



Annual Report
2010-2011



GYSKOAL ALLOYS
L I M I T E D

**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)19575 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.

ACKNOWLEDGEMNT:

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 |
| Furnance 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 Additional Installed 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.

**(D) FINANCIAL PERFORMANCE OF THE COMPANY****• Income**

The total income of current year 2010-11 is ₹ 19224.22 lacs as compared to ₹ 15877.58 lacs in previous year 2009-10, company has registered a growth of 21.07% in the current year 2010-11 as compared to previous year 2009-10.

• Material Cost

The material cost during the current year 2010-11 is ₹ 16722.01 lacs as compared to ₹ 13457.04 lacs 2009-10. The raw material consumption has increased by 24.26% as compared to 2009-2010

• Manufacturing Expenses

Manufacturing expenses during the current year 2010-11 is ₹ 840.06 lacs where as during the previous year 2009-10 it was ₹ 800.27 lacs. These expenses have increased by 4.97% as compared to 2009-2010.

• Employees Remuneration & Benefits

Employees Remuneration & benefits during the current year is ₹ 71.39 lacs as compared to ₹ 57.64 lacs in previous year. These expenses have increased by 23.85% as compared to 2009-2010.

• Administrative & Other Expenses

Administrative & Other Expenses during the current year is ₹ 155.94 lacs as compared to ₹ 97.11 lacs in previous year. These expenses have increased by 60.58% as compared to 2009-2010

• Borrowing and Finance Charges

The borrowing cost during the current year 2010-11 is ₹ 593.36 lacs as compared to ₹ 439.48 lacs in the previous year 2009-10. During the current year 2010-11 it increased by 35%.

• Depreciation

Depreciation during the current year 2010-11 was ₹ 301.93 lacs as compared to ₹ 260.06 lacs in the previous year 2009-10. During the current year 2010-11 it increased by 16.10%.

• Profit after tax

The Profit after tax and extra-ordinary items for the current year 2010-11 decreased by 12.99% amounting to ₹ 427.80 lacs compared to ₹ 491.67 lacs in the previous year 2009-10.

(E) COMPETITION

The Company faces stiff competition from medium and larger well-established players. The Company is smaller in size compared to the market leaders. However with capital expenditure in the project of the company it intends to make it good and face competition more confidently.

(F) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has appropriate internal control system for business processes, with regards to efficiency of operations, financial reporting, compliance with applicable laws and regulations. The Company has also put in place a well - defined organization structure, clear authority levels and detailed internal guidelines for conducting business transactions. The Internal Audit Program is designed in consultation with the Statutory Auditors to ensure accuracy and reliability of accounting data and is monitored by the Audit Committee. Audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of the said recommendations. The Company's internal audit team also carries out extensive audits throughout the year, across all functional areas.

(G) CAUTIONARY STATEMENT

Statements made in the report describing the company's plan, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.

**REPORT ON CORPORATE GOVERNANCE****(Annexure to and forming integral part of Director's Report of the Company)****MANDATORY REQUIREMENTS:**

Your Company is always keen to provide maximum information to all its stakeholders and thereby becoming more and more transparent, objective and informative. As step in that direction, your Company is presenting this Corporate Governance Report. Your Company believes that principles of fairness, transparency and accountability are the cornerstones for good governance,

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is based on the principal of truth, transparency, accountability, equity and responsibility in all our dealings with our employees, shareholders, customers, suppliers, government, lenders and community at large. The Company believes that better corporate governance can be achieved through increased transparency in its operations and has taken and will continue to take various measures towards achievement of good corporate governance. It is a tool to judge and evaluate the standards and ethics of Corporate Management.

2. BOARD OF DIRECTORS**2.1. Composition of the Board:**

As on 31st March, 2011 Company's Board comprises of eight directors three of whom are executive directors(including Managing Director & Whole Time Director) and remaining are non-executive directors. Out of the five non-executive directors four are independent directors. Mr. Viral Shah and Mr. Manish Shah are related to each other as brothers. And Mr. Zankarsinh Solanki is Son of Mrs. Giraben Solanki, except this no other directors are related to each other

2.2 Details of Memberships of the Directors in other Boards and in Board Committees as on 31st March, 2011 are as under:

| Name of Directors | Category of Directors | No. of other Directorship | | No of other Committee Membership/ Chairmanship held* | |
|-----------------------------|-------------------------|---------------------------|---------|--|----------------------|
| | | Public | Private | Committee Chairmanship | Committee Membership |
| Mr. Viral M. Shah | Chairman & Mg. Director | 1 | 6 | NIL | NIL |
| Mr. Manish M. Shah | Whole-time Director | 0 | 4 | NIL | NIL |
| Mr. Zankarsinh K. Solanki | Non-Executive Director | 0 | 4 | NIL | NIL |
| Mrs. Giraben K. Solanki | Executive Director | 0 | 2 | NIL | NIL |
| Mr. Prem Malik | Independent Director | 3 | 3 | NIL | 3 |
| Mr. Kuren Amin | Independent Director | 0 | 4 | NIL | NIL |
| Mr. Sunil Talati | Independent Director | 3 | 1 | 1 | 1 |
| Mr. Dharemendra Deo Mishra* | Independent Director | 0 | 0 | NIL | NIL |

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

* Only Audit Committee, Investor /Shareholders' Grievance Committee and Remuneration Committee have been considered.

**2.3 Board meetings:****A) The details of Board meeting held during the year 2010-11 are given hereunder;**

| Sr No | Date of Meeting | Board Strength | No. of Directors present |
|-------|-----------------|----------------|--------------------------|
| 1. | 09/04/2010 | 8 | 3 |
| 2. | 03/05/2010 | 8 | 3 |
| 3. | 19/05/2010 | 8 | 4 |
| 4. | 02/06/2010 | 8 | 3 |
| 5. | 26/07/2010 | 8 | 4 |
| 6. | 26/08/2010 | 8 | 4 |
| 7. | 14/09/2010 | 8 | 6 |
| 8. | 22/09/2010 | 8 | 8 |
| 9. | 24/09/2010 | 8 | 4 |
| 10. | 04/10/2010 | 8 | 8 |
| 11. | 07/10/2010 | 8 | 4 |
| 12. | 18/10/2010 | 8 | 8 |
| 13. | 22/10/2010 | 8 | 4 |
| 14. | 22/11/2010 | 8 | 4 |
| 15. | 21/12/2010 | 8 | 4 |
| 16. | 03/01/2011 | 8 | 4 |
| 17. | 11/02/2011 | 8 | 4 |
| 18. | 19/02/2011 | 8 | 3 |
| 19. | 22/03/2011 | 8 | 4 |

The maximum time gap between any two meetings was not more than 3 (three) calendar months.

B. Attendance of directors at (i) Board Meeting and (ii) Annual General Meeting

| Names of Directors | No. of Board Meetings attended | Attendance at the last AGM |
|---------------------------|--------------------------------|----------------------------|
| Mr. Viral Shah | 19 | YES |
| Mr. Manish Shah | 19 | YES |
| Mrs. Giraben Solanki | 15 | YES |
| Mr. Zankarsinh Solanki | 19 | YES |
| Mr. Kuren Amin | 4 | YES |
| Mr. Dharmendra Deo Mishra | 3 | NO |
| Mr. Sunil Talati | 4 | YES |
| Mr. Prem Malik | 3 | NO |

2.4 Disclosures regarding appointment/re-appointment of Directors:

Mr. Sunil Talati & Mr. Prem Malik are Directors retiring at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. Zankarsinh Solanki is 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, subject to approval of shareholders in the ensuing Annual General Meeting

The Board has recommended the appointment of Mr. Zankarsinh Solanki as Whole Time Director of the Company and re-appointment of Mr. Sunil Talati & Mr. Prem Malik, retiring Directors.

The brief resume and other information required to be disclosed under this section is provided in the Notice of Annual General Meeting.

**2.5. DIRECTORS' SHAREHOLDING**

Shareholding of the Directors in the company as on 31st March, 2011

| Names of Directors | No. of shares held | Percentage of share-holding |
|---------------------------|---------------------------|------------------------------------|
| Mr. Viral M. Shah | 4896502 | 30.94 |
| Mr. Manish M. Shah | 240471 | 1.52 |
| Mr. Zankarsinh K. Solanki | 154857 | 0.98 |
| Mrs. Giraben K. Solanki | 1224153 | 7.73 |

The remaining directors namely Mr.Kuren Amin, Mr. Dharmendra Deo Mishra, Mr. Sunil Talati and Mr. Prem Malik do not hold any share in the Company.

3. CODE OF CONDUCT

Company's Board has laid down a Code of Business Conduct and Ethics (the "Code") for all the Board Members and Senior Management of the Company. The Code is available on the website of the company www.gyscoal.com. All the Board Members and Senior Management personnel have affirmed compliance of the Code.

The Managing Director has confirmed the compliance of the Code. A declaration as required under sub-clause I (D) of clause 49 of the listing agreement is as under:

"In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges. I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Business Conduct and Ethics applicable to them for the year 2010-2011.

Date : 01.09.2011

Place : Ahmedabad

Viral M. Shah

Managing Director

4. COMMITTEES UNDER CORPORATE GOVERNANCE

| Sr. No. | Committee of Directors | Constituted on |
|----------------|---|-----------------------|
| 1 | Audit Committee | 18th February, 2008 |
| 2 | Remuneration Committee | 18th February, 2008 |
| 3 | Shareholders & Investors' Grievance Committee | 18th February, 2008 |

4.1. Audit Committee:

The scope and functions of the Audit Committee are as per Section 292A of the Companies Act. Its main function is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and control systems. It acts as a link between the management, statutory auditors and the Board of Directors. The scope of Audit Committee shall include, but shall not be restricted, to the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the Company's reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
6. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
7. Reviewing with management the annual financial statements before submissions to the board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accountings entries based on exercise based on judgment by management.
 - Qualification in draft audit report.
 - Significant adjustments arising out of audit.



