00 | 4917100 | 100.00 |

(14) DISTRIBUTION PATTERN AS ON 31st March, 2013

| | No of Shares | Percentage |
|-------------------------|--------------|------------|
| Promoters and Relatives | 2261477 | 45.99 |
| Banks / FI / FI | 0 | 0.00 |
| Public | 2246113 | 45.68 |
| Body Corporate | 351110 | 7.14 |
| NRI | 58400 | 1.19 |

(15) DEMATERIALIZATION OF SHARES AND LIQUIDITY

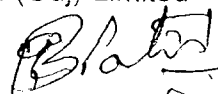
| | |
|--|--|
| Outstanding GDRs / ADRs / Warrants or any Convertibles instruments and conversion date and likely impact on equity | Not Applicable |
| Address for Correspondence | Plot No.1301/2, Phase – III, GIDC Industrial Estate, Vatva, Ahmedabad – 382 445. |
| Registrar for electronic connectively as well as physical share transfer dept | Sharepro Services (India) Private Limited 13AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Opp. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072. |

3510800 shares out of 4917100 Equity shares of the company have been dematerialized as at 31st March, 2013 representing 71.40% of total paid up capital of the company.

Place: Ahmedabad

Date: 07-06-2012

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


(Bhavesh Patel)
Director

ANNEXURE 'B'

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overall Review

The overall performance during the current financial year 2012-2013 has been satisfactory.

2. Financial Review

Total Business turnover for the year ended 31st March, 2013 was Rs. 7366.42 lacs. This increase was mainly on account of working of Tube Mill and further initiative of the management towards progress and growth of the company.

3. Internal Control System and their adequacy

Considering the size of the company, your company has adequate system of internal control to provide reasonable assurance that assets are safeguarded and protected from unauthorized use or deposition.

4. Business Environment

The Performance of the company for the year under review was satisfactory.

5. Risk and Concern

The building, plant and machinery, vehicle and stocks of the Company are adequately insured.

6. Cautionary Statement

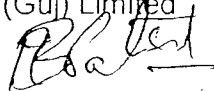
Statements in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability and changes in government regulation and tax structure, economic development within India and the countries with which the company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements which may be amended or modified in future on the basis of subsequent developments, information of events.

Place: Ahmedabad

Date: 07-06-2012

By order of the Board of Directors
For Gopal Iron & Steels Co. (Gu) Limited


(Bhavesh Patel)
Director

Declaration by the Director about Corporate Governance

I, Bhaveshbhai Gopalbhai Patel, Director of Gopal Iron & Steels Co (Gujarat) Limited hereby confirm pursuant to clause 49 (1) (d) of the listing agreement that:

- (1) The board of director of Gopal Iron & Steels Co (Gujarat) Ltd has laid down a code of conduct for all Board members and senior management of company. The said code of conduct has been placed on the company's website.
- (2) All the members of the board as well as senior management personal have complied with the said code of conduct for the year ended 31st March 2013.

Place: Ahmedabad

Date: 07-06-2013



(Bhavesh Patel)
Managing Director

CERTIFICATION BY DIRECTOR TO THE BOARD

I, Bhaveshbhai Gopalbhai Patel Director of Gopal Iron & Steels Co (Gujarat) Limited, certify that

- (1) I have reviewed the financial statements for the year and that to the best of my knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - (b) These statements give a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
- (2) These are to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (3) I accept overall responsibility for the company's internal control system and financial reporting. This is monitored by the internal audit function, which encompassed the examination and evaluation of the adequacy and effectiveness. Internal audit works with all the levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board. The auditors and audit committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
- (3) I indicate to the auditors and to the audit committee:
 - (a) Significant changes internal control over financial reporting during the year.
 - (b) Significant changes in accounting policies during the year.
 - (c) Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.
 - (d) However, during the year there where no such changes or instances.

Place: Ahmedabad

Date: 07-06-2013


(Bhavesh Patel)
Managing Director

A. SHAH & ASSOCIATES

Company Secretaries

Anish Shah
B.Com. LL.B., FCS

D/413, Shiromani Complex, Opp. Ocean Park,
Satellite Road, Nehrunagar, Ahmedabad-380015.
Tel. No. Off. 079-26740953 Mob. No. 9978909231
Email : anish_shahcs@yahoo.com

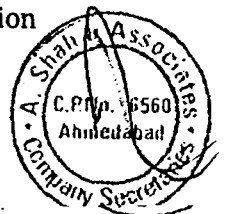
U/s. 383A of the Companies Act, 1956 & Rule 3 of the Companies (Compliance Certificate) Rules, 2003

Nominal Capital: Rs. 6,00,00,000/-
Registration No: 04-022876
(31.03.2013)

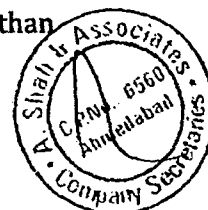
To,
The Members,
M/s. GOPAL IRON AND STEELS COMPANY (GUJARAT) LIMITED
Ahmedabad

We have examined the registers, records, books and papers of **M/s. GOPAL IRON AND STEELS COMPANY (GUJARAT) LIMITED** as required to be maintained under the Companies Act, 1956 (The Act) and the rules made there under and also the provisions contained in the memorandum and articles of association of the company for the financial year ended on 31st March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanation furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year;

1. The company has kept and maintained all registers as stated in Annexure A to this certificate as per the provision and rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure B to this certificate with the Registrar of companies, regional director, central government, company law board or other authorities within the time prescribed under the act and the rules made there under.
3. The company being a (Listed) Public Limited company has the minimum prescribed paid-up Capital and there is no limit for members.
4. The Board of Directors duly met 6 (Five) times on 02/05/2012, 07/06/2012, 14/08/2012, 07/11/2012, 15/02/2013, 30/03/2013 and in respect of which meetings proper notices were given, the proceedings were properly recorded, and signed including the circular resolutions passed in the minutes books maintained for the purpose.
5. The company has closed the register of its members or debenture holders during the financial year from 2nd August 2012 to 9th August 2012.
6. The Annual General Meeting for the year ended on 31/03/2012 was held on 09/08/2012 after giving due notice to members of the company and the resolution passed there at were duly recorded in minutes book maintained for the purpose.



