



Annual Report
2010-2011



**COMPANY INFORMATION****BOARD OF DIRECTORS**

Mr. Viral M. Shah	<i>Chairman & Managing Director</i>
Mr. Manish M. Shah	<i>Whole-time Director</i>
Mrs. Giraben K. Solanki	<i>Executive Director</i>
Mr. Zankarsinh K. Solanki	<i>Whole-time Director</i> (From 1st April, 2011)
Mr. Kuren Amin	<i>Independent Director</i>
Mr. Dharmendra Deo Mishra	<i>Independent Director</i> (Resigned)
Mr. Sunil Talati	<i>Independent Director</i>
Mr. Prem Malik	<i>Independent Director</i>

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Neha H. Choksi

REGISTERED & CORPORATE OFFICE

2nd Floor, Mrudul Tower,
B/h Times of India, Ashram Road,
Ahmedabad 380009, Gujarat
Tel. +91-79- 66614508, 66610181
Fax +91-79- 26579387
E-mail: info@gyscoal.com
Website: www.gyscoal.com

WORKS

GIDC Ubkhal, Kukarwada, Tal. Vijapur,
Dist.: Mehsana, Gujarat

STATUTORY AUDITORS**Rangani & Patel**

Chartered Accountants
22, Swastik Chamber,
Near C. U Shah College, Navjivan Press Lane,
Off. Ashram Road, Ahmedabad – 380 014

CORPORATE LAW CONSULTANT**Chirag Shah & Associates**

808, Shiromani Complex, Opp Ocean Park,
Satellite, Ahmedabad 380015

REGISTRAR**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400 078
Phone: 022-2596 3838 Fax: 022-25946969
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

BANKERS

UCO BANK
STATE BANK OF PATIALA
STATE BANK OF BIKANER & JAIPUR

FORWARD-LOOKING STATEMENTS

This Annual report contains forward-looking information so that investors are able to comprehend company's prospects and take informed investment decisions. It basically address expectations or projections about the future, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'seen to be', 'projects', 'estimates' and so on. The achievement of results is subject to risks, uncertainties, and even less than accurate assumptions. All statements are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. The Company's actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company under take no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

IMPORTANT COMMUNICATION TO MEMBERS:

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings, and changes therein from time to time with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Share Transfer Agent, Link Intime India Pvt. Ltd. Email: gyscoalgogreen@linkintime.co.in

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**NOTICE**

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held on Friday, 30th September, 2011 at Hotel Park Plaza, Opposite Gujarat College, Ellisbridge Ahmedabad 380006 at 11.30 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To, receive consider and adopt Audited Profit and Loss Account for the Year ended 31st March 2011, Balance Sheet as at that date and Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sunil Talati who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Prem Malik who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint New Auditor M/s B.K Patel & Co, Chartered Accountants in place of existing, as Auditor of the Company, who shall hold office from the conclusion of the Annual General Meeting until, the conclusion of the next Annual General Meeting at such remuneration as may be approved by the Board of Directors of the Company.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**

"RESOLVED THAT pursuant to Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification or any re-enactment thereof and subject to the approval by a resolution of the shareholders in general meeting, and subject to requisite approval, if required, Mr. Zankarsinh Solanki be and is hereby appointed as a Whole Time Director of GYSCOAL ALLOYS LIMITED, for a period of five years commencing from 1st April, 2011 and ending on 31st March, 2016, with payment of remuneration maximum up to ₹ 60,000 (Sixty thousand) per month during the course of his tenure inclusive of all perks, PF, ESI and Gratuity as per the rules of the company with the liberty to the Board (which includes "Remuneration Committee") to alter and vary the terms and conditions of the said appointment as may be agreed to between the Board and Mr. Zankarsinh Solanki subject to stipulations as specified in Schedule XIII of the Companies Act, 1956 or in accordance with the applicable provisions of the Companies Act, 1956 for the time being in force **RESOLVED FURTHER THAT** the limits stipulated herein is the maximum limits and the Board (which includes "Remuneration Committee") may in its absolute discretion pay a lower remuneration and revise the same from time to time within the maximum limits as stipulated.

RESOLVED FURTHER THAT any one of the Directors or Ms. Neha Choksi, Company Secretary of the Company be and are hereby severally authorised to do such acts, deeds and things as may be deemed expedient to give effect to this resolution."

Registered Office:

2nd Floor Mrudul Tower,
B/H Times Of India,
Ashram Road, Ahmedabad.

