At **"G.S Auto"** we firmly believe that the Auto Component Industry stands on six pillars, namely... **Commitment, Dedication, Quality, a Reputed Brand, a Professional Team** and above all **The Confidence of all its Stakeholders.**

"The GS team of dedicated engineers works hard on each & every component manufactured here. All components pass through stringent quality checks and rechecks, so as to provide complete satisfaction to our extended family composed of a large number of customers be it Original Equipment Manufacturers (OEM), Replacement Market (After Sales Market) or Overseas Customers (Export Market). We strive to ensure that brand **"GS"** is the epitome of safety for all our valued stakeholders.

We at **"GS"** always say "Go Safe with GS", as we feel whenever you are on road; someone back at home is always eagerly waiting for your return.

We owe our success,

not only to our extended family

of valuable customers, but to all our suppliers,

vendors and all the stakeholders, who have placed

their faith in us and have been an integral

part our long journey to excellence.....

In furtherance to this, the Company has successfully commenced the Commercial production of the first phase of its new manufacturing unit at Jamshedpur, for the manufacturing of auto components.

In a move to consolidate its auto component business, the company had filed a petition with the Hon'ble High Court of Punjab and Haryana, Chandigarh under section 391 to 394 of the Companies Act, 1956, for their approval to amalgamate M/s G.S. Automotives Private Limited (a group company) with M/s G.S. Auto International Limited w.e.f 01st April, 2012. The Hon'ble High Court of Punjab and Haryana, Chandigarh directed the company to hold the Court convened meeting of its Shareholders/Members, Secured & Unsecured Creditors and Creditors on dated 14th December, 2013 for this purpose.

The Board of Directors of the company is hopeful of completing all the required and necessary regulatory procedures and formalities by February, 2014.

Vision

- **The Global Indian Auto Component Brand:**

  We will be a world class preferred Auto Component Brand for all the Original Equipment Manufactures (OEM's) of the world along with a trusted brand in the After Sales Market through best quality, innovations and cost competitive products. Our Customers will enjoy the benefits of dealing with a global Indian brand that best understand their requirements, needs, customized approach and pragmatic solution across all platforms.

- **To build a World Class Company through reliability and be a great place to work.**

  Our Visions is to make our Company the best in the class what we do in our business. The Products and services we offer should be Comparable to the best in the industry, our business processes and systems should set a benchmark for others. We should earn the respect of our Competitors and work for the benefit of our all the stakeholders and be loved by them.

- **The Most preferred employers in the Auto Component Industry over a period of time.**

  Our Company should be the most preferred Company to work, for any employee. Here he should feel like an owner, be able to live his dreams, fulfill all his professional goals and have fun while doing so, because we at **"GS"** feel, we are all partners for building a reputed/trusted global Indian Auto Component Brand.

- G.S.Auto International Limited strives to achieve enhanced customer satisfaction by delivering the quality products in the safe working environment. We dedicate ourselves to continual improvements in all fields of our business.

- Growth through organic as well as through value chain & to further expand our Business on a sustainable basis, by adding more products to its existing product portfolio through diversification in different sectors of the economy, as well as, to expand through multi-locations, building a team that is passionate about growth, quality, value creation and above all serving to all its stakeholders & further committed to making trust, respect & fellowship a way of life;

- Be a Market leader in after sales market for Machined, Cast and Forged Components through better dealer network, to further grow in Export Markets by the supply of best quality Components and further to join hands with all the major OEM's of the world;

As a young, dynamic enterprise, we constantly seek to surpass our past achievements, even in the bad days, and to discover newer, better means, to address challenges, be it problem solving, customer satisfaction or in the research and development ."GS" is geared to respond with utmost dedication and an undying spirit of enthusiasm that inspires and unifies while giving the customer a unique advantage. "GS" culture encourages and enables employees to participate as a team member and take initiatives; this spirit of entrepreneurship is a key mile stone of GS philosophy.

Embracing new ideas and new means has been instrumental in our rise and will continue to define our approach. This culture of shared responsibility has given an unmatched reputation to us while winning the trust and goodwill of employees.

PRINCIPLES OF BUSINESS

- **Sense of Urgency & Customer Centric:**

  Customer would be the reason of our existence and continuous growth. Every decision we take should add value to our Customers and all our stakeholders. We deliver what we make promises and we will not make promises what we cannot deliver.

- **Better Relationships and better Quality of Products & Services:**

  Our Endeavour shall be to create a rewarding experience, every time a customer interacts or transact with us.

- **Reliability**

  We shall make sure that our products and services we offer and commitment we make to our stakeholders are most reliable. In all our actions and behaviors, we shall be perceived and seen as reliable and trusted Company.

- Continuous Improvement for excellence and consistency.

- Every employee work with **"GS"** should work like an owner of that process or partner for the different processes. The Success of that process (s) should create joy and pain for him personally. He should consider himself responsible for the process and do it to the best of his ability and leave mark of his efforts and dedication on it.

- We shall endeavor continuously to build trust, in our dealings with all our stakeholders. We shall strive relentlessly to create faith amongst us through our actions. High integrity should be built on a solid foundation of trust and reliability.

- We shall be transparent in providing reliable and pertinent information for enabling an objective assessment of our financial, environmental and social performances.

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Mr. Jasbir Singh Ryait
Chairman & Whole Time Director

Mr. Surinder Singh Ryait
Managing Director

Mrs. Dalvinder Kaur Ryait
Director

Mrs. Amarjeet Kaur Ryait
Director

Mr. Satish Monga
(Upto 15th June, 2013)
Independent Director

Mr. Sanjeev Sethi
Independent Director

Mr. Iqbal Singh
(w.e.f. 15th June, 2013)
Independent Director

Mr. Jayant Davar
(Upto 10th April, 2013)
Independent Director

Mr. Upkar Singh Ahuja
Independent Director

Jasbir Singh Bir
(w.e.f. 21st July, 2012)
Independent Director

Mr. Neeraj Tulli
Chief Financial Officer

Ms. Amninder Kaur
Company Secretary

Statutory Auditors
M/s. Nanda & Bhatia
Chartered Accountants
Red Cross Bhawan, The Mall, Ludhiana – 141001

Registered Office & Works
G.S. Auto International Limited
G.S. Estate, G.T. Road
Ludhiana – 141010, Punjab, India

Unit - II
M-9, Large Sector
Tata Kundra Main Road, Industrial Area
Aditypur Development Authority
Jamshedpur

website : www.gsgroupindia.com
email : info@gsgroupindia.com

Bankers
Punjab National Bank
Axis Bank Limited
Export Import Bank of India

Registrar & Share Transfer Agent
M/s. Skyline Financial Services Pvt. Ltd.
D-153 A, Okhla Industrial Area, Phase-I
New Delhi – 110 020
Phone : 011-30857575 (10 Lines)
Fax : 011-308575762 Email : admin@skylinerta.com

Company Profile:

"G.S.Auto" Synonymous to Indian Automotive Component Industry is one of the leading manufacturers of Automotive Suspension and Fastening Components for Indian & International, Utility Vehicles, Commercial Vehicles (LCVs, MCVs, HCVs), Multi-Axle Vehicles, Trailers and Specials Purpose Vehicles.

Our manufacturing facility is located in major industrial township of Ludhiana in North India, spread over an area of 1 (One) million square feet of covered area. Our manufacturing facility is ISO, QS and TS 16949 certified.

We are an established leader in all our product segments. National and International Tier 1 and Automobile Majors Like Tata Motor, Ashoka Leyland, Maruti Udyog Ltd., SML ISUZU Limited, VE Commercial, Hindustan Motors Ltd., VOLVO, Mahindra & Mahindra International pvt. Ltd and Arvin Meritor etc. trust all our products. We develop components based on Customer's Specifications, Drawing and also provide Designing Solution for enhanced Product Performance and improved quality.

History:

Our journey of excellence started long back in 1938 in pre independence days when a young man having a great vision translated his dream into reality steered by sheer hard work and determination.

The entrepreneurship of our founder, Baba Gurmukh Singh Ji, began with manufacturing of Bicycle Components, which afterwards got diversified into manufacturing of Automotive Components for various motor vehicles. Further momentums was gained with the joining of his son Giani Bhagat Singh (Former Chairman-G.S.Group) and S.Jagat Singh (Former Managing Director-G.S.Group). S.Jagat Singh had great marketing skill and vision to make **"GS"** as top brand in auto component market of India. He formed a small team of 4 dedicated people to start marketing activity outside Punjab across India.

They remained for months out of their hometown traveling all small and major towns of India to select dealers and distributors and formed formidable unparalleled pan India network of more than 500 Distributors and even more than 10000 retailers and this process is still on.

Their lifetime knowledge, skills and experience was handed over by them to their next generation sons. The participation of Mr. Jasbir Singh Ryait (Chairman) and Mr. Surinder Singh Ryait (Managing Director) further catalyzed growth of the Company. The brothers complement and supplement each other perfectly giving a great boost to the industry.

Product Range:

On the strength of its expertise in the development and manufacture of components, G.S. has explored new horizon to provide a diverse range of machined, forged and casted components. The following is the Product Range: -

1. **Machined Parts:**
    - King Pin Set
    - Spring Pins
    - Shackle Bolts
    - Check Nuts
    - Axle Studs
    - U-Bolts
    - Centre Bolt
    - Miscellaneous Bolts and Genuine Nuts

2. **Forged Parts:**
    - High Nuts
    - Castle Nuts
    - Hex Nuts
    - Flange Nuts
    - Washer Type Nuts
    - Misc. Bolts

3. **Non-Ferrous Cast Components:**
    - Customized Aluminum Bronze Parts of different sizes

4. **Ductile Iron Cast Components:**
    - Spring Hanger Shackle/Bracket
    - Engine Mounting
    - Base Plates
    - Threaded Rings
    - Compressor Mounting Bracket
    - Casting in Weight Range 1-20 Kgs

5. **Trailer Parts:**
    - Full Dressed Trailer Axles

Customer Base:
GS Auto has a strong presence in...

- OEM segment (Original Equipment Manufacturer)
- Replacement Market (After Sales Market)
- Export market

OEM segment:

The strength of G.S Brand lies in its quality endorsement by almost all major Indian and International OEMs such as Tata Motors Limited, Hindustan Motors Limited, Mahindra & Mahindra, Ashok Leyland, Eicher Motors, Swaraj Mazda, Volvo & ARVIN Meritor etc.

Replacement Market:

A vast network of over 500 Principal Dealers spread nation wide wise cohesively provide support system and act a catalyst to our strength to combat competition. Being looked- after by their strong and dedicated sales team, Company is able to provide efficient services to their dealers throughout the country.

Export market:

G.S Auto has strongly made their presence felt in the different part of the world. Flexible Production Run-up, Production Scheduling and of course, their ability to strictly stick to Deliver Schedule have endowed leveraging –effect in building-up strong customer base.

Manufacturing Facility:

At present the Company has its manufacturing facility at G.S.Estate, G.T.Road, Near Dhandari Kalan, Ludhiana spreading across 1 (One) million square feet.

The Company has in house Foundry Plant with One Tonne capacity Furnace melting 900kgs metal along with Linear Moulding Machines & Mould Making Machines. As a manufacturing Company, over the

years we have multiplied capiacities, built up technologies and invested in equipments that place us in a unique league. At **G.S,** the focus is on achieving best possible quality through stringent control on repeatability of manufacturing process. All manufacturing processes for processing of Alloy Steel Components i.e Annealing, Bar drawing, Hot Forging, Cold Forging, Precision Machining, Heat Treatment an Induction Hardening are available under one roof and are made to perform to deliver finished goods of highest quality acceptable to valuable customers.

The Company is setting up its second manufacturing unit at Jamshedpur, for the manufacture of Spherodial Graphite Cast Iron Components, with a total capex of Rs.64 (Rs. Sixty four Crores) Cr., in two phases, having state of the art facilities, with an annual capacity of 12000 liquid metals. The Commercial production of its first phase will be commenced within couple of months.

Systemized Approach:

- **Towards Global Competitiveness:**

GS always strive to manage the resources using globally tested concepts and techniques. After successful implementation of 5S, 3M concepts with in the organization, they are committed to work toward total productive maintenance (TPM) and total quality management (TQM).

Customer Support System:

Feedback in any business is the blue print of its progress. Based on this knowledge, they have always stressed their nerves to keep their customer highly satisfied. Principal approach is cost effectiveness by reduced rejection rate and process control.

Access to Latest Technology:

Technology up gradations and Know-how can only unlock the fortunes. Smooth and uninterrupted information's flow and data acquisitions not only reduce the lead time to have access to the latest technology but also serve as a road map to the fast changing customer need.

Quality is a Mission:

From the very beginning, G.S. Auto has always shown incessant thirst for Product Quality and Customer Satisfaction. At G.S each component passes through series of stringent tests of quality from design stage to manufacturing. Conformance to Quality is just not restricted to the shop floor of the Company but also through the supply change.

Following quality system requirements are taken care at G.S Auto for conformance to quality standards, on-time delivery, maintaining product quality and handling customer complaint.

1. **APQP** (Advanced Product Quality Planning)
2. **PPAP** (Production Part Approval Process)
3. **FMEA** (Failure Mode Effect Analysis)

4. **SPC** (Statistical Process Control)
5. **MSA** (Measurement System Analysis)

After having conferred ISO 9002 Certification in 1997 and QS 9000 Certification in 1999 (Re-certified in 2003) by BVQI, UK. The Company looked forward to take further leaps by implementation of 5S, TPM, TQM concepts i.e. Total Productive Maintenance/Total Quality management and Lean Manufacturing. The Management of G.S Auto feels that these are essential ingredients of success and sustenance in present times due to fierce competitions offered by Global companies. The quality movement in G.S has achieved its next milestone-ISO/TS 16949 re-accreditations in 2011. We are committed for sustain growth and satisfaction of customers through innovative Business, technological, management practice and improving their effectiveness continually.

Philosophy:

- Understanding and serving the needs of customers.
- Providing distinctively superior value to the global market.
- Creating the conducive work environment for its employees.
- Serving the customers with technological advanced products.
- Delivering the best value to customers.

Human Resources:

Working at GS means being a part of leading team in the Indian automotives suspension and fastening component industry. Sustained leadership can be maintained only by highly motivated employees. GS management always gives its top priority to total job satisfaction and job security. The strength of GS is its people and sound Engineering Skills crystallized over a period of more than several decades. Our team of more than one thousand young dedicated technicians works in close co-operation with each other to offer its customers unchallenged quality and total customer satisfaction.

Key milestones since incorporation:

1938: Start of business activity.

1973: Converted into Private Limited Company as "Gurmukh Singh & Sons Pvt. Ltd." on 29th June, 1973

1985: Renamed as G.S Auto International Ltd. with the successful raising of Funds through Public Issue and further got Listed in "The Bombay Stock Exchange Limited," "The Delhi Stock Exchange Limited"," "The Ludhiana Stock Exchange Limited" and "The Ahmedabad Stock Exchange Limited".

1997: ISO 9002 Certification in March 1997 by BVQI, U.K

1999: QS 9000 Certification in December 1999, by BVQI, U.K

2003: Re-certified QS 9000 in June 2003 by BVQI, U.K

2005: ISO / TS 16949 Certification in April 2005 by BVQI, U.K.

2007: The Company entered into trailer parts segments as well as also launched Commercial vehicle "Axle"

2010: The Company entered into manufacturing of parts for earth moving equipments.

2011: Delisted the equity share of the Company from the two regional stock exchanges "The Delhi Stock Exchange Limited" & "The Ahmedabad Stock Exchange Limited", however the equity share of the Company remains to be listed at "The Bombay Stock Exchange Limited" & "The Ludhiana Stock Exchange Limited".

2011: lay down the foundation stone for the new manufacturing unit at Jamshedpur with a total capex of Rs.64 Cr., with a total installed capacity of 12000 metric tonnes liquid metal per annum, for S.G.Iron Casting.

2014: Successfully commenced the commercial production of the first phase of new manufacturing unit at Jamshedpur.

Directors' Report for the Year Ended 31st March, 2013:

Dear Members,

Your Directors have immense pleasure in presenting the Thirty Ninth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2013:-

1. Financial Results:

(Rs. In Lacs)

	2012-13	2011-12
Gross Income	14375.68	14600.82
Less: Excise duty on sale	1668.13	1475.36
Net Income	12707.55	13125.46
Profit before Depreciation, Interest & Tax (PBDIT)	**279.26**	**1053.32**
Less: Depreciation & Amortization	124.41	112.50
Profit before Interest and Taxes (PBIT)	**154.85**	**940.82**
Interest & Financial expenses	309.90	249.36
Profit/(Loss) before Tax (PBT)	**(155.05)**	**691.46**
Less: - Provision for Tax		
- Current	00.00	198.50
- Deferred Tax	(29.23)	31.23
-Wealth Tax	00.50	0.50
Profit/(Loss) after Tax (PAT)	**(126.32)**	**461.23**
Balance of Profit from Previous Year	2254.82	1793.67
(Excess)/Short provision for taxation and Tax Payment	0.00	0.08
Surplus retained in Profit & Loss Account	**2128.50**	**2254.82**
Earnings per Share (Rs.)		
--Basic & Diluted	(1.05)	4.32
Dividend per Share (Rs.)	--	---

2. Performance:

During the year under review, the overall economic growth of the Country has considerable declined as compared to the growth rate of the previous year. Further, partial deregulation of

the diesel prices, has not only increase the freight cost of the Company but also increase the own generation of the power cost, further leads to continuous rise in the inflation, has forced the Reserve Bank of India to continue to adopt a tight monetary policy, which causes to steep increase in the interest cost of the Company, increased the minimum wage, has all together impacted the company to a great extent, on the overall performance of the company.

Due to slower growth in the Indian as well international economy there was almost nil growth in the automotive industry, particularly in the commercial vehicle segment. In these circumstances, it was not feasible to pass on the increase in the prices to the ultimate customers, which was clearly evident in the overall financial position of the Company.

However, in spite of the slowdown in the economy, we were able to maintain the overall revenue from operations (net) of **Rs.12691.64 lacs,** as compared to revenue from operations (net) of Rs.13078.66 lacs of the previous year; this performance seems quite satisfactory in the overall backdrop of lower growth rate of the Indian economy & particularly of the Indian automotive industry.

However, the other income during the year shows a decline of 66.00% to **Rs.15.91 lacs,** as compared to previous year's other income of Rs.46.80 lacs, which was mainly due to depreciation of Indian rupee as compared to USD. Other income includes, gain on foreign exchange rate fluctuations, of Rs.3.75 lacs, as compared to previous year's, gain on foreign exchange rate fluctuations of Rs.32.41 lacs.

During the year, your company has earned profit before depreciation & amortization, Interest & taxes (PBDIT) of Rs.279.26 lacs as compared to previous year's profit before depreciation & amortization, Interest & taxes (PBDIT) of Rs.1053.32 lacs, showing a negative growth of 73.49%. After provision for depreciation and amortization of Rs.124.41 (previous year of Rs.112.50 lacs), Interest & financial expenses of Rs.309.90 lacs (previous year of Rs.249.36 lacs), the company has earned a loss before taxes of Rs. 155.05 lacs as compared to the previous years profit before taxes (PBT) of Rs.691.46 lacs.

After providing a provision for taxation, deferred tax & wealth tax of Rs.28.73 lacs (previous year Rs.230.23 lacs) there was a loss of Rs.126.32 lacs as compared to previous year's profit after tax (PAT) of Rs.461.23 lacs.

Foreign Exchange Earnings:

During the year, your company is the net foreign exchange earner and earned net foreign exchange of Rs.710.43 lacs (previous year Rs.749.69 lacs,), showing a marginal decline of Rs.39.26 lacs, after taking foreign exchange payments of Rs.7.32 Lacs (previous year Rs.59.18 lacs), on account of foreign exchange outgo, for import of material & others.

Quality:

The Company has retained its **ISO/TS 16949** certifications for its Quality Management System.

3. Dividend:

During the period under review, the Board has decided not to recommend any dividend for the financial year 2012-2013, keeping in mind, the long term funds requirement of the Company, for the ongoing major expansion at Jamshedpur.

4. Management Discussion and Analysis Report:

A Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with stock exchanges in India, is presented in a separate section forming part of the Annual Report.

In line with its aspirations for the long term capacity creations, the Company is in the process of setting a ferrous casting components unit at Jamshedpur.

5. Cash flow Statement:

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the Cash Flow Statement for the year ended 31st March, 2013, is annexed hereto.

6. Fixed Deposits:

During the year, the Company has not invited any deposits from the public.

7. Pledge of Shares:

None of the Equity Shares of the Directors of the Company or the promoter's group company are pledged, with any banks or any other financial institutions.

8. Credit Rating:

During the year under review, the CRISIL has downgrade its ratings on Company's long term credit facilities from CRISIL BBB/Stable to CRISIL BBB-/Negative and on company's short term credit facilities from CRISIL A3+ to CRISIL A3.

9. Manufacturing unit at Jamshedpur:

The Company has successfully completed the first phase of its new manufacturing unit at Jamshedpur and has also commenced the Commercial production of its first phase and the commercial production of the second phase will commenced in the month of July, 2014. The

delay was mainly due to overall slowdown in the economy. We hereby regret for the delay in the commencement of the commercial production of the above said unit.

The Company has already incurred a sum of Rs.42.02 Cr as at 13th November, 2013, for the purchase of various machinery, electrical equipment, installation of pre fabricated building sheds along with the advance payment to contractors of building & suppliers of various machineries & other equipments etc, for the both the phases of its new manufacturing unit at Jamshedpur.

10. Merger:

As conveyed to you earlier in our last year annual report that the Board of the Directors of your Company had already approved in principal, the merger of one of its group company "G.S. Automotives Private Limited" with your Company.