- The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchanges and legal requirements concerning financial statements.
 - Any related party transaction i.e transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc, that may have potential conflict with the interest of the Company at large.
8. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 9. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilized for the purposes other than those stated in the offer document/prospectus/notice and making appropriate recommendation to the Board to take up steps in the matter.
 10. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 11. Discussion with internal auditors any significant findings and follow up thereon.
 12. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 13. Discussion with external auditors before the audit commences nature and scope of audit as well as to have post- audit discussion to ascertain any area of concern.
 14. Reviewing the Company's financial and risk management policies.
 15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
 16. It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly and annual financial statements before submissions to the Board.
 17. It shall ensure compliance of internal control systems.

A. Composition

The terms of the Audit Committee comply with the requirements of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement to be entered into with the Stock Exchange. The Audit Committee consists of with at least 2/3rd members being independent directors. The representative of Auditors is invitees to the Audit Committee.

The members of the Audit Committee are;

| Name of the Members | Designation | Nature of Directorship |
|----------------------------|--------------------|--------------------------------------|
| Mr. Sunil H. Talati | Chairman | Independent & Non Executive Director |
| Mr. Kuren Amin | Member | Independent & Non Executive Director |
| Mr. Manish M. Shah | Member | Executive Director |

B. During the financial year ended 31st March, 2011, the meetings of the Audit committee held as under;

| Sr. No. | Dates of Meeting | Committee strength | No. of members present |
|----------------|-------------------------|---------------------------|-------------------------------|
| 1. | 15/04/2010 | 3 | 3 |
| 2. | 20/07/2010 | 3 | 3 |
| 3. | 14/09/2010 | 3 | 3 |
| 4. | 11/10/2010 | 3 | 3 |
| 5. | 09/02/2011 | 3 | 3 |

**C. Attendance at the Committee meetings**

| Name of Directors | Category | No. of meetings attended |
|---------------------|--------------------------------------|--------------------------|
| Mr. Sunil H. Talati | Independent & Non Executive Director | 5 |
| Mr. Kuren Amin | Independent & Non Executive Director | 5 |
| Mr. Manish M. Shah | Executive Director | 5 |

Ms Neha Choksi, Company Secretary and Compliance officer acts as Secretary of the Committee

4.2. REMUNERATION COMMITTEE

The remuneration policy of the Company is based on several criterions which include responsibility, performance, potentials of the director and growth of the Company.

The remuneration committee is vested with all the necessary powers and authorities to recommend and ensure appropriate disclosure on the remuneration of Managing Director, Wholetime Director and other Directors.

A. Composition:

The members of the Remuneration Committee for the year 2010-11 are:

| Name of the Members | Designation | Nature of Directorship |
|---------------------------|-------------|--------------------------------------|
| Mr. Sunil H. Talati | Chairman | Independent & Non Executive Director |
| Mr. Dharmendra Deo Mishra | Member | Independent & Non Executive Director |
| Mr. Prem Malik | Member | Independent & Non-Executive Director |

* Mr. Dharmendra Deo Mishra Resigned from the directorship after completion of financial year 2010-11. And in his place Mr. Kuren Amin is appointed as member of shareholders & investor grievance committee

B. No Remuneration committee meeting was held during the year 2010-2011**C. Details of remuneration to Managing Director / Whole Time Directors:****i) Remuneration Policy:**

Managing Director / Whole Time Directors are being paid remuneration as approved by the shareholders and other appropriate authorities from time to time. The details remuneration policy paid to the Managing Director/Whole time Directors during the year are given below:-

- Mr. Viral M. Shah is appointed as Managing Director for period of 5 years w.e.f 30th November 2007. He draws remuneration in the scale of 40,000-10,000-80,000 p.m. inclusive of all perks but he will be entitled to the PF, ESI and Gratuity as per the rules of the company. The above remuneration falls within the limits prescribed in schedule XIII of the Companies Act, 1956.
- Mr. Manish M. Shah is appointed as Whole Time Director for period of 5 years w.e.f 30th November 2007. He draws remuneration in the scale of 20,000-5,000-40,000 p.m. inclusive of all perks but he will be entitled to the PF, ESI and Gratuity as per the rules of the company. The above remuneration falls within the limits prescribed in schedule XIII of the Companies Act, 1956.
- Mrs. Giraben Solanki is appointed as Executive Director for the period of 5 years w.e.f. 2nd January, 2008. She draws remuneration in the scale of minimum remuneration of ₹ 15000 p.m. and maximum remuneration of ₹30000 p.m. during the course of her tenure inclusive of all perks but she will be entitled to the PF, ESI and Gratuity as per the rules of the company. The above remuneration falls within the limits prescribed in schedule XIII of the Companies Act, 1956

ii) Remuneration Paid during the year 2010-11:

| Name | Designation | Aggregate Vale of Salary & Perquisites (₹) |
|----------------------|---------------------|--|
| Mr. Viral M. Shah | Managing Director | 5,50,120/- |
| Mr. Manish M. Shah | Whole Time Director | 3,40,120/- |
| Mrs. Giraben Solanki | Executive Director | 2,41,860/- |

**4.3 SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE****A. Composition**

As part of its Corporate Governance initiative, the Company constituted the Shareholders/Investors Grievance Committee to specifically look into matters relating to shareholders grievance such as approval of transfer / transmission / demat / remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non-receipt of Annual Report, non- receipt of declared dividends and such other issues.

The members of the Shareholders and Investor Grievance Committee for the year 2010-11 are:

| Name of the Members | Designation | Nature of Directorship |
|-----------------------------|-------------|--------------------------------------|
| Mr. Sunil H. Talati | Chairman | Independent & Non Executive Director |
| Mr. Dharmendra Deo Mishra * | Member | Independent & Non Executive Director |
| Mr. Manish M. Shah | Member | Executive Director |

* Mr. Dharmendra Deo Mishra Resigned from the directorship after completion of financial year 2010-11. And in his place Mr. Kuren Amin is appointed as member of shareholders & investor grievance committee

B. During the financial year ended 31st March, 2011, the meetings of the Shareholder and Investor Grievance committee held as under;

| Sr. No. | Dates of Meeting | Committee strength | No. of members present |
|---------|------------------|--------------------|------------------------|
| 1. | 31/12/2010 | 3 | 2 |

C. Attendance at the Committee meetings

| Name of Directors | Category | No. of meetings attended |
|----------------------------|--------------------------------------|--------------------------|
| Mr. Sunil H. Talati | Independent & Non Executive Director | 1 |
| Mr. Dharmendra Deo Mishra* | Independent & Non Executive Director | 0 |
| Mr. Manish M. Shah | Executive Director | 1 |

* Mr. Dharmendra Deo Mishra Resigned from the directorship after completion of financial year 2010-11. And in his place Mr. Kuren Amin is appointed as member of shareholders & investor grievance committee

D. Investor Grievance Redressal:**Details of complaints received and redressed during the year:**

Number of complaints received and resolved during the year under review for the IPO of the Company and their breakup for the year 2010-11 are as under:

[Company has received quarterly confirmations regarding the below Complaints from its RTA]

| Received From | No. of Complaint Received | No. of Complaints | Pending Complaint Resolved |
|---------------------------------|---------------------------|-------------------|----------------------------|
| Letters from Investors | 7 | 7 | NIL |
| Correction in Refund Instrument | NIL | NIL | NIL |
| N.S.E | NIL | NIL | NIL |
| B.S.E | NIL | NIL | NIL |
| SEBI | 15 | 15 | NIL |
| Total | 22 | 22 | NIL |

**5. GENERAL MEETINGS**

Location, date, time & place of last three Annual General Meeting and Extra-ordinary General meeting held during 2010-2011 are given below:

| For the year ended | Location | Date | Time | Details of Resolution passed |
|---------------------------|--|-------------|-------------|---------------------------------------|
| 31/03/2010 | Registered Office:2nd Floor, Mrudul Tower, B/h Times of India, Ashram Road, Ahmedabad 380009 | 18/09/2010 | 11.30 a.m. | Ordinary Business Special Business |
| 31/03/2009 | Registered Office:2nd Floor, Mrudul Tower, B/h Times of India, Ashram Road, Ahmedabad 380009 | 30/09/2009 | 11.30 a.m. | Ordinary Business Special Business |
| 31/03/2008 | Registered Office:2nd Floor, Mrudul Tower, B/h Times of India, Ashram Road, Ahmedabad 380009 | 30/09/2008 | 11.30 a.m. | Ordinary Business Special Business |

During the year ended 31st March, 2011, there have been no resolutions passed by the Company's shareholders by postal ballot. At the ensuing annual General Meeting, there is no resolution proposed to pass by postal ballot.

