
Mehul S. Kanani
BBA, ACA

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

AUDITORS' REPORT

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

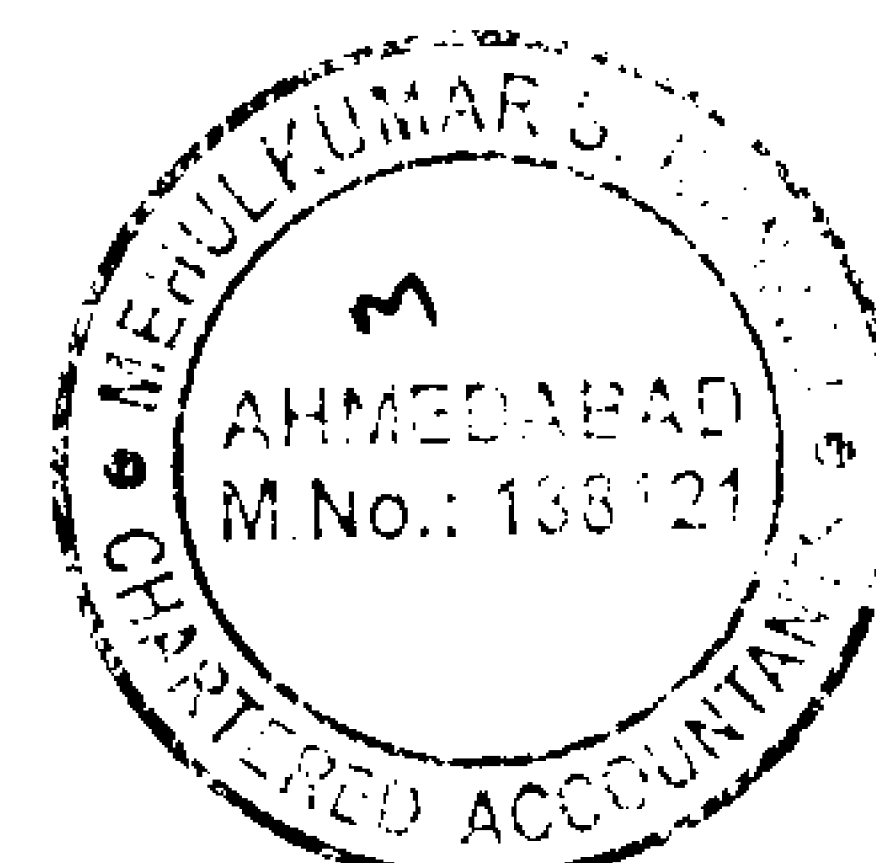
We have audited the attached Balance sheet of Gopal Iron & Steels Co. (Gujarat) limited as at 31st March 2012 and also annexed Profit and Loss Account for the year ended on that date and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility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

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

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

We further report that

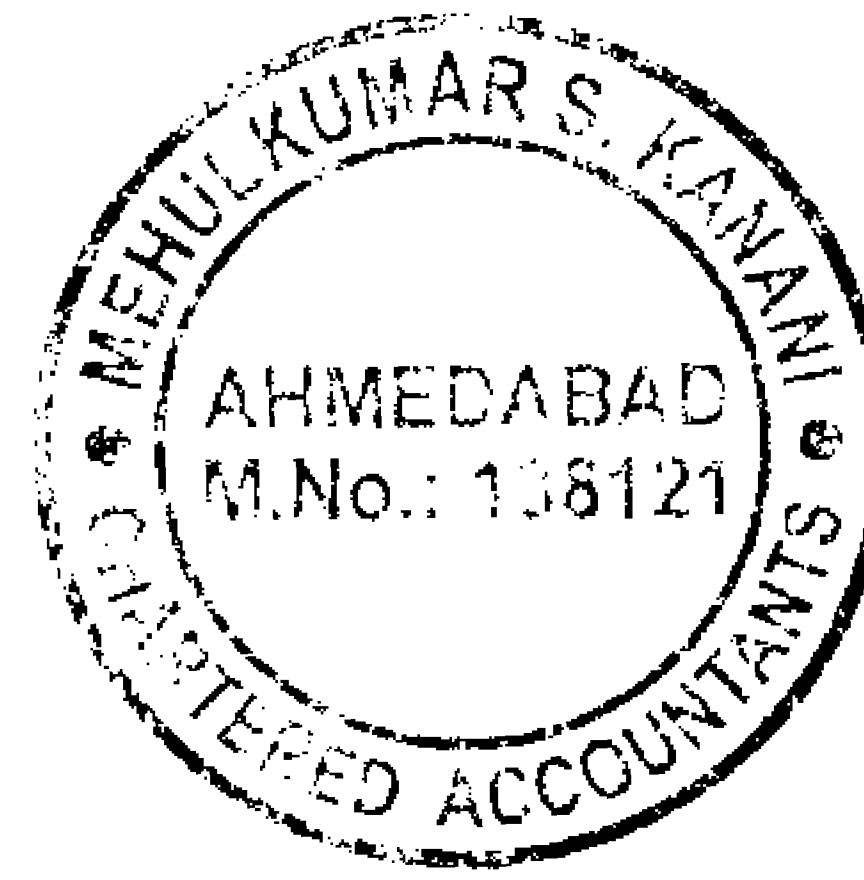
- (1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (2) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
- (3) The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