In this regard, it is hereby further submitted that the Board of Directors of the Company had further approved the Scheme of Amalgamation along with the share swap ratio for the above said amalgamation, to be effective w.e.f 01st April, 2012 & has further received the no observation letter from The Bombay Stock Exchange Limited (the designated stock exchange in this regards) & accordingly had filed a petition with the Hon'ble High Court of Punjab and Haryana, Chandigarh under section 391 to 394 of the Companies Act, 1956, for their approval to the above said amalgamation.

The Hon'ble High Court of Punjab and Haryana, Chandigarh has made the directions to the company to hold the Court convened meeting of its Shareholders/Members, Secured & Unsecured Creditors and Creditors on dated 14th December, 2013.

The Board of Directors of the company is hopeful of completing all the required and necessary regulatory procedures and formalities by February, 2014.

11. Director's Responsibility Statement:

In terms of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them with respect to the statement of Profit and Loss for the financial year ended 31st March, 2013 and the Balance Sheet as at that date ("financial statements") confirm that:

i) The financial statements have been prepared on a going concern basis. In the preparation of the financial statements the generally accepted accounting principles (GAAP) of India and applicable accounting standards issued by The Institute of Chartered Accountants of India, have been followed.

(ii) Appropriate accounting policies have been selected and are being applied consistently. Judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the Company for that period. Significant accounting policies and other required disclosures have been made in Notes to the Financial Statements.

(iii) Proper and sufficient care has been taken 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 preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system, its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The company has an Internal Audit department, which coordinates the internal audit process. The Audit Committee of the Board meets at periodic intervals to review the internal audit function.

(iv) The financial statements have been audited by M/s Nanda & Bhatia, the Statutory Auditors, and their report is appended thereto.

12. Directors:

During the year under review, Mr. Satish Monga & Mr. Jayant Davar, independent Directors of the Company, step down from the Board of the Company, due to their pre engagement, professional & personal Commitments. The Board acknowledges and places on record its deep appreciation for the contribution made by both the directors of the Company.

Your Directors also welcome, Mr. Iqbal Singh, as an Additional Director of the Company, with effect from 15th June, 2013 to hold the office till the ensuing Annual General Meeting in accordance with the provisions of Section 260 of the Companies Act, 1956. The requisite resolution for his appointment as Director of the company has been set out in the notice of the ensuing Annual General Meeting for the approval of the shareholders.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Mr. Upkar Singh Ahjua and Mr. Sanjeev Sethi, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment as directors.

The information on the particulars of Directors/profile of these Directors, seeking re-appointment and appointment, as required under Clause-49 of the Listing Agreement, executed with the Stock Exchanges, are given in the Notice of the Annual General Meeting.

None of the directors appointed or re-appointed are disqualified for being appointed as directors as specified in Section 274 (1) (g) of the Companies Act, 1956.

13. Re-Constitution of Remuneration Committee:

Mr. Jasbir Singh Bir, have been appointed as members of Remuneration Committee of the Company w.e.f 15th June, 2013 in the place of Mr. Satish Monga & Mr.Jayant Davar, as both the directors have resigned due to their pre engagement, professional & personal Commitments.

The Re-Constituted Remuneration Committee consists of the following members:

1. Mr. Sanjeev Sethi
2. Mr. Upkar Singh Ahuja
3. Mr.Jasbir Singh Bir

14. Re-Constitution of Shareholders/Investors Grievance Committee:

Due to the resignation of Mr Satish Monga, Mr. Jayant Davar, due to their pre engagement, professional & personal Commitments, the Re-Constituted Shareholders & Investors Grievance Committee consists of the following members:

1. Mr. Sanjeev Sethi
2. Mr. Upkar Singh Ahuja
3. Mr. Jasbir Singh Bir

15 Re-Constitution of Audit Committee:

Due to the resignation of Mr Satish Monga, the Re-Constituted Audit Committee consists of the following members:

1. Mr. Sanjeev Sethi
2. Mr. Jasbir Singh Ryait
3. Mr. Jasbir Singh Bir

16. Auditors and their Report:

M/s Nanda & Bhatia, Chartered Accountants, Ludhiana (Firm Registration No.004342N), Statutory Auditors of the Company, retires at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has obtained a written certificate from them to the effect that their re-appointment, if made would be, with in the limit prescribed under section 224(1B) of the Companies Act, 1956.

The Statutory Auditors of the Company have submitted their Auditors' Report on the accounts of the Company, for the financial year ended 31st March, 2013. The observations and comments given by the Auditors in their report, together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

17. Employee Strength:

The total numbers of permanent employees on the roll of the Company were 1030 as on 31st March, 2013 (previous year 1115).

18. Employee Relations:

Employees Relations remained cordial and harmonious throughout the year. The Management Discussion and Analysis, gives an overview of the developments in Industrial Relations, during the year.

19. Particulars of Employees:

None of the employees was covered for disclosure under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, during the year under review.

20. Office or place of profit:

Mr. Harkirat Singh Ryait S/o Sh. Jasbir Singh Ryait, Chairman and Whole Time Director of the Company, was appointed as an employee of the Company, to hold office or place of profit u/s 314 of the Companies Act, 1956 pursuant to your approval in the Extra Ordinary General Meeting, held on 15th April, 2011.

There is no change in the terms of his employment from the date of his appointment till the end of financial year 2012-13.

21. Corporate Governance:

It has been the endeavor of your company to follow and implement the best practices in corporate governance, in letter and spirit. The report of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual report.

A certificate from the Statutory Auditors of the Company regarding compliance with the conditions of corporate governance as required under Clause 49 of the Listing Agreement is part of this report.

22. Secretarial Standard of ICSI:

Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) from time to time are currently recommendatory in nature. Your company is however complying with the same.

23. Related Party:

Note No.66 of the financial statement set out in the nature of transactions with the related parties. Transactions with related parties are carried out at arm's length. The details of such transaction are placed before the Audit Committee.

24. Cost Auditor:

Your Company is required to maintain cost accounting records pursuant to the (Cost Accounting Records) Rules, 2011 vide notification dated 03rd June, 2011 and your company has duly complied with the above requirement for the year ended 31st March, 2013.

Pursuant to order no. 52/26/CAB/2010 dated 24th January, 2012 issued by the Ministry of Corporate Affairs, the appointment of Cost Auditors become mandatory for your Company pursuant to the provisions of Section 233B of the Companies Act, 1956. Your Company has appointed M/s J Verma & Associates, Cost Accountants, as cost auditors of the Company, for the financial year 2013-14 to conduct cost audit of the accounts and records maintained by the Company.

25. Corporate Social Responsibility:

"GS" has always been recognized as a responsible corporate citizen. We care for the well being of the society. CSR represents an interesting evolution and culmination of philanthropy and ethics. Specifically, corporate philanthropy has evolved from the monetary donation and donation in kind to charitable organizations because "it's the right thing to do" to more strategic philanthropy where donations are focused on a theme that has some relationship to the company's core business.

Your Company has & in the continuous process for the contribution to the welfare of the Society at large, during the year and in the days to come. A detailed report on the CSR activities, initiated by the Company during the year, is described in the report of Management Disclosure & Analysis annexed in this Annual Report.

26. Internal Control System:

The Company's Internal Control System is commensurate to the size & nature of its business and it ensures timely and accurate financial reporting in accordance with all the applicable accounting standards, ensure optimum utilization, efficient monitoring, timely maintenance and safety of assets, Compliance with all the applicable laws, regulations, listing agreements and management policies, effective management information system and review of other systems.

In order, to further strengthen the Company's Internal Audit Department, the Board of Directors of the Company had appointed, M/s S. Jain & Company, Chartered Accountants, Ludhiana, as an Internal Auditors of the Company. The Internal Auditors independently evaluates the adequacy of internal control and concurrently audit the majority of the transactions. Independence of the audit and compliance is ensured by direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

27. Quality Control & Customer Satisfaction:

The Company totally adheres to the ISO/TS 16949 norms and continuously strives to achieve world class quality by strictly adhering to the quality standards. The Company has also been awarded ISO 14001 & 18001 for environmental Management systems.

The Company has been receiving continuous support from all its customers. The Company is closely working with all customers in terms of new product development, improvement in quality level etc. to meet expectations of the customers.

28. Statutory Disclosures:

Your directors have made necessary disclosure, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

29. Nature of Business:

During the year, there has been no change in the nature of the business of the Company.

30. Subsidiaries:

Your Company does not have any subsidiary Company.

31. Material Changes and Commitments:

There were no material changes and commitments, affecting the financial position of the Company that has occurred between the end of the financial year of the Company and the date of signing of this report.

32. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report, is given as Annexure "A" to this report.

33. Environment Compliance:

The Company has complied with all the requirements regarding management of pollutants of manufacturing units and also conducts Environment Audits of its unit at regular intervals. The Company has obtained all Environmental consents such as air, water and hazardous waste authorization from respective Pollution Control Boards and is in compliance with the present environmental legislation.

34. Listing:

The Securities of your Company are listed at The Bombay Stock Exchange Limited (BSE) and The Ludhiana Stock Exchange Limited (LSE) and the Company has paid all the requisite Annual Listing Fees to all the above said stock exchanges.

35. Investor Relations:

Your Company always endeavors to keep the timely response to shareholder's requests/ grievances at a minimum. Priority is accorded to address all the issues raised by the shareholders and provide them a satisfactory reply at the earliest possible time. The Shareholder's/ Investor Grievances committee of the Board meets periodically and reviews the status of redresses of investor's grievances.

36. Company Secretary:

Ms Amninder Kaur was appointed as the Company Secretary as per the provisions of Section 383 A of the Companies Act, 1956. She was also designated as the Compliance Officer in terms of the Listing Agreement.

37. Acknowledgements:

Your Directors place on record their sincere gratitude to the continuing patronage and trust of our valued customers, bankers and financial institutions, business associates, shareholders and

other statutory authorities who have extended their continued support and encouragement to your company. Your directors wish to convey their deep appreciation to the dealers, distributors of the company for their achievements in the field of sales and service and to suppliers & vendors and other business associates for their valuable support.

Your directors also place on record, their sincere appreciation for the enthusiasm and commitment of all its employees for the growth of the Company and look forward to their continued involvement and support.

For and on behalf of the Board of Directors
For G.S. Auto International Limited

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana: 25th November, 2013

Annexure -"A"

Information as per Section 217(1) (e) of The Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) rules, 1988, as amended and forming part of the Director's Report for the year ended 31st March, 2013:

I) Conservation of Energy:

a) Energy conservation measures taken: - Conservation of energy is a continuous process and further various austerity measures were undertaken to curb consumption of Furnace oil consequent of change over to electrical system during the year.

b) Total Energy consumption and energy consumption per unit of production as per Form "A" of the Annexure to the rules in respect of industries specified in the schedule thereto:

Form-A

A. Power & Fuel Consumption:

	Financial Year 2012-2013	**(Rs.in lacs)** Financial year 2011-2012
1. Electricity:		
a. Purchased unit	**43,25,490**	51,83,064
Total amount (Rs.)	**313.40**	313.20
Rate/unit	**7.25**	6.04

b. Own Generation:

i) Through Diesel Generator (Rs.)	**60.11**	60.66
Unit		
Unit per ltr	**2.14**	2.47
Cost/unit	**19.10**	15.93
ii) Through steam Turbine/Generator		
Unit	----------	----------
Unit per ltr	----------	----------
Cost/unit	----------	----------

2. **Coal:**

Quantity (Tones)	**3.330**	2.710
Total Cost (Rs.)	**0.47**	0.31
Average rate (Rs)	**14233.63**	11436.77

3. **HPS/LDO:**

Quantity (Tonnes)	**475.505**	565.790
Total Cost (Rs.)	**208.06**	220.35
Average rate (Rs.)	**43.76**	38.95

4. **Gas (LPG):**

Quantity (Kg.)	**89661**	83771
Total Cost (Rs.)	**75.83**	55.78
Average rate (Rs.)	**84.57**	66.58

B Consumption per Unit of Production**

Product	----------	----------
Electricity	----------	----------
Furnace Oil	----------	----------
Coal	----------	----------
Others	----------	----------

** In view of various items produced, it is not possible to give the required information.

II) Technology Absorption:

Research and Development;

Research and Development efforts in a manufacturing Company like ours, is an ongoing process. It is not possible to determine the benefits derived as a result of above said Research & Development activities. Continuous efforts are being put in by ways of Research & Development activities in all the areas of manufacturing activities so to reduce the cost of major inputs such as steel, fuel & power etc.

Technology Absorption, Adaptation and Innovations;

The Company is carrying on its manufacturing operation by its in house technology generated. However Continuous efforts are being made on conservation of raw material by improving design and layout of dies. No technology has been imported during the last five years.

III) Foreign Exchange Earnings and Outgo:

a) Activities relating to exports : During the year ended 31st March, 2013 the Export was at **Rs.746.66 lacs** (previous year Rs.830.17 lacs)

b) Initiatives taken to increase exports, development of new exports markets for products, services, and exports plans ; Vigorous efforts are taken by the marketing department for new multinational customers and other export markets in additions to its Customers and existing export markets.

(Rs.in lacs)

c) Total Foreign Exchange Used and Earned (On Cash Basis)	Current Year	Previous Year
Used	**07.32**	59.18
Earned	**717.75**	808.87

For and on behalf of the Board of Directors
For G.S. Auto International Limited

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana: 25th November, 2013

NOTICE

Notice is hereby given that the THIRTY NINTH ANNUAL GENERAL MEETING of the Members of G.S. Auto International Limited will be held on Monday, the 30th day of December, 2013 at 10.30 a.m. at the Registered Office of the Company situated at G.S. Estate, G.T. Road, Ludhiana-141010, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, Profit & Loss Account for the year ended on that date, together with Report of Auditors and Directors thereon.

2. a) To appoint a Director in place of Mr. Sanjeev Sethi, who retires by rotation in accordance with Article 103 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.

   b) To appoint a Director in place of Mr. Upkar Singh Ahuja, who retires by rotation in accordance with Article 103 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.

3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of next Annual General Meeting and to fix their remuneration and pass following resolution as ordinary resolution:

   "RESOLVED THAT M/s Nanda & Bhatia, Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company, on such remuneration including reimbursement of travelling and other out of pocket expenses as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

   "RESOLVED THAT Mr. Iqbal Singh, who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, to hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 269, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Jasbir Singh Ryait, be and is hereby re - appointed as the Chairman and Whole- Time Director of the Company for a period of three years with effect from 1st September, 2013 to 31st August, 2016 on the remuneration and other perquisites as detailed below:-

S.NO.	REMUNERATION	DETAILS
I.	Salary	In the scale of Rs.1,70,000 – Rs. 5,00,000 per month.
II.	Commission	Such percentage of net profits of the Company calculated as per Section 349 of the Companies Act, 1956 or such other quantum of net profits of the Company, as may be approved and decided by the Board of Directors.
III.	Perquisites	The perquisites are allowed in addition to salary and commission as per details given below:-
	PART "A"	
a)	Housing	i. Unfurnished accommodation subject to ceiling of 100% of the salary. ii. If the accommodation is not provided as aforesaid, House Rent allowance shall be paid at minimum of 40% and may be increased up to 100% of the salary payable. iii. Gas, Electricity, Water and Furniture shall be provided by the Company in respect of Mr. Jasbir Singh Ryait's residence and these will be valued as per the Income Tax Rules, 1962, as amended from time to time.
b)	Medical Reimbursement	Reimbursement of actual medical and hospital expenses incurred by the appointee (including medi-claim insurance premium) on self and his family.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family is reimbursed once in a year in accordance with the rules specified by the Company.
d)	Club Fees	Fees of clubs, Subscription or any other incidental charges.
e)	Personal Accident Insurance	Payment of premium on personal accident insurance.
	PART "B"	
a)	Provident Fund & other funds	Contribution towards Provident Fund and Pension/ Superannuation Fund subject to the rules framed by the Company in this respect.

b)	Gratuity	Gratuity payable not exceeding half a month's salary for each completed year of service subject to the ceiling prescribed by the Central Government from time to time.
	PART "C"	
f)	Car & Telephone	The Company shall provide a car with chauffer and telecommunication facility at residence of the Appointee.
IV	**Maximum Remuneration**	The Board of Directors is at liberty to alter and vary or may revise the terms & conditions of the agreement to be enter into between the Appointee and the remuneration payable during the Financial Year in such manner as agreed to between the Board of Directors and the Chairman and Whole-Time Director, subject to the Condition that remuneration by way of salary, perquisites, commission and other allowances shall not exceed such percentage of net profits of the Company as prescribed under Schedule XIII of the Companies Act, 1956, as may be amended from time to time.
V	**Minimum Remuneration**	In the event of loss or inadequacy of profits in any year, the Appointee shall be entitled to the aforementioned remuneration and perquisites as minimum remuneration subject to the limits prescribed in Schedule XIII of the Companies Act, 1956, as may be amended from time to time.
VII	**Leave**	Earned/ Privileged leave on full pay and allowances as per the rules of the Company not exceeding one month's leave for every eleven months service. Leave accumulated shall be encashed at the end of the tenure.
VIII	**Compensation**	In the event of loss of Office as Chairman, the Appointee shall be paid compensation in the manner and extent provided under Section 318, 319 and 320 of the Companies Act, 1956.
IX	**Other Benefits**	i. Such other benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time. ii. Such other benefits, amenities, facilities as may be provided by the Company to other senior executives from time to time. iii. Such other benefits, amenities, facilities, including those under the Special post Retirement Benefits Scheme as per rules of the Company.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT Mr. Iqbal Singh, Additional Director, be and is hereby authorised to sign the agreement with Mr. Jasbir Singh Ryait in respect of his re-appointment as Chairman and Whole-Time Director of the Company, for and on behalf of the Company.

RESOLVED FURTHER THAT Mr. Iqbal Singh, Additional Director, be and is hereby authorised to execute a Power of Attorney in favour of Mr. Jasbir Singh Ryait, for and on behalf of the Company and Common Seal of the Company be affixed thereto in the presence of Mr. Surinder Singh Ryait, Managing Director and Ms. Amninder Kaur, Company Secretary, who shall countersign the same in token thereof.

RESOLVED FURTHER THAT Ms. Amninder Kaur, Company Secretary, be and is hereby authorised to circulate the abstract of the appointment to the members of the Company, to intimate the stock exchanges and to take all such steps as may be deemed necessary to give effect to the said resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 269, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Surinder Singh Ryait, be and is hereby re - appointed as the Managing Director of the Company for a period of three years with effect from 1st September, 2013 to 31st August, 2016 on the remuneration and other perquisites as detailed below:-

S.NO.	REMUNERATION	DETAILS
I.	Salary	In the scale of Rs.1,70,000 – Rs. 5,00,000 per month.
II.	Commission	Such percentage of net profits of the Company calculated as per Section 349 of the Companies Act, 1956 or such other quantum of net profits of the Company, as may be approved and decided by the Board of Directors.
III.	Perquisites	The perquisites are allowed in addition to salary and commission as per details given below:-

	PART "A"	
a)	Housing	i. Unfurnished accommodation subject to ceiling of 100% of the salary. ii. If the accommodation is not provided as aforesaid, House Rent allowance shall be paid at minimum of 40% and may be increased up to 100% of the salary payable. iii. Gas, Electricity, Water and Furniture shall be provided by the Company in respect of Mr. Surinder Singh Ryait's residence and these will be valued as per the Income Tax Rules, 1962, as amended from time to time.
b)	Medical Reimbursement	Reimbursement of actual medical and hospital expenses incurred by the appointee (including medi-claim insurance premium) on self and his family.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family is reimbursed once in a year in accordance with the rules specified by the Company.
d)	Club Fees	Fees of clubs, Subscription or any other incidental charges.
e)	Personal Accident Insurance	Payment of premium on personal accident insurance.
	PART "B"	
a)	Provident Fund & other funds	Contribution towards Provident Fund and Pension/ Superannuation Fund subject to the rules framed by the Company in this respect.
b)	Gratuity	Gratuity payable not exceeding half a month's salary for each completed year of service subject to the ceiling prescribed by the Central Government from time to time.

	PART "C"	
f)	Car & Telephone	The Company shall provide a car with chauffer and telecommunication facility at residence of the Appointee.
IV	**Maximum Remuneration**	The Board of Directors is at liberty to alter and vary or may revise the terms & conditions of the agreement to be enter into between the Appointee and the remuneration payable during the Financial Year in such manner as agreed to between the Board of Directors and the Chairman and Whole-Time Director, subject to the Condition that remuneration by way of salary, perquisites, commission and other allowances shall not exceed such percentage of net profits of the Company as prescribed under Schedule XIII of the Companies Act, 1956, as may be amended from time to time.
V	**Minimum Remuneration**	In the event of loss or inadequacy of profits in any year, the Appointee shall be entitled to the aforementioned remuneration and perquisites as minimum remuneration subject to the limits prescribed in Schedule XIII of the Companies Act, 1956, as may be amended from time to time.
VII	**Leave**	Earned/ Privileged leave on full pay and allowances as per the rules of the Company not exceeding one month's leave for every eleven months service. Leave accumulated shall be encashed at the end of the tenure.
VIII	**Compensation**	In the event of loss of Office as Chairman, the Appointee shall be paid compensation in the manner and extent provided under Section 318, 319 and 320 of the Companies Act, 1956.
IX	**Other Benefits**	i. Such other benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time. ii. Such other benefits, amenities, facilities as may be provided by the Company to other senior executives from time to time. iii. Such other benefits, amenities, facilities, including those under the Special post Retirement Benefits Scheme as per rules of the Company.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT Mr. Iqbal Singh, Additional Director, be and is hereby authorised to sign the agreement with Mr. Surinder Singh Ryait in respect of his re-appointment as Managing Director of the Company, for and on behalf of the Company.

