



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

AN ISO 9001 : 2008 COMPANY

17th

*Annual Report
2010-2011*

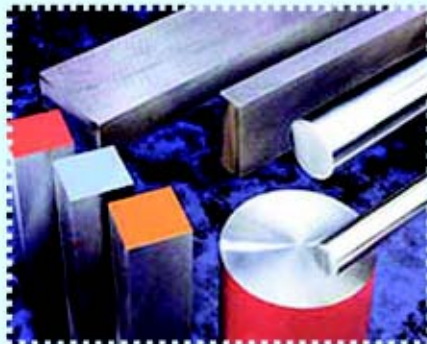
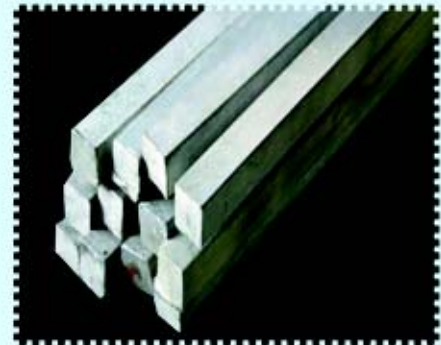
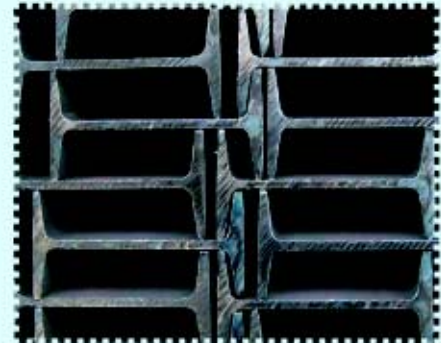
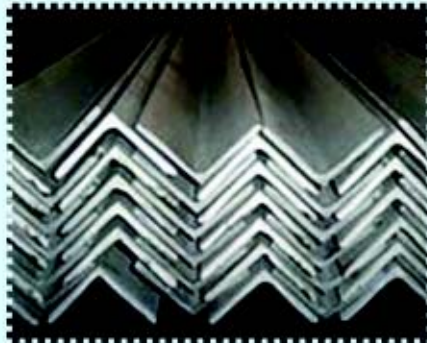
GISCO

STEEL STRUCTURE OF INTEGRITY & QUALITY



AN ISO 9001 : 2008 COMPANY

Steel Structure of Integrity & Quality



Rolling Mill Products

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BOARD OF DIRECTORS

BHAVESHBHAI GOPALBHAI PATEL	CHAIRMAN & MANAGING DIRECTOR
PRABHUBHAI L. PATEL	DIRECTOR
ASHLESHA K. SHAH	DIRECTOR
DARSHAN D. PATEL	DIRECTOR
GHANSHYAM N. PATEL	DIRECTOR

REGISTERED OFFICE & WORKS

1401/2, G.I.D.C. KERALA INDUSTRIAL ESTATE,
BAVLA BAGODARA N.H.NO.8A, TA. BAVLA,
DIST. AHMEDABAD - 382 220. GUJARAT.
PH. : 02714 - 268 465, FAX : 02714 - 268 365

CORPORATE OFFICE

1301-2, PHASE - III,
G.I.D.C. VATVA INDUSTRIAL ESTATE,
VATVA, AHMEDABAD - 382 445. GUJARAT
PH. : 079 - 25830475

BANKER

PUNJAB NATIONAL BANK
Vanijya Bhawan Branch,
Kankaria, Ahmedabad - 380 022.

AUDITOR

JIGAR S. SHAH & CO.
Chartered Accountants
Nr. R.C. Patel High School, Ahmedabad.

LISTING

The Bombay Stock Exchange Limited

REGISTRAR AND SHARE TRANSFER AGENTS

SHAREPRO SERVICES (INDIA) PRIVATE LIMITED
13 AB, Samhita Warehousing Complex, 2nd Floor,
Sakinaka Telephone Exchange Lane,
Opp. Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai - 400 072.

WEB SITE : gopaliron.com • E-MAIL : gisco_guj@yahoo.in

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 17th Annual General Meeting of the members of Gopal Iron and Steels Co. (Guj) Limited will be held at the Registered Office of the Company on Thursday 29th September, 2011 at 11.00 AM to transact the following Business :

ORDINARY BUSINESS

- (1) To receive consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date, together with the Director's Report and Auditors Report made thereon.
- (2) To appoint a director in place of Mr. Prabhuhai Patel 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.

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

Place: Ahmedabad

(Bhavesh G. Patel)

Date: 19-08-2011

Chairman

: 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 22-09-2011 to 28-09-2011 (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.



