

**Works :**

Plot No. 1401.2, GIDC  
Kerala Ind. Estate, N. H. No. 8-A  
Ta. Bavla, Dist. Ahmedabad-382 220  
**Phone** : (02714) 268466-67  
**Fax** : (02714) 268365  
**E-mail** : info@gisco.in  
**Website** : www.gisco.in



**Office :**

Plot No. 1302, Phase-III, G.D.C.  
Valva, Ahmedabad-382445. (INDIA)  
**Phone** : (079) 25830475, 32919966  
**Fax** : (079) 25832210  
**E-mail** : gopaliron@yahoo.co.in

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the 16th Annual General Meeting of the members of Gopal Iron and Steels Co. (Guj) Limited will be held at the Registered Office of the Company located at Plot No. 1401/2 GIDC Kerala Industrial Estate, Ta. Bavla, Dist. Ahmedabad 382 220 on Thursday, 23<sup>rd</sup> September, 2010 at 10.00 AM to transact the following Business:

### ORDINARY BUSINESS

- (1) To receive consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended on that date, together with the Director's Report and Auditors Report thereon.
- (2) To appoint a director in place of Mrs. Ashlesha Shah who retires by rotation and being eligible offers himself for reappointment.
- (3) To appoint Auditors to hold office for the period from the conclusion of this meeting until the conclusion of the next Annual General Meeting of company and to fix their remuneration.

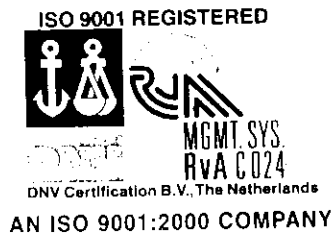
### SPECIAL BUSINESS

- (4) To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

**"RESOLVED THAT** subject to the provision of the Applicable Laws, Guidelines, Rules and Regulations including the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, Listing Agreement with the Stock Exchange, SEBI (Delisting of Equity Shares) Regulations, 2009 and the Rules framed there under in this regard and subject to such other approvals, permissions and sanctions as may be required from the Stock Exchange with which the Equity shares of the Company are listed and / or any other relevant authority, and subject to any conditions or modifications as may be imposed while granting such approvals, permission and sanctions and mutually agreed to in the best interest of the company, consent of the company be and is hereby accorded to the Board of Directors of the company (Which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board of Directors by this resolution) to seek voluntary Delisting of its equity shares from Ahmedabad Stock Exchange Ltd at Ahmedabad where the Company's Equity Shares are presently listed after taking into account various factors such as but not limited to the incidence, impact or burden of the cost of listing fee payable to the Ahmedabad Stock Exchange Limited at Ahmedabad.

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**GOPAL IRON &  
STEELS CO.  
(GUJARAT) LTD.**

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**Phone** : (079) 25830475, 32919966  
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**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or appropriate and make all such applications and execute deeds agreements and writings as it may consider necessary, usual, requisite or proper for giving effect to this resolution."

- (5) To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in super session of Resolution No. 3 passed at the First Annual General Meeting of the company held on 30<sup>th</sup> September, 1995 and pursuant to Section 293(1) (d) of the Companies Act, 1956 and all other enabling provisions, if any, the consent be and is hereby accorded to the Board of Directors of the company for borrowing from time to time any sum or sums of money which, together with the moneys already borrowed by the company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the company and its free reserves that is to say reserves not set apart for any specific purpose, provided that the total amount of money / moneys to be borrowed along with amount already borrowed by the Company shall not at any time exceed the limit of Rs. 100 Crores.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby empowered and authorized to arrange or fix the Terms and Conditions of all such money borrowed or to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may deem fit.

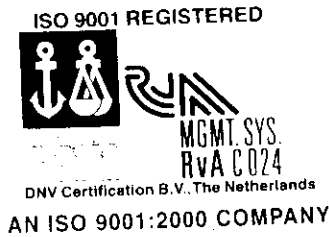
**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

- (6) To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act 1956 read with Schedule XIII as amended from time to time, approval of the members be and is hereby accorded to increase remuneration of Shri Darshan Dashrathbhai Patel w.e.f. 1<sup>st</sup> October, 2010 and is hereby now and onwards to be paid monthly remuneration and perquisites as set out in explanatory statement."

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(Gopal Iron & Steels Co.)

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**GISCO**

- (7) To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act 1956 read with Schedule XIII as amended from time to time, approval of the members be and is hereby accorded to increase remuneration of Shri Ghanshyam Narottambhai Patel w.e.f. 1<sup>st</sup> October, 2010 and is hereby now and onwards to be paid monthly remuneration and perquisites as set out in explanatory statement."

- (8) To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act 1956 read with Schedule XIII as amended from time to time, approval of the members be and is hereby accorded to increase remuneration of Shri Prabhubhai Laxmanbhai Patel w.e.f. 1<sup>st</sup> October, 2010 and is hereby now and onwards to be paid monthly remuneration and perquisites as set out in explanatory statement."

- (9) To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act 1956 read with Schedule XIII as amended from time to time, approval of the members be and is hereby accorded to increase remuneration of Smt. Ashlesha Shah w.e.f. 1<sup>st</sup> October, 2010 and is hereby now and onwards to be paid monthly remuneration and perquisites as set out in explanatory statement."


- (10) To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and 310 and other applicable provisions of the Companies Act 1956 read with Schedule XIII as amended from time to time, the company hereby approves the re-appointment of Shri Bhaveshbhai Gopalbhai Patel as Managing Director of the company for a further period of 5 years with effect from 5<sup>th</sup> September, 2010 on the terms and conditions, including expressly the remuneration and perquisites payable to him as Managing Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year as set out in the draft agreement entered in to between the company and Shri Bhaveshbhai Gopalbhai Patel produced at this meeting and for the purpose of identification, initialed by thereof.

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**ISO 9001 REGISTERED**  
  
  
**MGMT. SYS.**  
**RVA 6024**  
DNV Certification B.V., The Netherlands  
**AN ISO 9001:2000 COMPANY**

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**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take all necessary steps to give effect of this resolution."

**Place: Ahmedabad**  
**Date: 29-07-2010**

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

  
**(Bhavesh G. Patel)**  
**Chairman**

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**Notes**

- (a) Explanatory Statement as required under section 173 (2) of the Companies Act, 1956 is attached.
- (b) A member is entitled to attend and Vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him and such proxy need not be a member of the company.
- (c) The instrument appointing proxy should be deposited at the Registered Office of the company not less than 48 hours before the time fixed for the meeting.
- (d) All members referred to in the accompanying notice are open for inspection at the Registered Office of the company during office hours on all working days except Saturday and Sunday between 11.00 AM to 1.00 PM up to the date of Annual General Meeting.
- (e) Members desiring any information on the business to be transacted at the meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information ready at the meeting as far as possible.
- (f) The Register of Members and Share Transfer books of the Company shall remain closed from 20-09-2010 to 23-09-2010 (both days inclusive).
- (g) Members are requested to notify their change of address to the company.
- (h) As a measure of economy members are requested to bring their copies of the Annual Report to the Annual General Meeting.
- (i) Members are requested to affix their Signature at the space provided on the attendance slip annexed to the proxy form and hand over the slip at the entrance to the place of the Meeting.
- (j) Members are requested to consider this as a notice Under Section 302 of the Companies Act, 1956.