RESOLVED FURTHER THAT Mr. Iqbal Singh, Additional Director, be and is hereby authorised to execute a Power of Attorney in favour of Mr. Surinder Singh Ryait, for and on behalf of the Company and Common Seal of the Company be affixed thereto in the presence of Mr. Jasbir Singh Ryait, Chairman & Whole Time Director and Ms. Amninder Kaur, Company Secretary, who shall countersign the same in token thereof.

RESOLVED FURTHER THAT Ms. Amninder Kaur, Company Secretary, be and is hereby authorised to circulate the abstract of the appointment to the members of the Company, to intimate the stock exchanges and to take all such steps as may be deemed necessary to give effect to the said resolution."

For and on behalf of the Board of Directors
For G.S. Auto International Limited

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana: 25th November, 2013

NOTES:-

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The Proxy, in order to be effective must be received by the Company not less than 48 hours before the Meeting the blank proxy form is enclosed.**

2. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking appointment/ re-appointment in the Annual General Meeting as proposed in Item No. 2, 4, 5 and 6 of the notice is also being annexed hereto separately and forms part of the Notice.

3. The Register of Members and Share Transfer Books of the Company shall remain closed from 25th December, 2013 to 30th December, 2013.

4. The Members holding shares in physical mode are requested to notify the change in their addresses, if any, at the earliest to the Registrar & Share Transfer Agent/ Company. However, members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.

5. Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.

6. The copies of the relevant documents can be inspected at the Registered office of the Company on any working day between 10.30 A.M. to 5.30 P.M.

7. Members holding shares in the same/ identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share Certificates to the Company/ Registrar & Share Transfer Agent.

8. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding Shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining Demat Accounts. Members holding shares in physical form can submit their PAN details to M/s Skyline Financial Services Private Limited/ Secretarial Department of the Company.

10. Members are requested to note that pursuant to Section 205A of the Companies Act, 1956, dividends not encashed/ unpid within seven years from the date of declaration of dividend shall be transferred to the Investor Education and Protection Fund (IEPF). Members are requested to contact either the Registrar and Share Transfer Agent or the Company for the encashment of their dividend warrants.

11. Pursuant to the approval of the Shareholders at the Extraordinary General Meeting, the Equity Shares of the Company had been sub-divided from one Equity Share of the Face Value of Rs. 10/- (Ten) to two Equity Shares of the Face Value of Rs. 5/- (Five) each. The members, who are still holding Equity Shares of the Face value of Rs. 10 /- each, are requested to surrender their respective Share Certificates to the Company or to its Registrar & Share Transfer Agent, to enable the Company to issue fresh Share Certificate pertaining to Equity Shares of the Face Value of Rs. 5/- each.

12. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing companies to send official documents to their Members electronically.

    In support of the Green Initiative, Your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance Sheet, Statement of Profit & Loss and Director's Report, etc. and other communications in electronic form.

The Members are requested to support this Green Initiative by registering/ updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialized form) or with Registrar & Share Transfer Agent- skyline Financial services Private Limited, New Delhi (in case of shares held in physical form).

For and on behalf of the Board of Directors

For G.S. Auto International Limited

Sd/-
Surinder Singh Ryalt
Managing Director

Ludhiana: 25th November, 2013

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (EARLIER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4 OF THE SPECIAL BUSINESS.

The Board of directors had appointed Mr. Iqbal singh as Additional Director on the Board of the Company in its Meeting held on 15th June, 2013 pursuant to Article 92 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. The Company has received notice from the member of the Company u/s 257 of the Companies Act, 1956, together with the requisite deposit, proposing the candidature of Mr. Iqbal Singh as the Director of the Company.

MEMORANDUM OF INTEREST.

None of the Directors, Key Managerial Personnel (KMP) or the relatives of Directors and KMP, except Mr. Iqbal Singh, being the appointee himself, is concerned or interested in the appointment.

ITEM NO. 5 OF THE SPECIAL BUSINESS.

The Board of Directors in its meeting held on 30th August, 2008 had appointed Mr. Jasbir Singh Ryait as Chairman and Whole-Time Director of the Company w.e.f 1st September, 2008 for a period of five years. The said term of five years has expired on 31st August, 2013. Therefore, on the recommendation of the Remuneration Committee, he has been re-appointed by the Board of Directors in its Meeting held on 30th August, 2013 as the Chairman and Whole-Time Director for a further period of three years w.e.f. 1st September, 2013 on remuneration and other terms and conditions as mentioned in the resolution. His appointment is subject to the approval of the Members. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST.

Except the appointee himself, Mr. Surinder Singh Ryait, Ms. Dalvinder Kaur Ryait and Ms. Amarjit Kaur Ryait, being the relatives of the appointee, none of the other Directors, Key Managerial Personnel or their relatives is concerned or interested in the appointment.

ITEM NO. 6 OF THE SPECIAL BUSINESS.

The Board of Directors in its meeting held on 30th August, 2008 had appointed Mr. Surinder Singh Ryait as Managing Director of the Company w.e.f 1st September, 2008 for a period of five years. The said term of five years has expired on 31st August, 2013. Therefore, on the recommendation of the Remuneration Committee, he has been re-appointed by the Board of Directors in its Meeting held on 30th August, 2013 as the Managing Director for a further period of three years w.e.f. 1st September, 2013 on remuneration and other terms and conditions as mentioned in the resolution. His appointment is subject to the approval of the Members. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST.

Except the appointee himself, Mr. Jasbir Singh Ryait, Ms. Dalvinder Kaur Ryait and Ms. Amarjit Kaur Ryait, being the relatives of the appointee, none of the other Directors, Key Managerial Personnel or their relatives is concerned or interested in the appointment.

STATEMENT PURSUANT TO SECTION II(B)(iii) OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956.

I. **GENERAL INFORMATION:**

1) **NATURE OF INDUSTRY:** G.S. Auto International Limited, is one of the leading manufacturers of Automotive Suspension and Fastening Components for Indian & International, Utility Vehicles, Commercial Vehicles (LCVs, MCVs, HCVs), Multi- Axle Vehicles, Trailers and Special Purpose Vehicles.

2) **DATE OR EXPECTED DATE OF COMMENCEMENT OF COMMERCIAL PRODUCTION:** The Company is already in production.

3) **IN CASE OF NEW COMPANIES, EXPECTED DATE OF COMMENCEMENT OF ACTIVITIES AS PER PROJECT APPROVED BY FINANCIAL INSTITUTIONS APPEARING IN THE PROSPECTUS:**

Not Applicable.

4) FINANCIAL PERFORMANCE BASED ON GIVEN INDICATORS:

Financial performance of the Company for last 3 years:

(Rs. In lacs)

PARTICULARS	31.03.2013	31.03.2012	31.03.2011
Net Income	12707.54	13125.46	11986.79
Profit before Depreciation, Interest & Tax (PBDIT)	279.25	1053.32	909.89
Depreciation & Amortization	124.41	112.50	96.94
Profit before Interest & Taxes (PBIT)	154.84	940.82	812.95
Interest & Financial Expenses	309.89	249.36	148.34
Profit before Tax (PBT)	(155.05)	691.46	664.61
Tax & Provision for Tax	(28.72)	230.23	207.27
Profit After Tax (PAT)	(126.32)	461.23	457.34
Paid up Share Capital	600.00	600.00	600.00
Reserves & Surplus	3440.10	3566.43	2208.88

5) EXPORT PERFORMANCE AND NET FOREIGN EXCHANGE COLLABORATIONS:

PARTICULARS	FINANCIAL YEAR ENDED (Amt. in Lacs)		
	2012-13	2011-12	2010-11
Net Foreign Exchange Earnings	710.43	749.69	447.96
Export Sales	746.66	830.17	895.25

6) FOREIGN INVESTMENTS OR COLLABORATIONS, IF ANY: Not Applicable

II. INFORMATION ABOUT THE APPOINTEE(S):

1) BACKROUND DETAILS:

Mr. Jasbir singh Ryait is the Chairman & Whole Time Director of the Company. He is B.E. (Mechanical Engineering) and has more than 25 years' experience in the field of Production of Steel and Auto Components.

Mr. Surinder Singh Ryait is the Managing Director of the Company. He is aged 46 years and is Graduate and has more than 22 years' experience in the field of Business Management.

2) PAST REMUNERATION:

Income during last 3 years of Mr. Jasbir Singh Ryait.

PARTICULARS	FINANCIAL YEAR ENDED(Amt. in Rs.)		
	2011-12	**2010-11**	**2009-10**
Salary & Perquisites	2990340	3360200	2356200
Total Salary Drawn	**2990340**	**3360200**	**2356200**

Income during last 3 years of Mr. Surinder Singh Ryait.

PARTICULARS	FINANCIAL YEAR ENDED(Amt. in Rs.)		
	2011-12	**2010-11**	**2009-10**
Salary & Perquisites	3058200	3360200	2356200
Total Salary Drawn	**3058200**	**3360200**	**2356200**

3) RECOGNITION OR REWARDS:

Mr. Jasbir Singh Ryait, who is Industrial Engineer by education from Thapar University, Patiala, has been conferred Punjab Ratan at All India Conference of Intellectuals in recognition of the distinguished services rendered by him in the field of education, social work and Industry.

4) JOB PROFILE AND THEIR SUITABILITY:

Mr. Jasbir Singh Ryait and Mr. Surinder Singh Ryait are acting as a Chairman & Whole-Time Director and Managing Director respectively. The Company has well progressed under their guidance and supervision.

5) REMUNERATION PROPOSED:

Remuneration as per existing compensation plan upto Rs. 3,50,000/- per month inclusive of all perquisites provided that the remuneration shall not exceed maximum limits as specified in schedule XIII to the Companies Act, 1956.

6) COMPRATIVE REMUNERATION PROFILE WITH RESPECT TO INDUSTRY, SIZE OF THE COMPANY, PROFILE OF THE POSITION AND PERSON:

G.S. Auto International Limited, is a leading manufacturers of Automotive Suspension and Fastening Components mainly focused on clients in India. The proposed remuneration is reasonably justified in comparison with the general market trends and remuneration package of top level managerial persons having comparative qualification and experience.

7) PECUNIARY RELATIONSHIP DIRECTLY OR INDIRECTLY WITH THE COMPANY OR RELATIONSHIP WITH MANAGERIAL PERSONAL, IF ANY:

Mr. Jasbir Singh Ryait and Mr. Surinder Singh Ryait do not have any pecuniary relationship with the Company except to the extent of their shareholding of 439540 and 513420 Equity Shares of Rs. 5 each respectively in the Company. They are related to Ms. Dalvinder Kaur Ryait and Ms. Amarjit Kaur Ryait.

III. OTHER INFORMATION:

1) **REASON FOR LOSS OR INADEQUATE PROFIT:** Due to overall slowdown in the Indian & all over the world economy particularly in the Automotive Industry, the Commercial vehicle industry was the worst affected, causes to decrease in the overall turnover of the Company. Further, due to slowdown in the economy coupled with poor demand in the commercial vehicle segment we, were not able to pass, the continuous increase in the prices of diesel, increase in the electricity tariff by the Punjab State Power Corporation Limited, rise in the minimum wage by the Punjab Government, to our customers, cause to decrease in the profitability of the Company.

2) **STEPS TAKEN OR PROPOSED TO BE TAKEN FOR IMPROVEMENT:** However, going forward, with the overall improvement in the Indian & world economy, increase in the selling price of our products, further several cost cutting initiatives taken by the Company along with the commencement of the commercial production of the Jamshedpur project in the financial year 2013-2014, we are hopeful of achieving better result going forward.

3) **EXPECTED INCREASE IN PRODUCTIVITY AND PROFITS IN MEASURABLE TERM:**

The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict the profits in measurable terms.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING.

(Pursuant to Clause 49(iv)(g) of the Listing Agreement)

Name of the Director	**Mr. Sanjeev Sethi**	**Mr. Upkar Singh Ahuja**	**Mr. Iqbal Singh**
Date of Birth	26.02.1965	16.07.1961	23.11.1965
Expertise in Specific Functional Area	Having 25 years' experience in the field of Production of Steel and Auto Components.	Having 25 years' experience in the field of Auto Industry.	Having wide experience in the field of administration.
Qualification	B.Com	Graduate	B.Com
Directorship of Other Companies as on 31st March, 2013	1) AAA Tradex Private Limited	1) New Swan Auto Comp (P) Limited 2) New Swan Components Private Limited 3) New Swan Techfab Private Limited	-
Chairman/ Member of Committees of other Companies as on 31st March, 2013	-	-	-
No. of Shares Held	NIL	NIL	NIL
Relationship with other Director(s)	Not related to any other Director	Not related to any other Director	Not related to any other Director

Name of the Director	Mr. Jasbir Singh Ryait	Mr. Surinder Singh Ryait
Date of Birth	15.06.1962	11.04.1966
Expertise in Specific Functional Area	Having 23 years experience in the field of Accounts.	Having 22 experience in the field of Business Management and Auto Components.
Qualification	B.E (Industrial Engineering)	Diploma in Business Management.
Directorship of Other Companies as on 31st March, 2013	1) G.S. Automotives Private Limited 2) G.S. Autocomp Private Limited 3) G.S. Consumer Products Private Limited 4) G.J. Holdings Private Limited	1) G.S. Automotives Private Limited 2) G.S. Autocomp Private Limited 3) G.S. Consumer Products Private Limited 1) G.J. Holdings Private Limited
Chairman/ Member of Committees of other Companies as on 31st March, 2013	-	-
No. of Shares Held	439540	513420
Relationship with other Director(s)	Related to Mr. Surinder Singh Ryait, Ms. Dalvinder Kaur and Ms. Amarjit Kaur Ryait	Related to Mr. Jasbir Singh Ryait, Ms. Dalvinder Kaur and Ms. Amarjit Kaur Ryait

For and on behalf of the Board of Directors
For G.S. Auto International Limited

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana: 25th November, 2013

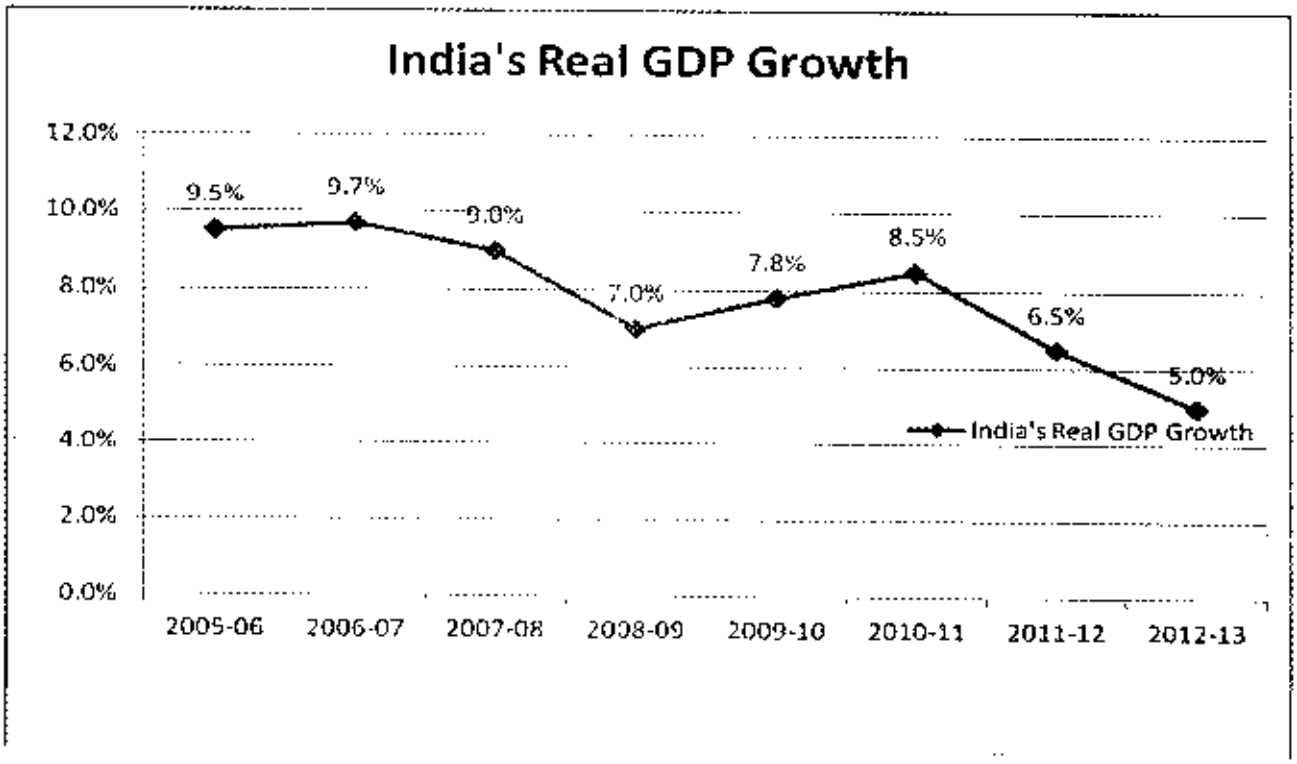
Management Discussion and Analysis:

Overview:

Year 2012-13 was a challenging one with several shocks in the global and domestic environment. India faced its own share of problems driven by weakness in industrial activity and slowdown in the services sector. With net exports declining, India's balance of payments and current account deficit have come under pressure. With government savings falling, the current account deficit also widened due to higher external borrowings.

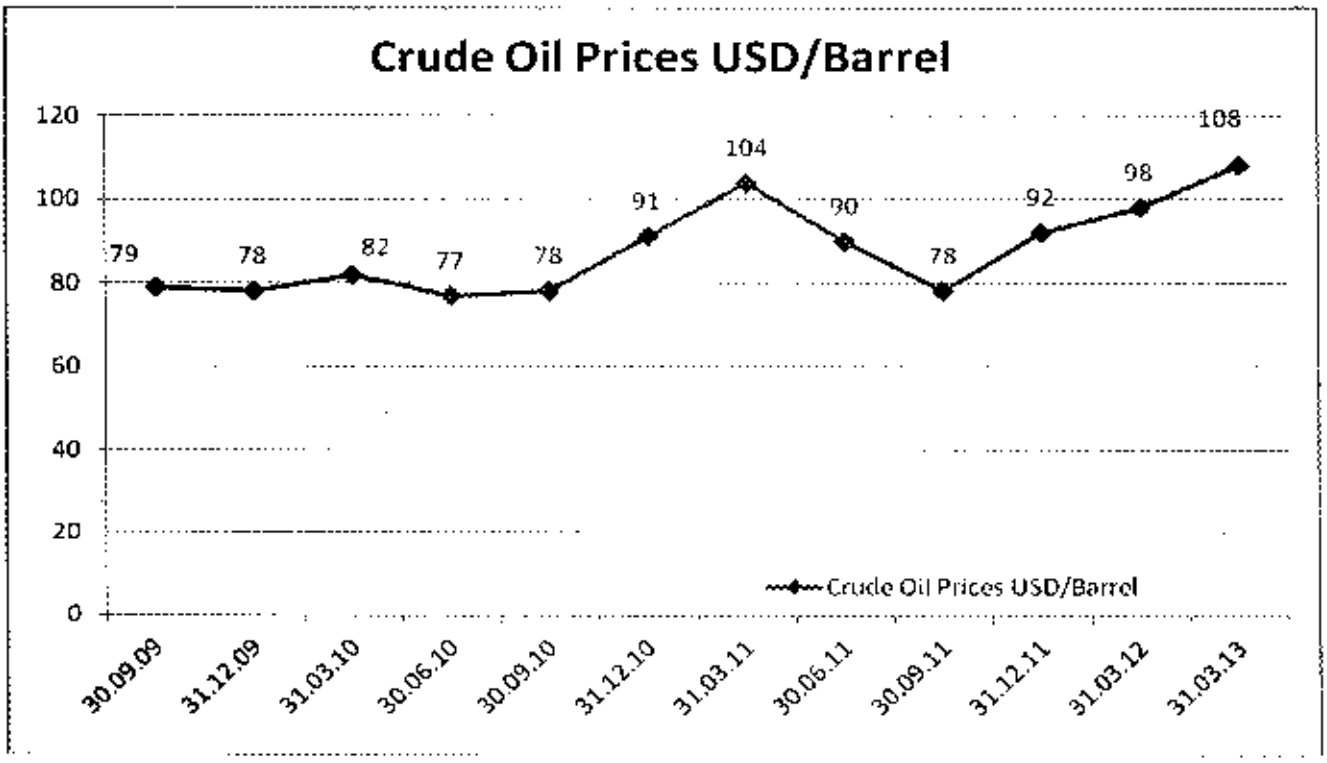
On the domestic front, the Indian economy continues to be in the grip of a slowdown, though among the developing economies, only China and Indonesia grew faster than India in 2012-13. While strong post financial- crisis stimulus led to stronger growth in 2009-10 and 2010-11, in the last two years, 2011-12 and 2012-13, growth slowed to 6.2% and 5.0% respectively. Growth in the services sector also declined from 8.2% in 2011-12 to 6.6% in 2012-13. High inflation and the tightening monetary policies slowed down consumption demand in 2012-13. The consumer price index for inflation also remained close to double digits throughout the year. India's quarterly GDP growth declined for the seven consecutive quarters in October –December 2012, hitting a nine-year low of 4.7 percent. (Source: RBI). GDP% for the January – March 2013 quarter registered 4.8 percent and for the year GDP% came in at 5.0 percent as against 6.2 percent in the previous fiscal.