- **Extra-ordinary General Meetings:**

No Extra-ordinary Meetings were held during the year 2010-2011

6. DISCLOSURES

- a) There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The details of related party transactions are disclosed in financial section of this Annual Report.
- b) In the preparation of the financial statements, the Company has followed the Accounting Policies and Practices as prescribed in the Accounting Standards and has been consistently applied except for the changes mentioned in Notes forming part of Account.
- c) The implementation of the risk assessment and minimization procedure containing the project/potential risk areas, its intensity, its effects, causes and measures taken by the Company are reviewed by the Committee periodically.
- d) The details of utilization of the proceeds of Initial Public Offer (IPO) are disclosed to the Audit Committee and the Board. The details of the utilization of Proceeds of IPO are mentioned in the Directors' Report.
- e) Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report.
- f) There has been no instance of non-compliance by the Company on any matter related to capital markets since listing (i.e. 27th October, 2010) and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.
- g) The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on 31st March, 2011 in compliance with Clause 49 of Listing Agreement.
- h) A Practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial audit report confirms that the total issued/paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- i) The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

**7. MEANS OF COMMUNICATIONS****a) Financial Results:**

The quarterly, half-yearly and annual results are published in widely circulating national and local dailies such as 'Financial Express' in English & Gujarati and are displayed on the website of the Company www.gyscoal.com.

b) News Releases, Presentation etc. :

There were no News releases, press releases etc. except during the IPO of the Company made of Institutional Investors or to analyst. The same are not displayed on the Company's website.

c) Website:

The Company's website www.gyscoal.com contains a separate dedicated section "Investor Relations" where shareholders information is available. The Annual Report of the Company is also available on the website in a downloadable form.

8. GENERAL SHAREHOLDERS' INFORMATION**a) Date, Day, Time and Venue for holding 12th Annual General Meeting :**

30th September, 2011, 11.30 a.m. at Hotel Park Plaza, Opposite Gujarat College, Ellisbridge Ahmedabad 380006

b) Registered Office : 2nd Floor, Mrudul Tower, B/h Times of India, Ashram Road, Ahmedabad 380009**c) Listing Date:** 27th October, 2010**d) Financial Year:**

Financial Year is 1st April to 31st March and Financial Results shall be declared

As per the following tentative schedule:

| | |
|---|-------------------------------|
| Quarter Ending | Release of Results |
| June 2011 | Second Week of August, 2011 |
| September, 2011 | Second Week of November, 2011 |
| December, 2011 | Second Week of February, 2012 |
| March, 2012 | End of May, 2012 |
| Annual General Meeting for the year ending 31st March, 2012 | End of September, 2012 |

e) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, 28th September, 2011 to Friday, 30th September, 2011 (both days inclusive) for the purpose of 12th Annual General Meeting.

f) Listing on Stock Exchanges:

The Company's shares are listed on the following Stock Exchanges:

| Name of Stock Exchange | Address | Code |
|--|---|--------|
| Bombay Stock Exchange Limited | Floor 25, P. J Towers, Dalal Street, Mumbai - 400 001 | 533275 |
| National Stock Exchange of India Limited | Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 | GAL |

- Annual Listing Fees for the year 2011-12 have been paid by the Company to BSE and NSE
- ISIN of Equity Shares NSDL/CDSL is INE482J01013
- Scrip forms part of BSE Small Cap Index Fund


g) Market Price Data and Performance of the share price of the Company in comparison to BSE Sensex and NSE Nifty:

| Month | BSE | | | | NSE | | | |
|-----------------|-----------------------------|-------|-----------|------------|-----------------------------|-------|---------|---------|
| | Company (In ₹ Per share) | | Sensex | | Company (In ₹ Per Share) | | Nifty | |
| | High | Low | High | Low | High | Low | High | Low |
| April 2010 | | | | | | | | |
| May 2010 | | | | | | | | |
| June 2010 | | | | Not Listed | | | | |
| July 2010 | | | | | | | | |
| August 2010 | | | | | | | | |
| September, 2010 | | | | | | | | |
| October, 2010 | 112.70 | 76.00 | 20,854.55 | 19,768.96 | 112.50 | 75.15 | 6284.10 | 5937.10 |
| November, 2010 | 83.60 | 40.60 | 21,108.64 | 18,954.82 | 82.70 | 40.35 | 6338.50 | 5690.35 |
| December, 2010 | 53.80 | 29.55 | 20,552.03 | 19,074.57 | 53.80 | 29.65 | 6147.30 | 5721.15 |
| January, 2011 | 31.35 | 19.15 | 20,664.80 | 18,038.48 | 32.25 | 19.20 | 6181.05 | 5416.65 |
| February, 2011 | 20.20 | 15.50 | 18,690.97 | 17,295.62 | 20.40 | 15.35 | 5599.25 | 5177.70 |
| March 2011 | 18.25 | 14.45 | 19,575.16 | 17,792.17 | 17.85 | 14.10 | 5872.00 | 5348.20 |

h) Shareholding As On 31st March, 2011

(i) Shareholding Pattern Category wise as on 31st March, 2011

| Category | No. of shares held | % of holding |
|------------------------|--------------------|---------------|
| Promoters | 8112057 | 51.25 |
| Other Corporate Bodies | 2779162 | 17.56 |
| Indian Public | 4226700 | 26.70 |
| Clearing Member | 628090 | 3.97 |
| Foreign Nationals | 81547 | 0.52 |
| GRAND TOTAL | 15827556 | 100.00 |

(ii) Distribution of Shareholding as on 31st March, 2011

| Range of shares | SHAREHOLDERS | | SHARES | |
|-----------------|---------------------|---------------------|-----------------|---------------------|
| | No. of Shareholders | Percentage of Total | No. of shares | Percentage of Total |
| 01 to 500 | 7951 | 83.29 | 1208997 | 7.64 |
| 501 to 1000 | 728 | 7.63 | 592701 | 3.74 |
| 1001 to 2000 | 411 | 4.30 | 612884 | 3.87 |
| 2001 to 3000 | 139 | 1.46 | 358663 | 2.27 |
| 3001 to 4000 | 75 | 0.78 | 270973 | 1.71 |
| 4001 to 5000 | 63 | 0.66 | 297430 | 1.88 |
| 5001 to 10000 | 77 | 0.81 | 549450 | 3.47 |
| 10001 & above | 102 | 1.07 | 11936458 | 75.42 |
| TOTAL | 9546 | 100.00 | 15827556 | 100.00 |

i) Dematerialization of Equity Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialized form. The dematerialization facility is available from both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 99.99% of the share capital are



dematerialized as on 31st March, 2011. The Company's shares are regularly traded on the 'Bombay Stock Exchange Limited' and 'National Stock Exchange of India Limited' in dematerialized form.

j) Registrar & Transfer Agents :

Link Intime India Pvt. Ltd

C-13, Pannalal Silk Mills Compound L.B.S Marg Bhandup(W), Mumbai-400078

Phone: 022-2596 3838 Fax: 022-25946969 Email: mumbai@linkintime.co.in Website: www.linkintime.co.in

k) Share Transfer Procedure:

As on 31st March, 2011, 99.99% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories without intervention of the Company. For transfer of physical shares, the transfer document can be lodged with Link Intime India Private Limited at the address mentioned in this Annual Report. The transfer of shares in physical form is processed within 15 days from the date of receipt, if the documents are complete in all respects. Shareholders / Investors Grievance & Share Transfer Committee is empowered to approve transfer. All the transactions related to share transfer, change of address, dividend, share certificate etc., should be addressed to R&T Agent of the Company at the address mentioned in this Annual Report. Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company obtained a certificate from a Practicing Company Secretary on half yearly basis, for compliance of share transfer formalities. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, a certificate have also been obtained from a Practicing Company Secretary for timely dematerialization of the shares of the Company and for conducting secretarial audit on a quarterly basis for reconciliation of the share capital of the Company. The Company files copy of these certificates with the stock exchange as required.

l) Address of Correspondence:

(i) Ms. Neha Choksi

Company Secretary & Compliance Officer

Gyscoal Alloys Ltd.

2nd Floor, Mrudul Tower, B/h Times of India, Ashram Road, Ahmedabad 380009

Phone: 079-26574878 Fax: 079-26579387 Email: investors@gyscoal.com Website: www.gyscoal.com

(ii) For transfer/dematerialization of shares, change of address of members and other queries.

Link Intime India Pvt. Ltd

C-13, Pannalal Silk Mills Compound L.B.S Marg Bhandup(W), Mumbai-400078

Phone: 022-2596 3838 Fax: 022-25946969 Email: mumbai@linkintime.co.in

Website: www.linkintime.co.in

m) Site Location : Gyscoal Alloys Ltd. Village: Ubhkhal, Kukarwada, Tal: Vijapur, District Mehsana, Gujarat

n) Outstanding GDRs / ADRs / Warrants or any convertible instrument, conversion and likely impact on equity - NIL

NON-MANDATORY REQUIREMENTS:

The non mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

1. Remuneration Committee:

Your Company has a Remuneration Committee to recommend appointment / re-appointment and to recommend / review remuneration of the Managing Director / Whole Time Director / Executive Director.

2. Shareholders Right:

The quarterly, half yearly and annual results of your Company with necessary report thereon are published in newspapers and posted on Company's website www.gyscoal.com. The same are also available at the sites of the stock exchanges where the shares of the Company are listed i.e. www.bseindia.com and www.nseindia.com.

3. Audit Qualifications:

There are no qualifications in the Auditor's Report on the financial statements to the shareholders of the Company.

4. Training of Board Members:

There is no formal policy at present for training of the Board members of the Company as the members of the Board are eminent and experienced professional persons.

5. Whistle Blower Policy:

The Company has not established whistle blower policy.

**CEO/CFO certification**

To,
The Board of Directors
Gyscoal Alloys Limited

Certificate by Chief Executive Officer(CEO) & Chief Financial Officer (CFO) under Corporate Governance pursuant to the revised Clause 49 of Listing Agreement.