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**Explanatory Statement as required u/s 173(2) of the Companies Act, 1956**

**For Item No. 4**

The Securities & Exchange Board of India (SEBI) had notified "Delisting of Equity Shares Regulations- 2009" (hereinafter referred to as the Regulations). As per the Guideline, a company may seek voluntary Delisting of its securities from all or some of the stock exchange and further that an exit opportunity is not required to be provided in cases where such securities continue to be listed of a stock exchange having nationwide trading terminals i.e., on Bombay Stock Exchange, Mumbai, The National Stock Exchange and any other Stock Exchange (s) that may be specified by SEBI in this regard.

The equity shares of your company are presently listed at two stock exchanges the Stock Exchange, Mumbai (BSE) and the Ahmedabad Stock Exchange Limited, Ahmedabad.

The trading of the equity shares of Rs. 10/- each of your Company at the Ahmedabad Stock Exchange Limited, Ahmedabad is rare and trading volumes is very much negligible. Hence it is proposed to delist the equity shares from Ahmedabad Stock Exchange Limited, Ahmedabad.

With the introduction of screen based trading on the BSE, trading in shares can be easily done throughout the Country. Hence, the shareholders in Ahmedabad Stock Exchange Limited, Ahmedabad regions may not suffer due to Delisting.

Members' approval is being accordingly sought by a special resolution to enable voluntary Delisting of the Company's shares from the Ahmedabad Stock Exchange Limited, Ahmedabad in accordance with SEBI Guidelines and Stock Exchange Rules. Your Directors recommend the Resolution in this item of the Notice for approval.

None of the Directors are interested or concerned in the resolution.

**Explanatory Statement as required u/s 173(2) of the Companies Act, 1956**

**For Item No. 5**

As per the provisions of Section 293(1) (d) of the Companies Act, 1956, the Board of Directors of a Public Company can not borrow money (a part from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Company's paid-up Share Capital and Free Reserves (that is reserves not set apart for any specific purpose) without the consent of the shareholders in the General Meeting.

The shareholders of the Company at the First Annual General Meeting held on 30<sup>th</sup> September 1995 authorized the Board of the company to borrow up to Rs. 10 Crores at any time in excess of the aggregate of the paid-up Share Capital of the company and it's free reserves. In order to

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ISO 9001 REGISTERED



DNV Certification B.V., The Netherlands

AN ISO 9001:2000 COMPANY

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provide for additional funds needed due to increase in working capital and other requirements for expansion programme including Cash Credit facilities extended by the Company's Bankers, it is proposed to increase the limit of Rs. 10 Crores to Rs. 100 Crores.

Accordingly the Resolution set out at item No.4 of the notice is put forth for consideration of the members as a Special resolution pursuant to section 293 (1) (d) of the Companies Act, 1956, authorizing the Board of Directors to borrow upto a sum of Rs.100 Crores.

Your Directors recommend the above Resolution for your approval.

**For Item No. 6**

Mr. Darshan Dashrathbhai Patel was appointed by the company as a Director with effect from 1<sup>st</sup> January 2006 and at present he is entitled to get monthly remuneration of Rs. 9450/-.

Now volume of work marginally increased. Therefore it would be necessary to increase monthly remuneration to Rs. 10500/- (Rupees Ten Thousand Five Hundred only) to Mr. Darshan Dashrathbhai Patel in consideration of total devotion of his valuable time and guidance to the company. Your directors recommend this resolution for your approval.

None of the Directors except Mr. Darshanbhai Patel is interested in any way in passing of the resolution.

**For Item No. 7**

Mr. Ghanshyam Narottambhai Patel was appointed by the company as a Director with effect from 1<sup>st</sup> January 2006 and at present he is entitled to get monthly remuneration of Rs. 9450/-.

Now volume of work marginally increased. Therefore it would be necessary to increase monthly remuneration to Rs. 10500/- (Rupees Ten Thousand Five Hundred only) to Mr. Ghanshyam Narottambhai Patel in consideration of total devotion of his valuable time and guidance to the company. Your directors recommend this resolution for your approval.

None of the Directors except Mr. Ghanshyam Patel is interested in any way in passing of the resolution.

**For Item No. 8**

Mr. Prabhubhai Laxmanbhai Patel was appointed by the company as a "Whole Time Director" with effect from 1<sup>st</sup> October 2002 and at presently he is entitled to get monthly remuneration of Rs. 26250/-.

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Now volume of work marginally increased. Therefore it would be necessary to increase monthly remuneration to Rs. 28000/- (Rupees Twenty Eight Thousand only) to Mr. Prabhubhai Laxmanbhai Patel in consideration of total devotion of his valuable time and guidance to the company. Your directors recommend this resolution for your approval.

None of the Directors except Mr. Prabhubhai Laxmanbhai Patel is interested in any way in passing of the resolution.

**For Item No. 9**

Mrs. Ashlesha Shah was appointed by the company as a Director with effect from 1<sup>st</sup> October 2008 and at present she is entitled to get monthly remuneration of Rs. 20000/-.

Now volume of work marginally increased. Therefore it would be necessary to increase monthly remuneration to Rs. 21000/- (Rupees Twenty one Thousand only) to Mrs. Ashlesha Shah in consideration of total devotion of her valuable time and guidance to the company. Your directors recommend this resolution for your approval.

None of the Directors except Mrs. Ashlesha Shah is interested in any way in passing of the resolution.

**For Item No. 10**

The Board of Directors of the Company at its meeting held on 29<sup>th</sup> July, 2010 resolved to reappoint Mr. Bhaveshbhai Gopalbhai Patel as the Chairman and Managing Director of the Company, for a further period of 5 years with effect from 5<sup>th</sup> September, 2010. Also the Board of Directors, on the recommendation of Remuneration Committee, has recommended payment of enhanced remuneration to Mr. Bhaveshbhai Gopalbhai Patel with effect from 1<sup>st</sup> October, 2010 as mentioned in the Agreement.

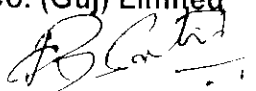
Mr. Bhaveshbhai Gopalbhai Patel is the founder member and has contributed immensely towards the growth and development of the Company. Your Directors recommend the resolution for approval.

None of the Directors except Mr. Bhaveshbhai Gopalbhai Patel is interested in any way in passing of the resolution.