India's Real GDP Growth



The year too saw a continuation of a difficult period for the economy and the automotive sector. India's automobile industry faced significant headwinds in 2012-13, owing to high interest rates, rising energy prices and spiraling inflation. Besides, poor consumer sentiment added to the sector's woes. Only the utility vehicle segment witnessed robust growth, on back of strong demand and new product introduction. In India, car sales fell an annual 6.7% in FY'13, according to data from the Society of Indian Automobile Manufacturers (SIAM).

The drop is the worst seen in the last decade and, although the deceleration seems to be over, it will take time to regain growth momentum. The world economy continued to struggle in calendar year 2012 with a visible slowdown in the emerging market and developing economies, a reflection of the sharp decline in demand from economies like USA and Eurozone Area, domestic policy tightening, and the end of investment booms in some of the major emerging markets. Developing economies are still the main driver of global growth, but their output has slowed compared with the pre-crisis period. However, the country's long-term automobile industry outlook remains optimistic, with favorable demographics, scope for penetration and rising disposable income expected to drive future growth.



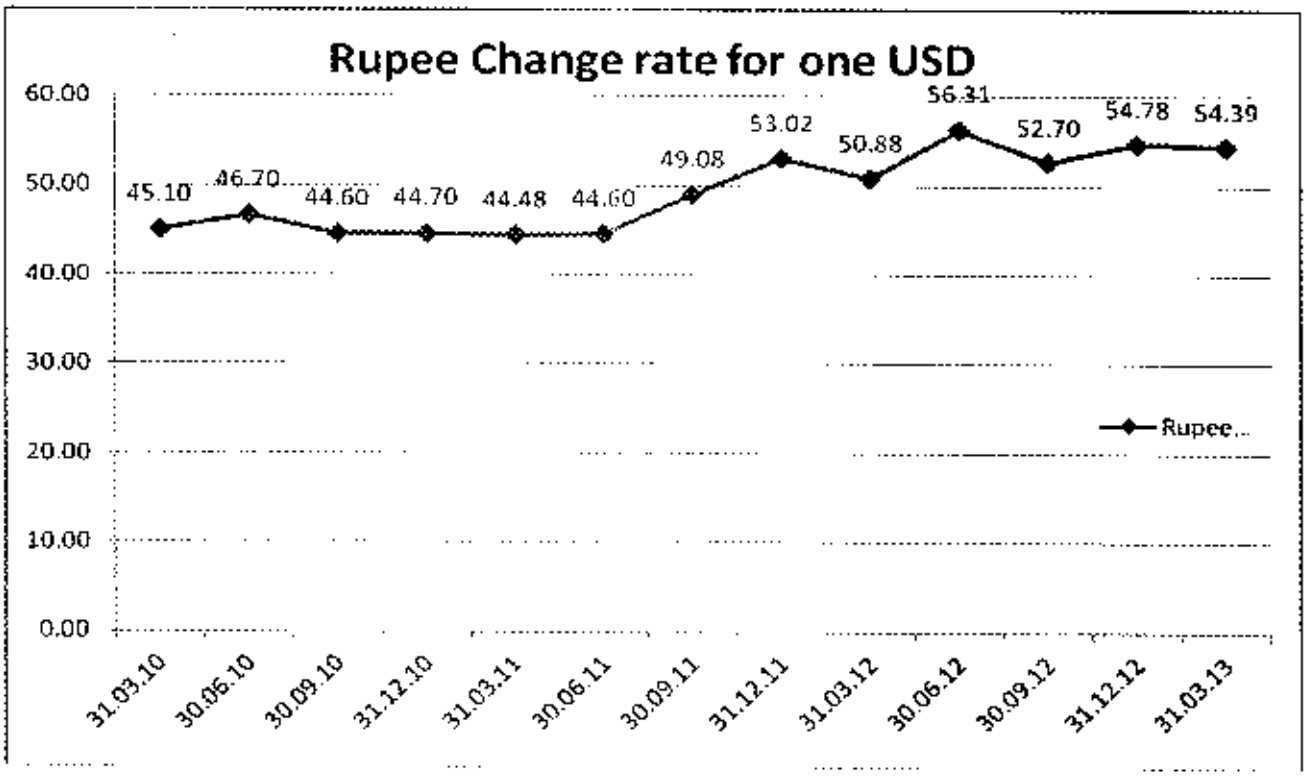
On the International front, GDP in South Asia also lost pace during 2012, translating into a slowing trend post the rapid recovery from the financial crisis in 2008. According to World Bank data, regional growth slowed from 10% in Calendar Year 2010 to 7.3% in Calendar Year 2011, and further to 4.8% in

Calendar Year 2012. India, which represents about four-fifths of the region's GDP, played a major role in the deceleration. The country's GDP growth fell to 5% in financial year 2012-2013 from 6.2% in financial year 2011- 2012 and 9.3% in financial year 2010-2011. Although the global economy is transitioning into what is likely to be a smoother and less volatile period, growth is expected to remain slow. According to the World Bank, whole-year growth for Calendar Year 2013 is projected at 2.2%, a touch slower than in Calendar Year 2012.

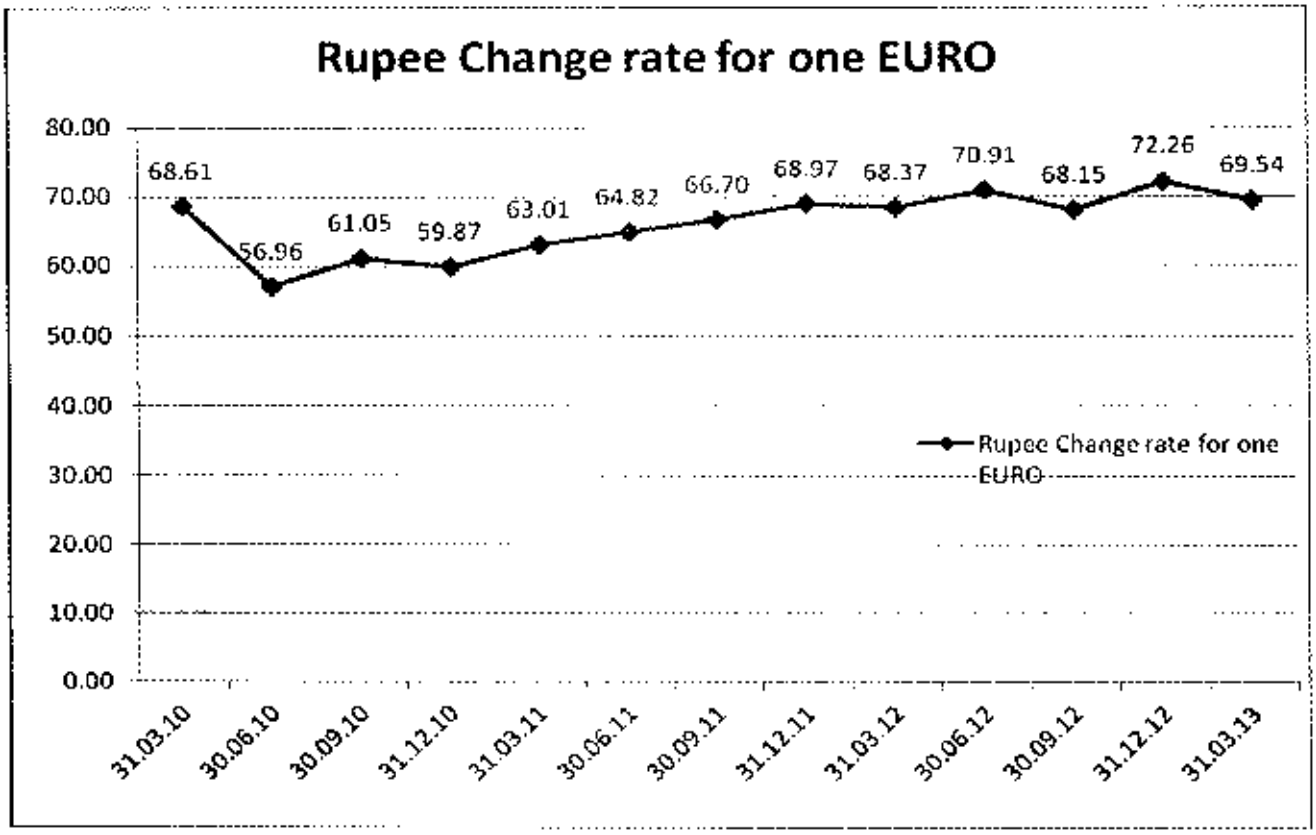
On the commodity prices front, International crude oil price has increased sharply on a year-on-year basis. With the partial deregulation in the prices of diesel in the domestic market along with the increase in the crude oil price, as well as wide fluctuation in the US$, there was continuous increase in the prices of diesel in the domestic market, which not only increase the overall freight cost but also impacted to a great extent the own generation cost, during the financial year 2012-13, further adversely impacted the overall inflation in the country.

Due to overall slowdown in the economy, the overall steel prices were remains more or less the same as per the previous year level.

With the object of curbing inflation, the Reserve Bank of India raised its policy rates significantly in 2012-2013. The Indian rupee was under stress as overseas investors pared their exposure in Asia's third largest economy. The rupee lost near about 10 percent of its value during the year.



The pressure on the rupee going forwards will remain there due to capital flows on account of muted global recovery as compared to developing economy, rising interest rate differentials as compared to other region & week US$ due to lowest rates in America.



During the financial year 2012-2013, the Company has gained on account of foreign exchange rate fluctuations of **Rs.3.75 lacs** (previous year gain of Rs.32.41 lacs), due to deprecation in rupee on account of its export business, further, your Company is not doing any hedging, for all its export as well as import business.

The Indian markets saw a large decline in the in-flow of funds from the Foreign Institutional Investors partly due to the concerns over the longer term impact of higher current account deficits, some fear about retrospective amendments in the tax laws of the country and partly due to risk aversion to invest in volatile markets. The flight of capital by foreign investors was also influenced by the melt down in Europe.

With the continuous rise in the Interest rate by the Reserve Bank of India, the higher cost of finance has affected the consumer demand & further impedes future investments leading to severe slowing down of economic growth. In addition to these issues, higher input costs are exerting pressure on profit margins.

However, it is not all gloom. In recent months, there have been signals of positive growth from both USA and Japan. In India, there have been some encouraging indicators for prospects of growth in the

medium and long term. From its peak of 8.3% in November 2011, inflation declined to 4.2% in December 2012. The consumer spend has sustained so far with consumption in smaller towns and rural areas maintaining its active trend, stimulating growth.

Industry Structure and Developments:

The Indian automotive industry comprises of a number of Indian-origin and multinational players with varying degrees of presence in different segments. Today, nine of the top ten global automotive manufacturers have a presence in India which clearly points to its importance as a strategic market. The Financial Year 2012-13 was a very challenging one for the Indian auto industry. The performance of the Indian automotive industry was significantly lower than the 10-12% growth as projected by SIAM (Society of Indian Automobile Manufacturers) at the beginning of the year. The year ended with a growth of just 2.6%. This below potential industry performance was due to factors such as uncertainty over economic growth, high vehicle financing rates, high inflation leading to less discretionary expenses and hike in fuel prices.

Industry volumes (excluding two wheelers) grew just 1.7% over the previous year. Seven of twelve industry sub segments witnessed de-growth during the Financial Year 2012-13. The Passenger Vehicle segment grew overall by a mere 2.2%, with domestic sales hovering at about 2.6 million vehicles for the second consecutive year. Within this segment, the Utility Vehicle segment registered a record growth of 52.2%, the Multipurpose Vehicle segment grew by just 1.1%, while the passenger car segment registered a drop of 6.7%. The record growth in the UV segment was driven by new launches, the entry of two MNCs into this segment and the petrol-diesel price gap.

There was slump in production by original equipment manufacturers (OEMs) despite new launches, discounts and freebies in a depressed economy with increasing fuel prices. Muted growth in exports owing to continued sluggishness in the EU market and a slowdown in the US in the second half of the fiscal also added to the worries. While commercial vehicle segment de-growth by 2%, passenger vehicle segment (including utility vehicles and vans) held its ground and grew by 2.2% year on year basis, buoyed by the demand for diesel-driven utility vehicles. Margins of the automotive industry were stretched in financial year 2012-2013 due to increase in cost of imported raw materials owing to a weaker rupee and persistent inflation. Also, sluggish growth in demand from domestic OEMs, along with increasing overhead costs and lower capacity utilization, led to decreasing profitability margins. The performance of the automotive industry deeply affects several key sectors of the economy, and has a strong multiplier effect which is capable of driving economic growth.The Automobile Mission Plan envisions the output of the Indian automobile industry to reach a level of US$ 145 billion, accounting for more than 10% of the GDP and employing 25 million people by 2016.

The table below summarizes the growth of the various segments of the Indian Automotive industry as compared to the previous year.

Segment	Total Domestic Sales			Industry Growth	
	Financial Year 2011 Volumes	Financial Year 2012 Volumes	Financial Year 2013 Volumes	Financial Year 2012	Financial Year 2013
Passenger Cars	**19,72,846**	**20,31,306**	**18,95,471**	**02.20%**	**-6.70%**
Utility Vehicles	**3,15,123**	**3,63,772**	**5,53,660**	**16.50%**	**52.20%**
MPV (Vans)	**2,13,574**	**2,34,761**	**2,37,298**	**10.00%**	**1.10%**
Passenger Vehicles	**25,01,542**	**26,29,839**	**26,86,429**	**4.70%**	**2.20%**
MHCV	**3,23,059**	**3,49,216**	**2,68,263**	**7.90%**	**-23.20%**
MHCV Passenger	47,938	49,882	46,553	3.00%	-6.70%
MHCV Goods	2,75,121	2,99,334	2,21,710	8.80%	-25.90%
LCV	**3,61,846**	**4,60,283**	**5,24,887**	**27.40%**	**14.00%**
LCV Passenger	44,816	48,868	48,153	10.20%	-1.50%
LCV Goods< 2T GVW	1,91,373	2,51,030	2,47,426	31.30%	-1.40%
LCV Goods 2-3.5T GVW	81,262	1,10,117	1,90,447	34.80%	72.90%
LCV Goods > 3.5T GVW	44,035	50,268	38,861	14.20%	-22.70%
Total CV	**6,84,905**	**8,09,499**	**7,93,150**	**18.20%**	**-2.00%**
3W	**5,26,024**	**5,13,281**	**5,38,291**	**-2.40%**	**4.90%**
3W Passenger	4,25,358	4,06,260	4,41,118	-4.50%	8.60%
3W Goods	1,00,666	1,07,021	97,173	6.30%	-9.20%
2W	**1,17,68,910**	**1,34,09,150**	**1,37,97,748**	**14.20%**	**2.90%**
Total Domestic	1,54,81,381	1,73,61,769	1,78,15,618	12.20%	2.60%
Domestic (Excl.2W)	29,24,446	39,52,619	40,17,870	6.20%	1.70%

Source: Society of Indian Automobile Manufacturers (SIAM)

Inflationary pressures, rise in the price of petrol and high cost of borrowings generally depressed the overall demand generation and were instrumental for the lower growth. As per the current indications, the automobile industry is poised for challenging times with uncertainties on the demand side in the coming months, which hopefully is only a short term phenomenon. We believe that the total automobile market is expected to grow by double digits annually, for the next 5 years.

The automotive industry is one of the largest contributors to India's GDP, besides providing employment to millions of people, directly and indirectly. India is emerging as one of the most attractive destinations as a global outsourcing hub and manufacturing base for original equipment manufacturers. India is emerging as a small car hub in the Asia Pacific region. As it is very much clear since almost all the major international automobile manufacturers have registered their presence in India and have started manufacturing small cars in this country along with manufacturing of commercial vehicles. These companies are either setting up or expanding their existing manufacturing base not only to enter the domestic market but also for exports. India is gradually becoming a major manufacturing base for export of passenger cars as well as other utility vehicles and tractors.

Over the last two decades, the industry has witnessed an impressive growth in terms of volumes, technological advancement and capital employment. There is a gradual shift of production facilities from high cost regions in North America and European Union to lower-cost regions such as China, India

and South America. According to Automotive Component Manufactures Association (ACMA) estimates, the Indian auto component industry is expected to reach a turnover worth US$ 113 billion by 2020-21. Rising disposable income and sizeable working young population are the key drivers for the Indian automotive industry. The long term outlook remains positive with major global players developing bases in India for manufacturing, global sourcing as well as engineering. Further, the infrastructure improvement in India will also play a role in the growth of the automobile market.

As per SIAM, growth rate in the auto sector is expected to be around 6-8% in financial year 2014 mostly due to new product launches and expected reversal in interest rate cycle. However, growth is likely to be slow in the first half of the year due to slow economic activity and negative consumer sentiments, but is expected to pick up in the later part due to expected easing of interest rates, festive demand and favorable base effect. Leading OEMs are expected to introduce a slew of models at competitive prices to spur consumer demand. SIAM has mentioned that the probability of holding the current automobile forecast for the year financial year 2014 is two in three (2/3rd) as this is based on certain economic parameters to be executed on time. Any policy inaction or political uncertainty may lead to significant deterioration to economic recovery and consumer sentiment. It is forecast that by 2020 India would be one of the top five automobile manufacturing countries in the world.

The Indian Auto Component Industry is growing & maturing with the passage of time, the industry has transitioned from a low key supplier providing components to the domestic market to one of the key global auto component centre. It caters to the requirements of all the critical auto components of all the world class automobile manufacturers. Of the total turnover, of the Indian Auto Components industry, around 60% is derived from sales to domestic OEMs, around 25% from sales to the domestic replacement market and about 15% is derived from exports. However, lower year on year volume growth of domestic original equipment manufacturers in 2012-13, particularly those belonging to the Medium & Heavy Commercial Vehicles segments, translated into limited revenue growth for the auto components industry during this period.

During the financial year 2012-2013, the margins of the auto component industry were impacted due to sluggish growth in supplies to domestic original equipment manufacturers along with the increase in the overhead rates due to increase in the manpower cost which has caused to improve in the regional imbalances in the country.

In the longer run, the Indian Automobile Industry will continue to clock higher growth due to low penetration vehicle levels, healthy economic environment, Government of India's keen focus on the infrastructure, by widening all the major roads of the Country, increase in the urbanization in the demographical area of the Country, untapped rural market, which has high promises for growth, ever growing young population, steadily improving dependency ratio. These trends along with the longer term Indian growth story & increase in the per capita income, which will continue to grow faster than the previous years, result in increase in the higher saving & further leads to higher spending & increased ability to purchase, wider variety of models, easy availability of finance option will give further boost to the overall automotive industry and in turn to auto component industry at large, in addition to demand from urban areas.

About The Company:

Your Company is presently manufacturing Auto Components for all the four wheelers, be it commercial vehicles, passenger vehicles and utility vehicles, but at present mainly focused and concentrating on the auto components for commercial vehicles only, as the other parts of the business are not so significant, hence, we are discussing here only Commercial Vehicle Business. With the successful completion of the first phase of the commercial production of the Jamshedpur plant, your Company is working to increase its share in the other segments of automobile market, other than Commercial vehicles, so to improve its overall growth rate. In order to increase its market share in the after sales market, diversification in other part of automotives segment, increasing its product base, with the addition of more capacities additions in the Spherodial Graphite Cast Iron Components at Jamshedpur plant.

We are manufacturing three categories of auto components, namely:-

1. Casting Components
    a) Ferrous Casting (Spherodial Graphite Cast Iron)
    b) Non-Ferrous Casting
2. Machined Auto Components
3. Forged Auto Components

Further, your company is supplying, almost all its products in all the three verticals of automobile industry namely:-

1. Original Equipment Manufacturers (OEM)

2 After Sales Market (Replacement Market)

3 Exports Market

Company's Financial Performance and Operational Performance:

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India:

The Revenue from operations (Net) during the year, shows a marginal decline of 2.96% to Rs.12691.64 lacs, as compared to the previous year of Rs.13078.66 lacs, due to overall slowdown in the economy along with the overall slowdown in the Commercial vehicle segment

Due to overall increase in the diesel prices, continued rise in the inflation & further rise in the overall interest cost, the EBIDTA margins were remained under pressures. Due to pending valued added tax refund, from the Punjab Government, of Rs.848.95 lacs as at 31st Mach, 2013 compared to previous year of Rs.738.07 lacs, there is severe pressure on the overall liquidity position of the Company, which in other way also contributed to the overall increase in the interest cost of the Company. The Interest Cost during the year under review has increased from Rs.249.36 lacs, to Rs.309.90 lacs, clearly shows the impact of the rise in the interest cost on the overall profitability of the Company. As we have discussed earlier too, that we are in the process of amalgamation of G S Automotives Private Limited with our Company and once the integration of both the companies will complete, there will not be any significantly valued added tax refund in the hands of the merged entity and will further leads to improve in the overall liquidity position of the Company too among other things.