BHAVESH G. PATEL
Chairman & M.D.

DIRECTORS REPORT

To,
The Members,

Your directors have great pleasure in presenting 17th Annual Report together with the Audited Financial statements for the year ended on 31st March 2011.

[1] OPERATIONS

	31-03-2011 ₹	31-03-2010 ₹
Turnover and other receipts	439540200	691213606
Other Income	2904343	683227
Profit before Depreciation and Tax	11965304	12926948
Less: Depreciation	5888841	5954727
Balance	6076463	6972221
Less: Provision for Taxation	1032392	1427520
Profit carried to Balance Sheet	5044071	5544701

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 decided to go for expansion project and after commissioning of the same we are hoping that the phenominal growth shall be achieved during the next coming years.

[2] MARKET SCENARIO

The products manufactured by your Company are mainly used in development of

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

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

[3] DIRECTORS

Mr. Prabhubhai 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. Jigar S. Shah & Co. 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. The Company has received certificate from the said auditors to the effect that their appointment if made would be within the provisions under section 224(1) of the Companies Act.

[8] OTHER INFORMATION

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

[9] DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the annual accounts, all applicable accounting standards have been followed and proper explanations relating to material departures if any have been furnished.
- (b) Accounting 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 31st March, 2011 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 2010-2011.

[12] ACKNOWLEDGEMENT

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

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

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

Place: Ahmedabad
Date: 07-06-2011

(Bhavesh Patel)
Managing Director



FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy

Particulars 31-03-2011 31-03-2010

A) Power and Fuel Consumption

1 Electricity

(a) Purchased

Units (KWH)	1205806	1505340
Total Amount (Rs)	8016359	9883589
Average Rate Per Unit (Rs / KWH)	Rs. 6.65	Rs. 6.57

(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)	1247923	1388915
Total Amount (Rs)	-	-
Average Cost Per Unit (Rs / KWH)	Rs. 6.65	Rs. 6.57

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)	1078340	1296204
Total Amount (Rs)	32233990	34414768
Average Rate (Rs / Litres)	Rs. 29.89	Rs. 26.55

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)	56.20	373.74	53.47	351.29
Furnace Oil (Litres)	50.26	1502.29	46.04	1222.36

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

(Bhavesh Patel)

Date: 07-06-2011

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 23-09-10
		08-04-10	27-05-10	21-06-10	29-07-10	30-09-10	
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

Name of Director	Category	Date of Board Meeting		
		21-10-10	10-02-11	24-02-11
Bhavesh Patel	Managing Director	P	P	P
Prabhu Patel	Whole Time Director	P	P	P
Darshan Patel	Non-executive independent	P	P	P
Ghanshyam Patel	Non-executive independent	P	P	P
Ashlesha Shah	Non-executive independent	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
Ashelsha 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 eight 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. Bhavesh Patel – 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 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

The Company's shares are listed on Bombay Stock Exchange and Ahmedabad Stock Exchange. The 16th Annual General Meeting of the Shareholders was held on 23-9-2010 at 10.00 AM at Registered office of the Company.

(6) DISCLOSURES

- Company has followed all accounting standards diligently.
- Company is in the process of laying down risk assessment systems.
- Company has not received any funds through capital market during the year.
- Management Discussion & Analysis report is attached and forms part of this Report.
- During the year, transaction with related parties has been properly disclosed in Notes to accounts and discussed at arms length by Audit Committee.
- 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	: 29-09-2011
Financial Calendar	: 1 st April, 2010 to 31 st March, 2011
Dividend Payment Date	: No dividend declared
Date of Book Closure	: 22 nd September to 28 th September 2011

(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 (₹)	LOW (₹)
April, 2010	7.09	5.00
May, 2010	7.21	5.47
June, 2010	7.24	6.16
July, 2010	7.05	6.44
August, 2010	13.08	6.50
September, 2010	19.67	13.73
October, 2010	20.50	13.40
November, 2010	16.00	12.05
December, 2010	12.60	10.65
January, 2011	11.18	7.90
February, 2011	8.67	6.76
March, 2011	10.00	9.08

Performance in Comparison to board based indices such as BSE sensex, CRISIL Index etc.	Not applicable, since shares are traded in T category of the Stock at Bombay Stock Exchange Limited
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**(11) REGISTRAR AND SHARE TRANSFER AGENT****Sharepro Services (India) Private Limited**

13 AB, 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 M/s 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, 2011

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Share held	% of Share holding
1 to 500	1207	75.82	198634	4.04
501 to 1000	180	11.31	173000	3.52
1001 to 2000	103	6.47	172300	3.50
2001 to 3000	27	1.70	69200	1.41
3001 to 4000	23	1.44	81300	1.65
4001 to 5000	5	0.31	23600	0.48
5001 to 10000	10	0.63	64800	1.32
10001 to above	37	2.32	4134266	84.08
Total	1592	100.00	4917100	100.00

(14) DISTRIBUTION PATTERN AS ON 31st March, 2011

	No of Shares	Percentage
Promoters and Relatives	2212400	45.00
Banks / FII / FI	0	0.00
Public	2180766	44.34
Body Corporate	465534	9.47
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, 13 AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Opp. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.