**Place: Ahmedabad**

**Date: 29-07-2010**

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

  
**(Bhavesh G. Patel)  
Chairman**



## DIRECTORS REPORT

To,  
The Members,

Your directors have great pleasure in presenting 16th Annual Report together with the Audited Financial statements for the year ended on 31st March 2010.

### [1] OPERATIONS

	31-03-2010 Rs.	31-03-2009 Rs.
Turnover and other receipts	691213606	505850092
Other Income	995192	1803031
Profit before Depreciation and Tax	13209501	6871343
Less: Depreciation	5954727	5763222
Balance	7254774	1108126
Less: Provision for Taxation	853674	516284
<b>Profit carried to Balance Sheet</b>	<b>6401100</b>	<b>591842</b>

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. 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

Mrs. Ashlesha Shah 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 REPORT**

Mr. Jigar Shah the 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. Members are requested to appoint them as auditors and fix their remuneration. Auditor's comment in their audit report read along with notes on accounts is self explanatory.

[8] **OTHER INFORMATION**

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

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

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

- (a) In the preparation of the annual accounts, all applicable accounting standards have been followed and proper explanations relating to material departures if any have been furnished.
- (b) Accounting polices as listed in Schedule 17 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 31<sup>st</sup> March, 2010 and of the profit of the company for the accounting year ended on that date.
- (c) Proper and sufficient care for maintenance of adequate accounting records has been in accordance with the provisions of this act so as to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- (d) The annual accounts have been prepared on a going concern basis.

[10] **CORPORATE GOVERNANCE**

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

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

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

The company has paid listing fees to Ahmedabad Stock Exchange Limited and Bombay Stock Exchange Limited for the year 2009-2010.

[12] **ACKNOWLEDGEMENT**

The board wishes to place on record their sincere thanks for the Co-operation and support received from various agencies of the Central and State Governments as also 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: 27-05-2010

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		31-03-2010		31-03-2009	
<b>A)</b>	<b>Power and Fuel Consumption</b>				
	<b>1 Electricity</b>				
	(a) Purchased				
	Units (KWH)	1505340		181287	
	Total Amount (Rs)	9883589		1118186	
	Average Rate Per Unit (Rs / KWH)	Rs. 6.57		Rs. 3.75	
	(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)	1383915		1395246	
	Total Amount (Rs)	-		-	
	Average Cost Per Unit (Rs / KWH)	Rs. 6.57		Rs. 3.75	
	<b>2 Coal</b>				
	(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)	-		-	
	<b>3 Furnace Oil</b>				
	Quantity (In Litres)	1296204		824360	
	Total Amount (Rs)	34414768		20687847	
	Average Rate (Rs / Litres)	Rs 26.55		Rs. 25.10	
	<b>4 Others</b>				
	(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>B)</b>	<b>Consumption Per Unit of Production of Steel</b>				
	Electricity (KWH)	<u>Unit Qty</u>	<u>Rs.</u>	<u>Unit Qty</u>	<u>Rs.</u>
		53.47	351.29	80.15	300.56
	Furnace Oil (Litres)	46.04	1222.36	41.91	1051.94

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

CHAIRMAN & MANAGING 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

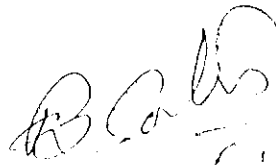
The Company does not separately accounted R & D expenditure.

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: 27-05-2010



(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	Date of Board Meeting					AGM 24-09-09
		25-06-09	23-07-09	20-08-09	29-10-09	28-01-10	
Bhavesh Patel	Managing Director	P	P	P	P	P	P
Prabhu Patel	Whole Time Director	P	P	P	P	P	P
Darshan Patel	Non-executive independent	P	P	P	P	P	P
Ghanshyam Patel	Non-executive independent	P	P	P	P	P	P
Ashlesha Shah	Non-executive independent	P	P	P	P	P	P

P – Present

A – Absence

#### 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 remuneration to independent Directors.

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

A declaration signed by Mr. Ghanshyam 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) Mrs. Ashlesha Shah – Chairman
- (ii) Mr. Prabhu Patel – Member
- (iii) Mr. Darshan 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 six times and reviewed performance of the company.

(3) **REMUNERATION COMMITTEE**

Remuneration is paid to the Directors which are in conformity with the provisions of the Companies Act, 1956. No sitting fees are paid to any Director.

(4) **SHAREHOLDERS COMMITTEE**

The company has 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 Pinnacle Share registry 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 15<sup>th</sup> and 30<sup>th</sup> of the each month and are given effect by the Registrar and Share Transfer Agent.

Pinnacle Share Registry Private Limited was appointed as common Agent for electronic as well as physical share transfer work.

(5) **GENERAL BODY MEETING**

The Company's shares are listed on Bombay Stock Exchange and Ahmedabad Stock Exchange. The 14<sup>th</sup> Annual General Meeting of the Shareholders was held on 30-09-2009 at 11.00 AM at Registered office of the Company.

(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 & 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 Ghanshyam 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 : 23-09-2010.  
Financial Calendar : 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010  
Dividend Payment Date : No dividend declared.  
Date of Book Closure : 20<sup>th</sup> September to 23<sup>rd</sup> September 2010.

(9) **LISTING OF STOCK EXCHANGE**

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



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

MONTH	HIGH (Rs.)	LOW (Rs.)
April, 2009	5.99	5.14
May, 2009	7.15	5.30
June, 2009	8.25	6.65
July, 2009	7.50	7.20
August, 2009	6.97	4.30
September, 2009	7.31	4.30
October, 2009	7.66	5.32
November, 2009	6.77	5.56
December, 2009	6.40	4.83
January, 2010	6.50	5.08
February, 2010	6.30	4.60
March, 2010	5.60	4.68

Performance in Comparison to board based indices such as BSE sensex, CRISIL Index etc.	Not applicable, since shares are traded in Z category of the Stock at Bombay Stock Exchange Limited
--	---

(11) **REGISTRAR AND SHARE TRANSFER AGENT**

Sharepro Services (India) Private Limited  
13 AB Samhita Warehousing Complex, 2nd Floor,  
Sakinaka Telephone Exchange Lane,  
Off. Andheri Kurla Road, Saki Naka,  
Andheri East, Mumbai - 400072

(12) **SHARE TRANSFER SYSTEM**

The share transfer work was handled by Pinnacle Shares Registry Private Limited registrar and transfer agent for the company during the year. However, In accordance with recent SAT directive, Company has to shift its R & T agency work and now; it is being handled by Sharepro Services (India) Private Limited, Mumbai. 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 31<sup>st</sup> March, 2010**

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Share held	% of Share holding
1 to 500	1367	68.48	266000	5.30
501 to 1000	275	13.78	265000	5.28
1001 to 2000	149	7.46	245200	4.89
2001 to 3000	56	2.81	142100	2.83
3001 to 4000	51	2.56	187500	3.74
4001 to 5000	20	1.00	91800	1.83
5001 to 10000	27	1.35	235000	4.68
10001 to above.	51	2.56	3584000	71.45
<b>Total</b>	<b>1996</b>	<b>100.00</b>	<b>5016600</b>	<b>100.00</b>