Financial Information:

Fixed Assets:

(Rs.in lacs)

Particulars	As At 31st March, 2013		As At 31st March, 2012		Inc/ (Dec)
	Amount	% to Revenue from Operations (Net)	Amount	% to Revenue from Operations (Net)	%
Gross Block at the beginning of the year	2512.75		2180.95		15.21
Additions made during the year	67.80	00.53	331.80	02.54	(79.57)
Deductions during the year	00.00		00.00		
Gross Fixed Assets at the Close of the year	**2580.55**	**20.33**	**2512.75**	**19.21**	**02.70**
Less: Accumulated Depreciation at the beginning of the year	1105.39		992.89		
Less:- Depreciation and Amortization for the year	124.42		112.50		
Less:-Deductions/Adjustments during the year	00.00		00.00		
Net Block at the Close of the year (a)	**1350.74**	**10.64**	**1407.36**	**10.76**	**(04.02)**
Capital Work in Progress (b)	**2556.24**	**20.14**	**1409.24**	**10.78**	**81.39**
Total Fixed Assets (Including Capital Work in Progress) (a) + (b)	**3906.98**	**30.78**	**2816.60**	**21.54**	**38.71**

Company is continuously in the process of adding to its capacities for the long term growth prospectus of the Company. During the year under review the Company has made an investment of Rs.67.80 lacs (Including Rs.0.06 lacs on account of vehicles additions) (previous year Rs.331.80 lacs, including Rs.6.54 lacs on account of vehicles additions) in the fixed assets, for the various capacity additions in different products & investments in the Intangible Asset of Rs.3.96 lacs (previous year Rs.0.70 lacs). The Capital

work in progress is on account of new manufacturing unit at Jamshedpur, which is under construction. (See Note No.63 to the notes to financial statements, for capital work in progress)

Inventories:

(Rs.in lacs)

Particulars	As At 31st March, 2013		As At 31st March, 2012		Inc/ (Dec)
	Amount	%	Amount	%	%
Raw Material and Components as a % of cost of material consumed	562.60	6.97	637.49	8.28	(11.75)
Stores, Spare & Consumables as a % of Consumption	114.00	15.60	123.30	17.34	(07.54)
Finished Goods as a % of Net sales of products	568.33	4.49	415.87	3.20	36.66

All the inventories level almost remains at the same level as compared to previous year, except the finished goods inventory, was higher by 36.66% as compared to previous years due to overall slowdown in the economy.

Trade Receivables:

(Rs.in lacs)

Particulars	As At 31st March, 2013		As At 31st March, 2012		Inc/(Dec)
	Amount	%	Amount	%	%
Trade Receivables exceeding six months as a % of Gross sales of products & services	04.82	0.03	39.37	0.27	(87.76)
Others as a % of Gross sales of products & services	2691.63	18.76	3239.22	22.29	(16.90)

The trade receivables more than six months have come down by 87.76% & other receivables have also come down by 16.90% due to overall receipt of payment from the customers. we are working hard to get the above said payment realized at the earliest & to further bring down the level to a great extent.

Long Term and Short Term Borrowings:

(Rs.in lacs)

Particulars	As At 31st March, 2013	As At 31st March, 2012	Inc/(Dec)
	Amount	Amount	%
Total Long Term Borrowings	2675.88	1832.76	46.00
Total Short Term Borrowings	2085.48	2161.17	(03.50)

The increase in the long term borrowings is mainly on account of increased Foreign Currency Term Loan and rupee currency term loan, for the new manufacturing unit at Jamshedpur for the manufacturing of auto components. There is minor decline of 3.50% in the short term borrowing. However, as we discussed earlier that the short term borrowings are still on the higher side on account of increase in the pending value added tax refund orders from the Punjab Government on account of value added tax (See Note No.52 of the notes to financial statements). The Company is taking several measures to receive the payments from the trade receivables so to reduce the overall trade receivable via-a-vis to reduce the overall short term borrowings and on the other part had taken the decision to amalgamate one of the group companies "G.S. Automotives Private Limited" with the Company, for which the Court Convened meeting of the equity shareholders/members, secured creditors, unsecured creditors & creditors is scheduled to be held on 14th December, 2013. We are hopeful that all the statutory/regulatory approvals will be completed by February, 2014. Further, there will not be any major value added tax refunds, with the Punjab Government, after the completion of the above said merger.

Results of Operations:

Income:

(Rs.in lacs)

Particulars	Financial Year -2013		Financial Year -2012		Inc/(Dec)
	Amount	%	Amount	%	%
Gross Sales	14348.63	113.05	14530.85	111.10	(01.25)
Other Operating Revenue	11.14	00.09	23.17	00.18	(51.92)
Gross Revenue from Operations	14359.77	113.14	14554.02	111.28	(01.33)
Less: Excise Duty on Sales	1668.13	13.14	1475.36	11.28	13.07
Revenue from Operations (Net)	12691.64	100.00	13078.66	100.00	(02.96)
Other Income	15.91	00.13	46.80	00.36	(66.00)

The Growth in the Gross Sales was slightly negative by 1.25% as compared to previous year, mainly on account of slowdown in the automotive industry in particular and overall slowdown in the economy in general. During the year, the sales from export market was also down to Rs.746.66 lacs as compared to previous year of Rs.830.17 lacs, a decline of 10.06% , mainly due to global slowdown, has further cause to decrease in the other operating revenue by 51.92% as compared to previous year.

Due to depreciation of Indian Currency as compared to US$ & euro, there was decline in other Income by 66.00% as compared to previous year. During the year, the gain from foreign exchange fluctuation was Rs.3.75 lacs (previous year of Rs.32.41 lacs).

Expenditure:

(Rs.in lacs)

Particulars	Financial Year -2013		Financial Year -2012		Inc/(Dec)
	Amount	% to Net Revenue & Other Operating Revenues	Amount	% to Net Revenue & Other Operating Revenues	%
Material Costs	8001.11	63.05	7681.49	58.73	04.16
Employee Benefits Expenses	1439.53	11.34	1340.21	10.25	07.41
Finance Costs	309.90	02.44	249.36	01.91	24.28
Depreciation & Amortization	124.41	00.98	112.50	00.86	10.59
Other Expenses	2987.65	23.54	3050.44	23.32	(02.06)
Total Expenditure	**12862.60**	**101.35**	**12434.00**	**95.07**	**03.45**

The total expenditure as a percentage to Net sales & other operating revenues during the year has increased by 3.45% to 101.35%, as compared to the previous year total expense ratio of 95.07%, clearly shows that there is tremendous pressure on the overall margins due to increase in the commodity prices, interest costs & overall increase in employees benefits expenses.

Raw Material Cost

The overall Material Cost during the year has increased by 4.16% as compared to previous year, which is higher than the overall growth in the gross revenues from operations, during the year. The Material Cost, as a percentage to Revenue from operations (Net) increased to 63.05% as compared to previous year of 58.73% mainly due to increase in the commodity prices of all the raw materials. However, the company is regularly changing its product mix so to offset the increase in the prices of the raw material to some extent.

Employee Benefits Expenses:

The Employee benefits expenses, during the year are at 11.34% of the Revenue from operations (Net), as compared to 10.25% of the last year, showing an increase of 7.41% as compared to previous years, mainly due increase in the minimum wage by the Punjab Government.

Finance Costs:

The overall finance cost during the year ended 31st March, 2013 is Rs.309.90 lacs, as compared to previous year of Rs.249.36 lacs, which is 24.28% higher than the previous year. The financial cost for the year ended 31st March, 2013 is 2.44% of the Revenue from operations (Net), as compared to previous year of 1.91%.

The overall financial cost as a percentage to the Revenue from operations (Net), is although not on the too higher side but the absolute financial cost of Rs.309.90 lacs ,is very much on the higher side, impacted the overall profits of the Company, to a great extent. The Increase in the finance cost during

the year was mainly due to continuous increase in the interest rate by the Reserve Bank of India due to higher inflations along with the tightening in the liquidity position of the Company due to temporary delay in the collections from receivable along with the pending value added tax refunds from the Punjab Government authorities.

As at 31st March, 2013, your Company has Valued Added Tax (VAT) refund pending for recovery from Punjab Sales Tax Authorities amounted to **Rs.848.95 Lacs** (Previous year **Rs.738.07 Lacs**), causes to tightness in the overall working capital position of the Company along with the continued Increase in Interest rates by the Reserve Bank of India, the overall finance cost during the year was increased by 24.28% as compared to the previous year.

As all of you are well aware that the Board of directors of the company had already in principally approved the merger of one of its group concerns G.S. Automotives Private Limited with the Company, but due to some reasons the said merger cannot be completed in the last fiscal. The Court Convened meeting of the equity shareholders/members, secured creditors, unsecured creditors & creditors is scheduled to be held on 14th December, 2013. We are hopeful that all the statutory/regulatory approvals will be completed by February, 2014. The merger of G.S. Automotives Private Limited with your Company, once completed, will offset almost all the value added tax (VAT) refund & in the medium to longer run will help to ease out these type of liquidity crunch which ultimately had caused to increase in the overall working capital requirements, causes to increase in the Interest cost by not contributing anything to the productivity of the Company.

Depreciation and Amortization:

The Depreciation and Amortization for the year ended 31st March, 2013 is at Rs.124.41 lacs as compared to previous year of Rs.112.50 lacs, an increase of 10.59% as compared to previous year, is mainly due to capitalization of various assets during the year.

Other Expenses:

Other expenses of Rs.2987.65 lacs for the year ended 31st March, 2013, as percentage to Revenue from operations (Net), shows a decrease over the previous year, due to overall decline in selling & distribution expenses of the company with respect to decline in the total turnover of the Company.

Provision for Taxation:

The provision for taxation & deferred tax for the year ended 31st March, 2013 is (Rs.28.73 lacs) as compared to previous year of Rs.229.73 lacs. The provision for taxation & deferred taxation is lower during the current year, as a percentage to profit before tax, is on account of loss during the year under review.

The performance highlights for the year 2012-2013 (in brief) are: -

- The overall turnover of the Company shows a marginal decline of 2.87% in the net sales (excluding excise duty), from Rs.13055.49 lacs to, Rs.12680.49 lacs in the wake of overall slowdown in the economy.

- During the year under review the Company has incurred a net foreign exchange gain of Rs.3.75 Lacs, as against net foreign exchange gain of Rs.32.41 Lacs, for the previous year. During the year, your Company has not used hedging as tools, for all its normal foreign exchange transactions such as export & import of finished goods & raw material, long term borrowings respectively.

- The Material Costs during the year constitutes 63.05% to the net sales & other operating income vis-à-vis to 58.73% as compared to the previous year.

- Finance cost of the Company has increased to Rs.309.90 lacs from the previous year expenses of Rs.249.36 lacs, mainly due to increase in Interest rates and increased in the working capital requirements of the Company due to pending refund orders of the Value Added Tax (VAT) from Punjab Sales Tax Authorities.

- Depreciation and amortization during the year stand at Rs. 124.41 lacs as compared to previous year of Rs.112.50 lacs, shows the Company is continuously building its capacities and investing for the future

- Profit before depreciation, interest and tax (PBDIT) during the year has declined by 73.49% to Rs.279.26 lacs, from the previous year of Rs.1053.32 lacs, due to overall slowdown in the economy and further continuous increase in the prices of diesel, manpower & interest cost, which could not be passed on to the customers, due to lack of demand in the automotive sector.

- During the year under review the Company has made provision for current taxes (including deferred tax & wealth tax) of (Rs.28.73 Lacs), as compared to previous year provision of Current Tax & deferred taxes expenses of Rs.230.23 Lacs.

- However, due to increase in material cost, employees benefit & finance cost and decline in the revenue from operations, the company has incurred a net loss of Rs.126.32 lacs, against the previous year's Profit after tax (PAT) of Rs.461.23 lacs.

- Gross Fixed Assets (excluding capital work in progress) has increased from Rs.2512.77 lacs to Rs.2580.55 lacs during the year under review.

- Capital work in progress has increased from Rs.1409.24 lacs to Rs.2556.24 lacs during the year under review, on account of Jamshedpur project of the Company.

- The pending value added tax (VAT) refund with Punjab Sales Tax Authorities as at 31st March, 2013 is Rs.848.95 Lacs (Previous year Rs.738.07 Lacs).

(Rs.in Lacs)

Turnover	2012-2013	2011-2012	Growth Rate (%)
Domestic			
OEM	3198.02	3870.29	(17.37)
Replacement Mkt.	8643.51	8265.62	4.57
Others (Includes Sale against Job Work & Trading Sales)	92.30	89.41	3.23
Total	11933.83	12225.32	(02.38)
Export	746.66	830.17	(10.06)
EBIDTA	279.26	1053.32	(73.49)
PAT	(126.32)	461.23	---
Gross Fixed Assets (Excl. CWIP)	2580.55	2512.75	02.70S

Opportunities:

In spite of current slowdown, the long term growth forecast for the Indian economy remains healthy. The automotive industry in India is one of the largest in the world and one of the fastest growing globally. India's passenger car and commercial vehicle manufacturing industry is the sixth largest in the world. According to recent reports, India overtook Brazil and became the sixth largest passenger vehicle producer in the world (beating such old and new auto makers as Belgium, United Kingdom, Italy, Canada, Mexico, Russia, Spain, France, Brazil), growing 16 to 18 per cent to sell around three million units in the course of 2011-12.

As a result of an increase in income levels and lifestyle aspirations, the potential size of the Indian passenger vehicle market by the financial year 2016-17 is likely to be as large as 5 million vehicles, with a growth rate of 13-15% per year. (Source: SIAM) The current low vehicle penetration of 15 vehicles per 1,000 populations (compared to an average of 120 vehicles per 1,000 populations for the world) also suggests that there are significant growth opportunities for the industry. Given the importance of the automobile industry to the economy, its potential for employment and due to its backward and forward linkages with many sectors, the Government is keen to support its development.

There is continuous pressure globally to reduce emissions from automobiles, leading to the need for ongoing investments in technology up gradation and alternate energy across the automotive value chain. Growing environmental consciousness among consumers, government regulations to manage traffic congestion, as well as improvement in public transport infrastructure are trends that will have a significant impact on the future of the automotive industry. For Commercial Vehicles, the growth in agriculture and industrial production, the spread of organized retail and the growing prevalence of the hub-and-spoke model for transportation of goods will lead to a significant expansion of the overall market size. In the mid to long term, stricter implementation of norms related to overloading of goods vehicles and road worthiness will also lead to considerable expansion in the market for CVs.

Automotive Industry is the key driver of any growing economy. It plays a pivotal role in country's rapid economic and industrial development and caters to the requirement of equipment for basic industries like steel, non-ferrous metals, fertilizers, refineries, petrochemicals, shipping, textiles, plastics, glass, rubber, capital equipments, logistics, paper, cement, sugar, etc. It facilitates the improvement in various infrastructure facilities like power, rail and road transport. Due to its deep forward and backward linkages with almost every segment of the economy, the industry has a strong and positive multiplier effect and thus propels progress of a nation. The automotive industry comprises passenger cars; light, medium and heavy commercial vehicles; multi-utility vehicles such as jeeps, scooters, motor-cycles, three wheelers, tractors, etc; and auto components like engine parts, drive and transmission parts, suspension and braking parts , electrical, body and chassis parts; etc.

Automotive Industry occupies a prominent place in the overall Indian economy & one of the main drivers for the Indian economy along with the infrastructure industry. A sound transportation system plays a pivotal role in the country's rapid economic and industrial development. The well-developed Indian Automotive Industry fulfils this catalytic role by producing a wide variety of vehicles: passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles, tractors etc.

The Indian automobile industry, in the medium to longer term, is experiencing an unprecedented boom in demand for all types of vehicles. This boom has been triggered primarily due to increase in disposable incomes and standards of living of middle class Indian families estimated to be as many as four million in number; and the Indian government's liberalization measures such as relaxation of the foreign exchange and equity regulations, reduction of tariffs on imports, and banking liberalization that has fueled financing-driven purchases. As the market grows and customer's purchasing abilities rise, there will be greater demand for higher-end models which currently constitute only a tiny fraction of the market.

The growth of Indian middle class, with increasing purchasing power, along with strong macro-economic fundamentals has attracted the major auto manufacturers to Indian market. The market linked exchange rate, well established financial market, stable policy governance work and availability of trained manpower have also shifted new capacities and flow of capital to the auto industry of India. All these have not only enhanced competition in auto companies and resulted in multiple choices for Indian consumers at competitive costs, but have also ensured a remarkable improvement in the industry's productivity, which is one of the highest in Indian manufacturing sector.

The Indian Automobile Industry manufactures over 11 million vehicles and exports about 1.5 million each year. The dominant products of the industry are two-wheelers with a market share of over 75% and passenger cars with a market share of about 16%. Commercial vehicles and three-wheelers share about 9% of the market between them. About 91% of the vehicles sold are used by households and only about 9% for commercial purposes. The industry has a turnover of more than USD $35 billion and provides direct and indirect employment to over 13 million people.

Tata Motors is leading the commercial vehicle segment with a market share of about 64%. Maruti Suzuki is leading the passenger vehicle segment with a market share of 46%. Hyundai Motor India

Limited and Mahindra and Mahindra are focusing expanding their footprint in the overseas market. Hero MotoCorp is occupying over 41% and sharing 26% of the two-wheeler market in India with Bajaj Auto. Bajaj Auto in itself is occupying about 58% of the three-wheeler market.

Now the focus of companies across the globe is on strategies to grow and prosper rather than to just survive. The formation of strategic alliances and partnerships is expected to be the most favored mode for consolidation in the global automotive industry. The significant drivers for consolidation in the next few years are likely to be technology acquisition, establishment of a robust global footprint and acquisition of brands that have high recognition and strong relationships with customers.

Automotive Industry comprises of automobile and auto component sectors and is one of the key drivers of the national economy as it provides large-scale employment, having a strong multiplier effect. Being one of the largest industries in India, this industry has been witnessing impressive growth during the last two decades. It has been able to restructure itself, absorb newer technology, align itself to the global developments and realize its potential. This has significantly increased automotive industry's contribution to overall industrial growth in the country. According to the Society of Indian Automobile Manufacturers (SIAM), annual car sales are projected to increase up to 5 million vehicles by 2015 and more than 9 million by 2020. By 2050, the country is expected to top the world in car volumes with approximately 611 million vehicles on the nation's roads.

India being one of the cheapest Labour Oriented Country, as well as, with the growth in the demand of automobile sector in India, all the world class Automobile Manufacturers are making India as its manufacturing facilities, by setting up their manufacturing units, for all the segments of the Automobiles Industry. Above all, the Government of India's major thrust towards building world class infrastructure in the country, by spending/allocating more money for the infrastructure sector and also making India as the hub for Small Car Segment, the automotives segment will see a huge surge in the overall growth rate of this sector in the years to come. One of the major beneficiaries of the major spending in the infrastructure sector will be the Commercial Vehicles Segment.

Infrastructure development ($500 billion in the next five to six years), low penetration of cars as compared to developed economy (eight per thousand), industrial and agricultural output, rising per capita income, favorable demographic distribution with rising working population and middle class urbanization (according to McKinsey, the middle class will grow from 50 million to 550 million by 2025), availability of low cost of skilled manpower & growing design capabilities, increasing disposable incomes in rural agri-sector, availability of a variety of vehicle models meeting diverse needs and preferences, greater affordability of vehicles, easy access to capital although interest rates are on the higher rates, favorable government policies, robust production are some of the factors which will work as growth drivers of the Indian automotive Industry, going forward.

In spite of some concerns on account of Indian as well as global economy outlook, the growth forecast for the Indian economy will remains healthy due to its inherent strength. With the conservative approach of app.10-12% per year growth rate, the Indian passenger vehicle market will be approximate 4-5 million vehicles. Similarly growth in commercial vehicle depends on the growth in agriculture and industrial production, the spared of organized retail. The expected introduction in the

medium to long term of more stringent norms related to overloading of goods vehicles and roadworthiness and vehicles age will also leads to expansion in the commercial vehicle market.

Particular for Commercial vehicle:

Improving freight rates, increasing freight volumes, superior surface infrastructure and reduced fears of an interest rate hike going forward are expected to increase the demand for heavy commercial vehicles. The proliferation of the hub-n-spoke model, improving last mile connectivity and the strong demand originating from rural segment is likely to drive demand in the LCV segment. The past two year passenger and commercial vehicle production is an indicator of the growth in automotive sector, in-spite of all the challenges.

Production in Units	2011-2012	2012-13	Change (%)
Passenger Vehicles	27,75,124	26,68,633	(03.84)
Commercial Vehicles (LCV, M & HCV)	9,29,136	8,31,744	(10.48)
Utility Vehicles	3,70,945	5,64,928	52.29

Source-SIAM

Auto Components Industry:

Component suppliers are the backbone of an emerging automotive industry. By all accounts, the Indian component industry, based mostly in the southern city of Madras, is tiny. The auto component manufacturers association of India (ACMA) estimates that $2.1 billion worth of car parts were produced in the financial year 1995, out of which exports amounted to $228 million. To put this in perspective, the entire Indian industry's revenue is roughly one-tenth that of GM's component unit, Delphi automotive systems. This growth has not only been due to the growing demand for passenger vehicles, but also due to the increasing trend by Multi-National OEM's to resort to global sourcing to improve competitiveness.

The main beneficiary of the growing Indian automobile industry is Auto Component industry in India. India is now a hot spot for automobiles and auto-components. A cost-effective hub for auto components sourcing for global auto makers, the automotive sector is potential sector for entrepreneurs. The strong sales have made India the second fastest growing market after China. India is one of the world's largest manufacturers of small cars with a strong engineering base and expertise.

The Indian automobile ancillary sector is transforming itself from a low-volume, highly fragmented one into a competitive industry, and backed by competitive strengths, technology and transition up the value chain. Broadly the Indian automotive component industry can be divided into the organized and the unorganized segments. While the forte of the organized sector is the high valued added precision engineering products, the presence of a large unorganized sector is characteristic especially of the lower value-added segments of the industry.

The Indian Auto Component Industry has been navigating through a period of rapid changes with great élan. Driven by global competition and the recent shift in focus of global automobile manufacturers, business rules are changing and liberalization has had sweeping ramifications for the industry. The global auto components industry is estimated at US$1.2 trillion. The Indian auto component sector has been growing at 20% per annum since 2000 and is projected to maintain the high-growth phase of 15-20% till 2015.