3456808 shares out of 4917100 Equity shares of the company have been dematerialized as at 31st March, 2011 representing 70.30% of total paid up capital of the company.

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

Place: Ahmedabad
Date: 07-06-2011

(Bhavesh Patel)
Director

ANNEXURE 'B'

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overall Review

The overall performance during the current financial year 2010–2011 has been satisfactory.

2. Financial Review

Total Business turnover for the year ended 31st March, 2011 was Rs. 43.95 crores. This decrease was mainly on account of reduction in prices.

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.

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

Place : Ahmedabad
Date : 07-06-2011

(Bhavesh Patel)
Director



DECLARATION BY THE DIRECTOR ABOUT CORPORATE GOVERNANCE

I, Bhavesh 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 2011.

Place : Ahmedabad

Date : 07-06-2011

(Bhavesh Patel)
Managing Director

CERTIFICATION BY DIRECTOR TO THE BOARD

I, Bhavesh 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.
- (4) 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 : 07-06-2011

(Bhavesh Patel)
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of corporate Governance by Gopal Iron & Steels Co. (Gujarat) limited for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of the opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, We certify that Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 07-06-2011

For Jigar S. Shah & Co.
Chartered Accountants

(Jigar Shah)
Proprietor



AUDITORS' REPORT

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

We have audited the attached Balance sheet of Gopal Iron & Steels Co. (Gujarat) limited as at 31st March 2011 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 31-03-2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - (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.

For Jigar S. Shah & Co.
Chartered Accountants

Place: Ahmedabad
Date: 07-06-2011

(Jigar Shah)
Proprietor

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS REPORT OF EVEN DATE OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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

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



6. The company has not accepted any deposit from public cover u/s 58A of the Companies Act 1956 read along with companies (Acceptance of deposits) rules 1973 and the directive issued by the Reserve Bank of India.
7. The employees of the company have conducted the internal audit. However the same is required to be strengthened.
8. As per information and explanation given to us the company being a S.S.I./M.S.M.E. 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 31st March, 2011 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
1996-1997
2008-2009 | Rs.38.60 Lacs
Rs.203.57 Lacs
Rs.13.91 Lacs |
| 2 | Sales Tax | 2002-2003 | Rs.29.11 Lacs |
| 3 | Excise Duty | 1998-1999
1999-2000 | Rs.33.53 Lacs |
10. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses both, in the financial year under report and the immediately preceding year.
11. On the basis of the records examined by us and the information and explanation given to us, the company has not defaulted in payment of dues to financial institutions, banks or debenture holders.
12. As examined to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, or any other securities.
13. In our opinion, the company is not a chit fund or a nidhi fund / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report order 2003 is not applicable.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in respect of shares, securities, debentures and other investments. According to the provision of clause 4 (xiv) of the companies (Auditor Report) order 2003 are not applicable to the company.
15. According to the information and explanation given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution.
16. The company has raised a term loan for Expansion Project of Tube Mill and the said term loan was applied for the purpose for which they were raised.
17. According to the information and explanation given to us and on overall examination of the financial statements of the company and after placing reliance on the reasonable assumption made by the company for classification of long term and short term usage's of funds, we are of the opinion that, prima-facie, long term funds have not been utilized for short term purposes.
18. The companies have not made any preferential allotment of shares of parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not issued any money by way of public issue, during the year.
21. According to the information and explanation given to us, and to the best of our knowledge and benefit, no fraud on or by the Company, has been noticed or by the company, during the year that clauses the financial statements to be materially misstated.