Date : 01.09.2011

Place : Ahmedabad

By Order Of the Board

Neha Choksi

(Company Secretary &
Compliance Officer)

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND, AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, if any, in order to be effective, must be received at the Company's Registered Office not later than 48 (Forty Eight) hours before the time fixed for holding the meeting. Proxies submitted on behalf of the companies, etc, must be supported by appropriate resolution/authority, as applicable.
3. The Register of Members and Share transfer Books of the Company will remain closed from [28/09/2011] to [30/09/2011] (both days inclusive) for the purpose of Annual General Meeting
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts and the statement of particulars of Directors seeking appointment//re-appointment, as required under Clause 49 of the Listing Agreement are annexed hereto
5. Members are requested to bring their copy of the annual report to the meeting.
6. In case of the joint shareholders attending the meeting, only such joint shareholder who is higher in the order of the names will be entitled to vote.
7. Members are requested to notify to the Company or to the Registrar and Share Transfer Agent of any change in address holding shares in physical form and to their Depository in case of shares held in Demat Form.
8. Corporate Members are requested to send a duly certified true copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
9. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold in physical form are requested to write their folio number in the attendance slip.
10. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, at least one week before the date of the meeting so that information required may be made available at the meeting.

**ANNEXURE TO THE NOTICE****Brief Particulars of Directors being appointed/re-appointed are as under:-**

Name in Full	Mr. Prem Malik	Mr. Sunil Talati	Mr. Zankarsinh Solanki
Date of Birth	3rd February, 1942	23rd July, 1951	31st August, 1977
Date of Appointment	18/02/2008	18/02/2008	26/06/2004
Educational Qualification	M.A (Post graduate)	FCA	B.E (Electrical)
Directorship held in other Companies:	1. GTN Textiles Ltd 2. Indo Count Industries Ltd. 3. Spentex Industries Ltd. 4. Alder Trading Company Pvt. Ltd. 5. CLC Textile Park Pvt. Ltd 6. Smilesville Care Pvt. Ltd.	1. Karnavati Club Ltd. 2. Hipoline Ltd. 3. Seven Leisure Pvt. Ltd. 4. IRB Infrastructure Developers Ltd.	1. Torque Automotive Pvt. Ltd 2. Gyscoal Enterprise Pvt. Ltd. 3. Four Seasons Residency Pvt. Ltd. 4. General Capital & Holding Company Pvt. Ltd
Memberships/ Chairmanships of Committees across Public Companies	1. Spentex Industries Ltd - Member of Audit & Remuneration Committee 2. GTN Textiles Ltd - Member of Audit Committee	1. IRB Infrastructure Developers Ltd. - Chairman of Audit Committee	NIL
Work Profile and functional responsibility in the Company	He provides his valuable knowledge & experience to boost up exports of the company and other businessdevelopment activities	He provides guidance to the Company in the matters of audit, finance and taxation	He has a good control over the steel business. He provides guidance for the manufacturing of the products. And having wide-ranging contacts in the steel and alloys field, he brings in varied business deals for the company. Moreover he is also looking after the administrative work of Torque Automotive Private Limited (Group Company) for last 3 years which is engaged in the business of dealership & service center of Skoda Auto.
Number of Shares held in the Company:	NIL	NIL	154857

EXPLANATORY STATEMENT PURSUANT TO SECTION 73 (2) OF THE COMPANIES ACT, 1956.**Item 5:**

Subject to the approval by a resolution of the shareholders in general meeting, and subject to requisite approval, if required, Mr. Zankarsinh Solanki be and is hereby appointed as a Whole Time Director of GYSCOAL ALLOYS LIMITED, for a period of five years commencing from 1st April, 2011 and ending on 31st March, 2016, with payment of remuneration maximum up to ₹ 60,000 (Sixty thousand) per month during the course of his tenure inclusive of all perks, PF, ESI and Gratuity as per the rules of the company with the liberty to the Board (which includes "Remuneration Committee") to alter and vary the terms and conditions of the said appointment as may be agreed to between the Board and Mr. Zankarsinh Solanki subject to stipulations as specified in Schedule XIII of the Companies Act, 1956 or in accordance with the applicable provisions of the Companies Act, 1956 for the time being in force

None of the directors of the company except Mr. Zankarsinh Solanki & Mrs. Giraben Solanki are interested in the above resolution.

The Board recommends this resolution for your approval.

Registered Office:

2nd Floor Mrudul Tower, B/H Times Of India,
Ashram Road, Ahmedabad.