I, Viral Shah, the Managing Director (CEO) of the Company and I, Manish Shah, the whole-time Director (CFO) of the Company do here by certify to the Board that:

- a. They we have reviewed financial statements and the cash flow statement for the year ending 31st March, 2011 and that to the best of their knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Date : 01.09.2011
Place : Ahmedabad

Viral Shah
(Managing Director/CEO)

Manish Shah
(Whole-Time Director/CFO)

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of Gyscoal Alloys Limited

We have examined the compliance of conditions of Corporate Governance by Gyscoal Alloys Limited for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Date : 01.09.2011
Place : Ahmedabad

Chirag Shah
Company Secretary
Samdani Shah & Associates,
Company Secretaries,
C.P. No. 3498

**AUDITORS' REPORT**

**TO,
THE MEMBERS,
GYSCOAL ALLOYS LTD.**

We have audited the attached Balance Sheet of GYSCOAL ALLOYS LTD., as at 31st March, 2011 and also the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards 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 sub-section (4A) of Section 227 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 to the extent applicable.

Further to our comments in the Annexure referred to in above, 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 purposes 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 the books.
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) 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 :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

RANGANI & PATEL
Chartered Accountants,
Firm Reg. No. 114847W

S. G. PATEL
Partner
Membership No. : 45886

Ahmedabad
01.09.2011

**ANNEXURE TO THE AUDITORS' REPORT**

[Referred to in paragraph (3) of our report of even date]

- (i) **In respect of its fixed assets:**
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the Management in accordance with a programme of verification which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any fixed assets during the period and accordingly, the question of going concern status being affected does not arise.
- (ii) **In respect of its inventories:**
- (a) As explained to us, the inventories of finished and semi-finished goods and raw materials at Factory were physically verified during the period by the Management. In our opinion, having regard to the nature and location of stocks, 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 inventories 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) **In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in register maintained u/s. 301 of Companies Act, 1956 :**
- (a) The Company has not granted any loan to any party listed in the register maintained u/s. 301 of the Companies Act, 1956 under same management. The Company has taken interest free loans from 6 parties listed in the register maintained u/s. 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 817.31 lacs and the year end balance of loans taken from such parties was ₹ 803.15 lacs.
 - (b) In our opinion and according to information and explanation given to us, we are of the opinion that the rate of interest and terms and conditions of the loans taken by the company are not prima facie prejudicial to the interest of the company.
 - (c) There is no overdue amount of loan taken from or granted to companies, firm or other parties listed in the register maintained u/s. 301 of the Companies Act, 1956.
- (iv) 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 for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered into the register maintained under the said section have been so entered.
 - (b) In our opinion and having regard to our comments in paragraph (iv) above, the transactions exceeding the value of rupees five lakhs in respect of any party during the period have been made at prices which are prima facie, reasonable, having regard to prevailing market prices at the relevant time where such prices are available.
- (vi) As informed to us, the Company has not accepted any deposit from public.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.



(viii) The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. Cost records have not been produced for verification.

(ix) In respect of Statutory Dues:

- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, sales tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities during the period. We are informed that the E.S.I.C. Act is not applicable to the Company, as it falls in the revenue territory wherein the application is exempt.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, customs duty, excise duty, cess and other material statutory dues applicable to it, were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable ***except Income Tax payable for the AY:2010-11 which has been paid on 30-08-2011 and as on date no due is outstanding for the same.***
- (c) According to the information and explanations given to us, there are no disputed amounts payable in respect of provident fund, income tax, sales tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (x) The Company does not have any accumulated losses and has not incurred cash losses during the financial period covered by our audit and the immediately preceding financial period.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances granted by the Company on the basis of security by way of pledge of shares, debentures, and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Order is not applicable to the company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, clause 4(xiv) of the Order is not applicable to the company.
- (xv) As informed to us, the Company has not given any guarantee for loans taken by others from bank of financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the period for the purpose for which the loans were obtained.
- (xvii) According to the information and explanation given to us, the funds raised on short – term basis have not been used for long term investment.
- (xviii) According to information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956,
- (xix) According to information and explanation given to us, the Company has not issued any debentures.
- (xx) The Management has disclosed the end use of money raised by public issues and we have verified the same.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the period.

RANGANI & PATEL
Chartered Accountants,
Firm Reg. No. 114847W

S. G. PATEL
Partner
Membership No. : 45886



BALANCE SHEET AS AT 31ST MARCH, 2011

| | SCHEDULE | AS AT 31.03.2011 Rupees | AS AT 31.03.2010 Rupees |
|--|----------|-------------------------------|-------------------------------|
| I SOURCES OF FUNDS : | | | |
| (1) SHAREHOLDERS' FUND : | | | |
| (a) Share Capital | 1 | 158275560 | 81275560 |
| (b) Reserves and Surplus | 2 | 721732279 | 260321075 |
| | | 880007839 | 341596635 |
| (2) LOAN FUNDS : | | | |
| (a) Secured Loans | 3 | 364036966 | 242139198 |
| (b) Unsecured Loans | 4 | 95315762 | 45429927 |
| | | 459352728 | 287569125 |
| (3) DEFERRED TAX LIABILITIES | | 37591596 | 34149540 |
| TOTAL :-> | | 1376952163 | 663315300 |
| II APPLICATION OF FUNDS : | | | |
| (1) FIXED ASSETS : | | | |
| (a) Gross Block | 5 | 433286060 | 361209470 |
| (b) Less : Depreciation | | 133567237 | 103373741 |
| (c) Net Block | | 299718824 | 257835729 |
| (2) INVESTMENTS | 6 | 110209030 | 209030 |
| (3) CURRENT ASSETS, LOAN AND ADVANCES : | | | |
| (a) Sundry Debtors | 7 | 428782469 | 260497055 |
| (b) Cash & Bank Balance | 8 | 47711181 | 8023703 |
| (c) Loans & Advances | 9 | 414218308 | 27633469 |
| (d) Inventories | 10 | 503648684 | 351048585 |
| | | 1394360642 | 647202812 |
| Less : CURRENT LIABILITIES & PROVISIONS : | | | |
| (a) Current Liabilities | 11 | 397120711 | 193413058 |
| (b) Provisions | 12 | 30215622 | 54473745 |
| | | 427336333 | 247886803 |
| NET CURRENT ASSETS : | | 967024309 | 399316009 |
| (4) DEFERRED TAX ASSETS | | 0 | 0 |
| (5) MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | | 0 | 5954532 |
| TOTAL :-> | | 1376952163 | 663315300 |

Significant Accounting Policies and Notes to Accounts forming part of the Financial Statements
Schedules referred to above form an integral part of the Financial Statements

As per our separate report annexed herewith of even date

For, **RANGANI & PATEL**
CHARTERED ACCOUNTANTS

S. G. PATEL
PARTNER
AHMEDABAD
DATE : 01.09.2011

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

VIRAL SHAH
MANAGING DIRECTOR

MANISH SHAH
WHOLE TIME DIRECTOR

NEHA CHOKSI
COMPANY SECRETARY

AHMEDABAD
DATE : 01.09.2011



PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED ON 31.03.2011

| | SCHEDULE | FOR 2010-11 Rupees | FOR 2009-10 Rupees |
|---|----------|---|---|
| INCOME : | | | |
| Sales and Income from Operation | 13 | 1869374652 | 1520432547 |
| Increase /(Decrease) in Finished Stock | 14 | (10544295) | (5480494) |
| Income from Operation / Jobwork | 15 | 59054448 | 69243900 |
| Other Income | 16 | 4536749 | 3561579 |
| TOTAL :-> | | 1922421554 | 1587757532 |
| EXPENDITURE : | | | |
| Raw Material Consumed | 17 | 1672200823 | 1345703917 |
| Manufacturing Expenses | 18 | 84006303 | 80027064 |
| Employees' Remuneration and Benefits | 19 | 7138833 | 5763933 |
| Administrative and Other Expenses | 20 | 15593970 | 9711216 |
| Finance Charges | 21 | 59335881 | 43948413 |
| Depreciation | 5 | 30193496 | 26005329 |
| TOTAL :-> | | 1868469306 | 1511159872 |
| Net Profit Before Tax | | 53952248 | 76597660 |
| Taxation | | | |
| - Current Tax | | 7730175 | 13185247 |
| - Deferred Tax Liability (Asset) | | 3442056 | 14244754 |
| Net Profit After Tax | | 42780017 | 49167659 |
| Balance Brought Forward from Previous Year | | 152193076 | 103025417 |
| Net Balance for Appropriation | | 194973093 | 152193076 |
| APPROPRIATION : | | | |
| Balance Carried to Balance Sheet | | 194973093 | 152193076 |
| TOTAL :-> | | 194973093 | 152193076 |
| Annualised Earning per Share - Basic & Diluted (₹) | | 3.33 | 6.93 |
| Nominal Value of Share (₹) (Refer Note : 4 of Schedule : 21) | | 10 | 10 |
| Significant Accounting Policies and Notes to Accounts forming part of the Financial Statements | 22 | | |
| Schedules referred to above form an integral part of the Financial Statements | | | |
| As per our separate report annexed herewith of even date | | FOR & ON BEHALF OF THE BOARD OF DIRECTORS | |
| For, RANGANI & PATEL CHARTERED ACCOUNTANTS | | VIRAL SHAH MANAGING DIRECTOR | MANISH SHAH WHOLE TIME DIRECTOR |
| S. G. PATEL PARTNER AHMEDABAD DATE : 01.09.2011 | | NEHA CHOKSI COMPANY SECRETARY AHMEDABAD DATE : 01.09.2011 | |


CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2011

| Particulars | 31-Mar-11 | | 31-Mar-10 | |
|---|-------------|--------------------|------------|--------------------|
| | ₹ in '000 | ₹ in '000 | ₹ in '000 | ₹ in '000 |
| (A) Cash Flow from Operating Activities : | | | | |
| Net Profit Before Tax | | 53952.25 | | 76597.66 |
| Add : Interest Cost | | 59335.88 | | 43948.41 |
| Net Profit Before Tax and Interest | | 113288.13 | | 120546.07 |
| Adjustment in : | | | | |
| Depreciation/Amortisation | 30193.50 | | 26005.33 | |
| Income on Exchange Fluctuation | (427.98) | | (201.62) | |
| Provision for Gratuity | 368.72 | | 291.27 | |
| Provision for Expenses | 196.87 | | 44.34 | |
| Interest Income | (3442.60) | | (2672.33) | |
| Interest Cost | (59335.88) | (32447.37) | (43948.41) | (20481.43) |
| Operating Profit Before Working Capital Changes | | 80840.76 | | 100064.64 |
| (Increase)/Decrease Sundry Debtors | (168285.41) | | (6812.91) | |
| Increase/(Decrease) Current Liabilities | 203707.66 | | (60755.71) | |
| (Increase)/Decrease in Inventories | (152600.10) | | (43402.42) | |
| (Increase)/Decrease in Loan & Advances | (386584.84) | (503762.69) | 2148.58 | (108822.46) |
| Cash Generated from Operations | | (422921.94) | | (8757.82) |
| Direct Taxes Paid (net) | | 32553.88 | | 264.31 |
| Nat Cash from Operating Activities (A) | | (455475.82) | | (9022.13) |
| (B) Cash Flow from Investing Activity : | | | | |
| Purchase of Fixed Assets | | (72076.59) | | (118779.14) |
| Interest Income Received | | 3442.60 | | 2672.33 |
| Purchase of Current investments | | (110000.00) | | 0.00 |
| Income on Exchange Fluctuation | | 427.98 | | 201.62 |
| Net Cash form Investing Activities (B) | | (178206.02) | | (115905.19) |
| (C) Cash Flow from Financial Activities | | | | |
| Fresh Issue of Equity Share Capital | | 77000.00 | | 15384.60 |
| Increase/(Decrease) in Share Premium | | 424585.72 | | 84615.30 |
| Increase/(Decrease) in Share Application Money | | 0.00 | | (36925.00) |
| Increase/(Decrease) in Unsecured Loans | | 49885.84 | | (6421.39) |
| Increase/(Decrease) in Secured Loans | | 121897.77 | | 46468.42 |
| Expenses for increasing Authorised Capital | | 0.00 | | (3584.68) |
| Dividend Paid | | 0.00 | | 0.00 |
| Net Cash used in Financing Activities (C) | | 673369.31 | | 99537.24 |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | | 39687.48 | | (25390.08) |
| Cash and Cash Equivalents as at March, 2011 | | | | |
| Cash in Hand | | 772.39 | | 591.84 |
| Bank Balance in Current Accounts with Banks | | 46938.79 | | 7431.86 |
| | | 47711.18 | | 8023.70 |
| Less : Cash and Cash Equivalents as at 31st March, 2010 | | 8023.70 | | 33413.78 |
| | | 39687.48 | | (25390.08) |

As per our separate report annexed herewith of even date

For, RANGANI & PATEL
CHARTERED ACCOUNTANTS

S. G. PATEL
PARTNER
AHMEDABAD
DATE : 01.09.2011

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

VIRAL SHAH
MANAGING DIRECTOR

MANISH SHAH
WHOLE TIME DIRECTOR

NEHA CHOKSI
COMPANY SECRETARY

AHMEDABAD
DATE : 01.09.2011



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011

| PARTICULARS | AS ON 31.03.2011 Rupees | AS ON 31.03.2010 Rupees |
|--|-------------------------------|-------------------------------|
| SCHEDULE : 1 SHARE CAPITAL : | | |
| AUTHORISED : | | |
| 17000000 Equity Shares (17000000 Equity Shares in Previous Year) of ₹ 10 each | 170000000 | 170000000 |
| | <u>170000000</u> | <u>170000000</u> |
| ISSUED, SUBSCRIBED AND PAID UP : | | |
| 15827556 Equity shares (8127556 Equity Shares in Previous Year) of ₹ 10 each fully paid up | 158275560 | 81275560 |
| Of the above equity shares : | | |
| 1 2275520 Equity Shares were issued as fully paid Bonus Shares by utilisation of ₹ 22755200 from General Reserve Account on 31.11.2007 | | |
| 2 7700000 Equity Share ware issued as Initial Public Offer during the year at a Premium of ₹ 61 per Share | | |
| Total :-> | <u>158275560</u> | <u>81275560</u> |
| SCHEDULE : 2 RESERVES AND SURPLUS : | | |
| A. GENERAL RESERVE | | |
| As per Last Balance Sheet | 744800 | 744800 |
| Add : Transfer form Profit & Loss Account | 0 | 0 |
| | <u>744800</u> | <u>744800</u> |
| Less : Utilised for issuing Bonus Shares | 0 | 0 |
| | <u>744800</u> | <u>744800</u> |
| B. SHARE PREMIUM | | |
| As per Last Balance Sheet | 107383200 | 107383200 |
| Add : On Equity Shares issued during the year | 469700000 | 0 |
| | <u>577083200</u> | <u>107383200</u> |
| Less : Share Issue Expenses Written off | 51068814 | 0 |
| | <u>526014386</u> | <u>107383200</u> |
| C. PROFIT AND LOSS ACCOUNT (As Per Profit & Loss Account) | | |
| | 194973093 | 152193076 |
| Total :-> | <u>721732279</u> | <u>260321076</u> |



| PARTICULARS | AS ON | AS ON |
|-------------|------------|------------|
| | 31.03.2011 | 31.03.2010 |
| | Rupees | Rupees |

SCHEDULE : 3 SECURED LOANS :

FROM BANKS

| | | |
|----------------------|------------------|-----------|
| Term Loan | 58645603 | 38988938 |
| Vehicle Loan | 0 | 150965 |
| Working Capital Loan | 305391363 | 202999295 |
| Total :-> | 364036966 | 242139198 |

Notes :

- 1) Term Loans are secured by way of charge created/to be created by way of mortgage of Land & Building situated at Ubkhal, Kukarwada & Ahmedabad and charge on all of the company's immovable and movable properties both present and future in favou of the Bank and personal guarantee of the Directors.
- 2) Vehicle Loans are secured by way of hypothecation of respective vehicles
- 3) Working Capital loan is secured by way of hypothecation of stock of finished goods, raw-materials, WIP and book-debts of the company.

SCHEDULE : 4 UNSECURED LOANS :

| | | |
|--------------------------|-----------------|----------|
| Inter Corporate Deposits | 47410000 | 0 |
| From Directors and Other | 47905762 | 44002392 |
| From Bank | 0 | 1427535 |
| Total :-> | 95315762 | 45429927 |

SCHEDULE : 5 : FIXED ASSETS :

| Sr. No. | Type Of Assets | Gross Block | | | Depreciation | | | Net Block | | | |
|---------------------|--|---------------------|--|---|---------------------|---------------------|---|------------------------------------|---------------------|---------------------|-----------|
| | | As On 01.04.2010 | Addition / Adjustment During The Period | Sales / Adjustment During The Period | As On 31.03.2011 | Up To 31.03.2010 | Deduction On Account Of Sales / Adjustment 31.03.2011 | For The Period 31.03.2011 | As On 31.03.2011 | As On 31.03.2010 | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | Computer | 1601566 | 110063 | 0 | 1711629 | 851812 | 0 | 307214 | 1159026 | 552603 | 749754 |
| 2 | Furniture | 1597484 | 432425 | 0 | 2029909 | 537150 | 0 | 242637.00 | 779787 | 1250122 | 1060334 |
| 3 | Vehicles | 8581525 | 3996271 | 0 | 12577796 | 3352573 | 0 | 1501176 | 4853749 | 7724047 | 5228952 |
| 4 | Plant & Machinery | 259317198 | 45990659 | 0 | 305307857 | 88275442 | 0 | 25014358 | 113289800 | 192018057 | 171041756 |
| 5 | Building | 42197854 | 18967 | 0 | 42216821 | 10356764 | 0 | 3128111 | 13484875 | 28731946 | 31841090 |
| 6 | Factory Land | 2831125 | 0 | 0 | 2831125 | 0 | 0 | 0 | 0 | 2831125 | 2831125 |
| 7 | Wip (Land, Building & Plant & Machinery) * | 45082718 | 21528205 | 0 | 66610923 | 0 | 0 | 0 | 0 | 66610923 | 45082718 |
| Total | | 361209470 | 72076590 | 0 | 433286060 | 103373741 | 0 | 30193496 | 133567237 | 299718824 | 257835729 |
| Previous Year Total | | 242430326 | 164906308 | 46127163.95 | 361209470 | 77368412 | 0 | 26005329 | 103373741 | 257835729 | 165061914 |

* WIP includes ₹ 4,28,75,000/- given as an advance during the year for the purchase of land at Magodi, Dist. Gandhinagar

Income from investment in mutual fund made from the proceed of IPO of ₹ 3669747.71 is deducted from the total figure of WIP as the same is treated as project pre-completion income and the same is to be adjusted against the cost of the project when completed



| PARTICULARS | AS ON 31.03.2011 Rupees | AS ON 31.03.2010 Rupees |
|--|-------------------------------|-------------------------------|
| SCHEDULE : 6 : INVESTMENTS : | | |
| Long Term (Unquoted - Non Listed) | | |
| Eq. Share Navrang Organizer Pvt. Ltd. (20893 shares of ₹ 10 each fully paid up at cost) | 208930 | 208930 |
| Share of Mrudul Tower Association (1 shares of ₹ 100 each fully paid up at cost) | 100 | 100 |
| Current Investment (Quoted - Non Listed) | | |
| SBI - Debt Fund Series - 90 Days-41-Dividend | 30000000 | 0 |
| SBI - Debt Fund Series - 180 Days-13-Growth | 30000000 | |
| Kotak Quarterly Interval Plan Series-4 - Dividend | 50000000 | 0 |
| Total :-> | 110209030 | 209030 |