For Jigar S. Shah & Co.
Chartered Accountants

Place: Ahmedabad
Date: 07-06-2011

(Jigar Shah)
Proprietor

BALANCE SHEET AS AT 31-03-2011

PARTICULARS	Sch. Ref	31-03-2011 ₹	31-03-2010 ₹
<u>SOURCES OF FUNDS</u>			
<i>Shareholders Fund</i>			
(a) Share Capital	1	49171000	49648500
(b) Reserves and Surplus	2	59925568	54881497
<i>Loan Funds</i>			
(a) Secured Loans	3	124516368	86185307
(b) Unsecured Loans	4	16660013	2889357
Deferred Tax Liabilities (Net)		17054176	18047636
Total		267327125	211652297
<u>APPLICATIONS OF FUNDS</u>			
<i>Fixed Assets</i>			
Gross Block	5	128025731	128153922
Less : Depreciation		46959759	41970167
Net Block		81065972	86183755
Add : Capital Work-in-Progress		29537726	0
<i>Investments</i>			
	6	110603698	86183755
49900		49900	49900
<i>Current Assets, Loans and Advances</i>			
(a) Inventories	7	72247527	56896273
(b) Sundry Debtors	8	60211680	55350636
(c) Cash and Bank Balances	9	637117	1275336
(d) Loans, Advances and Deposits	10	29527724	13448938
Total of Current Assets (A)		162624048	126971183
<i>Current Liabilities and Provisions</i>			
(a) Current Liabilities	11	3252020	0
(b) Provisions	12	2698501	1552541
Total of Current Liabilities (B)		5950521	1552541
<i>Net Current Assets (A - B)</i>		156673527	125418642
Significant Accounting Policies and Notes on Accounts			
	17		
Total		267327125	211652297

For and on behalf of Board of Directors

As per separate report of even date annexed

(Bhavesh Patel)
Managing Director(Prabhubhai Patel)
DirectorFor Jigar S. Shah & Co.
Chartered AccountantsPlace: Ahmedabad
Dated: 07-06-2011(Jigar S. Shah)
Proprietor

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31-03-2011**

PARTICULARS	Sch. Ref	2010-2011 ₹	2009-2010 ₹
Turnover (Gross)		439540200	691213606
Less : Excise duty Paid (Net)		636719	908
Net Turnover		438903481	691212698
Other Income		2904343	995192
Increase (-Decrease) in Stocks		14346800	-5669750
Total		456154624	686538140
Manufacturing Expenses	13	412035976	642695955
Employee remuneration and benefits	14	11608431	10723313
Administrative and Selling Expenses	15	7378001	9011894
Financial and Interest Charges	16	13166912	10897477
Depreciation	5	5888841	5954727
		450078161	679283366
Net Profit before Extra Ordinary items		6076463	7254774
Less :			
- Income tax / FBT Written off		0	213179
Net Profit before Tax		6076463	7041595
Less : Provision for Taxes			
- for Current Taxes		2025852	1232949
- for Deferred Taxes		-993460	-592454
Net Profit after Tax		5044071	6401100
Add : Surplus B/F from earlier years		53881497	47480397
Balance Carried to Balance sheet		58925568	53881497
Basic and Diluted Earnings Per Share normal value of Rs. 10/- each		1.03	1.28
Significant Accounting Policies and Notes on Accounts	17		

For and on behalf of Board of Directors

As per separate report of even date annexed

(Bhavesh Patel)
Managing Director

(Prabhubhai Patel)
Director

For Jigar S. Shah & Co.
Chartered Accountants

Place: Ahmedabad
Dated: 07-06-2011

(Jigar S. Shah)
Proprietor

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2011

(In Rs.)

	31-03-2011	31-03-2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	6076463	7041595
Adjustment For		
- Depreciation	5888841	5954727
- Financial and Interest Charges	13166912	10897477
Operating Profit before Working Capital Changes	25132216	23893799
Adjustment For Changes in Working Capital		
- Sundry Debtors	-4861044	4691869
- Inventories	-15351254	-729023
- Loans, Advances and other Current Assets	-16078786	-2859484
- Trade and Other Payables	2450946	-26291133
Cash Generated from Operations	-8707922	-1293972
- Taxes Paid	0	-213179
Net Cash Flow from operating activities - A	-8707922	-1507151
B CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of Fixed Assets	-2999344	-2295414
- Proceeds from Sale of Fixed Assets	325000	94000
- Payment for Capital-Work-in-Progress	-27713258	-1824468
- Purchase of Investment	0	-49900
Net Cash used in investing activities - B	-30387602	-4075782
C CASH FLOW FROM FINANCING ACTIVITIES		
- Proceeds (-Payment) from Short Term Borrowings	13770656	-3636117
- Proceeds from Working Capital Facilities	16720498	23909773
- Proceeds (-Payment) from Long Term Borrowings	21610563	-9733598
- Proceeds from Share Capital	-477500	0
- Financial and Interest Charges	-13166912	-10897477
Net Cash used in Financing Activities - C	38457305	-357419
Net (-) Decrease in Cash & Cash Equivalents (A+B+C)	-638219	-5940352
Cash & Cash Equivalents as at 31-03-2010	1275336	7215688
Cash & Cash Equivalents as at 31-03-2011 (Sch 9)	637117	1275336