7. No Extra Ordinary General Meeting was held during the year.
8. The company has not granted any loan to directors of the company during the year in violation of Section 295 of Companies Act, 1956.
9. The company has entered into related party transactions where the directors were interested for which Prior approval of Central government was not taken wherever required, under Section 297 of Companies Act, 1956.
10. The company has paid remuneration to its directors to the tune of Rs. 18,34,637/- during the year under review which is beyond the limits specified under Schedule XIII of the companies Act, 1956.
11. The Company has entered into any contracts which are covered into Register maintained under section 301 of the act.
12. As there were no instances falling within the purview of section 314 of the act, hence the company has not obtained any approvals from the board of directors, members or central government.
13. The company has not issued any duplicate share certificates during the financial year.
14. [I] The company has delivered all the certificates on allotment of Securities in accordance with the provisions of the act and on Transfer/transmission of securities during the financial year;
- [II] No dividend was declared during the year.
- [III] The company was not required to post dividend warrants as no dividend was declared during the financial year.
- [IV] No amount was required to be transferred to investors' education and protection fund.
- [V] The company has duly complied with the requirements of section 217 of the act regarding Directors' Report.
14. The Board of directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors of casual vacancies was not made during the year.
15. There was no appointment of managing director, whole time director, Manager during the year.
16. The company has not appointed any sole selling agents during the financial year.
17. From the Records and declared facts, We infer that the company was not required to obtain any approvals of Company Law Board, Regional Director, Registrar of Companies, or such other authorities under any provisions of the act (other than point no. 9) during the financial year.



18. The Directors have disclosed their interest in other firms, companies to the Board of directors pursuant to the provisions of the act and the rules made there under. The Company has not issued any equity shares during the year.
19. The company has not bought back any shares during the financial year.
20. There was no redemption of preference shares or debentures during the financial year.
21. There was no transaction, which required the company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares.
22. The company has not invited, accepted any deposit within the purview of 58A and 58AA of the act.
23. The company has not made any secured borrowings during financial year.
24. The company has not made any loan and investment, given guarantees, or provided securities to other bodies corporate during the financial year.
25. The company has not altered the provisions of the memorandum with respect to situation of the companies registered office from one state to another during the financial year.
26. The company has not altered the provisions of the memorandum with respect to the object of the company during the financial year.
27. The company has not altered the provisions of the memorandum with respect to name of the company during the financial year.
28. The company has not altered the provisions of the memorandum with respect to the share capital of company during the financial year.
29. The company has not altered the provisions of its articles of association during the financial year.
30. There were no prosecution initiated against or show cause notice received by the company and no fine or penalties or any other punishment imposed on the Company during the year, for offences under the act.
31. The company has not received any money as security from its employee during the financial year.
32. The Company has deposited an amount of Rs. 7,81,625/- as contribution to provident fund with prescribed authorities during the financial year.

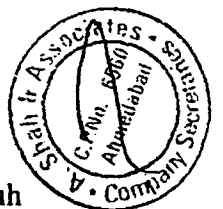
Place: Ahmedabad

Date: 07/06/2013

Signature:

Name of Company Secretary: Mr. Anish B. Shah

C. P. No: 6560



M/s. GOPAL IRON AND STEELS COMPANY (GUJARAT) LIMITED (04-022876)

ANNEXURE 'A'

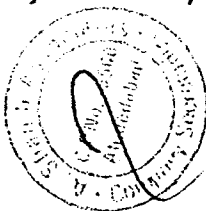
The Company has been maintaining the statutory records such as;

1. Minutes Book (Board Meeting)
2. Minutes Book (AGM & EGM)
3. Register of Member
4. Register of Director
5. Register of Director Share Holding
6. Register of Assets
7. Register of Investment
8. Register of Charges
9. Register of Contracts

ANNEXURE 'B'

Forms and returns as filed by the company with the registrar of companies, regional director, central government or other authorities during the financial year ending 31st March 2013.

| Sr. No. | Form No. | Filed U/s. | For | Filed |
|---------|------------|------------|------------|------------|
| 1. | F-66 | 383A | 31/03/2012 | 07/09/2012 |
| 2. | F-23AC/ACA | 220 | 31/03/2012 | 10/01/2013 |
| 3. | F-20B | 159 | 30/09/2012 | |
| 4. | F-23C | 224 (1B) | 31/03/2013 | |
| 5. | F-23D | 224 (1B) | 31/03/2012 | 13/02/2012 |
| 6. | F 23B | 224(1B) | 32/03/2013 | |



GOPAL IRON AND STEELS CO (GUJARAT) LIMITED

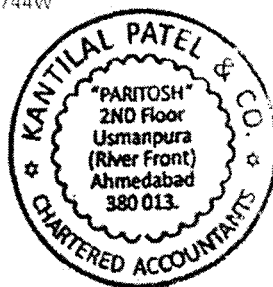
Balance sheet as at 31 March 2013

| | | ₹ | ₹ |
|--|-------|--------------------|--------------------|
| | Notes | 31 March, 2013 | 31 March, 2012 |
| Equity and liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 49,171,000 | 49,171,000 |
| Reserves and Surplus | 4 | 70,949,281 | 70,803,140 |
| | | 120,120,281 | 119,974,140 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 68,519,887 | 77,229,992 |
| Deferred tax liability (net) | 6 | 16,291,921 | 14,422,974 |
| Long-term provisions | 7 | 282,513 | 38,721 |
| | | 85,094,321 | 91,691,687 |
| Current liabilities | | | |
| Short-term borrowings | 8 | 155,240,255 | 116,563,301 |
| Trade payables | 9 | 165,239,109 | 102,566,101 |
| Other current liabilities | 10 | 23,557,849 | 24,636,171 |
| Short-term provisions | 7 | 1,502,100 | 1,493,767 |
| | | 345,539,313 | 245,259,340 |
| TOTAL | | 550,753,915 | 456,925,167 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 179,970,173 | 187,406,500 |
| Capital work-in-progress | | - | - |
| | | 179,970,173 | 187,406,500 |
| Non-current investments | 13 | 49,900 | 49,900 |
| Long-term loans and advances | 12 | 6,397,665 | 3,832,771 |
| | | 186,417,738 | 191,289,171 |
| Current assets | | | |
| Inventories | 15 | 83,109,322 | 153,094,623 |
| Trade receivables | 14 | 253,012,955 | 82,769,966 |
| Cash and bank balances | 16 | 5,069,917 | 2,101,194 |
| Short-term loans and advances | 12 | 23,143,983 | 27,670,213 |
| | | 364,336,177 | 265,635,996 |
| Total | | 550,753,915 | 456,925,167 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS
Firm registration number: 104744W