(14) **DISTRIBUTION PATTERN AS ON 31<sup>st</sup> March, 2010**

	No of Shares	Percentage
Promoters and Relatives	2195860	43.77
Banks / FII / FI	-	-
Public	2115306	42.18
Body Corporate	644534	12.84
NRI	60900	01.21

(15) **DEMATERIALIZATION OF SHARES AND LIQUIDITY**

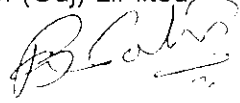
Outstanding GDRs / ADRs / Warrants or any Convertibles instruments and conversion date and likely impact on equity	Not Applicable
Address for Correspondence	Plot No.1301/2, Phase – III, GIDC Industrial Estate, Vatva, Ahmedabad – 382 445.
Registrar for electronic connectivity as well as physical share transfer dept	Pinnacle share registry Private Limited Naroda Road, Ahmedabad.

1970260 shares out of 5016600 Equity shares of the company have been dematerialized as at 31<sup>st</sup> March, 2010 representing 39.27% of total paid up capital of the company.

Place: Ahmedabad

Date: 27-05-2010

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 2009–2010 has been satisfactory.

#### 2. Financial Review

Total Business turnover for the year ended 31<sup>st</sup> March, 2010 was Rs.69.12 crores. This shows increase over previous years.

#### 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

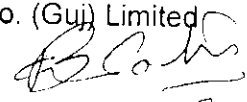
Statements in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially from those 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: 27-05-2010

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

  
(Bhavesh Patel)  
Director

## AUDITORS' REPORT

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

We have audited the attached Balance sheet of Gopal Iron & Steels Co. (Gujarat) limited as at 31<sup>st</sup> March 2010 and also annexed Profit and Loss Account for the year ended on that date and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

We further report that

- 1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 2) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
- 3) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- 4) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- 5) In our opinion and based on information and explanations given to us, none of the directors is disqualified as on 31-03-2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

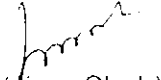
- (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2010;
- (b) In the case of the Profit and Loss Account of the Profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement of the Cash flow for the year ended on that date.

Place: Ahmedabad

Date: 27-05-2010



For Jigar S. Shah & Co.  
Chartered Accountants

  
(Jigar Shah)  
Proprietor

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS REPORT OF EVEN DATE OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

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

1. (a) The Company has maintained proper records showing full particulars including quantitative and situation of fixed assets.  
  
(b) As explained to us fixed assets, according to the practice of the company, are physically verified by the management at reasonable intervals in a phased verification program, which in our opinion is reasonable looking to the size of the company and the nature of its business. According to the information and explanation given to us no material discrepancies were noticed on such verification.  
  
(c) In our opinion, the company has not disposed off any substantial part of its fixed assets so as to effect in it going concern.
2. (a) As explained to us, inventories have been physically verified by the management at the end of the year.  
  
(b) In our opinion and according to the information and given to us the procedure followed by the Management are reasonable and adequate in relation to the size of the company and the nature of the business.  
  
(c) The company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to from companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (a) The company has not granted or taken any loans secured or unsecured to companies, firms or other parties cover in the register maintained under Section 301 of the Companies Act, 1956 during the year.
  - (b) In our opinion and according to the information and given to us, the rate of interest, whenever applicable and other terms and conditions in respect of loans given taken by the company are not prima facie prejudicial to the interest of the company.
  - (c) In respects of loans taken by the Company from three parties, the loan is interest bearing and are payable on demand.
  - (d) In respect of loans taken by the company, these are repayable on demand and therefore the question of overdue amounts does not arise.
4. In our opinion and according to the information and given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our previous audit, no major weakness in internal control had come to our notice.



5. (a) On the basis of the audit procedure performed by us, and according to the information and explanations given and representations given to us, we are of the opinion that, the transactions in which directors were interested as contemplated under Section 297 and sub-section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at parties which are reasonable having regards to prevailing market prices of at that time.
6. The company has not accepted any deposit from public cover u/s 58A of the Companies Act 1956 read along with companies (Acceptance of deposits) rules 1973 and the directive issued by the Reserve Bank of India.
7. The employees of the company have conducted the internal audit. However the same is required to be strengthened.
8. As per information and explanation given to us the company being a S.S.I. Unit is exempt from maintenance of cost records as prescribed by the Central Government u/s 209(1) of the Companies Act 1956 for any of the products of the company.
9. (a) According to the records of the company, it has been generally regularly deposited undisputed statutory dues including Provident Fund, Income tax, Sales Tax, Wealth Tax, Excise Duty and other statutory dues with the appropriate authorities. According to the information and explanation given to us no disputed amount payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanation given to us, there is no any disputed demand outstanding during the year under preview except mentioned below:

Sr	Nature of Dues	Year	Amount Involved
1	Income-Tax	1995-1996	Rs. 38.60 Lacs
		1996-1997	Rs.203.57 Lacs
2	Sales Tax	2002-2003	Rs. 29.11 Lacs

10. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses both, in the financial year under report and the immediately preceding year.
11. On the basis of the records examined by us and the information and explanation given to us, the company has not defaulted in payment of dues to financial institutions, banks or debenture holders.
12. As examined to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, or any other securities.

*[Handwritten signature]*

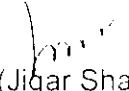
13. In our opinion, the company is not a chit fund or a nidhi fund / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing in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

Place: Ahmedabad

Date: 27-05-2010



For Jigar S. Shah & Co.  
Chartered Accountants

  
(Jigar Shah)  
Proprietor



## DIRECTORS REPORT

The Members,

Your directors have great pleasure in presenting 16th Annual Report together with the Audited Financial statements for the year ended on 31st March 2010.

### OPERATIONS

	31-03-2010 Rs.	31-03-2009 Rs.
Turnover and other receipts	691213606	505850092
Other Income	995192	1803031
Profit before Depreciation and Tax	13209501	6871343
Less: Depreciation	5954727	5763222
Balance	7254774	1108126
Less: Provision for Taxation	853674	516284
<b>Profit carried to Balance Sheet</b>	<b>6401100</b>	<b>591842</b>

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. We are hoping that the phenomenal growth shall be achieved during the next coming years.

### 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

Mrs. Ashlesha Shah 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

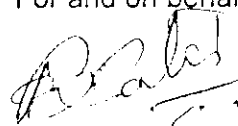
Since your company has not accepted any deposit in terms of Section 58A of the Companies Act, 1956 from the public, no information is required to be furnished in respect of outstanding deposits.