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

As per separate report of even date annexed

(Bhavesh Patel)
Managing Director

(Prabhubhai Patel)
Director

For Jigar S. Shah & Co.
Chartered Accountants

Place: Ahmedabad
Dated: 07-06-2011

(Jigar S. Shah)
Proprietor



SCHEDULE FORMING PART OF THE ACCOUNTS

	31-03-2011	31-03-2010
Schedule - 1 Share Capital		
<u>Authorized Share Capital</u>		
6000000 (6000000) Equity Shares of Rs. 10/- each	60000000	60000000
	<u>60000000</u>	<u>60000000</u>
<u>Issued and Subscribed Share Capital</u>		
6000000 (6000000) Equity Shares of Rs. 10/- each	60000000	60000000
	<u>60000000</u>	<u>60000000</u>
<u>Paidup Share Capital</u>		
4917100 (5016600) Equity Shares of Rs. 10/- each	49171000	50166000
Less : Allotment Money in Arrears	0	517500
Total	<u>49171000</u>	<u>49648500</u>
Schedule - 2 Reserves and Surplus		
Capital Reserve		
State Cash Subsidy	1000000	1000000
Profit & Loss Account	58925568	53881497
Total	<u>59925568</u>	<u>54881497</u>
Schedule - 3 Secured Loans		
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)	97998453	81277955
Term Loan from Bank for Tube Mill Project (PNB) (Secured by first charge on all Plant and Machinery, Wind Mill and movable and immovable fixed assets both present and future save and except asset acquired under Hire Purchase agreement) (Amount repayable in next 12 months Rs. Nil)	25862098	0
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. 278911/-)	655817	275727
Term Loan from Bank (PNB) (Secured by first charge on Wind Mill and on movable and immovable fixed assets save and except asset acquired under Hire Purchase agreement)	0	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 save and except asset acquired under Hire Purchase agreement)	0	1080757
Total	<u>124516368</u>	<u>86185307</u>
Schedule - 4 Unsecured Loans		
From Directors	2049361	2889357
From Others	14610652	0
Total	<u>16660013</u>	<u>2889357</u>

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	Closing Balance	31-03-2011
1	Land (Lease Hold)	2467337	0	0	2467337	0	0	0	2467337	2467337
2	Furniture & Fixtures	245610	0	0	245610	187681	15548	0	203229	42381
3	Office Equipment	669524	136990	0	806514	524251	86322	0	610573	195941
4	Electric Installation	7416736	0	0	7416736	2992734	313564	0	3306298	4110438
5	Plant & Machinery	57825257	442292	0	58267549	23432796	2686830	0	26119626	32147923
6	Vehicles	5258374	2420062	1303067	6375369	2381420	548999	899249	2031170	4344199
7	Factory Building	14741087	0	0	14741087	5355679	492352	0	5848031	8893056
8	Other Building	1467529	0	0	1467529	277051	23921	0	300972	1166557
9	Wind Mill	36238000	0	0	36238000	6818555	1721305	0	8539860	27698140
	Sub Total	126329454	2999344	1303067	128025731	41970167	5888841	899249	46959759	81065972
	Add : Capital Work-in-Progress	1824468	27713258	0	29537726	0	0	0	0	29537726
	Total as on 31-03-2011	128153922	30712602	1303067	157563457	41970167	5888841	899249	46959759	110603698
	Total as on 31-03-2010	124525352	4119882	491312	128153922	36383340	5954727	367900	41970167	86183755
										88142012



	31-03-2011	31-03-2010
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	49900
Total	49900	49900
Schedule - 7 Inventories		
(Physical verification done by Management)		
Raw Materials (Including Rolls and Spares)	34948823	34503213
Fuels	1001884	443040
Finished Goods	36082680	19299220
Scrap	214140	2650800
Total	72247527	56896273
Schedule - 8 Sundry Debtors		
(Unsecured, but considered good)		
Outstanding for more than 6 months	3409150	1843597
Other Debts	56802530	53507039
Total	60211680	55350636
Schedule - 9 Cash and Bank Balances		
Cash on Hand	607434	73499
Balance with Punjab National Bank (Current A/C)	29683	15042
Fixed Deposit with Bank (PNB)	0	1186795
Total	637117	1275336
Schedule - 10 Loans and Advances		
Deposit	2097665	2097665
Advances (Recoverable in cash or kind value to be received)		
- To Suppliers	1425000	7594174
- To Suppliers (for New Tube Mill Project)	18643282	0
- To Others	2642332	1886104
- Balance of Excise CENVAT	4719445	1870995
Total	29527724	13448938
Schedule - 11 Current Liabilities		
Sundry Creditors for others	3252020	0
Total	3252020	0
Schedule - 12 Provisions		
Provision for Taxation	2090530	1085870
Unpaid Expenses	484155	466671
Tax Deducted at Source Payable	123816	0
Total	2698501	1552541

