

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

**Audited Financial Accounts**

**Financial Year 2012-2013**

**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Gopal Iron and Steels Co. (Gujarat) Limited which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

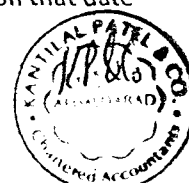
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

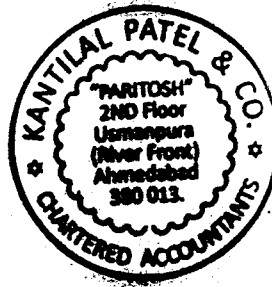
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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



**Report on Other Legal and Regulatory Requirements**

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



Place: Ahmedabad  
Date: June 07, 2013

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

*Gopal S. Baldi*

Gopal S. Baldi  
Partner

Membership No.:125930

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

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

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



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

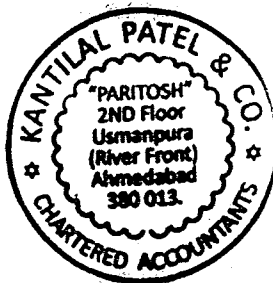
Serial No.	Department	Period to which it relates	Amount (₹)	Forum where dispute is pending
01	Gujarat Sales Tax	2002-2003	29,11,000	Commissioner (A)
		2006-2007	3,64,000	Commissioner (A)
		2008-2009	12,04,270	Commissioner (A)
02	Central Excise	1998-1999	19,91,363	Commissioner (A)
		1999-2000	13,61,080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

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

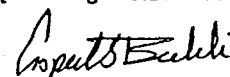


11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks. The company has not obtained any borrowings from financial institutions or by way of debentures.
12. The Company has not granted loans & advances on the basis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

Place: Ahmedabad  
Date: June 07, 2013



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

  
Gopal S. Baldi  
Partner  
Membership No.:125930

## DIRECTORS REPORT

To,  
The Members,

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

### [1] OPERATIONS

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

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

### [2] MARKET SCENARIO

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

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

### [3] DIRECTORS

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

### [4] INSURANCE

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

### [5] FIXED DEPOSIT

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

[6] **EMPLOYEE RELATION**

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

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

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

[7] **AUDITORS AND AUDITORS REPORT**

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

[8] **SECRETARIAL COMPLIANCE CERTIFICATE**

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

[9] **OTHER INFORMATION**

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

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

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

- (a) In the preparation of the annual accounts, all applicable accounting standards have been followed and proper explanations relating to material departures if any have been furnished.
- (b) Accounting policies as listed in Schedule 2.1 to the financial statements have been selected and consistently applied and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the company as on 31<sup>st</sup> March, 2013 and of the profit of the company for the accounting year ended on that date.



- (c) Proper and sufficient care for maintenance of adequate accounting records has been in accordance with the provisions of this act so as to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- (d) The annual accounts have been prepared on a going concern basis.

[11] **CORPORATE GOVERNANCE**

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

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

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

The company has paid listing fees to Bombay Stock Exchange Limited for the year 2012-2013.

[13] **ACKNOWLEDGEMENT**

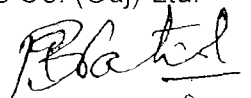
The board wishes to place on record their sincere thanks for the Co-operation and support received from various agencies of the Central and State Governments as also financial institutions and bankers to the company.

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

Place: Ahmedabad

Date: 07-06-2013

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

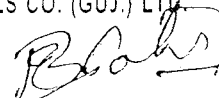


(Bhavesh Patel)  
Managing Director

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

Particulars		31-03-2013		31-03-2012	
A)	<b>Power and Fuel Consumption</b>				
	<b>1 Electricity</b>				
	(a) Purchased				
	Units (KWH)	1205400		935356	
	Total Amount (Rs)	9768213		7546221	
	Average Rate Per Unit (Rs / KWH)	Rs. 8.10		Rs. 8.07	
	(b) Own Generation				
	(i) Through Diesel Generator Units (KWH)	-		-	
	Total Amount (Rs)	-		-	
	Average Cost Per Unit (Rs / KWH)	-		-	
	(ii) Through Steam Turbine / Generator Units (KWH)	1295195 ✓		1274138	
	Total Amount (Rs)	-		-	
	Average Cost Per Unit (Rs / KWH)	-		-	
	<b>2 Coal</b>				
	(i) Blast Furnace Injection Coal Quantity (In MT)	-		-	
	Total Cost (Rs)	-		-	
	Average Rate (Rs / MT)	-		-	
	(ii) Middling Coal and ROM Quantity (In MT)	-		-	
	Total Cost (Rs)	-		-	
	Average Rate (Rs / MT)	-		-	
	<b>3 Furnace Oil</b>				
	Quantity (In Litres)	877873 ✓		657343	
	Total Amount (Rs)	37732935		27013186	
	Average Rate (Rs / Litres)	Rs. 42.98		Rs. 41.09	
	<b>4 Others</b>				
	(i) LDO				
	Quantity (In Litres)	-		-	
	Total Amount (Rs)	-		-	
	Average Rate (Rs / Litres)	-		-	
	(ii) L.S.H.S.				
	Quantity (In Litres)	-		-	
	Total Amount (Rs)	-		-	
	Average Rate (Rs / Litres)	-		-	
B)	<b>Consumption Per Unit of Production of Steel</b>				
		<u>Unit Qty</u>	<u>Rs.</u>	<u>Unit Qty</u>	<u>Rs.</u>
	Electricity (KWH)	49.77	403.14	58.28	470.32
	Furnace Oil (Litres)	56.06	2409.46	52.33	2150.2

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



DIRECTOR