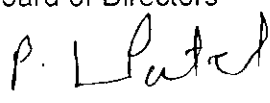
**Gopal Iron & Steels Co. (Gujarat) Limited**

Balance Sheet as at 31-03-2010

	Sch Ref	31-03-2010 Rs.	31-03-2009 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<i>Shareholders Fund</i>			
(a) Share Capital	1	49648500	49648500
(b) Reserves and Surplus	2	54881497	48480397
<i>Loan Funds</i>			
(a) Secured Loans	3	86185307	72009132
(b) Unsecured Loans	4	2889357	6525474
Deferred Tax Liabilities (Net)		18047636	18640090
<b>Total</b>		<b>211652297</b>	<b>195303593</b>
<b><u>APPLICATIONS OF FUNDS</u></b>			
<i>Fixed Assets</i>			
Gross Block	5	126329454	124525352
Less : Depreciation		41970167	36383340
Net Block		84359287	88142012
Add : Capital Work-in-Progress		1824468	0
		86183755	88142012
<i>Investments</i>	6	49900	0
<i>Current Assets, Loans and Advances</i>			
(a) Inventories	7	56896273	56167250
(b) Sundry Debtors	8	55350636	60042505
(c) Cash and Bank Balances	9	1275336	7215688
(d) Loans, Advances and Deposits	10	13448938	10589454
Total of Current Assets (A)		126971183	134014897
<i>Current Liabilities and Provisions</i>			
(a) Current Liabilities	11	0	24205417
(b) Provisions	12	1552541	2647899
Total of Current Liabilities (B)		1552541	26853316
<i>Net Current Assets (A - B)</i>		125418642	107161581
<b>Significant Accounting Policies and Notes on Accounts</b>			
<b>Total</b>	17	<b>211652297</b>	<b>195303593</b>

For and on behalf of Board of Directors

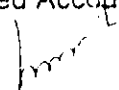
  
(Bhavesh Patel)  
Managing Director

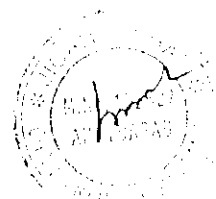
  
(Prabhubhai Patel)  
Director

Place: Ahmedabad  
Dated: 27-05-2010

As per separate report of  
even date annexed

For Jigar S. Shah & Co.  
Chartered Accountants

  
(Jigar S. Shah)  
Proprietor

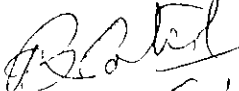


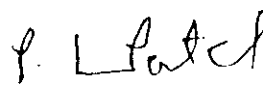
**Gopal Iron & Steels Co. (Gujarat) Limited**

Profit & Loss Account for the year ended on 31-03-2010

	Sch Ref	2009-2010 Rs.	2008-2009 Rs.
Turnover (Gross)		691213606	505850092
Less : Excise duty Paid (Net)		908	463169
Net Turnover		691212698	505386923
Other Income		995192	1803031
Increase (-Decrease) in Stocks		-5669750	6802165
<b>Total</b>		<b>686538140</b>	<b>513992119</b>
Manufacturing Expenses	13	642695955	479989358
Employee remuneration and benefits	14	10723313	7809454
Administrative and Selling Expenses	15	9011894	7312252
Financial and Interest Charges	16	10897477	12009707
Depreciation	5	5954727	5763222
		<b>679283366</b>	<b>512883993</b>
<b>Net Profit before Extra Ordinary items</b>		<b>7254774</b>	<b>1108126</b>
Less :			
- Fringe Benefit Tax Written off		6603	225000
- Income Tax Written off		206576	19284
<b>Net Profit before Tax</b>		<b>7041595</b>	<b>863842</b>
Less : Provision for Taxes			
- for Current Taxes		1232949	152000
- for Deferred Taxes		-592454	120000
Net Profit after Tax		6401100	591842
Add : Surplus B/F from earlier years		47480397	46888555
<b>Balance Carried to Balance sheet</b>		<b>53881497</b>	<b>47480397</b>
Basic and Diluted Earnings Per Share normal value of Rs. 10/- each		1.28	0.12
<b>Significant Accounting Policies and Notes on Accounts</b>	17		

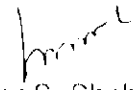
For and on behalf of Board of Directors

  
(Bhavesh Patel)  
Managing Director

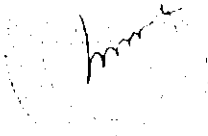
  
(Prabhubhai Patel)  
Director

As per separate report of  
even date annexed

For Jigar S. Shah & Co.  
Chartered Accountants

  
(Jigar S. Shah)  
Proprietor

Place: Ahmedabad  
Dated: 27-05-2010



**Gopal Iron & Steels Co. (Guj) Limited**

Cash Flow Statement for the year ended on 31st March 2010

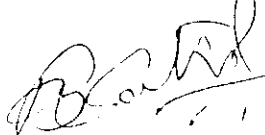


(In Rs.)

	31-03-2010	31-03-2009
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	7041595	863842
Adjustment For		
- Depreciation	5954727	5763222
- Financial and Interest Charges	10897477	12009707
<b>Operating Profit before Working Capital Changes</b>	<b>23893799</b>	<b>18636771</b>
Adjustment For Changes in Working Capital		
- Sundry Debtors	4691869	2902867
- Inventories	-729023	-10251452
- Loans, Advances and other Current Assets	-2859484	-2342882
- Trade and Other Payables	-26291133	5378054
<b>Cash Generated from Operations</b>	<b>-1293972</b>	<b>14323358</b>
- Taxes Paid	-213179	-244284
<b>Net Cash Flow from operating activities - A</b>	<b>-1507151</b>	<b>14079074</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Purchase of Fixed Assets	-2295414	-4415700
- Proceeds from Sale of Fixed Assets	94000	0
- Payment for Capital-Work-in-Progress	-1824468	0
- Purchase of Investment	-49900	0
<b>Net Cash used in investing activities - B</b>	<b>-4075782</b>	<b>-4415700</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Payment of Short Term Borrowings	-3636117	4967335
- Proceeds from Working Capital Facilities	23909773	-6424992
- Payment of Long Term Borrowings	-9733598	-10314989
- Financial and Interest Charges	-10897477	-12009707
<b>Net Cash used in Financing Activities - C</b>	<b>-357419</b>	<b>-23782353</b>
<b>Net (-) Decrease in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>-5940352</b>	<b>-14118979</b>
<b>Cash &amp; Cash Equivalents as at 31-03-2009</b>	<b>7215688</b>	<b>21334667</b>
<b>Cash &amp; Cash Equivalents as at 31-03-2010 (Sch 9)</b>	<b>1275336</b>	<b>7215688</b>

Note

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

For and on behalf of Board of Directors

  
(Bhavesh Patel)  
Managing Director  
(Prabhuhai Patel)  
DirectorAs per separate report of  
even date annexedFor Jigar S. Shah & Co.  
Chartered Accountants  
(Jigar S. Shah)  
ProprietorPlace: Ahmedabad  
Dated: 27-05-2010