	31-03-2011	31-03-2010
Schedule - 13 Manufacturing Expenses		
Raw Materials Consumed	374479912	600881182
Stores and Spares	2577603	2709802
Power and Fuel	33214553	36311612
Other Manufacturing Expenses	865683	1310713
Repairs and Maintenance Expenses	898225	1482646
Total	412035976	642695955
Schedule - 14 Employees Remuneration & Benefits		
Salary and Wages	10120047	9331918
Contribution to Provident and Other funds	1234316	1135301
Other welfare expenses	254068	256094
Total	11608431	10723313
Schedule - 15 Administrative and Selling Expenses		
Administrative Expenses		
- Conveyance Expenses	1240404	1149839
- Insurance Charges	825400	741386
- Telephone Expenses	283993	329801
- Professional Tax	2400	2400
- Professional and Consulting Fees	648979	546633
- Office Expenses	105997	151135
- Stationery, Printing and Xerox	91641	79915
- Annual Listing Fees	38605	41077
- Payment to Auditors	40000	28283
- Miscellaneous Expenses	100964	121031
- Donation	44222	928722
- Licence, Renewal and Filing Fees	781664	356097
- Loss on Sale of Vehicle	123818	29412
- Postage Expenses	18652	68795
- Repairs to office Equipments	49360	29300
- Repairs to Factory Building	52275	130235
- Repairs to Vehicles	429198	235910
- Bad Debts Written off	0	1847582
Selling and Distribution Expenses		
- Advertisement Expenses	14211	136431
- Other Carriages	46344	136030
- Cash Discount	0	21086
- Directors and Others Travelling Expenses	74170	70247
- Sales Promotion Expenses	15435	188674
- VAT / CST / Sales Tax Paid	2350269	1641873
Total	7378001	9011894
Schedule - 16 Financial and Interest Charges		
To Bank		
- Bank Charges	247999	287903
- For Working Capital	12335653	9085737
- For Term Loan (Wind Mill)	94705	805871
- For Term Loan (Modernization of Machinery)	24357	371692
- For Vehicle Loan	50090	38112
To others	414108	308162
Total	13166912	10897477



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 Retirement Benefit and Gratuity

Contribution to the Provident Fund, Pension Fund, Other Funds and Leave encashment paid during the year are being charges 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 being undetermined shall be accounted in the year of actual payment of Gratuity.

1.9 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.

1.10 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):

	31-03-2011	31-03-2010
Fixed Assets and others	170.54	180.48

The Deferred Tax Assets for the year Rs. 9.93 Lac (Rs. 5.92 Lac) is charged to profit and loss account.

1.11 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.

1.12 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.

1.13 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. 639.63 Lacs (Rs. 100.00 Lacs) and against this liability an advance of Rs. 168.71 Lacs (Rs. Nil).



- (b) Income Tax Authorities have raised demand aggregating Rs. 256.08 Lacs (Rs. 242.18) for the assessment years 1996-1997, 1997-1998 and 2008-2009 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. 29.11) 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.
- (d) Central Excise Authorities have raised demand aggregating Rs. 33.53 Lacs (Rs. Nil) for the financial year 1998-1999 and 1999-2000 which has been disputed by the Company, as it is of the opinion that the same shall be quashed in the appeal preferred by the company. Hence no provision for this disputed Central Excise 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)	8692.71 MT (16919.04 MT)

8. Quantitative Details

Finished Goods	MS Items		SS Items	
	Quantity (IN MT)	₹ (In Lac)	Quantity (IN MT)	₹ (In Lac)
Opening Stock	430.21 (715.30)	146.27 (221.74)	84.95 (70.76)	46.72 (37.50)
Production during the year	6655.01 (9901.00)	0.00 (0.00)	1782.53 (6595.38)	0.00 (0.00)
Sold during the year	6503.63 (10186.09)	2235.49 (3072.76)	1837.19 (6581.19)	1695.68 (3404.94)
Closing Stock	581.59 (430.21)	325.69 (146.27)	30.29 (84.95)	35.14 (46.72)

Scrap	MS Items		SS Items	
	Quantity (IN MT)	₹ (In Lac)	Quantity (IN MT)	₹ (In Lac)
Opening Stock	40.30 (63.10)	9.67 (14.51)	24.40 (5.55)	16.84 (2.44)
Generated during the year	197.86 (219.85)	0.00 (0.00)	57.31 (213.03)	0.00 (0.00)
Sold during the year	233.26 (242.65)	57.94 (50.71)	80.43 (194.18)	57.25 (91.74)
Closing Stock	4.90 (40.30)	1.37 (9.67)	1.28 (24.40)	0.77 (16.84)