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

Place: Ahmedabad

Date: 07-06-2012



For Mehul Kanani & Co.
Chartered Accountants


(Mehul Kanani)
Proprietor

Membership No. 138121

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

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

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

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

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

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

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

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

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

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

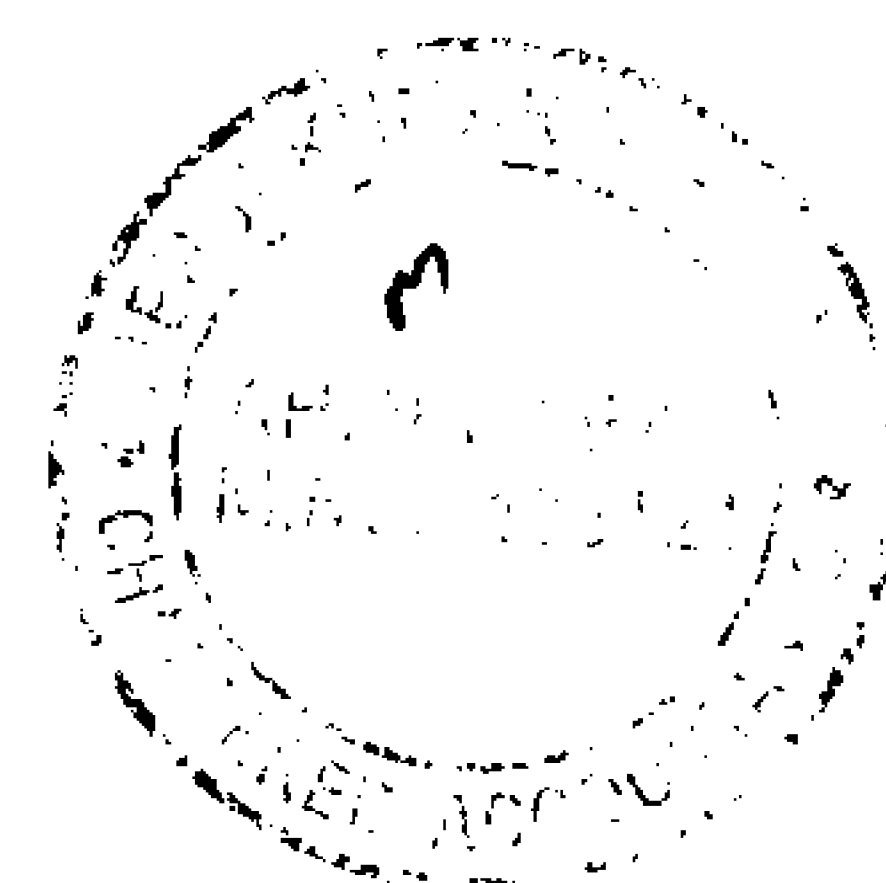
(d) In respect of loans taken by the company, these are repayable on demand and therefore the question of overdue amounts does not arise.