The Indian Auto Component Industry is one of the few sectors in the economy that has a distinct global competitive advantage in terms of cost and quality. The value in sourcing auto components from India includes low labour cost, raw material availability, technically skilled manpower and quality assurance. An average cost reduction of nearly 25-30% has attracted several global automobile manufacturers to set base. India's process engineering skills, applied to re-designing of production processes, have enabled reduction in manufacturing costs of components. Today, India has become the outsourcing hub for several global automobile manufacturers.

Lower labour costs give Indian auto component companies a huge cost advantage. This has resulted in a significant cost reduction as opposed to overseas production maintaining international quality standards. India generates about 0.4 million engineering graduates every year. The cost of entry-level engineers is as low as US$ 8,000 per year. India accounts for 26% of the world's Engineering Service De-regulation and policy initiatives such as lower excise duties, realization of VAT, etc., have been implemented and further introduction of GST will provide much needed boost to this sector. (Source-ACMA)

The Automotive Components Manufacturers Association (ACMA) states that wage cost accounts for 3 per cent to 15 per cent of revenues for Indian manufacturers as compared to 20 per cent to 40 per cent for US players. The industry exports have grown at a CAGR of 19 per cent in the last five years. The fast growing auto component sector contributes some 2.3 percent to India's Gross Domestic Product (GDP). This figure has the potential to touch US$110 billion by 2020, with exports going up six-fold, predicts ACMA (Automotive Component Manufacturers Association of India).

As per industry estimates, Indian Auto Component Industry derives 60 per cent of its turnover from sales to domestic original equipment manufacturers (OEMs), 25 per cent from sales to the domestic replacement market and around 15 per cent from exports.

According to industry statistics derived by the Automotive Component Manufacturers Association of India (ACMA), engine parts form the largest segment (31 per cent) of auto part industry followed by drive transmission and steering parts (19 per cent). Suspension & braking parts and body & chassis account for 12 per cent each in the entire product range, followed by equipment accounting for 10 per cent of the same.

Further estimates made by ACMA reveal that auto component exports would robustly grow at a compounded annual growth rate (CAGR) of 18.8 per cent over 2011-21, garnering about US$ 29 billion. OEMs account for 80 per cent of the exports while the rest 20 per cent is handled by aftermarket or retailers. European and North American markets account for 36 and 23 per cent of the entire industry exports respectively, while 28 per cent of the exports are made to Asian countries. The Indian auto and

auto components industry is growing at a steady pace of 15 - 18 per cent annually. As per the estimates, the retail market (generally called as after-sales or after-market) for auto components is valued at Rs 600 crore (US$ 107.12 million) and is expected to witness a quantum jump on the back of robust domestic demand. Rajkot-based Ikon Marketing Consultants predicts that the Indian auto component industry, which is currently valued at US$ 30 billion, will touch US$ 100 billion by 2020.

Growth Drivers of Auto Component Industry:

In Original Equipment Manufacturers:

Growth in Economic Activity, Increase in the Personal disposable incomes, Growth in Rural Economy, Multiple & easy finance options, Decline in tax rates and Economic vehicles.

After Sales Market (Replacement Market)

Old vehicle population, Life span of components (frequency of replacement), Average value of parts replaced, Share of genuine-branded components in the total aftermarket.

Export

Despite a relatively small share of Asia in the global pie, India is now amongst one of the most preferred destinations and has come to occupy the image of an exporting hub for most of the major global OEM players. Almost all the big auto manufacturers of the world are either already or are in the process of outsourcing from the country.

Industry to take advantage of the transition that is taking place internationally and dominates the global supply chain in auto components due to reasonably priced skilled work force large population of technology workers established strengths in I.T. and electronics transformation of global auto component industry.

The Company:

The Company enjoys an unstinted confidence from its valued customers for providing quality products. With the widely recognized brand "GS", superior quality, strong distribution network and a committed team of employees, the "GSAIL" is well positioned to take the advantages of the opportunities and withstand market challenges.

The superior quality of product of the Company gives a competitive edge in the market place. The Company is committed to sustain its domestic market share by offering wide range of products at competitive rates.

We operate mainly in three segments i.e. Original Equipment Manufacturers, After Sales Market & Export Market. The Company has balanced approach to the Original Equipment Manufacturers, After Sales Market & Export Market, which helps us in capitalizing to our strength in all the three segments and to respond to market fluctuation and customer strategies.

With the overall growth rate in the Indian economy in the medium to long term and particularly the growth rate in the Indian automotive Industry, there is tremendous growth opportunities for Company like "GS" which has already a strong brand name in after sales market, a good & long standing relationship with all the Original Equipment Manufacturers and above all a dedicate team.

Company has expanded its capacities by setting up new unit at Jamshedpur, for its Casting Auto Components for Original Equipment Manufacturers, After Sales Market & Export Market. Your Company is exploring other export market and is in the process of adding new customer so to increase its export turnover in the days to come.

Manufacturing update, New manufacturing Facility-Jamshedpur:

As we have discussed earlier, the Company is setting up a manufacturing unit at Adityapur Industrial development Authority, Jamshedpur with a total capital expenditure (for both phases) of Rs.64 (Rs. sixty four) Cr. for the manufacturing of Spherodial Graphite Cast Iron Components only, with a total installed capacity of 12000 metric tonnes liquid metal per annum, to be set up in two phases. The Capacity of this new manufacturing unit for Spherodial Graphite Cast Iron Components is approximate three to four time bigger than the existing capacity at Ludhiana unit. This unit will have all the state of the art machinery to cater the growing demand in the automotive segment along with all the other sectors of the Indian economy, where ever casting components are required.

The Company has already incurred a sum of Rs.42.02 Cr as at 13th November, 2013, for the purchase of various machinery, electrical equipment, installation of pre fabricated building sheds along with the advance payment to contractors of building & suppliers of various machineries & other equipments etc, for the both the phases of its new manufacturing unit at Jamshedpur & are placing the required orders for the capital equipment for its second phase.

The Company has successfully commenced the commercial production of the first phase of its new manufacturing unit at Jamshedpur and the second phase of the said unit will be commenced by June, 2014.

Amalgamation of G S Automotives Private Limited:

In order to consolidate its auto component business in one Company along with the better utilization of available resources coupled with the aim to overall improvement of the profitability of the company, for the best interest of all the stakeholders of the Company, the Board of Directors of the company had decided to amalgamate M/s G.S. Automotives Private Limited (a group company) with the Company, under the "Pooling of Interest Method" of accounting as per Accounting Standard-14 (AS-14), on the terms and conditions, as specified in the "Scheme of Amalgamation" already sent to all the equity shareholders, secured creditors, unsecured creditors & creditors, along with the notice for the Court Conveyed meeting of the Company, to be held on Saturday, 14th December, 2013 at 10.30 a.m, under section 391 to section 394 and other applicable provisions of the Companies Act, 1956.

Without prejudice to the generality of the above, the silent features/benefits of the above said amalgamation is as under:-

1. M/s.G.S.Automotives Private limited (the Transferor Company) is selling its entire production to G.S Auto International Limited, in such case whatever M/s. G.S. Automotives Private Limited is paying its monthly sales tax dues/vat dues, is being cumulated in the hands of G S Auto International Limited as pending valued added tax (VAT) refund, to be recoverable/receivable from the Punjab Government. As on 31st October, 2013 the total pending VAT (Valued Added Tax) refund is Rs.820.47 Lacs in the hands of the Company. Which is sucking, the overall working capital of the company and in turn are availing the working capital from our financial partners, to that extent. By the above said amalgamation, not only there will be overall increase in the liquidity position of the merged entity to the extent of Rs.820.47 Lacs going forward, (which is as of now stuck in vat refund) as discussed above but eventually will reduce the overall interest cost to some extent, only by simply liquidating the pending vat refund Further, there will not be any material vat refund (which is as of now is Rs.820.47 Lacs in hands of G S Auto International Limited) in the merged entity.

2. G.S. Automotives Private Limited Company is engaged in the manufacturing of wide range of auto components such as Ferrous and Non-Ferrous Casting Components for commercial vehicles and the Transferee Company (G S Auto International Limited) is engaged in the manufacture of Automotive Suspension and Fastening Components for Indian and International Utility Vehicles, Commercial Vehicles (LCVs, MCVs and HCVs), Multi-Axle Vehicles, Trailers and Special Purpose Vehicles.

   The focus and activities of both the Transferor Company and Transferee Company complement each other and as such, consolidation of their efforts and resources would lead to a simplified corporate structure, focused on capitalizing upon strategic investment opportunities and providing a concentrated management focus for the development of business of the Transferor Company and Transferee Company.

3. To consolidate the management strength of both the Transferor and Transferee Companies;

4. To improve the administrative control;

5. To economies on administrative and other expenses;

6. To increase in efficiency by pooling of resources and their optimum utilization, thereby availing synergies from combined resources; and

7. To best utilization of resources with aim to reduce the overall cost of the Company along with the overall improvement in the liquidity position of the Company;

8. The Amalgamation would not only align the stakeholders' interest but also facilitate all stakeholders to participate in the profits of a larger consolidated business.

We are hope full of getting all the required necessary approvals from the required regulatory authorities by February, 2014.

Automotive Mission Plan 2006-2016 & Casting Components:

To accelerate and sustain growth in the automotive sector and to steer, co-ordinate and synergies the efforts of all stakeholders, Automotive Mission Plan (AMP) 2006-2016 has been prepared in order to make India a global automotive hub. The Automotive Mission Plan (AMP) 2006-2016, aims at doubling the contribution of automotive sector in GDP by taking the turnover to USD 145 billion and providing additional employment to 25 million people by 2016 with special emphasis on export of small cars, MUVs, two and three wheelers and auto components.

The automotive mission plan of the Government of India, envisages manufacture of auto & auto components output reaching a level of USD 145 Billion by 2016 from 38 Billion in 2006 accordingly the casting requirement for auto/auto components will also go up four fold. All major global auto players has set up their manufacturing & outsourcing facilities in India for their global operations. This is a fourfold increase in capacity. The realization of Automotive mission plan in full measure is possible only by corresponding growth in the key feeder industry such as foundry industry producing metal castings, finished & assembled cast components such as engine blocks, cylinder heads, piston assemblies, brake drums to name a few. It is imperative that foundry industry also achieves fourfold growth to meet the GDP related growth of downstream industry. Already the auto industry is facing shortages of these key castings to meet its ambitious growth plans & it may be difficult to sustain growth if key upstream Foundry industry is not adequately strengthened As per calculations the current output of Foundry industry is USD 8 Billions (Approx 7 Million MT by weight) .Considering the share of auto consumption as 32%,the casting requirement for auto industry alone is 2.5 Billion USD (approx 2.18 Million MT by Weight) approx which will have to go up to USD 10 Billion by 2016 at current price levels only to cater to Auto industry, besides other sectors. Assuming 10% growth in other sectors, casting industry is projected to be 19.2 Billion Industry by 2016 at current prices & will have to produce 17-18 Million MT of castings to meet the demand of downstream manufacturing industry requiring India to be 2nd largest casting producer globally.

Exports:

India exports about 15% of its production valued at approx 1 Billion USD. Considering a growth of 20% in direct exports, the exports of casting are likely to go up to USD 3 Billions approx worth (Say 2.5 Million Tons) As such considering exports the capacity will have to be enhanced to 20-21 million tons which is not possible without fresh investments.

It is seen in past two years that the industry is trying to build capacity by adding balancing equipments & no fresh Greenfield projects are coming up. As such there is need to stimulate fresh investments in the sector to ensure & sustain the growth of the economy as the foundry industry is key feeder industry to all sectors. At present the average productivity in foundry industry varies from 15 -20 MT/man/year although there are a few world class units also in India which can match world's best

productivity such as in Germany where it is 100MT/man/year .This is mainly due to obsolete equipments & very low levels of mechanization & very limited access to world class manufacturing /design tools & technology being used by large cross section of foundry industry in India. It is therefore possible to enhance capacity by investments in more productive units which use modern manufacturing/design tools & energy efficient technology with reasonable level of mechanization. Considering that the new investments will come in more productive units with average productivity of say 60-70 MT/man/Year, it is estimated to generate additional employment for 300000-350000 people directly.

Presently Indian Foundry industry is producing approx 7 million MT per annum which can go up to 10 Million MT with some additional equipments whereas the requirement will be 20 million MT approx including export demand. This gap will be staring at us If this growth does not take place one of the two following situations will emerge first Automotive industry will face a serious challenge in reaching the targets second there will be massive imports, which will shut the window of opportunity for Indian Industry & employment generation. The auto industry will also lose some degree of flexibility which is better with domestic suppliers.

Casting and its future:

Casting is a 6000-year young process. It has been mentioned in several Sanskrit works such as Shilpashastra derived from Sthapatyaveda containing the principles of realizing all kinds of man-made structures, in turn derived from Atharvaveda, one of the four principal Vedas. The original authors are said to be Viswakarma and Maya, the 'chief engineers' of gods and demons, respectively. The Rigveda mentions equipment used in casting, such as dhamatri (cupola), gharma aranmaya (crucible) and bhastri (blower). The major application was in creating the idols used for worship; and very strict rules were laid down to achieve perfection in terms of talmana (proportions), mudra (stance) and bhava (expression). In particular, dhyana slokas defined the spiritual quality of each deity and the lakshanas described the form. Other products included lamps, doors, frames, cooking and agricultural implements. Earliest castings include the 11 cm high bronze dancing girl found at Mohen-jo-daro (dated about 3000 BC). The remains of the Harappan civilization contain kilns for smelting copper ingots, casting tools, stone moulds, cast ornaments, figurines and other items of copper, gold, silver and lead. Iron has been mentioned in Vedas as ayas, and iron pillars, arrows, hooks, nails, bowls and daggers dated 2000 BC or earlier have been found in Delhi, Roopar, Nashik and other places. Large scale state-owned mints and jewelry units, and processes of metal extraction and alloying have been mentioned in Kautilya's Arthashastra (about 500 BC). Later Sanskrit texts talk about assessing and achieving metal purity. The Ras Ratnakar written by Nagarjuna in 50 BC mentions the distillation of Zinc, proved through recent excavations in Zawar, Rajasthan. The Iron Pillar of Delhi, standing 23 feet, weighing 6 tonnes and containing 99.72% iron without any signs of rust, is a remarkable example of metallurgical science in 5th century AD. The first cast crucible steel was also produced around this period. The Nataraja and Vishnu statues of Chola dynasty (9th century) stand testimony to the fine practice of intricate castings in mediaeval India. Most of these were made in pancha dhatu (copper, zinc, tin, gold and silver) using the madhuchista vidhana (lost wax) process. Outside India, the oldest casting in existence is a copper frog dated 3200 BC discovered in Mesopotamia. One of the first cast iron objects, a 270 kg tripod, was cast by Chinese in 600 BC. A colossal statue of the Great Buddha in

tin lead bronze was completed in 1252 AD at Kamakura in Japan. The casting technology was transferred from India and Middle East to Europe through Portugese explorers in 14th century, where it blossomed as a fine art. Vannocio Biringuccio, head of Papal Foundry in Rome (around 1500 AD) is considered as the father of foundry industry in the West. He has been quoted as saying: "The art of casting... is closely related to sculpture ... it is highly esteemed... it is a profitable and skillful art and in large part delightful." Indeed, the bronze sculptures represent the craftsman's artistry as well as the capability of the casting process. (Source- unknown)

Cast metal products are found in 90 percent of manufactured goods and equipment. From critical components for aircraft and automobiles to home appliances and surgical equipment, cast metal products are integral to the global economy and our way of life. The U.S. metal casting industry is the world's largest supplier of castings, shipping cast products valued at over $18 billion annually and directly employing 225,000 people. Metal casting companies are often at the heart of the economy in the communities where they reside. Of the 2,950 metal casting establishments located throughout the United States, over 80 percent are small businesses.

Casting can be defined as a process of manufacturing, which implies pouring of a 'liquid' material into 'A Mold' containing a desired shaped hollow cavity, and then made to solidify. The ejection or breaking out of the casting then takes place to get the process completed. The use of casting is 'forming hot liquid metals' or numerous metals that are cooled after having the components like clay, plaster, concrete, and epoxies mixed. Complex shapes are normally made by casting, as other methods are not feasible. The process of metal casting involves melting metals at high temperatures and using molds to then shape the metal into new items. The furnaces used in metal casting helped pave the way for the Industrial Revolution, without which the course of history would be dramatically different. Metal casting is just one form of metal working that has seen a recent surge in popularity as resources are becoming more affordable and communities are springing up to share information, ideas, and projects. The various types of castings which are produced are ferrous, non ferrous, Aluminum Alloy, graded cast iron, ductile iron, Steel etc for application in Automobiles, Railways, Pumps Compressors & Valves, Diesel Engines, Cement/Electrical/Textile Machinery, Aero & Sanitary pipes & Fittings etc & Castings for special applications. However, Grey iron castings are the major share approx 70 % of total castings produced. Grey iron is the major component of production followed by steel, ductile iron & non ferrous. The Indian Foundry Industry is trying to focus on higher value added castings to beat the competition. The Exports are showing healthy trends approx 25-30% YOY basis.

Metal casting is a Mother Industry, just a wee bit below "Steel "serving automotive, Infrastructure & all the downstream engineering industries. There is a yawning gap between China & India .It is also very much behind the expected demands from the Automotive & Auto Component sectors, which is leading to imports. Countries like Brazil are catching up faster than India.

The number of operating foundries has declined from a high of 6150 plants in 1955 to less than 3000 today. Of those 2900 foundries operating today, 1900 are nonferrous operations, with the rest comprised of iron and steel plants. Most American foundries remain small businesses, as 80% of all operating plants employ less than 100 people and only 6% employ more than 250 people.

India has achieved the position of becoming the second largest casting manufacturer in the world producing 7.4 million MT per annum of castings overtaking US and Russia. China, at 35 million MT, continues to dominate the market contributing a whopping 43% to the global production. Almost 90% of castings produced in China are consumed in Asia itself. The industry in the USA is still in the downsizing phase brought about by non-availability of skilled labour and high input prices. Europe records a mixed story of growth and weakness with countries like Germany and France showing growth and expects to regain the output levels of 2008. However, like USA, high input costs and lack of skilled labour continue to be the cause of shutting down several foundries. In India, there are approx. 4500 units out of which 80% can be classified as small scale units and 10% each as Medium and Large Scale units.

Main features of the global metal casting industry:

- A globally competitive and environmentally responsible industry.
- A well-capitalized and profitable industry.
- A source of challenging and well-paying careers.
- The preferred supplier of engineered, net-shape metal components.

Casting Applications:

Castings can range in size: from a few grams (for example, watch case) to several tones (marine diesel engines), shape complexity: from simple (manhole cover) to intricate (6-cylinder engine block) and order size: one-off (paper mill crusher) to mass production (automobile pistons). The desired dimensional accuracy and surface finish can be achieved by the choice of process and its control. Castings enable many pieces to be combined into a single part, eliminating assembly and inventory and reducing costs by 50% or more compared to machined parts. Castings can be completely recycled. Today, castings are used in virtually all walks of life. Major areas of applications are given below. The transport sector and heavy equipment (for construction, farming and mining) take up over 50% of castings produced.

> **Transport**: automobile, aerospace, railways and shipping, **Heavy equipment:** construction, farming and mining, **Machine tools**: machining, casting, forging, extrusion and forming, **Plant machinery**: chemical, petroleum, paper, sugar, textile, steel and thermal plants, **Defense**: vehicles, artillery, munitions, storage and supporting equipment, **Electrical machines**: motors, generators, pumps and compressors, **Municipal castings**: pipes, joints, valves and fittings, **Household**: appliances, kitchen and gardening equipment, furniture and fittings, **Art objects**: sculptures, idols, furniture, lamp stands and decorative items,

Ferrous Castings:

Ferrous castings include those of grey cast irons, ductile (spheroidal graphite) irons and steels, briefly described here.

Grey cast irons: These are alloys of iron, carbon and silicon, containing more than 2% carbon (as flake graphite), up to 3% silicon and less than total 1% of alloying elements (mainly chromium, copper, magnesium, molybdenum, nickel, phosphorous, silicon, sulphur, titanium and vanadium). Grey cast irons exhibit low to moderate strength, low ductility and toughness, low modulus of elasticity, low notch sensitivity, high resistance to wear and seizure, excellent vibration damping capacity, excellent machinability, high thermal conductivity, moderate resistance to thermal shock and most important, excellent fluidity.