Raw Materials (Indigenous)	MS Items		SS Items	
	Quantity (IN MT)	₹ (In Lac)	Quantity (IN MT)	₹ (In Lac)
Opening Stock	159.70 (213.95)	43.05 (46.84)	0.00 (0.00)	0.00 (0.00)
Purchased during the year	7000.75 (10325.30)	2100.53 (2638.62)	90.18 (7035.95)	1622.33 (3441.35)
Consumed during the year	6987.60 (10371.95)	2090.08 (2640.64)	1858.62 (6917.33)	1654.72 (3368.17)
Sales During the year	0.00 (7.60)	0.00 (1.77)	0.00 (37.80)	0.00 (21.23)
Closing Stock	172.85 (159.70)	53.50 (43.05)	12.38 (80.82)	19.56 (51.95)

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

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

	31-03-2011	31-03-2010
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.)

	31-03-2011	31-03-2010
For Statutory Audit	40000	28283
Total	40000	28283

12. Remuneration to Directors (In Rs.)

	31-03-2011	31-03-2010
Salary and Bonus	1400335	1310770
Contribution to Funds	158081	148596
Perquisites	134176	134176
Total	1692592	1593542



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.

(B) Charge to Profit & Loss Account

	31-03-2011	31-03-2010
Provident Fund and Pension Fund	750161	739848
Gratuity	484155	395453
Leave Encashment	239293	210535
Total	1473609	1345836

(C) Disclosure for defined benefit plan i.e., Gratuity as on 31-03-2011

	31-03-2011	31-03-2010
I Change in Defined Benefit Obligation		
Opening defined benefit obligation	1305500	989286
Current Service Cost	267160	150897
Interest Cost	104440	79143
Actuarial Loss / (Gain)	284088	86174
Benefits Paid	82500	0
Closing Defined Benefit Obligation	1878688	1305500
II Change in Fair Value		
Opening Fair Value of Plan Assets	1682982	783527
Expected return of Plan Assets	131221	110287
Actuarial Gain / (Loss)	0	0
Contributions by Employer	0	789168
Benefits Paid	82500	0
Closing Fair Value of Plan Assets	1731703	1682982
III Amount Recognized in the Balance Sheet		
Present Value of Obligations as at year end	1878688	1305500
Fair Value of Plan assets as at year end	1731703	1682982
Amount not recognized as an asset	(146985)	377482
Net (Asset) / Liability recognized as on 31-03-2010	146985	(377482)
IV Expenses recognized in the Profit & Loss A/C		
Current Service Cost	267160	150897
Interest on Defined Benefit Obligation	104440	79143
Expected Return on Plan Assets	-131221	-110287
Net actuarial Loss / (Gain) recognized in the Year	284088	86174
Total Expenses	524467	205927
V Actual Return on Plan Assets		
Expected Return on Plan Assets	284088	110287
Actuarial Gain / (Loss) on Plan Assets	0	0
Actual Return on Plan Assets	284088	110287

VI Asset Information Administered by LIC of India	100%	100%
VII Principal Actuarial assumptions used		
Discount Rate (P.A.)	8.00%	8.00%
Salary Escalation (P.A.)	7.00%	7.00%

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

(A) Details of Key Management Personnel

Name of Key Management Personnel	
Bhavesh Gopalbhai Patel Darshan Dashrathbhai Patel Ashlesha Kunal Shah	Prabhubhai Laxmanbhai Patel Ghanshyam Narottambhai Patel

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

	31-03-2011	31-03-2010
1 Managerial Remuneration paid to Key Personnel and their Relatives	3451133	3256324
2 Gross Loans from Key Personnel and their Relatives	5071082	0
3 Gross Loans repaid to Key Personnel and their Relatives	4342676	4185014
4 Amounts Paid to Key Personnel and their relatives for Expenses	312888	731925
5 Loans payable to Key Personnel and their Relatives	3899361	2889356

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	2090.08 (2640.64)	100 (100)	1654.72 (3368.17)	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	25.78 (27.10)	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.	L27101GJ1994PLC022876
State Code	04
Balance Sheet Date	31-03-2011

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	
Paid-up Capital	491.71
Reserve & Surplus	769.80
Secured Loans	1245.16
Unsecured Loans	166.60
Total	2673.27

Total Assets	
Net Fixed Assets	1106.03
Investments	0.50
Net Current Assets	1566.74
Misc. Expenditure	0.00
Total	2673.27

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

Turnover	4395.40
Total Expenditure	4334.64
Profit Before Tax	60.76
Profit After Tax	50.44
EPS (in Rs.)	1.03
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.