**Gopal Iron & Steels Co. (Gujarat) Limited**

**As at  
31-03-2010**

**As at  
31-03-2009**

**Schedule - 1 Share Capital**

Authorized Share Capital

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

60000000

60000000

60000000

60000000

Issued and Subscribed Share Capital

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

60000000

60000000

60000000

60000000

Paidup Share Capital

5016600 (5016600) Equity Shares of Rs. 10/- each

50166000

50166000

517500

517500

Less : Allotment Money in Arrears

49648500

49648500

**Total**

**Schedule - 2 Reserves and Surplus**

Capital Reserve

State Cash Subsidy

1000000

1000000

Profit & Loss Account

53881497

47180397

**Total**

54881497

48480397

**Schedule - 3 Secured Loans**

Term Loan from Bank (PNB)

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

3550868

9348243

(Amount repayable in next 12 months Rs. 3550868/-)

Term Loan from Bank (PNB)

(Secured by first charge on all Fixed Assets acquired under modernization programme and on movable and immovable fixed assets both present and future save and except asset acquired under Hire Purchase agreement)

1080757

4786292

(Amount repayable in next 12 months Rs. 1080757/-)



**Gopal Iron & Steels Co. (Gujarat) Limited**

	<u>As at</u> <u>31-03-2010</u>	<u>As at</u> <u>31-03-2009</u>
Working Capital Loan from Bank (Secured by first charge on Stocks and Bookdebts present and future and first charge on immovable fixed assets both present and future save and except asset acquired under Hire Purchase agreement) Note : During the year L/C Limit of Rs. 230.00 Lacs has been converted in to Fund Based Limits.)	81277955	57368182
Hire Purchase Loan from ICICI Bank Limited (Secured against hypothecation of Motor Car acquired under Hire Purchase Agreement) (Amount repayable in next 12 months Rs. 253507/-)	275727	506415
Total	<u>86185307</u>	<u>72009132</u>
Schedule - 4 Unsecured Loans		
From Directors	2889357	6525474
Total	<u>2889357</u>	<u>6525474</u>
Schedule - 6 Investments		
Long Term Investments (At Cost) Units of Mutual Funds Principal Emerging Blue Chip Fund - Growth Plan (Units - 1709.49 @ Rs. 29.19)	49900	0
Total	<u>49900</u>	<u>0</u>
Schedule - 7 Inventories (Physical verification done by Management)		
Raw Materials (Including Rolls and Spares)	34503213	28138226
Fuels	443040	409254
Finished Goods	19299220	25924270
Scrap	2650800	1695500
Total	<u>56896273</u>	<u>56167250</u>
Schedule - 8 Sundry Debtors (Unsecured, but considered good)		
Outstanding for more than 6 months	1843597	2097426
Other Debts	53507039	57945079
Total	<u>55350636</u>	<u>60042505</u>

*hmt*

**Gopal Iron & Steels Co. (Gujarat) Limited****As at  
31-03-2010****As at  
31-03-2009**

## Schedule - 9 Cash and Bank Balances

Cash on Hand	73499	1487488
Balance with Punjab National Bank (Current A/C)	15042	1200
Fixed Deposit with Bank (PNB)	1186795	5727000
Total	<u>1275336</u>	<u>7215688</u>

## Schedule - 10 Loans and Advances

Deposit	2097665	2097665
Advances (Recoverable in cash or kind value to be received)		
- To Suppliers	7594174	2950963
- To Others	1886104	2847840
- Balance of Excise CENVAT	1870995	2692986
Total	<u>13448938</u>	<u>10589454</u>

## Schedule - 11 Current Liabilities

Sundry Creditors for others	0	1762978
Outstanding L/C	0	22174731
Advance Received from Customers	0	267803
Total	<u>0</u>	<u>24205417</u>

## Schedule - 12 Provisions

Provision for Taxation	1085870	2647899
Unpaid Expenses	466671	0
Total	<u>1552541</u>	<u>2647899</u>

*hmm.*

**Gopal Iron & Steels Co. (Gujarat) Limited****2009-2010****2008-2009**

## Schedule - 13 Manufacturing Expenses

Raw Materials Consumed	600881182	451595472
Stores and Spares	2709802	2737266
Power and Fuel	36311612	24298758
Other Manufacturing Expenses	1310713	1165829
Repairs and Maintenance Expenses	1482646	192033
Total	<u>642695955</u>	<u>479989358</u>

## Schedule - 14 Employees Remuneration &amp; Benefits

Salary and Wages	9331918	6574993
Contribution to Provident and Other funds	1135301	1066250
Other welfare expenses	256094	168211
Total	<u>10723313</u>	<u>7809454</u>

## Schedule - 15 Administrative and Selling Expenses

Administrative Expenses

- Conveyance Expenses	1149839	1181381
- Insurance Charges	741386	1120470
- Telephone Expenses	329801	291380
- Professional Tax	2400	2500
- Professional and Consulting Fees	546633	574535
- Office Expenses	151135	132656
- Stationery, Printing and Xerox	79915	92688
- Annual Listing Fees	41077	35000
- Payment to Auditors	28283	20000
- Miscellaneous Expenses	121031	109546
- Donation	928722	420603
- Licence, Renewal and Filing Fees	356097	104113
- Loss on Sale of Vehicle	29412	0
- Postage Expenses	68795	68174
- Repairs to office Equipments	29300	75261
- Repairs to Factory Building	130235	41070
- Repairs to Vehicles	235910	305356
- Bad Debts Written off	1847582	0

Selling and Distribution Expenses

- Advertisement Expenses	136431	103000
- Other Carriages	136030	216315
- Cash Discount	21086	70691
- Directors and Others Travelling Expenses	70247	37486
- Sales Promotion Expenses	188674	53001
- VAT / Sales Tax Paid	1641873	2257026
Total	<u>9011894</u>	<u>7312252</u>



Schedule - 16 Financial and Interest Charges

To Bank		
- Bank Charges	287903	302306
- For Working Capital	9085737	7996223
- For Term Loan (Wind Mill)	805871	1684868
- For Term Loan (Modernization of Machinery)	371692	908786
- For Vehicle Loan	38112	52815
To others	308162	1064709
Total	<u>10897477</u>	<u>12009707</u>