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

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

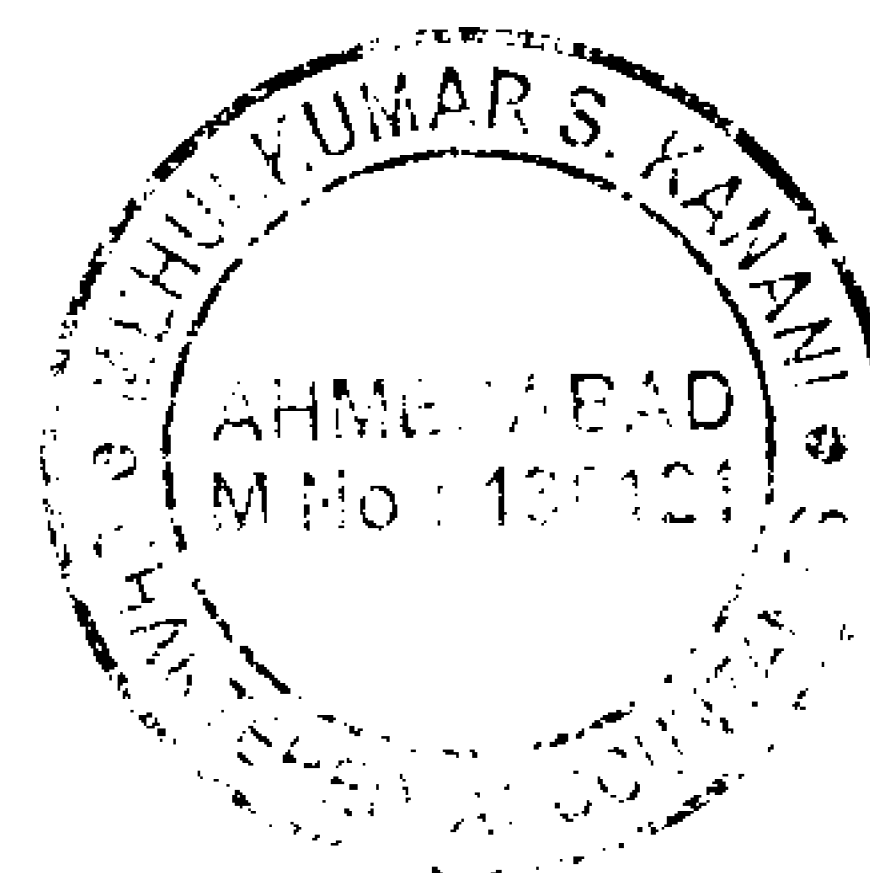
10. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses both, in the financial year under report and the immediately preceding year.



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

Place: Ahmedabad

Date: 07-06-2012



For Mehul Kanani & Co.
Chartered Accountants


(Mehul Kanani)
Proprietor

Membership No. 138121

DIRECTORS REPORT

To,
The Members,

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

[1] **OPERATIONS**

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

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

[2] **MARKET SCENARIO**

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

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

[3] **DIRECTORS**

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

[4] **INSURANCE**

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

[5] **FIXED DEPOSIT**

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



[6] **EMPLOYEE RELATION**

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

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

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

[7] **AUDITORS AND AUDITORS REPORT**

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

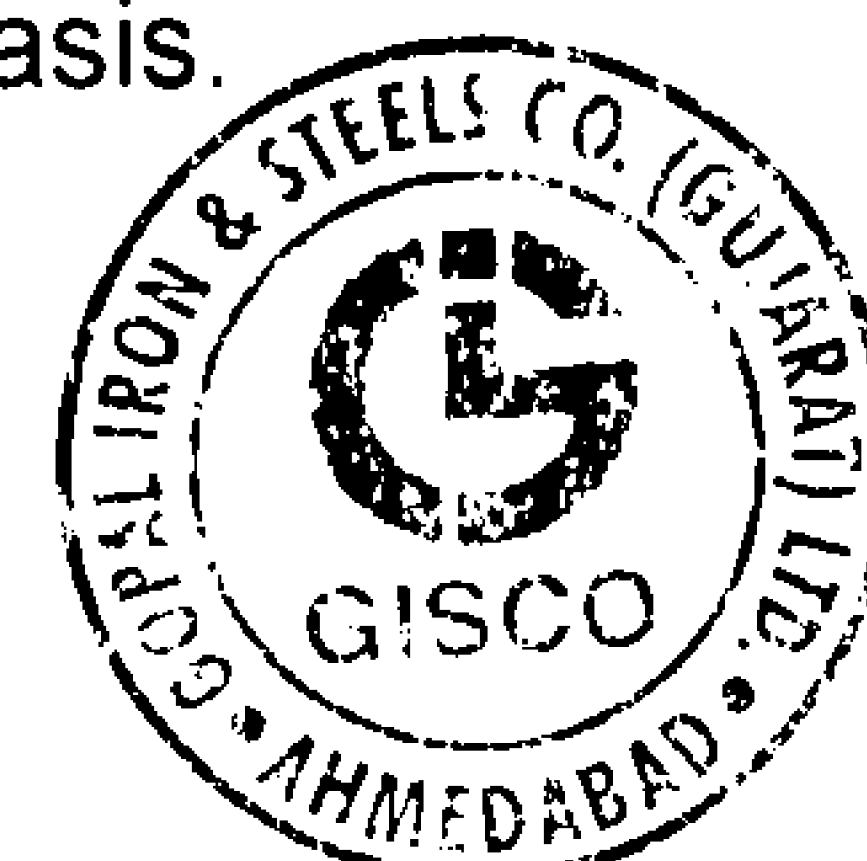
[8] **OTHER INFORMATION**

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

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

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

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



[10] **CORPORATE GOVERNANCE**

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

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

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

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

[12] **ACKNOWLEDGEMENT**

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

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

Place: Ahmedabad

Date: 07-06-2012

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


(Bhavesh Patel)
Managing Director