CURRENT INVESTMENT PURCHASED & SOLD DURING THE YEAR

| Mutual Fund : | Face Value | Units | Cost of Acquisition | Redemption Value | Dividend Received | Closing Balance |
|--|------------|--------------|---------------------|------------------|-------------------|-----------------|
| Religare Liquid Fund - Institutional Daily Dividend | 10 | 4998900.2420 | 10.0022 | 10.0022 | 14279.06 | 0 |
| Religare Ultra Short Term Fund - Institutional Daily Dividend | 10 | 1497493.7870 | 10.0171 | 10.1710 | 724537.82 | 0 |
| SBI - Magnum Insta Cash Fund - Daily Dividend Option | 10 | 4179029.6293 | 16.7503 | 16.7503 | 0.00 | 0 |
| SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend Option | 10 | 6996855.0020 | 10.0060 | 10.0060 | 348767.19 | 0 |
| SBI - Debt Fund Series - 90 Days-36-Dividend | 10 | 3000000.0000 | 10.0000 | 10.0000 | 536400.00 | 0 |
| SBI - Debt Fund Series - 90 Days-41-Dividend | 10 | 3000000.0000 | 10.0000 | 0.00 | 0.00 | 30000000 |
| SBI - Debt Fund Series - 180 Days-13-Growth | 10 | 3000000.0000 | 10.0000 | 0.00 | 0.00 | 30000000 |
| Pramerica Liquid Fund - Daily Dividend Option - Reinvestment | 1000 | 100000.0000 | 1000.0000 | 1000.0000 | 0.00 | 0 |
| Pramerica Ultra Short Term Bond Fund - Weekly Dividend Option - Reinvestment | 1000 | 99954.0500 | 1000.6201 | 1001.3691 | 1218642.29 | 0 |
| Kotak Quarterly Interval Plan Series-4 - Dividend | 10 | 5000000.0000 | 10.0000 | | 827121.35 | 50000000 |

SCHEDULE : 7 SUNDRY DEBTORS :

(Unsecured, Considered Good)

| | | |
|---|------------------|-----------|
| Debts Outstanding for a Period Exceeding Six Months | 29811300 | 38498918 |
| Other Debts | 398971168 | 221998137 |
| Total :-> | 428782469 | 260497055 |

SCHEDULE : 8 CASH AND BANK BALANCE :

| | | |
|-------------------------|-----------------|---------|
| (a) Cash on hand | 772394 | 591842 |
| (b) With Schedule Banks | 46938787 | 7431861 |
| Total :-> | 47711181 | 8023703 |



| PARTICULARS | AS ON 31.03.2011 Rupees | AS ON 31.03.2010 Rupees |
|---|--|--|
| SCHEDULE : 9 LOANS AND ADVANCES : (Unsecured, Considered Good) | | |
| Advances Recoverable in Cash or in Kind or for Value to be Received | 394649313 | 9476738 |
| Deposits | 9813988 | 9577963 |
| Duties and Taxes | 8683774 | 8124375 |
| Prepaid Expenses | 235794 | 204018 |
| Staff Advances | 835439 | 250375 |
| Total :-> | 414218308 | 27633469 |
| SCHEDULE : 10 INVENTORIES : | | |
| Finished Goods | 98127179 | 108671474 |
| Raw Material | 405521505 | 242377111 |
| Total :-> | 503648684 | 351048585 |
| SCHEDULE : 11 CURRENT LIABILITIES : | | |
| Sundry Creditors | 394310712 | 190177641 |
| Advance from Customers | 2400000 | 2400000 |
| Other Current Liabilities | 409999 | 835417 |
| Total :-> | 397120711 | 193413058 |
| SCHEDULE : 12 PROVISIONS : | | |
| Provision for Taxation | 28128977 | 52952685 |
| Provision for Expenses | 692861 | 495993 |
| Provision for Gratuity | 1393784 | 1025067 |
| Total :-> | 30215622 | 54473745 |

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED ON 31.03.2011**

| PARTICULARS | FOR 2010-11 Rupees | FOR 2009-10 Rupees |
|--|-----------------------------------|-----------------------------------|
| SCHEDULE : 13 SALES : | | |
| SALES AND INCOME FROM OPERATION | | |
| Gross Sales : | 2121766954 | 1683949558 |
| Less : Excise Duty | 171360704 | 99210383 |
| Less : VAT & CST | 81031598 | 64306628 |
| | 252392302 | 163517011 |
| Total :-> | 1869374652 | 1520432547 |
| SCHEDULE : 14 INCREASE/(DECREASE) IN FINISHED STOCK : | | |
| VALUE OF FINISHED STOCK | | |
| Closing Stock as at 31.03.2011 | 98127179 | 108671474 |
| Opening Stock as at 01.04.2010 | 108671474 | 114151968 |
| | 108671474 | 114151968 |
| Total :-> | (10544295) | (5480494) |
| SCHEDULE : 15 INCOME FROM OPERATION / JOB WORK : | | |
| Job Work & Other Income from Operation | 59054448 | 69243900 |
| Total :-> | 59054448 | 69243900 |
| SCHEDULE : 16 OTHER INCOME : | | |
| Other Income | 666176 | 687625 |
| Exchange Rate Fluctuation Income | 427978 | 201622 |
| Interest Earned | 3442595 | 2672332 |
| Total :-> | 4536749 | 3561579 |
| SCHEDULE : 17 RAW MATERIAL CONSUMED : | | |
| Opening Stock | 242377111 | 193494199 |
| Add : Purchase | 1842628937 | 1443363150 |
| | 2085006048 | 1636857349 |
| Less : Purchase Return & Rate Difference | 7283721 | 48776321 |
| Less : Closing Stock | 405521505 | 242377111 |
| | 412805226 | 291153432 |
| Total :-> | 1672200823 | 1345703917 |
| SCHEDULE : 18 MANUFACTURING EXPENSES : | | |
| Power & Fuel | 51444289 | 51183640 |
| Salary & Wages | 22320467 | 17830832 |
| Stores & Spares | 1673308 | 1970273 |
| Repairing & Maintenance Expenses | 216503 | 101425 |
| Other Manufacturing Expenses | 8351736 | 8940894 |
| Total :-> | 84006303 | 80027064 |



| PARTICULARS | FOR 2010-11 Rupees | FOR 2009-10 Rupees |
|---|-----------------------------------|-----------------------------------|
| SCHEDULE : 19 EMPLOYEES' REMUNERATION AND BENEFITS : | | |
| Director Remuneration | 1132100 | 949916 |
| Employee's Salary & Bonus | 6006733 | 4814017 |
| Total :-> | 7138833 | 5763933 |
| SCHEDULE : 20 ADMINISTRATIVE & OTHER EXPENSES : | | |
| Advertisement Expenses | 66000 | 0 |
| Auditor Remuneration | 99270 | 99270 |
| Commission Expenses | 11695 | 15733 |
| Internal Audit Fees | 72000 | 108000 |
| ISO Certificate Expenses | 16325 | 48311 |
| Material Testing Expenses | 9324 | 0 |
| Printing, Stationary & Zerox Expenses | 277205 | 242808 |
| Professional Tax | 2400 | 2400 |
| Hotel & Boarding Exps. | 303704 | 0 |
| Sales Promotion Expenses | 198900 | 57356 |
| Service Tax Expenses | 11307 | 0 |
| Stamp Duty Expenses | 1623900 | 726720 |
| Subscription and Member Fees | 31650 | 67485 |
| Telephone Expenses | 626285 | 658693 |
| Website Renewal Expenses | 72853 | 8189 |
| Repairing & Maintenance Expenses | 395784 | 216876 |
| Registation & Licence Fees | 34631 | 64478 |
| Bank Charges | 726476 | 442148 |
| Computer Expenses | 114873 | 29815 |
| Professional, Legal & Consultancy Expenses | 973676 | 710585 |
| Vehicle Expenses | 655866 | 706648 |
| Electricity Burning Expenses (Office) | 341431 | 400171 |
| Local Taxes & Levies | 88766 | 84967 |
| Insurance Expenses | 202762 | 208904 |
| Penalty and Interest on Late Payment of Taxes | 1028731 | 57039 |
| Income Tax Exps. | 0 | 694169 |
| Misc. Expenses | 535258 | 1187720 |
| Office Expenses | 402736 | 465736 |
| Postage & Courier Expenses | 68152 | 44121 |
| Staff Welfare Expenses | 74471 | 24932 |
| Travelling Expenses | 1369194 | 1444544 |
| Custom, Clearing & Forwarding Expenses | 5158345 | 893397 |
| Total :-> | 15593970 | 9711216 |
| SCHEDULE : 21 FINANCE CHARGES : | | |
| Interest on Fixed Loan | 7327384 | 8816554 |
| Interest on Working Capital & other Loan | 52008497 | 35131860 |
| Total :-> | 59335881 | 43948413 |

**SCHEDULE – 22****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis for Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP), Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates and difference between actual results and estimates are recognized in the period in which the results are known/materialize.

3. Inventories

Inventories are valued at the lower of cost and net realizable value. Costs of inventories comprise all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost of inventories is generally ascertained on the 'weighted average' basis.

4. Depreciation

Depreciation in respect of all fixed assets has been calculated on written down value method under section 205 (2) (b) of the Companies Act, 1956 at the rates given in schedule XIV of the Companies Act, 1956 for the period and depreciation on addition of assets during the period has been provided on prorata basis.