*hmm*

**Gopal Iron & Steels Co. (Gujarat) Limited**

**Schedule - 5 Details of Fixed Assets**

Sr	Name of Assets	Gross Block (At Cost)			Depreciation Block			Net Block as on		
		Opening Balance	Addition	Deduction	Closing Balance	Opening Balance	Addition	Deduction	31-03-2010	31-03-2009
1	Land (Lease Hold)	2467337	0	0	2467337	0	0	0	2467337	2467337
2	Furniture & Fixtures	245610	0	0	245610	172133	15548	187681	57929	73477
3	Office Equipment	669524	0	0	669524	427421	96830	524251	145273	242103
4	Electric Installation	6601344	815392	0	7416736	2640439	352295	2992734	4424002	3960905
5	Plant & Machinery	56345235	1480022	0	57825257	20721552	2711244	23432796	34392461	35623683
6	Vehicles	5749686	0	491312	5258374	2208088	541232	2381420	2876954	3541598
7	Factory Building	14741087	0	0	14741087	4863327	492352	5355679	9385408	9877760
8	Other Building	1467529	0	0	1467529	253130	23921	277051	1190478	1214399
9	Wind Mill	36238000	0	0	36238000	5097250	1721305	6818555	29419445	31140750
	Sub Total	124525352	2295414	491312	126329454	36383340	5954727	41970167	84359287	88142012
	Add : Capital Work-in-Progress	0	1824468	0	1824468	0	0	0	1824468	0
	<b>Total as on 31-03-2010</b>	<b>124525352</b>	<b>4119882</b>	<b>491312</b>	<b>128153922</b>	<b>36383340</b>	<b>5954727</b>	<b>41970167</b>	<b>86183755</b>	<b>88142012</b>
	Total as on 31-03-2009	120109652	4415700	0	124525352	30620118	5763222	36383340	88142012	89489534

## Schedule – 17 Notes forming part of Accounts

### 1. Statement of Significant Accounting Policies

#### 1.1 Basis of Preparation of Financial Statements

- a) The Financial Statement have been prepared to comply in all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.
- b) The Company follows mercantile system of accounting, unless stated otherwise.

#### Use of Estimates

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

#### 1.2 Fixed Assets

The Gross Block of Assets is shown at the Cost, which includes taxes, duties and other identifiable, direct expenses which are attributable to acquisition of fixed assets and other direct expenses and overheads incurred up to date on which such assets were first put to use.

Expenditure incurred during Construction / Erection period is included under Capital Work-in-Progress and allocated to the respective Fixed Assets on Completion of Construction / Erection.

#### 1.3 Impairment of Assets

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

#### 1.4 Depreciation

Depreciation has been provided in the books on straight-line method basis at the rate and the method as specified under schedule XIV to the Companies Act, 1956.

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

#### 1.5 Government Grant Treatment

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

#### 1.6 Segment Information

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

## 1.7 Revenue Recognition

- a) Sales are recognized on completion of sale of goods and are recorded on gross value including CENVAT and VAT.
- b) Other income is accounted on accrual basis.

## 1.8 Segment Information

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

## 1.9 Retirement Benefit and Gratuity

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

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

## 1.10 Valuation of Stock

- a) Raw materials are valued at lower of cost or net realizable value.
- b) Stores and spares are valued at cost.
- c) Finished goods are valued at cost or net realizable value whichever is lower.
- d) Scraps are valued at net realizable value.

## 1.11 Provision for Current and Deferred Tax

Provision for Current Tax is made on the basis of estimated Taxable income for the year after taking into consideration all benefits admissible under the provisions of the Income Tax Act, 1961 including MAT Credit.

Deferred tax results from Timing Difference between Book Profit and Taxable Profit is accounted for using tax rates and laws that have been enacted / or substantial annexed as on the balance sheet date (Rs. In Lac):

	31-03-2010	31-03-2009
Fixed Assets and others	180.48	186.40

The Deferred Tax Assets for the year Rs. 5.92 Lac (Liability Rs. 1.20 Lac) is charged to profit and loss account.

## 1.12 Investments

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

### 1.13 Excise Duty Treatment

- (a) Gross Turnover / Purchases are inclusive of Excise Duty Levied. The excise duty paid net of CENVAT claimed is accounted separately and reduced from Gross Turnover.
- (b) Unutilized balance of CENVAT Claimable at the year end has been accounted and disclosed separately under "Other Current Assets" and the CENVAT component at the year end inventories has been adjusted accordingly.

### 1.14 Leases

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

### 1.15 Earnings Per Share

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

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

1.16 All contingent liabilities are disclosed by way of notes to the accounts.

### 2. Contingent Liabilities

- (a) Estimated amount of contracts yet to be executed on capital account and not provided for Rs. 100.00 Lacs (Rs. 30.00 Lacs) and against this liability an advance of Rs. Nil (Rs. Nil).
  - (b) Income Tax Authorities have raised demand aggregating Rs. 242.18 Lacs (Rs. Nil) for the assessment years 1996-1997 and 1997-1998 which has been disputed by the Company, as it is of the opinion that the same shall be quashed in the appeal preferred by the company. Hence no provision for this disputed Income Tax demand has been made.
  - (c) Sales Tax Authorities have raised demand aggregating Rs. 29.11 Lacs (Rs. Nil) for the financial year 2002-2003 which has been disputed by the Company, as it is of the opinion that the same shall be quashed in the appeal preferred by the company. Hence no provision for this disputed Sales Tax demand has been made.
3. Figures have been rounded off to the nearest a rupee. Figure in the bracket are that of the previous year.
  4. The previous figures have been regrouped / rearranged so as to make them comparable with the current Year.
  5. Balances of Sundry Creditors, Sundry Debtors, Advances, Deposits, Secured and Unsecured Loans are as per the book and subject to confirmation and reconciliation from respective parties.

6. In the opinion of the Board of Directors Current Assets, Loans and Advances are approximately of the same value if realized in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

7. Licensed, Installed Capacities and Production (Certified by the Management)

	Licensed Capacity	Installed Capacity	Production
Structural Steel	Not Applicable (Not Applicable)	30000 MT (30000 MT)	16919.04 MT (12868.29 MT)

8. Quantitative Details

Finished Goods	MS Items		SS Items	
	Quantity (IN MT)	Rs. (In Lac)	Quantity (IN MT)	Rs. (In Lac)
Opening Stock	715.30 (605.10)	221.74 (187.74)	70.76 (17.29)	37.50 (9.93)
Production during the year	9901.00 (11069.99)	0.00 (0.00)	6595.38 (1576.98)	0.00 (0.00)
Sold during the year	10186.09 (10959.79)	3072.76 (4062.21)	6581.19 (1523.51)	3404.94 (709.04)
Closing Stock	430.21 (715.30)	146.27 (221.74)	84.95 (70.76)	46.72 (37.50)

Scrap	MS Items		SS Items	
	Quantity (IN MT)	Rs. (In Lac)	Quantity (IN MT)	Rs. (In Lac)
Opening Stock	63.10 (34.36)	14.51 (8.25)	5.55 (6.85)	2.44 (2.26)
Generated during the year	219.85 (336.89)	0.00 (0.00)	213.03 (48.10)	0.00 (0.00)
Sold during the year	242.65 (308.15)	50.71 (84.06)	194.18 (49.40)	91.74 (18.97)
Closing Stock	40.30 (63.10)	9.67 (14.51)	24.40 (5.55)	16.84 (2.44)

Raw Materials (Indigenous)	MS Items		SS Items	
	Quantity (IN MT)	Rs. (In Lac)	Quantity (IN MT)	Rs. (In Lac)
Opening Stock	213.95 (81.62)	46.84 (25.57)	0.00 (33.66)	0.00 (11.11)
Purchased during the year	10325.30 (11812.63)	2638.62 (3814.07)	7035.95 (1618.03)	3441.35 (712.31)
Consumed during the year	10371.95 (11666.73)	2640.64 (3786.99)	6917.33 (1651.69)	3368.17 (723.42)
Sales During the year	7.60 (13.57)	1.77 (5.81)	37.80 (0.00)	21.23 (0.00)
Closing Stock	159.70 (213.95)	43.05 (46.84)	80.82 (0.00)	51.95 (0.00)

9. There are no amounts due to be credited to Investor Education and Protection Fund.

*Handwritten signature*

10. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (In Rs.)