Date : 01.09.2011

Place : Ahmedabad

By Order Of the Board

Neha Choksi

(Company Secretary & Compliance Officer)



DIRECTOR'S REPORT

To Members
Gyscoal Alloys Limited
Ahmedabad.

Dear Shareholders,

Your Directors have pleasure in presenting the Twelfth Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2011.

INITIAL PUBLIC OFFERING:

During the financial year 2010-11, your Company entered the Capital Market with Initial Public Offer (IPO) of 77,00,000 equity shares of ₹ 10/- each at a premium of ₹ 61/- per share. Your Company's shares were listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 27th October, 2010. The issue was oversubscribed by about 8.59 times.

Your Directors take this opportunity to thank all the investors for their overwhelming response to the IPO and the confidence reposed by them.

FINANCIAL HIGHLIGHTS:

The financial highlights of the company for the year under review are summarized as under

PARTICULARS	₹ In lacs	
	Current Year 2010-2011	Previous Year 2009-2010
Total Income	19224.22	15877.58
Total Expenses	17789.40	14412.06
Profit Before Interest Depreciation & Tax (EBDIT)	1434.82	1465.52
Interest & Financial Charges	593.36	439.48
Depreciation	301.93	260.05
Profit before Tax	539.53	765.98
Provision for current Income Tax	77.30	131.85
Provision for Deferred Tax Assets	34.42	142.45
Provision for FBT	0	0
Net Profit After Tax	427.81	491.68
Balance B/F	1521.93	1030.25
Balance Carried to Balance Sheet	1949.73	1521.93

REVIEW OF OPERATIONS:

- Net Sales of the Company has gone up by 22.95% at ₹ 18693.75 lacs as compared to ₹ 15204.32 lacs from previous year.

- Profit before Tax (PBT) for current financial year is ₹ 539.53 lac which has gone down by 29.56% in comparison to ₹ 765.98 lacs of previous year.
- Profit after tax (PAT) Reported by the company is ₹ 427.81 lacs which has decreased by 12.99% as compared to ₹ 491.68 lacs for previous year

DIVIDEND:

With a view to conserve the liquid resources and to strengthen the financial position of the Company, Your Directors have not recommended any dividend for the financial year ended 31st March, 2011

INCREASE IN SHARE CAPITAL:

During the year under review, your company issued 77,00,000 equity shares by way of IPO, making total subscribed, issued and paid up equity share capital to ₹ 15,82,75,560/- divided into 15827556 equity shares of ₹ 10/- each as on date of this report.

UTILIZATION OF PROCEEDS OF IPO:

The statement of projected utilization of the IPO proceeds as per Prospectus dated 18th October, 2010 against actual utilization as on 31st March, 2011 is as follows:

Particulars	(Amount in lacs)	
Utilisation of funds upto 31st March, 2011		
Amount Received from IPO		5467.00
Promotor Contribution		1000.00
Income from Investment of IPO Proceeds	36.70	
		6503.70
	Projected	Actual
Land Cost	765.38	478.75
Civil Cost	600.00	0.00
Plant & Machinery	4405.11	3836.51
Long Term Working Capital	500.00	531.08
General Corporate Purpose	25.00	10.00
IPO Expenses	482.36	510.69
	6777.85	5367.03
Fixed Deposits with Bank		36.67
Investment in Mutual Funds		1100.00
Total		6503.70

**PUBLIC DEPOSITS:**

The Company has not accepted any fixed deposit from public within the meaning of Section 58A of the Companies Act, 1956 and the Rules framed there under and as such no amount of principal or interest was outstanding as on the Balance sheet date.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Your Company has been practicing good Corporate Governance over the time. In addition to basic governance issue the board lays strong emphasis on transparency, accountability and integrity for building investor confidence, improve investor's protection and maximize long-term shareholder value. A separate report on Corporate Governance compliance and a Management Discussion and Analysis Report as stipulated by the Clause 49 of the Listing Agreement forms part of the Annual Report along with the required Certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement. In compliance with Corporate Governance requirements as per Clause 49 of the Listing Agreement, your Company has formulated and implemented a Code of Business Conduct and Ethics for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto.