Gopal S. Baldi
Gopal S. Baldi
Partner
Membership no.: 125930
Place: Ahmedabad
Date: June 07, 2013



For and on behalf of the board of directors of
GOPAL IRON AND STEELS CO (GUJARAT) LIMITED

Bhaves Patel
Bhaves Patel
[Managing Director]

P. L. Patel
Prabhubhai Patel
[Director]

Place: Ahmedabad
Date: June 07, 2013

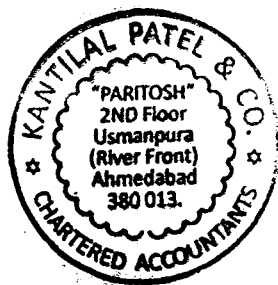
GOPAL IRON AND STEELS CO (GUJARAT) LIMITED
Statement of profit and loss for the year ended 31 March 2013

| | Notes | ₹ 31 March, 2013 | ₹ 31 March, 2012 |
|---|-------|---------------------|---------------------|
| Income | | | |
| Revenue from operations (gross) | 17 | 730,174,255 | 363,063,517 |
| Other Income | 18 | 6,468,695 | 3,961,242 |
| Total revenue (I) | | 736,642,950 | 367,024,759 |
| Expenses | | | |
| Cost of raw materials | 19 | 441,514,181 | 285,776,249 |
| Purchase of traded goods | 20 | 148,559,887 | 7,495,570 |
| (Increase)/ decrease in inventories of finished goods, work-in-progress | 21 | 21,073,799 | (23,949,304) |
| Employee benefits expense | 22 | 9,680,459 | 7,817,206 |
| Other expenses | 23 | 67,228,276 | 53,458,324 |
| Total (II) | | 688,056,602 | 330,598,045 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II) | | 48,586,348 | 36,426,714 |
| Depreciation | 11 | 11,279,108 | 8,210,200 |
| Finance costs | 24 | 33,139,285 | 18,093,300 |
| Profit before tax | | 4,167,955 | 10,123,214 |
| Tax expenses | | | |
| Current tax | | 794,204 | 1,876,844 |
| Tax of earlier year | | 1,358,663 | - |
| Deferred tax | | 1,868,947 | (2,631,202) |
| Total tax expenses | | 4,021,814 | (754,358) |
| Profit for the year | | 146,141 | 10,877,572 |
| Earnings per equity share [nominal value of share ₹10 (31 March 2012: ₹10)] | | | |
| Basic and diluted | | | |
| Computed on the basis of total profit for the year | 25 | 0.03 | 2.21 |

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements.

As per our report of even date
For KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS
Firm registration number: 104744W

Gopal S. Baldi
Gopal S. Baldi
Partner
Membership no.: 125930
Place: Ahmedabad
Date: June 07, 2013



For and on behalf of the board of directors of
GOPAL IRON AND STEELS CO (GUJARAT) LIMITED

Bhaves Patel
Bhaves Patel
[Managing Director]

P. L. Patel
Prabhubhai Patel
[Director]

Place: Ahmedabad
Date: June 07, 2013

GOPAL IRON AND STEELS CO (GUJARAT) LIMITED
Cash flow statement for the year ended 31 March 2013

| | ₹ | ₹ |
|--|--------------------|---------------------|
| | 31 March, 2013 | 31 March, 2012 |
| Cash flow from operating activities | | |
| Profit before tax from continuing operations | 4,167,955 | 10,123,214 |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation/amortization on continuing operation | 11,279,108 | 8,210,200 |
| Interest expense | 33,139,285 | 18,093,300 |
| Interest income | (308,009) | (457,672) |
| Operating profit before working capital changes | 48,278,339 | 35,929,042 |
| Movements in working capital : | | |
| Increase / (decrease) in trade payables | 62,673,008 | 106,576,797 |
| Increase / (decrease) in long-term provisions | 243,792 | - |
| Increase / (decrease) in short-term provisions | - | (319,089) |
| Increase/(decrease) in other current liabilities | (253,637) | 4,190,915 |
| Decrease/(increase) in trade receivables | (170,242,989) | (22,558,286) |
| Decrease/(increase) in inventories | 69,985,301 | (80,847,096) |
| Decrease / (increase) in long-term loans and advances | (2,564,894) | 16,908,176 |
| Decrease / (increase) in short-term loans and advances | 4,526,230 | (22,525,314) |
| Cash generated from /(used in) operations | 12,645,150 | 37,355,145 |
| Direct taxes paid (net of refunds) | (2,144,534) | (896,539) |
| Net cash flow from/ (used in) operating activities (A) | 10,500,616 | 36,458,606 |
| Cash flows from investing activities | | |
| Purchase of fixed assets, including intangible assets, CWIP | (4,521,040) | (85,993,307) |
| Interest received | 308,009 | 497,672 |
| Net cash flow from/(used in) investing activities (B) | (4,213,031) | (85,495,635) |
| Cash flows from financing activities | | |
| Proceeds from long-term borrowings | 14,149,702 | 57,903,675 |
| Repayment of long-term borrowings | (29,456,326) | (7,874,117) |
| Proceeds from short-term borrowings | 45,273,473 | 18,564,848 |
| Interest paid | (33,285,711) | (18,093,300) |
| Net cash flow from/(used in) in financing activities (C) | (3,318,862) | 50,501,106 |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 2,968,723 | 1,464,077 |
| Cash and cash equivalents at the beginning of the year | 2,101,194 | 637,117 |
| Cash and cash equivalents at the end of the year | 5,069,917 | 2,101,194 |
| Components of cash and cash equivalents | | |
| Cash on hand | 5,048,628 | 2,067,785 |
| With banks- on current account | 21,289 | 33,409 |
| Total cash and cash equivalents (note 15) | 5,069,917 | 2,101,194 |