	31-03-2010	31-03-2009
Principal amount remaining unpaid to any suppliers as at the end of Accounting Year	0	0
Interest due thereon remaining unpaid to any supplier as at the end of Accounting Year	0	0
The amount of Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day.	0	0
The amount of Interest due and payable for the period of delay in making payment.	0	0
The amount of interest accrued and remaining unpaid at the end of Accounting year.	0	0
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006		
Total	0	0

Note

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

11. Payment to Auditors (In Rs.)

	31-03-2010	31-03-2009
For Statutory Audit	28283	20000
Total	28283	20000

12. Remuneration to Directors (In Rs.)

	31-03-2010	31-03-2009
Salary and Bonus	1310770	1146240
Contribution to Funds	148596	133597
Perquisites	134176	141760
Total	1593542	1421597

13. The disclosures as required as per the revised Accounting Standard – 15 are as under:

(A) Brief Description of Plans

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

*Handwritten signature*

## (B) Charge to Profit &amp; Loss Account

	31-03-2010	31-03-2009
Provident Fund and Pension Fund	739848	632535
Gratuity	395453	433715
Leave Encashment	210535	307150
Total	1345836	1373400

## (C) Disclosure for defined benefit plan i.e., Gratuity as on 31-03-2010

	31-03-2010	31-03-2009	
<b>I</b>	<u>Change in Defined Benefit Obligation</u>		
	Opening defined benefit obligation	989286	982875
	Current Service Cost	150897	85042
	Interest Cost	79143	78630
	Actuarial Loss / (Gain)	86174	15816
	Benefits Paid	0	-173077
	Closing Defined Benefit Obligation	1305500	989286
<b>II</b>	<u>Change in Fair Value</u>		
	Opening Fair Value of Plan Assets	783527	894330
	Expected return of Plan Assets	110287	62274
	Actuarial Gain / (Loss)	0	0
	Contributions by Employer	789168	0
	Benefits Paid	0	-173077
	Closing Fair Value of Plan Assets	1682982	783527
<b>III</b>	<u>Amount Recognized in the Balance Sheet</u>		
	Present Value of Obligations as at year end	1305500	989286
	Fair Value of Plan assets as at year end	1682982	783527
	Amount not recognized as an asset	377482	(205759)
	Net (Asset) / Liability recognized as on 31-03-2010	(377482)	205759
<b>IV</b>	<u>Expenses recognized in the Profit &amp; Loss A/C</u>		
	Current Service Cost	150897	85042
	Interest on Defined Benefit Obligation	79143	78630
	Expected Return on Plan Assets	-110287	-62274
	Net actuarial Loss / (Gain) recognized in the Year	86174	15816
	Total Expenses	205927	117214
<b>V</b>	<u>Actual Return on Plan Assets</u>		
	Expected Return on Plan Assets	110287	62274
	Actuarial Gain / (Loss) on Plan Assets	0	0
	Actual Return on Plan Assets	110287	62274
<b>VI</b>	<u>Asset Information</u>		
	Administered by LIC of India	100%	100%
<b>VII</b>	<u>Principal Actuarial assumptions used</u>		
	Discount Rate (P.A.)	8.00%	8.00%
	Salary Escalation (P.A.)	7.00%	7.00%

Note

There is no other change in the accounting estimates due to applicability of Accounting Standard – 15 (Revised) as the parameters considered in the financial year 2009-2010 are same as those considered in year 2008-2009.

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14. Disclosure in respect of Related Parties Pursuant to AS – 18

(A) Details of Key Management Personnel

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

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

	31-03-2010	31-03-2009
1 Managerial Remuneration paid to Key Personnel and their Relatives	3256324	3082508
2 Gross Loans from Key Personnel	0	11815735
3 Gross Loans repaid to Key Personnel	4185014	7671519
4 Amounts Paid to Key Personnel and their relatives for Expenses	731925	1626203
5 Loans payable to Key Personnel	2889356	6725474

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

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

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

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

	MS Items		SS Items	
	Rs. In Lacs	%	Rs. In Lacs	%
Indigenous Raw Materials	2640.64 (3786.99)	100 (100)	3368.17 (723.42)	100 (100)
Imported Raw Materials	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

	Rs. In Lacs	%
Indigenous Stores and Spares	27.10 (27.37)	100 (100)
Imported Stores and Spares	0.00 (0.00)	0.00 (0.00)

19. Additional information pursuant to part IV of Schedule VI to Companies Act, 1956.

a) Registration Details

Registration No.	22876
State Code	04
Balance Sheet Date	31-03-2010

*Amu*

b. Capital Raised during the year (Rs. 000's)

Public Issue	0
Right Issue	0
Bonus Issue	0
Private Placement	0

c. Position of Mobilization and Development of Funds (Rs. 000's)

Total Liabilities		Total Assets	
Paid-up Capital	49649	Net Fixed Assets	86184
Reserve & Surplus	72929	Investments	50
Secured Loans	86185	Net Current Assets	125418
Unsecured Loans	2889	Misc. Expenditure	0
<b>Total</b>	<b>211652</b>	<b>Total</b>	<b>211652</b>

d. Performance of Company (Amount in Rs. 000's)

Turnover	691213
Total Expenditure	684172
Profit Before Tax	7042
Profit After Tax	6401
EPS (in Rs.)	1.28
Dividend Rate %	Nil

e. Generic Names of Three Principal Products/Service of the Company (as per monetary terms)

Item Code No. ITC Code)	721650
Product Description	Bars, Channels, Angles, Flats.

Schedule 1 to 17 form integral parts of the Balance Sheet and Profit & Loss Account and have been duly authenticate.

As per attached report of even date.

Place Ahmedabad For Jigar S. Shah & Co.

For & on behalf of Board of Directors

Date 27-05-2010

(Jigar S. Shah)  
Proprietor

(Bhavesh Patel)  
Managing Director

(Prabhu Patel)  
Director

