



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

**AN ISO 9001 : 2000 COMPANY**

Report  junction.com

**14<sup>th</sup>**

*Annual Report*  
**2007-2008**

**GISCO**



GOPAL IRON AND STEELS CO. (GUJARAT) LTD.

**BOARD OF DIRECTORS**

BHAVESHBHAI GOPALBHAI PATEL, CHAIRMAN & MANAGING DIRECTOR  
 PRABHUBHAI L. PATEL DIRECTOR  
 KUNAL B. SHAH DIRECTOR  
 GHANSHYAM N. PATEL DIRECTOR  
 DARSHAN D. PATEL DIRECTOR

**BANKER**

PUNJAB NATIONAL BANK

Vanija Bhawan Branch,  
 Kankaria, Ahmedabad.

**AUDITOR**

JIGAR S. SHAH &amp; CO.

Chartered Accountants

Nr. R. C. Patel High School,  
 Ahmedabad.

**REGISTERED OFFICE & WORKS**

1401/2, G.I.D.C. INDUSTRIAL ESTATE KERALA,

BAVLA BAGODARA, PIN NO. 8A,

TA. BAVLA, DIST. AHMEDABAD - 382 220. GUJARAT.

PH. : 02714 - 268365

**CORPORATE OFFICE**

1301/2, PHASE -

G.I.D.C. INDUSTRIAL ESTATE,

VATVA, AHMEDABAD - 382 445.

PH. : 079 - 25830475.

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## NOTICE TO SHAREHOLDERS

Notice is hereby given that the 14th 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 Monday 29th September, 2008 at 11.00 A.M. to transact the following Business :

### ORDINARY BUSINESS :

- (1) To receive consider and adopt the Audited Balance Sheet as at 31st March, 2008 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. Bhaveshbhai Gopalbhai 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 untill 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 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 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, 2008 and is hereby now and onwards to be paid monthly remuneration and perquisites as set out in explanatory statement."

- (5) 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 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, 2008 and is hereby now and onwards to be paid monthly remuneration and perquisites as set out in explanatory statement."

- (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 approval of the members be and is hereby accorded to the appointment of Mrs. Ashlesha Shah as a Director of the company under the designation "Executive Director" for a period of 3 years w.e.f. 1<sup>st</sup> October 2008 and is hereby now onwards to be paid monthly remuneration and perquisites as set out in explanatory statement.

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

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

Place: Ahmedabad  
Date: 04-07-2008

(Bhavesh G. Patel)  
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 A.M. to 1.00 P.M. 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.


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

- (f) The Register of Members and Share Transfer books of the Company shall remain closed from 18-09-2008 to 25-09-2008 (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.

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

**For Item No. 4**

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. 7000/-.

Now volume of work marginally increased. Therefore it would be necessary to increase monthly remuneration to Rs. 9000/- (Rupees Nine Thousand 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 interested in any way in passing of the resolution.

By order of the Board of Directors

*Chairman*

**Item No. 5**

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. 7000/-.

Now volume of work marginally increased. Therefore it would be necessary to increase monthly remuneration to Rs. 9000/- (Rupees Nine Thousand 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 interested in any way in passing of the resolution.

By order of the Board of Directors

*Chairman*

**For Item No. 6**

Mrs. Ashlesha Shah was appointed by the company as a Manager W.e.f. 1<sup>st</sup> April 2008. She is Graduate and having a very wide and versatile experience in the field of management. At present company are working smoothly and the volume of work marginally increased. Therefore it would be necessary to provide remuneration as mentioned hereunder to Mrs. Ashlesha Shah as a Director in consideration of total devotion of his valuable time and guidance to the company:

**(a) SALARY**

Rs. 15,000/- (Rupees Fifteen Thousand only) per month.

**(b) PERQUISITES**

- Reimbursement of Medical Expenses incurred for self and family subject to ceiling of one month's salary;
- Leave Travel Assistance for self and family as per company rules;
- Life Insurance Premium;
- Fees of clubs which will include Admission Fees;
- Contribution to Provident Fund, Super Annuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961;
- Gratuity as the rate not exceeding half a months salary for each year of completed services; and
- Encashment of leave as per company rules.

Your directors recommend this resolution for your approval. None of the Directors except Mrs. Ashlesha Shah interested in any way in passing of the resolution.

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

Place: Ahmedabad  
Date: 04-07-2008

(Bhavesh G. Patel)  
*Chairman*



## Annual Report 2007-2008

### DIRECTORS REPORT



**BHAVESH G. PATEL**  
Chairman & M.D.

To,  
The Members,

Your directors have great pleasure in presenting 14th Annual Report together with the Audited Financial statements for the year ended on 31st March 2008.