Summary of significant accounting policies

2.1

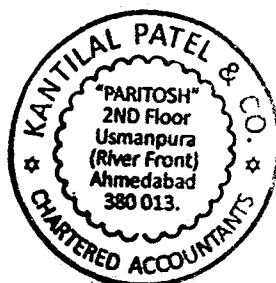
Note: Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS)3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date
For KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS
Firm registration number: 104744W

Gopal S. Baldi

Gopal S. Baldi
Partner

Membership no.: 125930
Place: Ahmedabad
Date: June 07, 2013



For and on behalf of the board of directors of
GOPAL IRON AND STEELS CO (GUJARAT) LIMITED

Bhaves Patel

Bhaves Patel
[Managing Director]

P. L. Patel

Prabhuhai Patel
[Director]

Place: Ahmedabad
Date: June 07, 2013

GOPAL IRON AND STEELS CO (GUJARAT) LIMITED
Notes to financial statements for the year ended 31 March 2013

1. Corporate information

Gopal Iron and Steels Co. (Gujarat) Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange in India. The company is engaged in the manufacturing of SS/MS bars, MS Sections, ERW Pipes and other iron and steel items. The company caters domestic market.

2. Basis of preparation

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 statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles. In applying the accounting policies considerations have been given to prudence, substance over form and materiality.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed Assets are stated at cost of acquisition and installation, net of envet, Vat less accumulated Depreciation. Borrowing costs incurred during the period of construction/Acquisitions of assets are added to the cost of Fixed Assets. Major expenses on modification/alterations increasing efficiency/capacity of the plant are also capitalized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

e. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.



GOPAL IRON AND STEELS CO (GUJARAT) LIMITED
Notes to financial statements for the year ended 31 March 2013

f. Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An impairment loss is recognised in the accounts to the extent the carrying amount exceeds, the recoverable amount.

g. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Such grants are deducted in reporting the related expense. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

h. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Inventories

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the stores and spares is determined on First-in-First-out basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on First-in-First-out basis.

Waste is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.



GOPAL IRON AND STEELS CO (GUJARAT) LIMITED
Notes to financial statements for the year ended 31 March 2013

k. Employee benefits

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc, and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

Post-Employment Benefits :

(i) Defined Contribution Plans :

State Governed Provident Fund scheme. The contribution paid / payable under the scheme is recognized during the period in which the employees renders the related services.

(ii) Defined Benefit Plan:

The employee's gratuity fund scheme is company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined on estimate basis.

l. Income taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized on difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date to reassess realisation.

m. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the number of equity shares outstanding during the period.

n. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

o. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

p. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

q. Measurement of EBITDA

As permitted by the Guidance note on the Revised Schedule VI to The Companies Act, 1956, the company has to present earning before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the company does not include depreciation and amortization expense, finance cost and tax expense.



GOPAL IRON AND STEELS CO (GUJARAT) LIMITED
Notes to financial statements for the year ended 31 March 2012

| | 31 March, 2013 ₹ | 31 March, 2012 ₹ |
|--|---------------------|---------------------|
| 3. Share capital | | |
| Authorized share capital | | |
| 60,00,000 (31 March 2012: 60,00,000) equity shares of ₹10/- each | 60,000,000 | 60,000,000 |
| Issued, subscribed and fully paid-up share capital | | |
| 49,17,100 (31 March 2012: 49,17,100) equity shares of ₹10/- each | 49,171,000 | 49,171,000 |
| Total issued, subscribed and fully paid-up share capital | 49,171,000 | 49,171,000 |

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

| | 31 March, 2013 | | 31 March, 2012 | |
|---|------------------|-------------------|------------------|-------------------|
| | Number | ₹ | Number | ₹ |
| At the beginning of the period | 4,917,100 | 49,171,000 | 4,917,100 | 49,171,000 |
| Add / less during the period | - | - | - | - |
| Outstanding at the end of the period | 4,917,100 | 49,171,000 | 4,917,100 | 49,171,000 |

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, 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.

c. Details of shareholders holding more than 5% shares in the company

| | 31 March, 2013 | | 31 March, 2012 | |
|--------------------------------------|----------------|---------------------------|----------------|---------------------------|
| | Number | % holding in the class | Number | % holding in the class |
| Equity shares of ₹10 each fully paid | | | | |
| Bhaveshbhai Gopalbhai Patel | 577,960 | 11.75% | 547,860 | 11.14% |
| Baldevbhai Gopalbhai Patel | 346,400 | 7.04% | 301,700 | 6.14% |
| Harihar Chem Limited | 337,900 | 6.87% | 337,900 | 6.87% |
| Sharad Kanaiyalal Shah | 262,966 | 5.35% | 262,966 | 5.35% |

4. Reserves and surplus

| | 31 March, 2013 ₹ | 31 March, 2012 ₹ |
|--|---------------------|---------------------|
| Capital reserve | | |
| Balance as per the last financial statements | 1,000,000 | 1,000,000 |
| Closing Balance | 1,000,000 | 1,000,000 |
| Surplus in the statement of profit and loss | | |
| Balance as per last financial statements | 69,803,140 | 58,925,568 |
| Profit for the year | 146,141 | 10,877,572 |
| Net surplus in the statement of profit and loss | 69,949,281 | 69,803,140 |
| Total reserves and surplus | 70,949,281 | 70,803,140 |



5. Long-term borrowings

| | Non-current portion | | Current maturities | |
|---|---------------------|-------------------|--------------------|----------------|
| | 31 March, 2013 | 31 March, 2012 | 31 March, 2013 | 31 March, 2012 |
| | ₹ | ₹ | ₹ | ₹ |
| Term loans | | | | |
| Term loan from Punjab National Bank (secured) | 40,482,621 | 53,982,621 | 13,500,000 | 13,500,000 |
| Loan from finance company (secured) | | | | |
| Against hypothecation of vehicles | 466,663 | 2,148,723 | 1,682,060 | 1,806,624 |
| Other loans | | | | |
| From directors | 1,438,453 | 3,299,710 | - | - |
| Inter Corporate Loans (unsecured) | 14,925,000 | 9,041,098 | - | - |
| Loans from share holders (unsecured) | 11,207,150 | 8,757,840 | - | - |
| | 68,519,887 | 77,229,992 | 15,182,060 | 15,306,624 |
| The above amount includes | | | | |
| Secured borrowings | 40,949,284 | 56,131,344 | 15,182,060 | 15,306,624 |
| Unsecured borrowings | 27,570,603 | 21,098,648 | - | - |
| Amount disclosed under the head "other current liabilities" (note 10) | - | - | (15,182,060) | (15,306,624) |
| Net amount | 68,519,887 | 77,229,992 | - | - |