Ductile or Spheroidal Graphite Irons: These irons have higher mechanical properties than a comparable grey cast iron with the same composition, because the carbon is in the shape of spheroidal graphite. This is achieved by inoculating low-sulphur molten iron having low silicon content with magnesium or cerium or both, followed by addition of silicon. Subsequent cooling can produce a variety of matrix structures with ferrite and pearlite being the most common. Compared to grey cast iron, spheroidal graphite irons have higher ductility, tensile strength, modulus of elasticity and resistance to elevated temperature oxidation. Machinability and corrosion resistance are comparable to grey cast iron, though damping capacity is lower. Fluidity is lower than grey cast iron but better than steel. The SG irons are widely used in automobile and farming industry: axle housings, brake calipers, brake cylinders, camshafts, connecting rods, crankshafts, gears, pistons and yokes. They are also used to make bulldozer parts, conveyor frames, couplers, crawler sprockets, elevator buckets, railway wheels and hoist drums. Other general engineering applications include boiler segments, coal crushers, hammers, die blocks, frames and jigs, nuclear fuel containers, tank covers, tunnels segments and turret heads.(Source-unknown)

Challenges:

b. Higher cost of inputs such as power, raw materials. Higher import duties on raw materials such as pig iron as compared to in the competing countries.

c. Lower productivity due to manual operations & low level of mechanization & old equipments.

d. Non availability of access to modern manufacturing techniques, design & in process quality techniques due to high capital cost & non availability of capital at Competitive cost as available in competing countries.

e. Poor & erratic power availability & low energy efficiency of SME units.

f. Lack of foundry specific training facilities & exposure to modern foundry manufacturing techniques & therefore unavailability of skilled manpower, cumbersome environmental clearance Procedures.
(Source: Indian foundry Industry)

Threats:

Any delay in the recovery of the world economy along with the prolonged slowdown of Indian as well global economy, adversely affect the commercial vehicle segment, as commercial vehicle segment is a face of revival in the economy. Further any increase in the prices of commodities be it rise in the steel prices, rise in crude prices along with the rise in the interest rate in the domestic market further cause to slow down in the Indian economy as well as in the World economy. Rise in the crude prices coupled with the rise in the interest cost ultimately will affect the demand of commercial vehicles as financing will be not be easy for the purchase of new vehicles. Further, as the entire major auto component manufacturer are now tapping the untapped after sale market, there will increase in the competition which will ultimately reduce the margin in the after sale market in the days to come. However, your Company is well positioned in the after sale market and has a huge network of distributors and retailers along with a reputed brand name "GS", which will counter any increase in the competition in the aftermarket sale segment. The Continued power cuts imposed during 2012-2013 due to gaps in demand & supply can impact the running of the foundry too along with any increase in the tariff rates, will further impact the overall margins of the Company. However, during the year under review the company has started to purchase online electricity from open market access, which has reduced the dependence on own generation as well as cost of electricity per unit, to some extent.

Challenges

Any Increase in Excise Rate along with the Increase in Commodity prices & Interest Rates, Infrastructure Bottleneck, Trained drivers for sophisticated vehicles and planned maintenance, Increased competition and expansion in capacity would pressure on margins leading to just a volume driven model, remaining cost competitiveness, access to and availability of cost effective capital, trade policies, access to world class technology and quality practices, scaling up the Industry.

The commercial vehicle market is purely an economic play and has moved cyclically, however India now established itself as a global manufacturing hub for sourcing and now proving a high growth market and also makes it surely a long term story for CV makers.

Cyclical nature of the Industry:

Our Company's fortune is linked to those of the automobile industry, which is cyclical in nature. The demand for automobiles has a significant impact on the demand and prices of the products manufactured by the Company. A fall in the demand and/or prices would adversely impact the financial performance of the Company.

Awards and Recognition:

As Company striving for excellence, we are proud to receive the recognition award at supplier conference 2011 from VE Commercial vehicles, for outstanding contribution to supply chain Management – Hardware and Consumables.

Human Resource Development:

To meet the long term growth plans of the Company, a structured organization with succession planning and strategies for development of the technical and managerial skills within the organization are being developed. Yours Company is following the most favorable human resources policy as prevailing in the industry. The Company believes in peaceful and harmonious relationship with the personnel of all the levels to achieve the targeted goal of the Company. Yours Company is firmly believes into involvement of personnel into decision-making process of the Company. The management have decentralized the decision making process so to achieve the self satisfaction at the decision making level. The Company continues to provide growth opportunities to its employees by way of training workshop and by that way to retain efficient and talented employees in the Company.

Human Resource is one of the key Assets of any organization. The Company believes that human resources enable the Company to consistently meet customer requirements and deliver exceptional performance for growth. To strive for success and growth in any organization, human resource will have to play a key role in the overall development of the organization. We feel that the organization will grow, only & only if, each & every employee of the organization will grow with regards to their personal developments, as well as, at organization level, along with the organization. The Company provides ample opportunity to employees to enhance their knowledge & skill, which will ultimately contribute to the growth of the organization. The Human Resources function at "GS", aims to create a Company that India is proud of. Your Company considers its human resource as "the most valuable asset", is thus committed to the welfare of its employees and their families, and by recognizing this devotes a considerable part of its time and resource in motivation, training & development of its employees in various traits, a part from job related skills, over the years, your Company has benefited from a pool of committed and dedicated employees. In an environment of general workforce shortages, retaining and motivating talent has become a key challenge. However, attrition in "GSAIL" has been less as compared to the Industry average, which reflects the loyalty of your Company's employees. Recruiting & retaining qualified skilled manpower poses to be a great challenge due to rapid growth in the economy. The Company has undertaken special HR initiatives with a view to develop strong and stable organization having intrinsic strength to meet the current business challenges.

The Company organizes celebration of festivals at various locations. Employees' families participate in large numbers and appreciate the opportunity provided by the Company. In the year under review given the changes in the external environment there was a significantly different challenge on the human resource management front. Using the dual responsibility mythology, scope of existing Employees' roles is being widened.

- Workmen trainees who have successfully completed their training with us are being absorbed on Company rolls.

- To attract and retain talent, Graduate engineer trainees recruited from engineering colleges and also from campuses of premier educational institutions across Punjab, which have

completed their training, have been absorbed as engineers and have also tied up with the colleges from where it is recruiting entry level employees.

- Employee satisfaction survey was carried out and based on the feedback received, corrective actions have been initiated which ultimately effect the morale booster of the employee.

- Communication meeting is being organized every month to appraise all the employees on the major development on various fronts such as market, supply chain as well as feedback cum suggestions etc. and also for any new suggestion as well as new initiatives.

- Near- misses / incidents reporting has been encouraged and investigation for each of these occurrences are carried out to deploy preventive measures. The ratio of near misses to accidents has improved considerably over the last year. Structured problem-solving technique is adopted to investigate accidents. Lessons learnt are shared with all the divisions for implementation.

- Internal and external safety audits and inspections are carried out regularly and the compliance of audit action points is monitored.

People:

As a business enabler, "GSAIL" people practices are geared towards delivering three corporate objectives:

- Identify and induct the most appropriate human talent- based on long term business plans.

- Develop the competencies and skill sets of the entire people force-work force and management alike-and synchronize these with long term business objectives.

- Ensure that existing people within the organization have a clearly defined growth and business delivery path, based on their competencies, delivery potential, previous track record and appetite for growth.

To achieve these three objectives, the Company, during the year has put into place key organizational changes.

Kaizens:

Your Company had done well in kaizens last year by implementing kaizens, resulting to savings and lot of improvements in 5S ,Systems, Process, Safety, Morale, Methods, Productivity, reducing wastages, energy savings etc.

Industrial Relations:

The total numbers of permanent employees on the roll of the Company were 1030 as on 31st March, 2013 (previous year 1115) .Your Company had maintained its excellent industrial relations records of not loosing even a single day due to industrial action since its inception, which further shows the relation of the Company with its workmen. This facilitated the following:

- Leadership development programme planned for office bearers at each and every level of the organization and for Executive committee members.

Employee Welfare:

- On April 1st, of every year, Annual day is being celebrated and all the employees and their family members are attending the function. This is an occasion of family get together. Various cultural and religious activities were conducted for employees and their family members.

Health, Safety, Security and Environment:

Health, Safety, Security and Environment is at the core of our business and all employees are accountable for it. "GS" operations follow the best industry practices as regard to Health, Safety, Security and Environment. The Company is committed to achieving these goals through a structured "HSE" management system that has been put in place and is being followed in letter and spirit as well as is rigorously monitored for continuous improvements. "GS" considers it is a responsibility to its stakeholders to clearly stipulate measures and polices that can be proposed to the third parties and are in line with global benchmarks.

The Company follows a policy of zero tolerance towards accidents. The Company provides all facilities for fatigue-free working. We have always focused on safety with a view to maintain an awareness of the importance of safety at work place.

During the year under review, safety audit were carried out by the in house staff members and all observations/ suggestions were implemented. Hazardous Waste which generated during the process is being disposed off as part the statutory guideline.

"GS" carried out the following activities as part of its annual plan:

- Basic safety training was imparted to all the factory employees including temporary workers. Safety and technical competency development programmes were carried out to improve competencies of employees for safety critical jobs.

- Work place inspections were carried out by executives and managers at all level. Senior management team members demonstrated leadership commitment through work place inspections.

- Reduced waste generation and improved waste management by collecting and disposing all the waste in an environment friendly manner.

- Tree plantation across premises and factories.

- Reduced level of sound pollution by providing acoustic enclosures on certain set of machinery and DG/ compressor sets.

- When risk assessment is carried out, proactive 'accident control measures' are factored into the scope in order to mitigate human accident and damage to property.

- Safety Equipments (e.g. safety helmets safety shoes etc) for "GSAIL" employees and subcontractors have been standardized and are in place.

- Comprehensive training programs were regularly conducted to ensure strict adherences to safety procedures. These are conducted by both in-house trainers as well as by outsides "HSE" experts.

- Safety handbooks are also given i.e. on the safety oath, emergency preparedness, instruction to fight against fire, emergency phone numbers,

- Reported near miss safety incidents are being investigated and immediate corrective and preventive actions are being initiated.

- Work permit system is followed strictly for hazardous work in nature, both for internal and sub contract works.

- External & Internal periodical safety audit is being carried and the corrective and preventive actions are being initiated on the observations made.

- Periodical general health check up was carried out for all the employees and particularly, audiometric tests, pulmonary function test, eye check up were also conducted by the doctors employed by the company.

- Employees working in canteen have been medically examined periodically for the hygiene.

During the year, "GSAIL" had no fatal accidents.

Information Technology:

"GSAIL" has been adapting IT, to pay an increasingly strategic role in business role in the business process by providing cutting-edge technologies needed to create values and competitive advantages. These range from advanced sales force automation, engineering design and collaboration tools. IT also

helps to ensure the sustainability of its various businesses compliances and enhanced information security systems. The major initiatives can be grouped under the following categories.

- Leveraging Technology: - Major initiatives in this have been launched across the Company, focusing on creating value through business process re-engineering. The objective is to seamlessly synchronize system to best-in-class business process, thereby improving controllership and data quality.

- Consolidation: - As a step forward in consolidating group IT infrastructure, Data center resources of all the entities are being aggregated at one place. Storage Area Network (SAN) has been implemented across group offices to consolidate corporate and project data into a central repository. This will link up with the ongoing knowledge management initiatives. Newer Technologies like virtualization for desktops and servers are being piloted to identify efficiencies to move toward a green data centre' environment.

- Disaster Recovery: - the group has a comprehensive disaster recovery plan closely linked with a business continuity plan.

- Security: - Company has upgraded its corporate office network by adopting industry best practices and best of breed technologies. This provides adequate IT controls to reduce current risk of loss of sensitive commercial and technical data through mail and internet by employees.

Corporate Social Responsibility (CSR):

"GSAIL" has always considered itself as a responsible corporate citizen. It cares for the well being of society. CSR represent an interesting culmination of philanthropy and ethics. "GSAIL" believes that it is not only accountable to its shareholders but it is also accountable to the society in which it operates. With a true corporate vision, the Company embraces a wider community rather than just its shareholders, customers and suppliers.

Corporate social responsibility (CSR) at "GS" is focused on making over business practices more environmentally and socially responsible. This is affected by (i) assessing and mitigating the environmental & social impacts and (ii) Minimizing the environmental impact and carbon footprints of our operations though resource of efficiency & conservation. CSR also includes an active volunteering program aimed at increasing our employee's environmental and social sensitivities, besides high standards of Corporate Governance, maintaining our reputation for ethical and fair business practice and improving transparency in our interaction with all our stakeholders.

Corporate Social Responsibility (CSR) is not a public relations exercise for us. GS denotes CSR as conducting business in ways that provide social, environmental and economic benefits for the communities and geographies where we operate. The greatest value is in making a difference in the lives of people. A beginning has been made, but there still miles to go before the huge disparity is bridged and a better future delivered to every child. The ultimate aim is to put a smile on every face.

The Company has an innate desire and zeal to contribute the welfare and social up liftment of the society. GS continues to support the society by way of contributing in the field of education, sports, environment etc. Highlights of performance of GS for the welfare of Society are as follows:

(i) (a) Company contributes to NGO's to empower children and community for understanding their rights as equal citizens and demand for schools and health centres in their villages.

(b) Establish unity by destroying the differences of caste, gender and class.

(c) Identify and tackle root causes that continue to keep children uneducated, unprotected and hungry & push for child friendly government policies.

(ii) Installed Water & Sewage Treatment Plant and Effluent Plant of 100000 ltrs per day and 60000 ltrs per day capacity respectively to provide better and healthy working conditions.

(iii) Company regularly contributes for upliftment of the various games of the state.

(vii) During the year under review, the company has taken initiatives for the enhancement of happiness and better health in of its employees. The company organized stress management seminar and free eye check up & medical camp for GS employees and also provides free aids to its employees in the factory premises.

An essential component to your Company's Corporate Social responsibility is to care for the community. Your Company endeavors to make a positive contribution towards social cause by supporting a wide range of socio-economic and education initiatives and committed to address important societal needs extends through philanthropic outreach programs under the aegis of "GS Foundation". Your Company has established a charitable trust, "GS Foundation" as part of its Corporate Social Responsibility. "GS Foundation" has been paying the fees of poor & needy students, of any class & any religion, for the required education of the particular students.

In G.S., we are enhancing corporate value by deepening awareness that honest action with responsibility leads to sustainable operations fulfilling our responsibilities in a well balanced way with respect to economic, environmental and social matters and achieving symbiosis with all our stakeholders. GS is very responsive towards all stakeholders viz. shareholders, employees, customers, suppliers, society at large etc. and create value for all of them. Further, your Company in a move towards the better working culture & environment always make an atmosphere, for asking suggestions from all the employees regarding suggestions for improving the working atmosphere & working culture and for improvement in the production processes of the Company.

Dividend Policy:

Company's main emphasis is to work, for & on, behalf of the benefits of all its stakeholders of the Company, Keeping this in view and to creating long term value creation for our Shareholders, Board of Directors of "GS" has formulated a dividend policy to pay dividend to shareholders, every year, at the rate, to be decided by the Board, from time to time, keeping in mind the distributable profits of the Company, during that particular year. However, as all the shareholders of the Company, is well aware, that your Company is in expansion phase and further, is re-investing its profit for the various expansion plans of the Company, for the benefits of all its shareholders, provided that, if in any year, it needs funds to expand its business, then the discretion regarding declaration of dividend for that particular year, will be of the Board of Directors of the Company.

Analysis and Comments on Key Business Risks:

Risk and Concerns:

The Company has developed built-in procedures and a practice to effectively mitigate the adverse affects of the risk involved in the business and has laid down procedures for handling risks in carrying out the business to the best advantage of all the stakeholders and to improve the stakeholder value and ensure continuity of business.

Risk Management:

The Company is committed to high standards of business conduct and the risk management with a view to

- Protect the Company's Assets
- Achieve sustainable business growth
- Avoid major surprises related to the overall control environment
- Safeguard Shareholder investment; and
- Ensure compliance with applicable legal and regulatory requirements

Further the Company has divided the overall risk into following categories:

i) **Risk of concentration in one segment:**

The Company right now operates in one sector and the commitment of investments being irreversible process and always has a risk of demand projections not materializing. However, historical perspective has been that the excess capacities get consumed eventually, may be after a lag of couple of years. The commercial vehicle segment is a cyclical sector in India. Accordingly; there is a risk that if the commercial vehicles sector experiences a period of sustained low growth or negative growth, our business is very likely affected.

The diversified customer portfolio of the Company with business share not exceeding 15% from any one customer and with good market share in all the segments i.e Passenger Vehicles, and Commercial vehicles, enhances its ability to face any fluctuations.

The Company's Market share is likely to be sustained over the next few years by virtue of the new investments it has made and is planning for the same. The Company's efforts on growing after market as well as exports would reduce the risk of fluctuations in the domestic Original Equipments Manufactures Market. The Company has further entered into manufacturing of parts for Earth Moving equipments so to de-risk itself from being dependent on one sector i.e. Automobile segment, but as on date is not so significant, so to report separately.

ii) **Global Competition Risk:**

International OEM's seeking to introduce global platforms prefer to source the products for that platform from a global supplier having the ability to supply same product (same specification and quality) at all locations where the platform is planned for manufacturing.

In case of direct imports of products, particularly from China, the Company has built up its capacity to compete at cost level while providing value added services to customer to continue being a preferred supplier.

iii) **Procurement and Supply Chain Risks:**

During the year, the prices of commodity and base metal remained on the same level as per the previous year but however the prices of crude was remained on the higher side, throughout the year. This poses serious risk of the profits erosion in case of inadequate compensation from its customers, in the case of the increase in the prices of the commodities.

However, the Company has addressed this risk by way of an understanding with most customers for adjusting the prices of our products in tandem with the movement of raw material cost. Sourcing from China and other Countries continues, which helps the Company to support short-term local suppliers capacity constraints and maintain its raw material cost at lower levels.

To avail the benefit of economy of scales the Company has opted for centralized sourcing with better vendor management. The movement in the material prices in the domestic as well as international market is closely monitored to ensure procurement at competitive prices.

iv) Exchange Fluctuations Risks:

The company's policy has been to avoid speculation in foreign exchange. The Company is right now, not using the hedging as a tool for booking forward for their regular business requirements. The company has raised a Foreign Currency Term loan amounted to US$ 42.24 Lacs (equivalent to Rs.2200.00 Lacs) for the setting up of new manufacturing unit at Jamshedpur. As of date the Company has not hedged the above said Foreign Currency Term loan exposure.

The current forex volatility can impact input costs as well as sales realizations and therefore it is critical to continuously review the latest foreign exchange rates while quoting for orders, which the company is already doing. On the funds deployment side, the company continues to maintain its conservative investment policy. The company invests its surplus funds in the fixed deposits of reputed banks, liquid debt funds and has limited protection continues to be the key driver. Hence the Company/s overall exposure for all its exports and import business along with the exposure to the extent of above said Foreign Currency Term loan will continue to bear the risk of exchange rate fluctuations. However we have planned to cover the currency risk through hedging, in the days to come.

v) Commodity Risk:

The Input prices in general and scrap prices in particular are very volatile along with the prices of Crude & power. With the Government of India's policy to partly decontrol the Oil prices, there was continuous pressure in the prices of Oil, further Causes to increase in the power cost.
Any further rise in the price of Commodity & Crude, will adversely impact the overall margins of the company. What poses even greater challenges from the risk management perspective is the sharp volatility in prices."GSAIL" addresses it by sharing the prices with its ultimate customers beyond certain rate of increase, along with buying the material in bulk when there is considerable reduction in the prices.

vi) Talent and Attrition Risk:

The Management closely reviews the attrition risk and talent availability risk-in term of head count and competence. Due to the boom in the auto sector the attrition risk is high. The Company being sensitive to this concern has proactively engaged itself in hiring and developing talent with special focus on HR activities for ensuring retention of its people. Availability of knowledgeable work force is also key concern, which has been addressed by wide spread engagement with technical schools for direct recruitment and offering them well define growth paths.

viii) Interest Rate Risk:

Due to increase in the commodity prices and pending value added tax refunds with the state government, there is increase in working capital requirements of the Company. Further the Company has planned its expansion plans so to expand its capacities. As per the prevailing market Conditions, pursuant to the continuous rise in the interest rate by the Reserve Bank of India, going forward, there will be increase in the interest cost, which will cause pressure on the margins of the Company.

ix) **Risk related to safe operations:**

Your company is committed to the safety of its people and continues to strive for making workplaces safe. The complexity and spread of operations make this task even more daunting. There is a dedicated team of safety officers reporting to the head of safety who continuously review the implementation of policies and procedures especially at the site and factories. They also conduct periodic safety audits to measure and improve compliance. Continuous efforts and programmers are on for enhancement of safety awareness at all levels through.

Quality Management System:

From the very beginning "GS" has always shown incessant thirst for Product Quality and Customer Satisfaction. At "GS", each component passes through series of stringent tests of quality from Design Stage to Manufacturing. Conformance to the Quality is just not restricted to the shop floor of the Company but also throughout the supply chain. After having conferred ISO 9002 certification in 1997 and QS 9000 certification in 1999 by BVQI, U.K. the Company takes further leaps by implementation of 5 S, TPM, TQM concepts i.e. Total Productive Maintenance / Total Quality Management and Lean Manufacturing. The Management of "GS" feels that these are essential ingredients of success and sustenance in the present times due to fierce competition offered by Global Companies. The Quality Movement in "GS" has achieved its next milestone – ISO/TS 16949 accreditations in April, 2005 (re certified in 2011). Your management is working on certain initiatives to encourage Quality circle to promote internal customer concept and also to reduce drastically the PPM levels for all the operations.

Internal Control System:

The Company's internal audit department is regularly reviewing the adequacy of the internal control systems and suggests corrective measure, wherever found necessary. Review mechanisms are in place to monitor & improve the internal control systems. The internal audit department draws up yearly plans keeping in view the complexities of the businesses. All areas are covered periodically & report submitted to the departmental heads. Corrective actions, if any, are taken within an agreed time frame. The audit committee of the board periodically reviews the report & recommendations and follows up with necessary actions. Statutory auditors also review the adequacy of internal audit system and suggest improvements wherever feel necessary, at regular intervals.

Financials:

Abridged Statement of Profit and Loss: (In Rs. Lacs)

Particulars	2012-13	2011-12
Net Sales	12680.49	13055.49
Operating Income	11.14	23.17
Total Expenditure	12428.28	12072.14
(a) Consumption of Raw Material	8001.11	7681.49
(b) Employee Benefit Expense	1439.52	1340.21
(c) Other Expenditure	2987.65	3050.44
OPBDIT	263.35	1006.52
Depreciation & Amortization	124.41	112.50
OPBIT	138.94	894.02
Finance Charges	309.90	249.36
OPBT	(170.96)	644.66
Other Income	15.91	46.80
PBT	(155.05)	691.46
Current Tax/Wealth Tax	00.50	199.00
Deferred Tax	(29.23)	31.23
PAT	(126.32)	461.23
Tax Adjustment related to Previous Years	00.00	(0.08)
EPS (Rs.) :- – Basic & Diluted (face value of Rs.5/- each)	(01.05)	4.32

Note:-Previous year figures have been regrouped / rearranged wherever found necessary.