#### [1] OPERATIONS

	31-03-2008 Rs.	31-03-2007 Rs.
Turnover and other receipts	920227388	614941992
Other Income	712314	390837
Profit before Depreciation and Tax	23871107	24528893
Less: Depreciation	4728966	4570515
Balance	19142141	19958378
Less: Provision for Taxation	7656813	7339999
<b>Profit carried to Balance Sheet</b>	<b>11485328</b>	<b>12618379</b>

During the current year your company has achieved a tremendous growth as compared to past years as well as highest in the history of the company since incorporation. We are hoping that the same growth shall be continued during the next coming year.

#### [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. Bhaveshbhai Gopalbhai 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:



## GOPAL IRON AND STEELS CO. (GUJARAT) LTD.

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 explanation relating to material departures if any have been furnished.
- (b) Accounting policies as listed in schedule 18 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, 2008 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 have 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 2007-2008.

### [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: 04-07-2008

(Bhavesh G. Patel)  
Chairman





## Annual Report 2007-2008

## ANNEXURE - 1

Information as required under section 217 (1) (e) read with the Companies (Disclosure in the report of Board of Directors) Rules, 1988.

**(A) CONSERVATION OF ENERGY**

The company continued its efforts to improve upon production process. Some of the steps initiated towards this has include installation of capacitors for improving power factors, usage of additives in fuels to reduce their consumption. Steps were taken to enhance productivity in order to achieve lower overall cost per unit of production.

**(B) TECHNOLOGY ABSORPTION**

Efforts made in technology absorption are furnished in Form - B annexed.

**(C) FOREIGN EXCHANGE EARNING AND OUTGO**

Foreign exchange earnings	Rs. Nil
Foreign exchange outgo	Rs. Nil

## FORM - A

**Form for Disclosure of Particulars with respect to Conservation of Energy**

<b>Particulars</b>	<b>31-03-2008</b>	<b>31-03-2007</b>
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**A) Power and Fuel Consumption****1 Electricity****(a) Purchased**

Units (KWH)	220247	860385
Total Amount (Rs)	2246435	3098690
Average Rate Per Unit (Rs / KWH)	Rs. 4.50	Rs. 3.60

**(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)	1309153	1365586
Total Amount (Rs)	-	-
Average Cost Per Unit (Rs / KWH)	Rs. 4.50	Rs. 3.60

**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)	1406910	1246810
Total Amount (Rs)	32639382	23715767
Average Rate (Rs/Litres)	Rs. 23.20	Rs. 19.02

**B) Consumption Per Unit of Production of Steel**

	Unit Qty	Rs.	Unit Qty	Rs.
Electricity (KWH)	47.71	214.70	83.10	299.16
Furnace Oil (Litres)	43.89	1018.25	46.55	885.38

## 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.

By order of the Board of Directors

**For Gopal Iron & Steels Co. (Guj) Ltd.**

Place: Ahmedabad

**(Bhavesh G. Patel)**

Date: 04-07-2008

Chairman



GOPAL IRON AND STEELS CO. (GUJARAT) LTD.

## 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
		04-04-07	31-07-07	23-08-07	25.10.07	31-01-08	11-03-08	27.09.07
Bhavesb Patel	Managing Director	P	P	P	P	P	P	P
Prabhu Patel	Whole Time Director	P	P	P	P	P	P	P
Darshan Patel	Non-executive independent	P	P	P	P	P	P	P
Ghanshyam Patel	Non-executive independent	P	P	P	P	P	P	P
Kunal Shah	Non-executive independent	P	P	P	P	P	P	P

P – Present

A – Leave of absence granted

#### Details of other Directorships

Name of Director	Other Directorship
Bhavesbhai Patel	Nil
Prabhubhai Patel	Nil
Darshan Patel	Nil
Ghanshyam Patel	Nil
Kunal 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 six times.

A declaration signed by Mr. Bhavesb Patel, Managing 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





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### (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

No remuneration is paid to any Director. Managing Director and promoter Director of the company have waived their part of remuneration for the whole year in the interest of the company. No sitting fees are payable to any Director.

### (4) SHAREHOLDERS COMMITTEE

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

During the year, the company and their Registrar and Share Transfer Agents Magnum 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.

Magnum 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 and Saurashtra Kutch Stock Exchnage. The 13<sup>th</sup> Annual General Meeting of the Shareholders was held on 27-09-2007 at 11.00 AM at Registered office of the Company.

### (6) DISCLOSURES

- (a) Company has followed all accounting standards diligently.
- (b) Further, Company is in the process of laying down risk assessment systems.
- (c) Further, 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 Bhavesh Patel, Managing 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.