Term loans from Punjab National Bank are taken during the financial year 2010-11 and carries interest 15.75% to 16.25% p.a. The loan is repayable in 72 monthly installments along with interest, from the date of loan. The loan is secured by hypothecation of entire current assets of the company and hypothecation of existing Plant & Machineries, Electric installation, Building & Proposed machineries & Building.
(Also guaranteed by Managing Director)

6 Deferred tax Liability (net)

| | 31 March, 2013 | 31 March, 2012 |
|---|-------------------|-------------------|
| | ₹ | ₹ |
| Deferred tax liability | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting | 16,291,921 | 14,422,974 |
| Gross deferred tax liability | 16,291,921 | 14,422,974 |
| Deferred tax asset | | |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | - | - |
| Others | - | - |
| Gross deferred tax asset | - | - |
| Net deferred tax liability | 16,291,921 | 14,422,974 |

7. Provisions

| | Long-term | | Short-term | |
|---|----------------|----------------|----------------|----------------|
| | 31 March, 2013 | 31 March, 2012 | 31 March, 2013 | 31 March, 2012 |
| | ₹ | ₹ | ₹ | ₹ |
| Provision for employee benefits | | | | |
| Provision for gratuity (note 26) | 282,513 | 38,721 | - | - |
| | 282,513 | 38,721 | - | - |
| Other provisions | | | | |
| Provision for Income tax (net of advance tax) | - | - | 1,502,100 | 1,493,767 |
| | - | - | 1,502,100 | 1,493,767 |
| | 282,513 | 38,721 | 1,502,100 | 1,493,767 |



8. Short-term borrowings

From Bank:

Cash credit / packing credit / S.L.C. (secured)

The above amount includes

Secured borrowings

Unsecured borrowings

| 31 March, 2013 | 31 March, 2012 |
|----------------|----------------|
| ₹ | ₹ |
| 155,240,255 | 116,563,301 |
| 155,240,255 | 116,563,301 |
| 155,240,255 | 116,563,301 |

Hypothecation of entire current assets of the company and hypothecation of existing Plant & Machineries, Electric installation, Building & Proposed machineries & Building. The cash credit is repayable on demand and carries interest @ 15.25% to 15.75% p.a. (Also guaranteed by Managing Director)

9. Trade payables

Trade payables (note 31)

| 31 March, 2013 | 31 March, 2012 |
|----------------|----------------|
| ₹ | ₹ |
| 165,239,109 | 102,566,101 |
| 165,239,109 | 102,566,101 |

10. Other current liabilities

Current maturities of long-term borrowings (Note:5)

Statutory liabilities payable

Advance received from customers

Interest accrued and due on borrowings

Payables on purchase of fixed assets

| 31 March, 2013 | 31 March, 2012 |
|----------------|----------------|
| ₹ | ₹ |
| 15,182,060 | 15,306,624 |
| 230,248 | 270,506 |
| 500,000 | 588,815 |
| 736,934 | 883,360 |
| 6,908,607 | 7,586,866 |
| 23,557,849 | 24,636,171 |

12. Loans and advances

Capital advances

Unsecured, considered good

(A)

Security deposit

Unsecured, considered good

(B)

Advances recoverable in cash or kind

Unsecured considered good

(C)

Other loans and advances

Advance tax (net of provisions)

Prepaid expenses

Balances with statutory / government authorities

(D)

Total (A+ B + C + D)

| Non-current | | Current | |
|----------------|----------------|----------------|----------------|
| 31 March, 2013 | 31 March, 2012 | 31 March, 2013 | 31 March, 2012 |
| ₹ | ₹ | ₹ | ₹ |
| 4,250,000 | 1,747,581 | - | - |
| 4,250,000 | 1,747,581 | - | - |
| 2,147,665 | 2,085,190 | - | - |
| 2,147,665 | 2,085,190 | - | - |
| - | - | 10,170,043 | 2,000,342 |
| - | - | 10,170,043 | 2,000,342 |
| - | - | 277,469 | 1,700,810 |
| - | - | 312,007 | - |
| - | - | 12,384,464 | 23,969,061 |
| - | - | 12,973,940 | 25,669,871 |
| 6,397,665 | 3,832,771 | 23,143,983 | 27,670,213 |

13. Non-current investments

Unquoted:

Non-trade investments (valued at cost unless stated otherwise)

Units of Mutual Funds

Principal Emerging Blue Chip Fund (Growth Plan)

1709.49 Units (P.Y. 1709.49 Units)

| 31 March 2013 | 31 March 2012 |
|---------------|---------------|
| ₹ | ₹ |
| 49,900 | 49,900 |
| 49,900 | 49,900 |



11. Tangible assets

| | Land (Free Hold) | Factory Building | Other Building | Plant and Machinery | Electrical Installation | Office Equipments | Laboratory Equipments | Windmill | Furniture & fixtures | Vehicles | Total |
|---------------------|---------------------|---------------------|-------------------|------------------------|----------------------------|----------------------|--------------------------|------------|-------------------------|-----------|-------------|
| At 31 March 2012 | 2,467,337 | 39,431,000 | 1,467,529 | 142,495,047 | 8,414,714 | 781,699 | - | 36,238,000 | 245,610 | 9,277,622 | 240,818,558 |
| Additions | - | 470,777 | 864,601 | 2,240,973 | - | 136,500 | 129,930 | - | - | - | 3,842,781 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| At 31 March 2013 | 2,467,337 | 39,901,777 | 2,332,130 | 144,736,020 | 8,414,714 | 918,199 | 129,930 | 36,238,000 | 245,610 | 9,277,622 | 244,661,339 |
| Depreciation | | | | | | | | | | | |
| At 31 March 2012 | - | 6,677,192 | 324,893 | 30,387,587 | 3,637,356 | 659,159 | - | 10,261,165 | 218,777 | 1,245,929 | 53,412,058 |
| Charge for the year | - | 1,328,591 | 25,118 | 6,836,686 | 399,699 | 68,064 | 3,273 | 1,721,305 | 15,544 | 880,828 | 11,279,108 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| At 31 March 2013 | - | 8,005,783 | 350,011 | 37,224,273 | 4,037,055 | 727,223 | 3,273 | 11,982,470 | 234,321 | 2,126,757 | 64,691,166 |
| Impairment loss | | | | | | | | | | | |
| At 31 March 2012 | - | - | - | - | - | - | - | - | - | - | - |
| Charge for the year | - | - | - | - | - | - | - | - | - | - | - |
| At 31 March 2013 | - | - | - | - | - | - | - | - | - | - | - |
| Net Block | | | | | | | | | | | |
| At 31 March 2013 | 2,467,337 | 31,895,994 | 1,982,119 | 107,511,747 | 4,377,659 | 190,976 | 126,657 | 24,255,530 | 11,289 | 7,150,865 | 179,970,173 |
| At 31 March 2012 | 2,467,337 | 32,753,808 | 1,142,636 | 112,107,460 | 4,777,358 | 122,540 | 0 | 25,976,835 | 26,833 | 8,031,693 | 187,406,500 |