5. Fixed Assets

Fixed Assets are stated at their acquisition cost (Net of CENVAT Credit) less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use where applicable together with any incidental expenses of acquisition/installation. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition/construction of qualifying assets.

An assets is considered as impaired in accordance with Accounting Standard (AS) – 28 "Impairment of Assets" when at balance sheet date there are indications of impairment and the carrying amount of the assets, or wherever applicable, the cash generating unit to which the asset belongs, exceeds it recoverable amount (i.e. the higher of the assets net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as impairment loss in the Profit & Loss Account.

6. Investments

Long term Investments are carried at cost. When there is a decline other than temporary in their value, the carrying amount is reduced on an individual investment basis and decline is charged to Profit & Loss A/c. Appropriate adjustment is made in carrying amount of Investment in case of subsequent raise in carrying value of the Investment.

7. Revenue Recognition

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risk and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions.

8. Retirement Benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the period in which the related service is rendered.



Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the period in which the employee has rendered services. The expense is recognized as per Accounting Standard 15 (Revised 2005) at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

9. Borrowing Cost

Borrowing Costs attributable to acquisition and/or construction of qualifying assets as defined in Accounting Standard (AS) – 16 on “Borrowing Cost” are capitalized as a part of the cost of such assets up to the date when such assets are ready for its intended use. All other Borrowing Costs are charged to revenue.

10. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Rupees at the exchange rate prevailing at the Balance Sheet Date. All exchange differences are dealt with in Profit and Loss Account.

11. Taxes on Income

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred Tax Assets or Deferred Tax Liability is recognized on timing difference being the difference between taxable income and accounting income. Deferred Tax Assets or Differed Tax Liability is measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be realized in future.

12. Earning Per Share

The Company reports basic and diluted Earning Per Share (EPS) in accordance with Accounting Standard (AS) – 20 on “Earning Per Share”. The basic EPS is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive. Here, as the financial statements are prepared for the quarter, the annualized EPS is calculated and disclosed on the face of Profit & Loss A/c.

13. Provisions, Contingent Liabilities and Contingent Assets

Contingent Liabilities as defined in Accounting Standard (AS) – 29 “Provisions, Contingent Liabilities and Contingent Assets” are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability. Contingent assets are neither recognized nor disclosed in the financial statements.

14. Segment Reporting

The Company is mainly engaged in the business of manufacturing of S.S. Products. Considering the nature of business and financial reporting of company, the company has only one segment, viz. S.S. Products as reportable segment. The company operates in local / export segment geographically of which the export has amounted to ₹ 89.30 lacs out of total turnover of ₹ 18693.75 lacs. But due to nature of the business, the assets / liabilities and expenses for these activities can not be bifurcated separately.

15. Miscellaneous Expenditure

Miscellaneous Expenditure represents the expenses incurred on initial public offer and the same are adjusted against share premium account as permitted under Section 78 of the Companies Act, 1956.

**B. NOTES TO ACCOUNTS:****(1) Related Party Disclosures as required by Accounting Standard - 18**

| Sr. No. | Name of Related Party | Relationship | Related Party Transaction |
|---------|--------------------------------------|--|---|
| 1 | Giraben Solanki | Key Management Personnel | Directors Remuneration of ₹ 2,41,860/- |
| 2 | Manish M shah | Key Management Personnel | Directors Remuneration of ₹ 3,40,120/- Unsecured Loan Taken of ₹ 62,75,000/- Unsecured Loan Repaid of ₹ 55,00,000/- |
| 3 | Viral M. Shah | Key Management Personnel | Directors Remuneration of ₹ 5,50,120/- Unsecured Loan Taken of ₹ 1,88,00,000/- Unsecured Loan Repaid of ₹ 2,02,25,000/- |
| 4 | Zankarsinh K. Solanki | Key Management Personnel | Unsecured Loan Taken of ₹ 1,37,08,500/- Unsecured Loan Repaid of ₹ 87,84,250/- |
| 5 | Mona Shah | Other Parties having significant influence over the enterprise | Remuneration of ₹ 1,85,200/- |
| 6 | Sarojben M. Shah | Other Parties having significant influence over the enterprise | Remuneration of ₹ 1,93,900/- |
| 7 | Dipali Shah | Other Parties having significant influence over the enterprise | Remuneration of ₹ 1,23,400/- |
| 8 | General Capital & Holdings Pvt. Ltd. | Other Parties having significant influence over the enterprise | Unsecured Loan Given of ₹ 3,64,20,000/- Unsecured Loan Recovered of ₹ 40,10,000/- |
| 9 | Gyscoal Enterprise Pvt. Ltd. | Other Parties having significant influence over the enterprise | Sales of ₹ 3,09,89,193/- |
| 10 | Talati & Talati | Other Parties having significant influence over the enterprise | Professional Consultancy Fees paid of ₹ 1,00,000/- |
| 11 | Torque Automotive Pvt. Ltd. | Other Parties having significant influence over the enterprise | Purchase of Capital Assets of ₹ 39,96,271/- |

(2) Managerial Remuneration

| Particulars | For the Year 2010-11 ₹ in Lacs | For the Year 2009-10 ₹ in Lacs |
|------------------------|--------------------------------------|--------------------------------------|
| Directors Remuneration | 11.32 | 9.51 |

(3) Auditors Remuneration

| Particulars | For the Year 2010-11 ₹ in Lacs | For the Year 2009-10 ₹ in Lacs |
|---------------------|--------------------------------------|--------------------------------------|
| Payment to Auditors | | |
| - For Audit | 0.99 | 0.99 |
| - For Other Matter | 0.27 | 0.00 |

**(4) Earning Per Share**

| Basic and Diluted EPS | | For the Year 2010-11 ₹ in Lacs | For the Year 2009-10 ₹ in Lacs |
|--|--------------|---|---|
| Profit attributable to equity shareholders | ₹ in Lacs | 355.66 | 491.68 |
| Weighted Avg. No. of Shares | Nos. in Lacs | 106.80 | 70.99 |
| Nominal Value of equity shares | ₹ | 10.00 | 10.00 |
| Basic and Diluted EPS | ₹ | 3.33 | 6.93 |

(5) As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

| Particulars | For the Year 2010-11 |
|--|-----------------------------|
| A. Reconciliation of opening and closing balances of Defined Benefit obligation. | |
| Present Value of Obligation as at the beginning of the period. | 10,25,067 |
| Current Service Cost | 2,50,486 |
| Interest Cost | 85,286 |
| Actuarial (Gain)/Loss on obligation | 32,945 |
| Present Value of Obligation as at the end of the period | 13,93,784 |
| B. Reconciliation of opening and closing balances of fair value of plan assets. | |
| Present Value of Plan Assets as at the beginning of the period. | 0 |
| Expected Return on Plan Assets | 0 |
| Contributions | 0 |
| Actuarial (Gain)/Loss on Plan Assets | 0 |
| Fair Value of Plan Assets at the end of the period | 0 |
| C. Reconciliation of fair value of assets and obligations | |
| Present Value of Obligation as at the end of the period | 13,93,784 |
| Fair Value of Plan Assets at the end of the period | 0 |
| Net Assets/(Liability) recognized in Balance Sheet | (13,93,784) |
| *Recognized to the extent of ₹ 3,68,717/- in profit and loss account. | |
| D. Expense recognized during the period (Under the head Employee's remuneration & Benefits - Refer Schedule - 19) | |
| Current Service Cost | 2,50,486 |
| Interest Cost | 85,286 |
| Expected Return on Plan Assets | 0 |
| Net Actuarial losses (gains) recognized in period | 32,945 |
| Expenses Recognized in the statement of Profit & Loss | 3,68,717 |
| E. Actuarial Assumptions | |
| Discount Rate | 8.32% |
| Rate of increase in Compensation Level | 6.00% |
| Rate of Return on Plan Assets | 0.00% |


(6) Components of Deferred Tax Liability / (Assets) are as under

| Particulars | For the Year 2010-11 ₹ in Lacs | For the Year 2009-10 ₹ in Lacs |
|--|--------------------------------------|--------------------------------------|
| (a) Deferred Tax Liability | | |
| Difference between book and tax depreciation | 34.42 | 142.45 |

(7) Foreign Currency Transactions :

| Particulars | For the Year 2010-11 ₹ in Lacs | For the Year 2009-10 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Foreign Currency Expenditure | | |
| C.I.F. Value of Imports - Raw Material | 621.89 | 20.70 |
| Usance Interest and Other Charges | 1.65 | 0.00 |
| Capital Assets Purchased | 5.28 | 0.00 |
| (b) Foreign Currency Earning | | |
| F.O.B. Value of Exports | 87.07 | 103.81 |

- (8)** During the financial year, the Company has completed its Initial Public Offer (IPO) comprising of 77,00,000 equity shares at a price of ₹ 71 per share aggregating to ₹ 5467.00 lacs. The share premium of ₹ 61 per share amounting to ₹ 4697.00 lacs has been credited to Share Premium Account. The share issue expenses amounting to ₹ 510.69 lacs have been adjusted to Share Premium Account.