DIRECTORS:**• Appointment of Whole Time Director:**

Mr. Zankarsinh Solanki is appointed as a Whole Time Director of the Company, subject to the approval of members in meeting, for a period of five years commencing from 1st April, 2011 and ending on 31st March, 2016, with payment of remuneration maximum up to ₹ 60,000 (Sixty thousand) per month during the course of his tenure inclusive of all perks, PF, ESI and Gratuity as per the rules of the company with the liberty to the Board (which includes "Remuneration Committee") to alter and vary the terms and conditions of the said appointment as may be agreed to between the Board and Mr. Zankarsinh Solanki subject to stipulations as specified in Schedule XIII of the Companies Act, 1956 or in accordance with the applicable provisions of the Companies Act, 1956 for the time being in force

• Resignation of Director:

Mr. Dharmendra Deo Mishra, Independent Director has resigned from directorship after completion of financial year 2010-11

• Retirement by rotation:

As per Section 256 of the Companies Act, 1956 and Article of Association of the Company, Mr. Prem Malik and Mr. Sunil Talati are liable to retire by rotation and being eligible offer themselves for re-appointment

The Board recommends appointment/re-appointment of aforesaid Directors.

A brief resume of directors being appointed re-appointed with the nature of their expertise, their shareholding in the Company as stipulated under Clause 49 of the Listing Agreement is appended as an annexure to the notice of the ensuing Annual General Meeting.

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the company for that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevailing the detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

ADDITIONAL INFORMATION TO SHAREHOLDERS:

Your company provides all the latest information on the matters of interest to the investors in the investors section on the website www.gyscoal.com.

INSURANCE:

All the fixed assets of the company are adequately insured.

AUDITORS & AUDITORS REPORT:

M/S Rangani & Patel, Chartered Accountants, Ahmedabad, the Company's Auditor retire at the conclusion of the



ensuing Annual General Meeting. They have indicated their unwillingness to for re-appointment for the next year. M/s B.K. Patel & Co, Chartered Accountants, Ahmedabad, have shown their willingness to be appointed as Auditors of the Company for the year 2011-2012 and further confirmed their eligibility u/s 224(1B) of the Companies Act, 1956 for the same.

You are requested to appoint them and fix their remuneration.

The notes to the accounts referred to in the Auditors Report are self- explanatory and therefore do not call for any further comments.

APPOINTMENT OF COST AUDITOR:

Vide Notification No.52/26/CAB/-2010 dated, 3rd May, 2011 ordering cost audit of for "Steel Plant" industry for the year ending 31st March, 2012 and pursuant to section 233 B of The Companies Act, 1956, Shri V. H. SHAH is appointed as Cost Auditor of the company w.e.f. 29th June, 2011 to conduct audit of cost accounting records maintained by the Company for "Steel Plant" for the year ending 31st March, 2012. The due date of filing his report as per sub-rule (1) of rule 4 of The Companies (Cost Audit Report) Rules, 2011 to the Central Government and to the company is within one hundred and eighty days from the close of the company's financial year (i.e after 31st March, 2012)

PARTICULARS OF EMPLOYEES:

The information regarding Particulars of Employees as required under Provision Of section 217(2A) of Companies Act 1956 read with Companies (Particulars Of Employee Rules)1957 as amended are not attached with this report since there are none of the employee who was in receipt of remuneration at a rate of not more than ₹2.00Lacs Per month

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Additional Information required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of the Particulars in the Report of Board of Directors) Rules 1988 with respect to conservation of Energy and Technology Absorption is given in prescribed forms which are given in the Annexure to the Director Report. For Details in Respect of Foreign Exchange Earnings and Outgo refer to Notes on Accounts, Note No. 7 in part B under Schedule 22

INDUSTRIAL RELATIONS:

Industrial relations in your company during the year was peaceful, cordial and healthy. Your company had been able to maintain peaceful industrial atmosphere and mutual trust between the management and the employees.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the all the shareholders, customers and suppliers, various financial Institutions, Banks, Central and State Government bodies, Auditors and Legal Advisors which have made possible the excellent results achieved by your company and to all the persons who reposed faith and trust in us. We would also like to express thanks to our shareholders and stakeholders for their confidence and understanding.

Last but not the least, we wish to place on record our appreciation of the sincere services rendered by the employees and our colleagues at all levels, who have put in their best efforts. We look forward to their continued support in future.