14. Trade receivables and other assets

Trade receivables

| | Non-current | | Current | |
|--|----------------|----------------|--------------------|-------------------|
| | 31 March, 2013 | 31 March, 2012 | 31 March, 2013 | 31 March, 2012 |
| | ₹ | ₹ | ₹ | ₹ |
| Unsecured, considered good unless stated otherwise | | | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | | | |
| Unsecured, considered good | - | - | 35,069,627 | 1,746,996 |
| Doubtful | - | - | - | - |
| (A) | - | - | 35,069,627 | 1,746,996 |
| Other receivables | | | | |
| Unsecured, considered good | - | - | 217,943,328 | 81,022,970 |
| (B) | - | - | 217,943,328 | 81,022,970 |
| Total (A + B) | - | - | 253,012,955 | 82,769,966 |

15. Inventories

| | 31 March, 2013 | 31 March, 2012 |
|----------------------------|-------------------|--------------------|
| | ₹ | ₹ |
| Raw materials (note 19) | 13,146,460 | 63,679,959 |
| Work-in-progress (note 21) | 10,637,700 | 20,734,000 |
| Finished goods (note 21) | 24,401,025 | 30,182,884 |
| Traded goods | - | 7,495,570 |
| Waste | 4,133,600 | 1,833,670 |
| Stores and spares | 30,790,537 | 29,168,540 |
| | 83,109,322 | 153,094,623 |

16. Cash and bank balances

| | Non-current | | Current | |
|---------------------------|----------------|----------------|------------------|------------------|
| | 31 March, 2013 | 31 March, 2012 | 31 March, 2013 | 31 March, 2012 |
| | ₹ | ₹ | ₹ | ₹ |
| Cash and cash equivalents | | | | |
| Balances with banks: | | | | |
| On current accounts | - | - | 21,289 | 33,409 |
| Cash on hand | - | - | 5,048,628 | 2,067,785 |
| | - | - | 5,069,917 | 2,101,194 |

17. Revenue from operations

| | 2012-13 | 2011-12 |
|--|--------------------|--------------------|
| | ₹ | ₹ |
| Revenue from operations | | |
| Sale of products | | |
| Finished goods | 506,804,997 | 324,333,833 |
| Traded goods | 159,089,872 | - |
| Job Charges | 54,962,434 | 32,061,514 |
| Other operating revenue | | |
| Wind Mill Power Generation | 8,492,581 | 6,668,170 |
| Commission Received | 824,371 | - |
| Revenue from operations (gross) | 730,174,255 | 363,063,517 |
| Details of products sold | | |
| | 2012-13 | 2011-12 |
| | ₹ | ₹ |
| Finished goods sold | | |
| SS and MS Bars | 66,052,044 | 59,140,104 |
| MS Sections | 42,139,558 | 98,946,958 |
| ERW Pipes | 135,628,394 | 64,189,077 |
| MS strips and others | 262,985,001 | 102,057,694 |
| | 506,804,997 | 324,333,833 |
| Traded goods sold | | |
| MS Steel Sections, Bars and Sheets | 159,089,872 | - |
| | 159,089,872 | - |
| | 665,894,869 | 324,333,833 |



18. Other income

Interest income on
 Others
 Balances written back (net)
 Sale of Old Building Materials
 VAT credit taken
 Assignment of Keyman Insurance Policy

| 2012-13 | 2011-12 |
|------------------|------------------|
| ₹ | ₹ |
| 308,009 | 497,672 |
| 1,571,853 | 127,931 |
| 497,700 | - |
| 1,263,819 | 3,335,639 |
| 2,827,314 | - |
| 6,468,695 | 3,961,242 |

19. Cost of raw material consumed

Inventory at the beginning of the year
 Add: Purchases
 Less: Discounts and compensations

 Less: inventory at the end of the year
 Cost of raw materials consumed

| 2012-13 | 2011-12 |
|--------------------|--------------------|
| ₹ | ₹ |
| 63,679,959 | 7,306,236 |
| 395,013,429 | 342,408,861 |
| (4,032,747) | (258,889) |
| 454,660,641 | 349,456,208 |
| 13,146,460 | 63,679,959 |
| 441,514,181 | 285,776,249 |

Details of raw material consumed

MS and SS Billets and Ingots
 Hot rolled Coils

| 2012-13 | 2011-12 |
|--------------------|--------------------|
| ₹ | ₹ |
| 95,247,161 | 156,110,582 |
| 346,267,020 | 129,665,667 |
| 441,514,181 | 285,776,249 |

Details of inventory

Raw materials
 MS and SS Billets and Ingots
 Hot rolled Coils

| 2012-13 | 2011-12 |
|-------------------|-------------------|
| ₹ | ₹ |
| 13,146,460 | 385,502 |
| - | 63,294,457 |
| 13,146,460 | 63,679,959 |



20. Details of purchase of traded goods

| | 2012-13 | 2011-12 |
|------------------------------------|--------------------|------------------|
| | ₹ | ₹ |
| MS Steel Sections, Bars and Sheets | 148,559,887 | 7,495,570 |
| | <u>148,559,887</u> | <u>7,495,570</u> |