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 |



- * It includes advances given to various parties for Plant & Machinery for New Project.
- # As on 31st March, 2011, unutilized funds have been temporarily invested in interest bearing liquid instruments including deposits with banks and investments in mutual funds.
- 9) In the opinion of Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business. The provision for all liabilities is adequate and not in excess of the amounts considered reasonably necessary.
- 10) Outstanding Balance of unsecured loans, sundry debtors, sundry creditors, loans and advances and any other outstanding balances including all squared up accounts are subject to confirmation.
- 11) Cheques of ₹ 85 lacs received from Salvo Steels Pvt. Ltd., one of the debtors of the Company, were dishonored. So, the Company has filed a suit against it u/s. 138 of the N.I. Act and the matter is pending in court. Total outstanding amount recoverable from the party is ₹ 18127314/-
- 12) Expenditure related to and incurred during implementation of capital projects is included under "Capital Work in Progress" which will be allocated to the respective fixed assets on completion of construction / erection of the capital project / fixed assets. Dividend income from Mutual fund of ₹ 36.70 lacs received out of the investment of IPO proceed is deducted from "Capital Work in Progress".
- 13) Contingent Liabilities not provided for in respect of :**
- Claims against the company not acknowledged as debt ₹ Nil
 - Company has arranging buyers credit from foreign bank and outstanding as on 31.03.2011 of USD 825272.61.
- 14) The Company has not provided any information about suppliers / sundry creditors regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and Small Scale Industrial Undertakings and hence disclosures, if any, relating to amount unpaid as at the period end together with interest paid/payable as required under the said act have not been given.
- 15) Previous year figures have been regrouped / recasted to make them comparative with those of the current period.
- 16) Licensed and installed capacities and production :**

| Particulars | Production in M.T. |
|--|---------------------------|
| Licensed/Installed Capacity (M.T. per annum) | 18000 |
| Production during the period (M.T.) | 16921 |
| Total Capacity Utilization (%) (Annualized) | 94 % |


17) Turnover, Closing & Opening Stock
RAW MATERIALS STOCK

₹ In Lacs

| ITEM | Opening Stock (M.T) | Amount | Purchase (M.T.) | Amount | Sales (M.T.) | Amount | Closing Stock (M.T.) | Amount |
|----------------------------|---------------------|--------|-----------------|---------|--------------|---------|----------------------|---------|
| S.S Flat & Its Products | 449.435 | 372.90 | 925.382 | 1152.40 | 0 | 0 | 91.240 | 137.32 |
| S.S Round | 268.490 | 331.18 | 2228.073 | 2158.58 | 0 | 0 | 0.000 | 0 |
| S.S Billet/Ingot | 184.410 | 304.78 | 3252.041 | 4122.79 | 0 | 0 | 1249.070 | 1342.58 |
| S.S Plate And Its Products | 0 | 0 | 330.245 | 454.58 | 220.665 | 154.57 | 0.000 | 0 |
| M.S Plate/Ingot/Scrap | 15.445 | 5.863 | 0 | 0 | 0 | 0 | 15.445 | 5.863 |
| S.S Rcs | 0 | 0 | 328.749 | 474.03 | 0 | 0 | 0.000 | 0 |
| Furnace Oil | 65.150 | 17.11 | 931.280 | 211.99 | 0 | 0 | 24.735 | 8.16 |
| Coal / G.C Sheet | 44.530 | 1.74 | 343.780 | 16.20 | 0 | 0 | 20.010 | 1.22 |
| Old & Used Plate | 44.795 | 8.68 | 676.615 | 150.67 | 0 | 0 | 110.085 | 26.42 |
| S.S Angle | 20.073 | 29.91 | 0 | 0 | 0 | 0 | 0.000 | 0 |
| M.S Scrap | 957.075 | 126.53 | 380.080 | 70.69 | 0 | 0 | 0.000 | 0 |
| S.S Cutting Scrap | 0 | 0 | 249.613 | 0 | 0 | 0 | 19.192 | 2.04 |
| Basic Ramming Mass | 7.000 | 1.89 | 104.00 | 26.23 | 0 | 0 | 2.000 | 0.54 |
| S.S Patta Patti | 0 | 0 | 9.715 | 10.84 | 0 | 0 | 9.715 | 10.84 |
| S.S Missrol | 0 | 0 | 39.655 | 0 | 0 | 0 | 0.000 | 0 |
| Chemical Stock | 36.836 | 37.96 | 57.215 | 63.12 | 0 | 0 | 8.955 | 8.70 |
| S.S Scrap | 804.051 | 969.67 | 6880.588 | 7160.61 | 0 | 0 | 2327.175 | 2370.27 |
| S.S Products | 0.000 | 0 | 1647.626 | 2157.36 | 1548.356 | 2056.79 | 99.270 | 141.24 |

Finished Goods Stock

₹ In Lacs

| Item | Opening Stock (M.T) | Amount | Sales (M.T.) | Amount | Closing Stock (M.T.) | Amount |
|--------------------------------|---------------------|--------|--------------|---------|----------------------|--------|
| S.S.Angle And Thare Products | 197.310 | 263.80 | 2243.618 | 3351.45 | 121.372 | 149.66 |
| S.S. Plat And Thare Products | 62.419 | 57.80 | 423.300 | 428.40 | 0.000 | 0 |
| S.S. Flat And Thare Products | 128.955 | 158.79 | 3893.270 | 4735.74 | 169.600 | 185.65 |
| S.S. Round And Thare Products | 26.565 | 34.00 | 1644.675 | 2453.91 | 18.110 | 20.50 |
| S.S. Bright Bar | 0 | 0 | 34.297 | 25.93 | 1.122 | 0.71 |
| M.S. Angles And Thare Products | 54.875 | 9.32 | 317.130 | 85.16 | 143.855 | 33.84 |
| S.S. Misroll | 19.440 | 17.16 | 19.440 | 4.39 | 0.000 | 0 |
| S.S Round | 48.255 | 59.46 | 1370.870 | 1606.54 | 107.404 | 126.30 |
| S.S Angle Cutting | 55.235 | 73.62 | 626.335 | 918.66 | 3.480 | 3.11 |
| S.S Ingot | 320.423 | 412.74 | 2117.025 | 2801.22 | 447.049 | 461.49 |

As per our separate report annexed herewith of even date

For, RANGANI & PATEL
 CHARTERED ACCOUNTANTS

S. G. PATEL
 PARTNER
 AHMEDABAD
 DATE : 01.09.2011

FOR & ON BEHALF OF THE BOARD OF DIRECTORS
VIRAL SHAH
 MANAGING DIRECTOR

MANISH SHAH
 WHOLE TIME DIRECTOR

NEHA CHOKSI
 COMPANY SECRETARY

 AHMEDABAD
 DATE : 01.09.2011



Additional Information as required under Part IV of Schedule VI to the Companies Act,1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details**

| | |
|-------------------------|------------|
| i. Registration No. | 36656 |
| ii. State Code | 04 |
| iii. Balance Sheet Date | 31-03-2011 |

II Capital Raised During the Year**(₹ In '000)**

| | |
|----------------------|-------|
| i Public Issue | 77000 |
| ii Right Issue | Nil |
| iii Bonus Issue | Nil |
| iv Private Placement | Nil |

III Position of Mobilisation and Deployment of Fund**(₹ In '000)**

| | |
|---------------------|---------|
| i Total Liabilities | 1376952 |
| ii Total Assets | 1376952 |

iii Sources of Fund

| | |
|---------------------------|--------|
| 1) Paid up Capital | 158276 |
| 2) Reserves & Surplus | 721732 |
| 3) Secured Loans | 364037 |
| 4) Unsecured Loans | 95316 |
| 5) Deferred Tax Liability | 37592 |

iv Application of Fund

| | |
|-----------------------|--------|
| 1) Net Fixed Assets | 299719 |
| 2) Net Current Assets | 967024 |
| 3) Investments | 110209 |
| 4) Misc. Expenditure | 0 |

IV Performance of the Company

| | |
|----------------------------|---------|
| 1) Turnover (Total Income) | 1922422 |
| 2) Total Expenditure | 1868469 |
| 3) Profit before Tax | 53952 |
| 4) Profit after Tax | 42780 |
| 5) Earning per Share | ₹ 3.33 |
| 6) Dividend Rate | Nil |

VI Generic Names of three Principle Products / Service of the Company

| | |
|-----------|-------------|
| Item Name | S. S. RCS |
| | S. S. ANGLE |
| | S. S. FLAT |
| | S.S.INGOT |

GYSCOAL ALLOYS LIMITED

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

PROXY FORM

DP Id* _____ Regd. Folio No. _____

Client Id* _____

I/We _____

of _____ in the district of

_____ being a member/members of the above named Company, hereby appoint

Mr./Mrs. _____ of _____ in the

district of _____ or failing him/her Mr./Mrs. _____ of

_____ in the district of _____

as my/our Proxy to vote for me/our behalf at the at the Annual General Meeting of the Company to be held on Friday, the 30th September, 2011 at 11.30 a.m. at Hotel Park Plaza, Opposite Gujarat College, Ellisbridge Ahmedabad 380006.

Signed the _____ day of _____ 2011

Signature _____



* Applicable for members holding shares in dematerialised form.

1. The Proxy Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the scheduled time of meeting.

GYSCOAL ALLOYS LIMITED

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

ATTENDANCE SLIP

Full name of the Member attending : _____

Name of Proxy : _____

I hereby record my presence at the Annual General Meeting being held on Friday, the 30th September, 2011 at 11.30 a.m. at Hotel Park Plaza, Opposite Gujarat College, Ellisbridge Ahmedabad 380006.

Regd. Folio No. _____

DP Id* _____

Client Id* _____

No. of Share held _____

Member's/Proxy's Signature
(To be signed at the time of handing over the slip)

* Applicable for members holding shares in dematerialised form.

Note : Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.

Book-Post

If undelivered, Please return to:
Gyscoal Alloys Limited
Regd Office: 2nd Floor, Mrudul Tower,
B/h Times of India, Ashram Road,
Ahmedabad 380009, Gujarat