For Jigar S. Shah & Co.

For & on behalf of Board of Directors

Place: Ahmedabad

(Jigar S. Shah)

(Bhavesh Patel)

(Prabhu Patel)

Date: 07-06-2011

Proprietor

Managing Director

Director



GOPAL IRON & STEELS CO. (GUJARAT) LTD.

Registered Office : 1401/2, G.I.D.C. Kerala Industrial Estate, Bavla Bagodara N. H. No. 8A,
Ta. Bavla, Dist. Ahmedabad - 382 220. Gujarat.

17th ANNUAL GENERAL MEETING Thursday, the 29th September, 2011 at 11-00 A.M.

ADMISSION SLIP

Please complete this slip and hand it over at the Entrance of the Meeting Hall

Name & Address of the member

Folio No. :

I hereby record my presence at the 17th Annual General Meeting of
Company, at 1401/2, G.I.D.C. Kerala Industrial Estate, Bavla Bagodara N. H. No. 8A,
Ta. Bavla, Dist. Ahmedabad - 382 220. Gujarat

Name of the Shareholder / Proxy*

Signature of the Shareholder / Proxy*

* Strike out whichever is not applicable.

GOPAL IRON & STEELS CO. (GUJARAT) LTD.

Registered Office : 1401/2, G.I.D.C. Kerala Industrial Estate, Bavla Bagodara N. H. No. 8A,
Ta. Bavla, Dist. Ahmedabad - 382 220. Gujarat.

PROXY FORM

Folio No.

I/We, _____ being a member /
members of Gopal Iron & Steel Co. (Gujarat) Ltd., hereby appoint _____ of the district of
_____ or failing him
_____ of
the district of _____

_____ as my / our proxy to vote for me / us on
my / our behalf at the 17th Annual General Meeting of the Company to be held on Thursday, the 29th September, 2011.

Signed this _____ day of _____ 2011

Name _____

Address _____



Signature

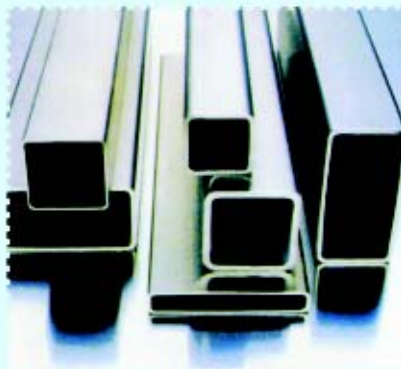
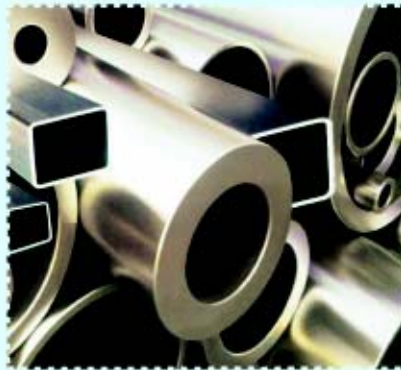
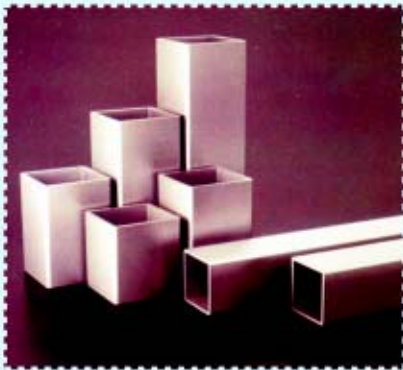
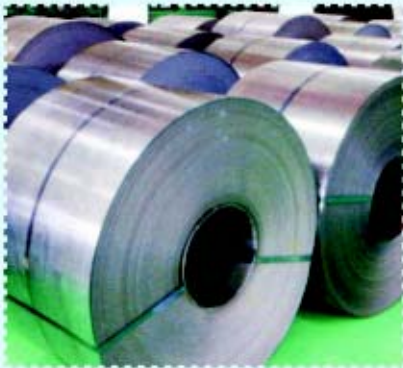
N.B. The proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting. The proxy need not be a Member of the Company.



GISCO

AN ISO 9001 : 2008 COMPANY

Steel Structure of Integrity & Quality



Tube Mill Products - Endless Flow

Book - Post

Wind Mill - Power Generation



Towards Green Gujarat

If Undelivered Please return to

GOPAL IRON & STEELS CO. (GUJARAT) LTD.
AN ISO 9001 : 2008 COMPANY

Plot No. : 1401/2. G.I.D.C., Kerala Ind. Estate, N. H. No. 8-A,
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