For and on behalf of
Board Of Directors

Date : 01.09.2011
Place : Ahmedabad

Viral Shah
(Chairman & Managing Director)

**ANNEXURE TO THE DIRECTOR'S REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of the Particulars in the Report of Board of Directors) Rules 1988

1. CONSERVATION OF ENERGY

	Current Year	Previous Year
A. Power and fuel consumption:		
1. Electricity		
(a) Purchased		
Unit	9138440.00	9121300.00
Total Amount(₹)	50841506.00	50946256.92
Rate/Unit	5.56	5.58
(b) Own Generation	NA	NA
2. Coal (specify quality and where used)		
Quantity (Metric Tonnes)	368.300	377.88
Total Cost(₹)	1620514	1656685
Average Rate/MT	4399.98	4384.16
3. Furnace oil		
Quantity (k. ltrs.)	971.69	790.57
Total Amount	21198824	18748667
Average Rate	21816.33	23715.38
4. Others/internal generation		
Quantity	NA	NA
Total Cost		
Average Rate		

B. CONSUMPTION PER UNIT OF PRODUCTION:

Particulars	Current Year	Previous Year
Products (with details)	S.S Products	S.S Products
Electricity(Unit/MT)	540.06	563.82
Coal	0.02	0.02
Furnace Oil	0.05	0.04
Others (Others)	NA	NA

2. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH AND DEVELOPMENT (R&D)

1. Specify the area in which R&D is carried out by the Company
2. Benefits Derived as a result of above R&D
3. Future plan of action
4. Expenditure On R&D
 - A) Capital
 - B) Recurring
 - C) Total
 - D) Total R&D Expenditure as Percentage on Total Turnover

• TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made in brief towards Technology Absorption, Adaption and Innovation
2. Benefits derived as result of above efforts. eg: product development etc.
3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) Following information may be furnished:
 - a) Technology imported
 - b) Year of import
 - c) Technology has been fully absorbed and if not absorbed areas where this has not taken place reasons thereof and future.

3. FOREIGN EXCHANGE EARNINGS AND OUT GO

- Your company has exported its products during the year under the review and has imported raw materials and capital items.
- For Details in Respect of Foreign Exchange Earnings and Outgo refer to Notes on Accounts, Note No. 7 in part B under Schedule 22

Date : 01.09.2011
Place : Ahmedabad

For and on behalf of Board Of Directors
Viral Shah
(Chairman & Managing Director)



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(A) OVERVIEW OF THE INDIAN STEEL INDUSTRY

Indian steel Industry is moving from strength to strength. India is expected to show strong growth in steel consumption in the coming years due to its strong domestic economy, massive infrastructure needs and expansion of industrial production, according to the short-range outlook released by the World Steel Association (worldsteel). India has recorded a growth of over 8.6 %, producing 6.35 MT of steel in March 2011 as against 5.85 MT in the corresponding month in 2010, according to World Steel Association (WSA). WSA also expects India's steel demand to grow at 14.3% in the year 2012

According to the Annual Report 2009-10 by the Ministry of Steel, India has emerged as the fifth largest producer of steel in the world and is likely to become the second largest producer of crude steel by 2015-16. The domestic steel consumption grew by 9.8 per cent to 29.82 MT during April-September 2010 over the year-ago period, Key themes to drive steel demand are Rising urbanization, growth in middle class to drive consumption, investment in infrastructure and automobile industry.

The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 million tonnes by 2019-2020. It has been assessed that, on a 'most likely scenario' basis, the steel production capacity in the country by the year 2011-2012 will be nearly 124 million tonnes.

Moreover, with the government proactive incentive plans to boost economic growth by injecting funds in various industries, such as construction, infrastructure, automobile, and power will drive the steel industry in future.

(B) OPPORTUNITIES AND CONCERNS

Opportunities

The Indian steel sector was the first core sector to be completely freed from the licensing regime and pricing and distribution controls. The economic reforms and the consequent liberalization of the iron and steel sector which started in the early 1990s resulted in substantial growth in the steel industry.

The important policy measures which have been taken over the years as per Ministry of Steel in its 'Outcome of Budget 2011-12' for the growth and development of the Indian iron and steel sector are as under:-

- In the industrial policy announced in July 1991, iron and steel industry was removed from the list of industries reserved for the public sector and also exempted from the provisions of compulsory licensing under the Industries (Development and Regulation) Act, 1951.
- With effect from 24th May 1992, iron and steel industry was included in the list of 'high priority' industries for automatic approval for foreign equity investment up to 51%. This limit has since been increased to 100%.
- The import regime for iron and steel has undergone major liberalization moving gradually from a controlled import by way of import licensing, foreign exchange release, canalization and high import tariffs to total freeing of iron and steel imports from licensing, canalization and lowering of import duty levels. Export of iron and steel items has also been freely allowed.
- Duties on raw materials for steel production were reduced. These measures reduced the capital costs and production costs of steel plants.
- Freight equalization Scheme was withdrawn in January, 1992 - with the coming up of new steel plants in different parts of the country, iron and steel products are freely available in the domestic market.
- Levy on account of Steel Development Fund was discontinued from April, 1994 thereby providing greater flexibility to Main Producers to respond to market forces.
- Import duties on key steel-making raw materials, including mineral products and
- ores and concentrates have seen significant reductions in successive budgets in last few years.
- Currently, the import duty on steel items is 5 per cent. The import duty on raw materials like melting scrap, coking coal, metcoke is NIL and between 2% to 5% for other raw materials such as Zinc, Iron Ore and Ferro Alloys. There is no export duty on any steel items
- Excise duty for steel is currently at 10 per cent.