21. (Increase)/ decrease in inventories of finished goods, work-in-progress

| | 2012-13 | 2011-12 | (Increase) / decrease |
|---|-------------------|---------------------|-----------------------|
| | ₹ | ₹ | ₹ |
| Inventories at the end of the year | | | |
| Traded goods | - | 7,495,570 | 7,495,570 |
| Work-in-progress | 10,637,700 | 20,734,000 | 10,096,300 |
| Finished goods | 24,401,025 | 30,182,884 | 5,781,859 |
| Scrap | 4,133,600 | 1,833,670 | (2,299,930) |
| | <u>39,172,325</u> | <u>60,246,124</u> | <u>21,073,799</u> |
| Inventories at the beginning of the year | | | |
| Traded goods | 7,495,570 | - | (7,495,570) |
| Work-in-progress | 20,734,000 | - | (20,734,000) |
| Finished goods | 30,182,884 | 36,082,680 | 5,899,796 |
| Scrap | 1,833,670 | 214,140 | (1,619,530) |
| | <u>60,246,124</u> | <u>36,296,820</u> | <u>(23,949,304)</u> |
| | <u>21,073,799</u> | <u>(23,949,304)</u> | |

Details of inventory

| | 31 March, 2013 | 31 March, 2012 |
|-------------------------|-------------------|-------------------|
| | ₹ | ₹ |
| Work-in-progress | | |
| H.R and G.I Strips | 10,637,700 | 12,934,000 |
| Others | 0 | 7,800,000 |
| | <u>10,637,700</u> | <u>20,734,000</u> |
| Finished goods | | |
| SS and MS Bars | 12,284,685 | 15,194,760 |
| MS Sections | 2,024,775 | 12,995,329 |
| MS Tubes | 10,091,565 | 9,488,365 |
| | <u>24,401,025</u> | <u>37,678,454</u> |

22. Employee benefits expense

| | 2012-13 | 2011-12 |
|--------------------------------|------------------|------------------|
| | ₹ | ₹ |
| Salaries, wages and bonus | 8,437,251 | 6,800,238 |
| Contribution to provident fund | 781,625 | 715,428 |
| Gratuity expense (note 26) | 283,792 | 38,721 |
| Staff welfare expenses | 177,791 | 262,819 |
| | <u>9,680,459</u> | <u>7,817,206</u> |

23. Other expenses

| | 2012-13 | 2011-12 |
|--|-------------------|-------------------|
| | ₹ | ₹ |
| Consumption of stores and spares | 2,141,559 | 2,121,332 |
| Labour & Process charges | 1,010,825 | 2,807,416 |
| Wind Mill O & M Charges | 728,887 | 681,686 |
| Power and fuel | 48,421,839 | 36,292,633 |
| Freight and forwarding charges | 281,321 | 175,094 |
| Travelling and conveyance | 2,158,815 | 1,543,646 |
| Insurance | 523,829 | 1,272,352 |
| Repairs and maintenance | | |
| Plant and machinery | 1,023,407 | 635,676 |
| Buildings | - | 49,875 |
| Others | 377,532 | 385,032 |
| Legal and professional fees | 484,921 | 1,005,628 |
| Payment to auditor (Refer details below) | 134,832 | 40,000 |
| Loss on sale of assets | - | 380,305 |
| GiDC Infrastructure Development Charges | - | 705,591 |
| Miscellaneous expenses | 9,940,509 | 5,362,058 |
| | <u>67,228,276</u> | <u>53,458,324</u> |



Payment to auditor

As auditor:

Audit fee
Tax audit fee

| 2012-13 | 2011-12 |
|---------|---------|
| ₹ | ₹ |
| 100,000 | 40,000 |
| 20,000 | - |
| 120,000 | 40,000 |

24. Finance costs

Interest on Fixed Loan
Interest on Cash-Credit
Others
Bank charges

| 2012-13 | 2011-12 |
|------------|------------|
| ₹ | ₹ |
| 10,279,229 | 5,352,659 |
| 22,042,811 | 11,989,317 |
| 78,700 | 428,706 |
| 738,545 | 322,618 |
| 33,139,285 | 18,093,300 |

25. Earnings per share (EPS)

The following reflects the profit and share data used in the basic EPS computations:

Net profit for calculation of basic and diluted EPS
Weighted average number of equity shares in calculating basic EPS
Basic EPS

| 2012-13 | 2011-12 |
|-----------|------------|
| ₹ | ₹ |
| 146,141 | 10,877,572 |
| 4,917,100 | 4,917,100 |
| 0.03 | 2.21 |



GOPAL IRON AND STEELS CO (GUJARAT) LIMITED
Notes to financial statements for the year ended 31 March 2013

26 Gratuity and other post-employment benefit plan

- a. The company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 7,81,625 (Year ended 31 March, 2012 ₹ 7,54,149) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to this plan by the company is at rate specified in the rules of the schemes.
- b. The company operates defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. As actuarial valuation using the projected unit method is not received yet for the year end, the company has made provision for gratuity based on the premium demanded by LIC of India, which accordingly to the company is more or less adequate. Adjustments, if any will be made on receipt of the valuation report.

27 Segment information

Based on the guiding principle given in Accounting Standard-17 on Segment Reporting (issued by the Institute of Chartered Accountants of India) the Company's Primary Business is manufacturing of SS/MMS Bars, MS Section, ERW Pipers and other Iron & Steel Items, which have similar risks and returns. Accordingly there are no separate reportable segment as primary segment is concerned.

28 Related party disclosures

Names of related parties and related party relationship

Key management personnel:

Bhaves Patel
Prabhu Patel
Ghansyam Patel
Darshan Patel
Ashlesha Shah

Relative of Key Managerial Personnel:

Baldev Patel
Govind Patel
Hitesh Patel
Harsha Patel
Harshad Patel
Hireni Patel
Vijay Patel
Kunal Shah

Enterprises owned or significantly influenced by key management personnel:

Harigopal Steels & Metal Pvt. Ltd.

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant Financial Year:

| Particulars of Transaction | Key Management Personnel | Relative of Key Managerial Personnel | Enterprises owned or significantly influenced by key management personnel |
|----------------------------|--------------------------|--------------------------------------|---|
| | ₹ | ₹ | ₹ |
| Purchases of goods | - (-) | - (-) | 25,394,264 (-) |
| Sale of goods | - (-) | - (-) | 19,503,969 (-) |
| Purchase of fixed assets | - (-) | - (-) | - (1,473,385) |
| Loan taken | 4,370,000 (2,889,146) | 27,532,100 (10,932,000) | 15,588,902 (-) |
| Interest paid | - (192,185) | - (-) | - (-) |
| Remuneration | 1,834,637 (1,849,212) | 1,831,187 (1,976,995) | - (-) |
| Professional fees paid | - (-) | 201,620 (207,230) | - (-) |



| Balance outstanding at year end | Key Management Personnel | Relative of Key Managerial Personnel | Enterprises owned or significantly influenced by key management personnel |
|---------------------------------|--------------------------|--------------------------------------|---|
| Receivables | - | - | - |
| Payables | (263,048) | 7,657,150 (9,806,050) | (-) 19,092,331 (9,041,098) |

Note:

- The remuneration to the key managerial personnel does not include the payment made to LIC of India for gratuity as it is determined on an actuarial basis for the company as a whole.
- Figures shown in bracket relates to previous year.

29 Contingent Liability

- Gujarat Commercial Tax Department have raised a demand aggregating ₹ 44,79,270 (P.Y.: ₹ 44,79,270) for the financial year 2002-03, 2006-07 and 2008-09 which has been disputed by the Company.
- Central Excise Authorities have raised demand aggregating ₹ 33,52,443 (P.Y.: ₹ 33,52,443 Lacs) for the financial year 1998-1999 and 1999-2000 which has been disputed by the Company. Company has paid under protest ₹ 36,23,568 (P.Y.: ₹ 36,23,568) and shown as an asset under the head of "Current Loans and Advances".

30 The balances of trade receivables / payables are subject to confirmation. Adjustments including provisions / write-off, if any, required in accounts, will be made on reconciliation and / or settlement.

31 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on the information available with the company there are no suppliers who are registered under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2013. Hence the disclosure relating to amounts unpaid as at the year end together interest paid / payable under this act have not been given. This is relied upon by the Auditors.

32 The Company has accepted deposits from directors / certain shareholders by way of unsecured loans pursuant to requirement of nationalized bank of disbursing secured loans, so long as such loans are outstanding. Such fixed deposits are considered to fall under the purview of exempted borrowings under section 58A of the Companies Act, 1956 and the rules framed there under.

33 Earning in foreign exchange at FOB value is ₹ Nil (P.Y. ₹ Nil).

34 Expense in foreign currency at CIF value is ₹ Nil (P.Y. ₹ Nil).

35 Value of imports on CIF basis accounted for during the year is ₹ Nil (P.Y. ₹ Nil).

36 The figures for the previous year have been regrouped wherever necessary so as to make it comparable with those of the current year.

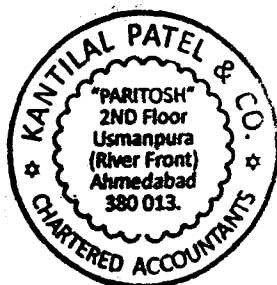
Signatures to Notes 1 to 36 to the Financial Statements

For KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS
Firm registration number: 104744W

Gopal S. Baldi

Gopal S. Baldi
Partner

Membership no.: 125930
Place: Ahmedabad
Date: June 07, 2013



For and on behalf of the board of directors of
GOPAL IRON AND STEELS CO (GUJARAT) LIMITED

Bhaves Patel
Bhaves Patel
(Managing Director)

Prabhubhai Patel
Prabhubhai Patel
[Director]

Place: Ahmedabad
Date: June 07, 2013

GOPAL IRON AND STEELS CO (GUJARAT) LIMITED

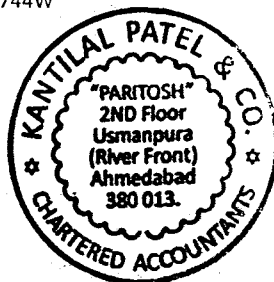
Balance sheet as at 31 March 2013

| | | ₹ | ₹ |
|--|-------|--------------------|--------------------|
| | Notes | 31 March, 2013 | 31 March, 2012 |
| Equity and liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 49,171,000 | 49,171,000 |
| Reserves and Surplus | 4 | 70,949,281 | 70,803,140 |
| | | 120,120,281 | 119,974,140 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 68,519,887 | 77,229,992 |
| Deferred tax liability (net) | 6 | 16,291,921 | 14,422,974 |
| Long-term provisions | 7 | 282,513 | 38,721 |
| | | 85,094,321 | 91,691,687 |
| Current Liabilities | | | |
| Short-term borrowings | 8 | 155,240,255 | 116,563,301 |
| Trade payables | 9 | 165,239,109 | 102,566,101 |
| Other current liabilities | 10 | 23,557,849 | 24,636,171 |
| Short-term provisions | 7 | 1,502,100 | 1,493,767 |
| | | 345,539,313 | 245,259,340 |
| TOTAL | | 550,753,915 | 456,925,167 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 179,970,173 | 187,406,500 |
| Capital work-in-progress | | - | - |
| | | 179,970,173 | 187,406,500 |
| Non-current investments | 13 | 49,900 | 49,900 |
| Long-term loans and advances | 12 | 6,397,665 | 3,832,771 |
| | | 186,417,738 | 191,289,171 |
| Current assets | | | |
| Inventories | 15 | 83,109,322 | 153,094,623 |
| Trade receivables | 14 | 253,012,955 | 82,769,966 |
| Cash and bank balances | 16 | 5,069,917 | 2,101,194 |
| Short-term loans and advances | 12 | 23,143,983 | 27,670,213 |
| | | 364,336,177 | 265,635,996 |
| Total | | 550,753,915 | 456,925,167 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS
Firm registration number: 104744W

Gopal S. Baldi
Gopal S. Baldi
Partner
Membership no.: 125930
Place: Ahmedabad
Date: June 07, 2013



For and on behalf of the board of directors of
GOPAL IRON AND STEELS CO (GUJARAT) LIMITED

Bhaves
Bhaves Patel
[Managing Director]

P. L. Patel
Prabhubhai Patel
[Director]

Place: Ahmedabad
Date: June 07, 2013