**Concerns:**

The Indian steel industry has a number of inherent advantages and can take pride in a few highly efficient and competitive firms in Steel manufacturing. However, there is substantial inter and intra sectoral divergence in the performance of the producers in terms of operational efficiency and cost of production. While there are positive factors benefiting the industry's performance, it remains equally constrained by a number of factors such as lack of availability of suitable raw materials, high cost of raw material, infrastructural inadequacy, high cost of capital and other structural impediments like High dependence on low technology EAF/IF route Moreover Raging inflation and consequent monetary tightening also does not augur well for steel demand. Further aggressive monetary policy by RBI to curb inflation and Government in-action and lack of policy initiatives are further overhang on demand growth. Nevertheless, industry remains optimistic that steel demand would improve from H2FY12 onwards. It has been assumed that steel demand growth of 10% for FY12E and 12% FY13E onwards

(C) OVERVIEW OF THE COMPANY AND ITS PROJECT:

Gyscoal Alloys Limited was incorporated as Shreenath Mineral Metal Private Limited on September 29, 1999 under the companies act, 1956. On June 21, 2004, the name of the company was changed to Gyscoal Alloys Private Limited. It was subsequently changed to a public limited company with the sanction of the members on March 21, 2006.

Gyscoal Alloys Limited is engaged in the business of manufacturing of Stainless Steel and Mild Steel Long Products from scrap. The plant for the production activities is located at Ubkhal, Kukarwada, Vijapur – Taluka, Mehasana - District The registered office of the company is situated at 2nd Floor, Mrudul Tower, Near Times of India, Ashram Road, Ahmedabad.

In pursuance of its objectives, Gyscoal Group is committed to maintain world-class quality standards, efficient delivery schedules, competitive price and excellent after sales service. Gyscoal Alloys Limited has the capacity to manufacture all grades of Stainless Steel Products from 200 series to 400 series. The products are primarily used in the construction in chemical plants, Pharmaceutical plants, building construction, railways and other sectors for structural purpose.

At present, Company's products portfolio includes Angles, Bright Bars, Black Bars, Flats, Hexagonal and Round Corner Squares (RCS) products which include channels, sections, pata-patti, full line of Round Corner Squares (RCS) and rectangles in standard sizes. The Company also manufactures squares, and Flat in sizes of the specification as per requirement of its customers.

The Company's products adhere to high quality standards and it has got ISO 9001:2008 certification for "the manufacture and supply of stainless steel and mild steel based angles, channels, flats, round, square, bright, twisted bars, billets and ingots" adhering to IS 2062 & IS 1786" from BSI Management Systems.

During the past couple of years the Company has been successful in producing goods according to needs and specifications of its foreign buyers. The Company has been exporting a wide range of products to various Countries namely Thailand, Philippines, Malaysia, Kenya etc.

With the experience of the running secondary steel units of our company and looking to the growth in the consumer sectors like construction, railway, manufacturing (Pharma, Chemicals, Mechanicals etc.), IT etc Steel Long Products are in huge demand. In order to meet this increasing demand of our products, our company proposes to increase its melting capacity from existing 18,000 MT per annum by 1,00,000 MT per annum to 1,18,000 MT per annum. And is in the process of expanding its present steel manufacturing capabilities by way of setting up a steel melting shop with additional installed capacity of 100,000 MT per annum at Village Magodi, Sub-district Gandhinagar, District-Gandhinagar, Gujarat State.

The Proposed project shall have the following facilities:-

Facility	Proposed AdditionalInstalled Capacity
Steel Melting Shop- consisting of 3 Induction Furnaces with capacity 12 MT/heat each.- 2 MRK with capacity of 18 MT/heat each and continuous casting.	1,00,000 MT per annum

The above Steel Plant Project is under process, procedure of acquisition of land has been started and order of plants & machineries have been placed for which advances are given to various parties. The details of Utilization of IPO proceeds forms part of Director's Report of the Company.