The following table list out the key financial ratios for financial year 2012-13 and Financial Year 2011-2012.

Indicators of Profitability		
	2012-2013 (%)	2011-2012 (%)
PBDIT/Net Income	2.20	8.03
PBIT/Net Income	1.22	7.17
PBT/Net Income	(1.22)	5.27
PAT/Net Income	(0.99)	3.51
Return on Capital Employed	2.24	15.13
Return on Net Worth	(3.13)	11.07
EPS (Rs.) :- – Basic & Diluted (face value of Rs.5/- each)	(01.05)	4.32
Capital Structure Ratio		
	2012-13	2011-12
Debt Equity Ratio	0.66:1	0.96:1

Cautionary Statement:

Certain Statements in this Management Discussion and Analysis describing yours Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectation of future events. The Company cannot guarantee that those assumptions and expectations are accurate or will realize. Actual results could differ substantially or materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Important developments that could affect your Company's operations include a downtrend in the Automobile Industry- global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest rate and other costs including commodity prices.

Corporate Governance Report:

Corporate governance refers to the set of systems, principles and processes by which a company is governed to ensure the company is managed to suit the best interest of all the stakeholders. The Corporate Governance structure specifies distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stake holders, and spells out the rules and procedures for making decisions on corporate affairs. Corporate governance provide the guidelines as to how the company can be directed or controlled such that it can fulfill all its goals and objectives in a manner that adds to the value of the company and is also beneficial for all the stakeholders in the long term. Stakeholders include everyone ranging from the board of directors, management, shareholders to customers, employees and society. The management of the company hence assumes the role of a trustee for all the others.

Company's philosophy on Corporate Governance:

The Board of Directors and the Management of your Company commit themselves to achieve excellence in Corporate Governance by:

- Ensure transparency and professionalism in the all decisions and transactions of your Company;
- Strive towards the medium and long term enhancement of shareholder value through sound business decisions, prudent financial management and high standard of ethics throughout your Company;
- Conforming to prevalent guidelines on Corporate Governance;
- Regularly reviewing the processes of Board and Management systems directed towards continuous improvement.

Compliance of Corporate Governance:

1. **Board of Directors:**

   Yours Company's concept:

   The Board of directors effectively discharge their responsibilities towards the stakeholders by adopting the proper corporate governance practices. The Board being trustee of the Company, responsible for the establishment of the cultural, ethical, accountable, and systematic growth of the Company, is constituted with a high level of integrated, committed professionals.

A. **Board Meetings**: During the financial year 2012-2013, the Board of Directors met seven times on the following dates:

5th April 2012	22nd October, 2012
23rd April 2012	21st January, 2013
21st July, 2012	28th February, 2013
11th August, 2012	

B. **Composition as on March 31st, 2013:**

The Board of Directors comprises of a Chairman & Whole Time Director, one Executive Director and seven Non-Executive Directors. Out of total strength of 9 directors, 5 are independent, thus it meets the stipulated requirement.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at last Annual General Meeting of the Company and also the number of Directorship/ Chairmanship in other Indian Public Limited Companies are as follows:

Name of Director	Designation & Category	No. of Board Meetings attended	Attendance at last AGM	Total No. of Directoships in other Public Companies	Total No. of Committee Memberships in other Indian Public Companies	Total No. of Board Chairmanship in other Indian Public Companies	Total No. Of Committee Chairmanship in other Indian Public Companies
Mr. Jasbir Singh Ryait	Chairman & Whole Time Director	7	Yes	-	-	-	-
Mr. Surinder Singh Ryait	Managing Director	7	Yes	-	-	-	-
Ms. Dalvinder Kaur Ryait	Non-Executive Director	7	Yes	-	-	-	-
Ms. Amarjit Kaur Ryait	Non-Executive Director	7	Yes	-	-	-	-

Mr. Satish Monga**	Non-Executive Independent Director	7	No	-	-	-	-
Mr. Sanjeev Sethi	Non-Executive Independent Director	7	No	-	-	-	-
Mr. Upkar singh Ahuja	Non-Executive Independent Director	7	Yes	-	-	-	-
Mr. Jasbir Singh Bir	Non-Executive Independent Director	5	Yes	-	-	-	-
Mr. Jayant Davar*	Non-Executive Independent Director	7	No	3	2	-	-
Mr. Iqbal Singh#	Non-Executive Independent Director	-	No	-	-	-	-

* Resigned as Director of the Company w.e.f 10th April, 2013.

** Resigned as Director of the Company w.e.f 15th June, 2013.

Appointed as Additional Director of the Company w.e.f 15th June, 2013.

C. Board Procedure:

A detailed folder of agenda & notes thereon is sent to each Director in advance of Board and committee meeting. All material information is incorporated in the agenda for facilitating meaningful

and purposeful discussion at the meeting. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted with the permission of Chairman of the meeting. To enable the Board to discharge their duties effectively, the Managing Director apprises the Board regarding overall performance of the Company at every meeting.

The Board reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company. The board also reviews major legal issues, significant labour problems and their proposed solutions, minutes of the Committees of the board, significant transactions and arrangement entered into by the company, adoption of financial results, transactions pertaining to purchase or disposal of properties, major accounting provisions and information on recruitment of officers just below the Board level including the appointment or removal of Chief Executive Officer and Chief Financial Officer. Board also take note on non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

D. Director's Shareholding as on 31st March 2013:

Name	Category	No. of shares held
Mr. Jasbir Singh Ryait	Executive Director (Promoter)	439540
Mr. Surinder Singh Ryait	Executive Director (Promoter)	513420
Ms. Dalvinder Kaur Ryait	Non-Executive Director (Promoter)	136600
Ms. Amanjeet Kaur Ryait	Non-Executive Director (Promoter)	115560
Mr. Satish Monga	Non-Executive Independent Director	Nil
Mr. Sanjeev Sethi	Non-Executive Independent Director	Nil
Mr. Jayant Davar	Non-Executive Independent Director	Nil
Mr. Upkar Singh Ahuja	Non-Executive Independent Director	Nil
Mr. Jasbir Singh Bir	Non-Executive Independent Director	Nil

E. Remuneration to Directors:

(i) Executive Directors:

The Company pays remuneration to Chairman & Whole Time Director and the managing Director as approved by the Board of Directors and the Members of the Company in the General Meeting.

A detail of remuneration paid during the year 2012-13 is as given below:-

Names of the Directors	Category	Salary and Perquisites (Rs.)	Total (Rs)
Mr. Jasbir Singh Ryait	Chairman	30,21,880	30,21,880
Mr. Surinder Singh Ryait	Managing Director	31,13,350	31,13,350

(ii) Non Executive Director:

The Company does not provide any remuneration, sitting fee or commission to the Non-Executive Directors.

2. Committees of the Board:

A. Audit Committee:

The Audit Committee of the Board of Directors was constituted by your Company as a measure of good corporate governance and to provide assistance to the Board of Directors, in fulfilling their oversight responsibilities. The Terms of reference of the Audit Committee is set out in the Listing Agreement and Section 292 A of the Companies Act, 1956.

Composition:

As at 31st March, 2013, the Audit Committee of the Company comprised of 4 Directors i.e. Mr. Satish Monga, Mr. Sanjeev Sethi, Mr. Jasbir Singh Bir and Mr. Jasbir Singh Ryait. Audit Committee is headed by Mr. Satish Monga.

All the members of Audit Committee are well versed in the field of accounting and financial management. Composition of Audit Committee meets the requirement of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Company Secretary of the Company is the Secretary to the Committee.

Objective:

The Audit committee's purpose is to oversee the accounting and financial reporting process of the company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, including the Cost Auditors, the performance of Internal Auditors and the company's risk management policies. The Audit committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the company and its compliances with the legal and regulatory requirements. The Audit Committee also reviews the related party disclosures and transactions. Apart from above, the committee also reviews matters required under Clause 49 of the Listing Agreement and other laws, rules and regulation.

Meeting and Attendance:

The Audit Committee met Five times during the financial year 2012-13 on 23rd April, 2012, 21st July 2012, 11th August 2012, 22nd October 2012 and 21st January 2013.

The attendance of present members of the Committee is given as below:

Committee Member	Number of meetings Held	Number of meetings Attended
Satish Monga*	5	5
Sanjeev Sethi	5	5
Jasbir Singh Ryait	5	5
Jasbir Singh Bir	5	4

*** Resigned as member of the Audit Committee w.e.f 15th June, 2013.**

B. Shareholder's and Investors Grievance Committee:

The Shareholders and Investors Grievance Committee has been constituted to look into and redress the Shareholders/ Investors grievances.

Composition:

The Shareholders and Investors Grievance Committee comprises of Mr. Sanjeev Sethi, Mr Satish Monga, Mr. Jayant Davar, Mr. Upkar Singh Ahuja and Mr. Jasbir Singh Bir. All of them are Non-

Executive Independent Directors. The Committee is headed by an Independent Director, Mr. Sanjeev Sethi.

The Company Secretary of the Company is the Secretary to the Committee.

Objective:

The objective of Shareholders and Investors Grievance Committee to look into and redress shareholders/investors grievances relating to transfer of shares, non receipt of declared dividend, annual reports, all such complaints directly concerning the shareholders/investors as stakeholders of the company, any such matters that may be considered necessary in relation to Shareholders/investors of the company.

The committee overseas the performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

Meeting and Attendance:

The Committee met Four times during the financial year 2012-13 on 23rd April 2012, 21st July 2012, 22nd October 2012 and 21st January 2013.

The attendance of present members of the Committee is as given below:

Committee Member	Number of meetings Held	Number of meetings Attended
Sanjeev Sethi	4	4
Satish Monga**	4	4
Jayant Davar*	4	2
Upkar Singh Ahuja	4	4
Jasbir Singh Bir#	4	3

* Resigned as a member w.e.f 10.04.2013

**Resigned as a member w.e.f 15.06.2013

Appointed as member w.e.f 21st July, 2012

Compliance Officer:

Mr. Surinder Singh, is the Compliance Officer of the Company as per clause 47(a) & (f) of the Listing Agreement of the Stock Exchanges for the financial year 2012-2013.

Detail of Queries/grievances/requests, received and redressed by the Shareholder's Grievance Committee during 2012-2013:

Nature of complaints /request	Received during 2012-13	Resolved during 2012-13	Pending as on 31.03.2013
Transfer/ Transmission	22	22	NIL
Non – receipt of Share certificates	44	44	NIL
Non-receipt of Dividend	9	9	NIL
Others	12	12	NIL

C. Remuneration Committee:

Remuneration Committee is constituted to review the market practices and decide remuneration packages to the Managing Director and Chairman of the Company.

Composition:

The Remuneration Committee comprises of Non Executive directors viz. Mr. Satish Monga, Mr. Sanjeev Sethi, Mr. Upkar Singh Ahuja and Mr. Jayant Davar. All the Directors of Remuneration Committee are Independent Directors. Remuneration Committee is headed by Mr. Satish Monga.

The Company Secretary of the Company is the Secretary to the Committee.

Objective:

Apart from above, Remuneration Committee also looks into the matters regarding the formulation and implementation of Remuneration policy of the Company. The broad terms of reference, Terms of appointment of Chairperson, Managing Director and other Key Managerial Personnel's are recommended by the committee to the Board of Directors.

Meeting and Attendance:

The Committee met Four times during the financial year 2012-13 on 23rd April 2012, 21st July 2012, 22nd October 2012 and 21st January 2013.

The attendance of present members of the Committee is as given below:

Committee Member	Number of meetings Held	Number of meetings Attended
Mr. Satish Monga **	4	4
Mr. Sanjeev Sethi	4	4
Mr. Jayant Davar*	4	4
Mr. Upkar Singh Ahuja	4	2
Mr. Jasbir Singh Bir#	-	-

*Resigned as a member w.e.f 10.04.2013

**Resigned as member w.e.f 15.06.2013

Appointed as a member w.e.f 15.06.2013

3. General Body Meetings:

(i) Details of last three Annual General Meetings are as follows:

Year	Date	Time	Venue	Special Resolutions passed
2011-12	29.09.2012	10.00 A.M.	Regd. Off. G.S. Estate, G.T. Road, Ludhiana.	1
2010-11	30.09.2011	10.00 A.M.	Regd. Off. G.S. Estate, G.T. Road, Ludhiana.	3
2009-10	30.09.2010	10.00 A.M.	Regd. Off. G.S. Estate, G.T. Road, Ludhiana.	2

- At the last AGM held on 29.09.2012, one special resolution was passed under Section 81(1A) of the Companies Act, 1956.
- All the resolutions including Special Resolution set out in the respective notice were passed by the requisite majority of shareholders.
- No ordinary resolution or special resolution was passed by way of postal ballot and there was no resolution proposed to be conducted by way of postal ballot.

4. **Disclosures:**

a) **Corporate Governance Voluntary Guidelines 2009:**

The Ministry of Corporate Affairs, Government of India, has issued the Corporate Governance Voluntary Guidelines 2009 keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance. The company is in substantial compliance with the Voluntarily Guidelines and it will always be the company's endeavour to attain the best practices in corporate governance.

b) **Code of Conduct:**

The Code has been laid down by the Board, which has been circulated to all the concerned and the same is also hosted on the website of the Company **www.gsgroupindia.com**. As required under clause 49 of the Listing Agreement, all board members and senior management have affirmed compliance with this code. A declaration signed by the Managing Director to this effect is forming part of this report.

c) **CEO/CFO Certification:**

The Chief Executive Officer and the Chief Financial Officer of the company have certified to the Board of Directors regarding the Financial Statements and matters related to internal control in prescribed format for the year ended 31st March, 2013, which is annexed to this report.

d) **Risk Assessment:**

Procedures for assessment of risk and its minimisation have been laid down by the Company and reviewed by the Board. These procedures are periodically reassessed to ensure that executive management controls risks through means of properly defined framework.

e) **Subsidiary Companies:**

The Company is neither a Subsidiary of any Company /body corporate nor having any subsidiary companies.

f) **Related Party Transactions:**

During the year, there was no related party transaction i.e. transactions of the Company of material nature entered with its promoters, the directors or the management or relatives etc. that may have potential conflict with the interest of Company at large. The details of the

related party transactions are disclosed under the notes on accounts, as required under the Accounting Standards 18 issued by the Institute of Chartered Accountants of India.

g) Accounting treatment in preparation of financial Statements:

The company has followed the Accounting Standards prescribed by the Company (Accounting Standards Rules 2006) in preparation of its financial Statements.

h) Details of Non-Compliance:

The Company has complied with all the requirements of the SEBI and the Stock Exchanges on the matters relating to the capital markets as applicable from time to time. There has been no instance of non-compliance by the company or penalty or strictures imposed on the company by the stock exchanges or SEBI or any statutory authority on any matter related to capital market, during the last three years.

i) Code for Prevention of Insider Trading:

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 1992, the company has adopted a Code for Prevention of Insider Trading. The objective of the code is to restrict an insider from dealing in the shares of the company either directly or indirectly when in possession of unpublished price sensitive information. The code is applicable to the directors and designated employees / persons associated with the company. The code enumerates the procedure to be followed for dealing in the shares of the company and periodic disclosures to be made. The Company also informs the stock exchange(s) periodically about the shareholdings of the directors as per the regulations.

j) Management Discussion and Analysis:

The Annual report has a detailed section on Management Discussion and Analysis.

k) Reconciliation of Share Capital Audit:

As stipulated by SEBI, a qualified practicing company secretary carries out share capital 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. This audit is carried out every quarter and report thereon is submitted to the Stock Exchanges.

l) Corporate Filling and Dissemination System (CFDS):

The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communication to BSE and NSE

are filled electronically through the CFDS portal and hard copies of the said disclosures and corresponding are also filled with the Stock Exchanges.

m) **Update Address:**

To receive all communications promptly, please update your address with the Company or its Registrar

n) **Dealing with Registered Intermediaries:**

Members must ensure that they deal with only SEBI registered intermediaries and must obtain a valid contract note/confirmation memo from the broker/sub-broker, within 24 hours of execution of the trade and it should be ensured that the contract note/conformation memo contains order no., trade no., trade time, quantity, price and brokerage.

5. **Means of Communication:**

a) Quarterly Results: The Board of directors after adopting and announcing the unaudited financial results to the stock exchanges where the shares are listed, published the said results in the following Newspapers

- Business Standard/Financial Express (English)
- Rozana Ajit/ Jagbani/Desh Sewak (Punjabi)

b) News Releases and Presentations: Official news/ Press releases are sent to the Stock Exchanges.

c) In compliance with the sub-clause IV (F) of clause 49 of the Listing Agreement, the company provides the Management Discussion and Analysis detailing the overview of the Industry, its business and its financials etc. as a part of the Annual Report.

d) **E-mail ID**: In pursuance of the Investors Grievance redressal measure and clause 47(f) of the Listing Agreement with the Stock Exchanges, the investors can lodge their complaints and grievances in the company's exclusive e-mail id info@gsgroupindia.com; sharedept@gsgroupindia.com.

6. General Shareholders Information:

(i) Company Registration Details, Listing Details & ISIN Details:

A. Corporate Identification No.(CIN)	L34300PB1973PLC003301	
B. Listing at Stock Exchanges	**Trading Code** ***Details of listing fee**	**Address**
1. BSE Ltd.	S13059 *Listing fee of 2013-14 paid	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001
2. LSE Ltd.	GATO *Listing fee of 2013-14 paid	Feroze Gandhi Market, Ferozepur Road, Ludhiana-141001
C. International Security Identification No.(ISIN) in NSDL and CDSL	**Particular**	**ISIN**
	Equity Shares *Depository fee for 2013-14 paid to NSDL & CDSL	INE736H01024

(ii) **39th Annual General Meeting:**

Date: 30th December 2013

Time: 10.30 A.M.

Venue: Regd. Off. - G.S. Estate, G.T. Road, Ludhiana

(iii) **Financial Year:**

The financial year covers a period from 1st April to 31st March.

(iv) **Financial Reporting for 2013-14 (Tentative):**

First Quarter un-audited Results- June 30, 2013	July' 2013
Half Yearly un-audited Results – September 30, 2013	October' 2013
Third Quarter un-audited Results- December 31, 2013	January' 2014

Fourth Quarter un-audited Results-March 31, 2014	April' 2014
Approval of Annual Accounts	August' 2014

(v) Book Closure Date:

Company's Share Transfer Books and Register of members of equity shares shall remain closed from 25.12.2013 to 30.12.2013 (both days inclusive).

(vi) Stock Market data:

High and Low Prices and Trading Volumes at BSE.

*Face value of Rs. 5/- per equity share.

Stock Market Data:

Month	BSE Sensex		Company's share*		Volume (No. of Shares)
	High (Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)	
Apr, 2012	17664.10	17010.16	21.35	15.55	120077
May, 2012	17432.33	15809.71	17.75	14.05	29728
Jun, 2012	17448.48	15748.98	17.35	14.00	40471
Jul, 2012	17631.19	16598.48	21.20	14.10	272627
Aug, 2012	17972.54	17026.97	15.36	11.75	92132
Sep, 2012	18869.94	17250.80	16.74	12.70	143219
Oct, 2012	19137.29	18393.42	19.00	13.65	125576
Nov, 2012	19372.70	18255.69	16.25	13.36	71199
Dec, 2012	19612.18	19149.03	14.78	12.26	46174
Jan, 2013	20203.66	19508.93	14.94	12.03	75531
Feb, 2013	19966.69	18793.97	12.95	8.38	54786
Mar, 2013	19754.66	18568.43	11.00	8.29	59405

(vii) Registrar & Transfer agent:

M/s Skyline Financial Services Pvt. Ltd. New Delhi is the registrar and share transfer agent of the company for handling the share transfer work in physical and electronic form. All correspondence relating to share transfer, transmissions, dematerialisation, rematerialisation etc. can be made at the following address:

M/S Skyline Financial Services Pvt. Ltd.
D/153A, Okhla Industrial Area, Phase 1, New Delhi- 110020
Phone No. 011 30857575 (10 Lines), Fax No. 011 30857562
E – Mail: admin@skylinerta.com

(viii) Share Transfer System:

The Company processes the Share Transfer and other related Shareholders services through Registrar and Share Transfer Agent (RTA) on a fortnight basis. The share transfer in physical form is registered within 15 days from the date of receipt, provided the documents are complete in all respects. The Company has a share holder's / Investors Grievance Committee, which considered and approves the share transfers and to resolve any query or problem in relation thereto.

Distribution of equity shareholding as on 31st March, 2013

Sr. No.	Number of Shares	No. of Shareholders	%	No. of Shares held	% of share Holding
1.	1-500	7886	88.82	1449464	12.09
2.	501-1000	549	6.18	443584	3.69
3.	1001-2000	224	2.53	345167	2.88
4.	2001-3000	70	0.79	179775	1.50
5.	3001-4000	42	0.47	149527	1.25
6.	4001-5000	25	0.28	119161	0.99
7.	5001-10000	42	0.47	324082	2.70
8.	10001&above	41	0.46	8989210	74.91
	Total	8879	100.00	12000000	100.00

Categories of equity shareholders as on 31st March, 2013:

	CATEGORY	NO. OF SHARES HELD	%AGE OF SHAREHOLDING
(A)	Promoters Holding		
1	Individuals	1386660	11.56
2	Bodies Corporate	2170000	18.08
	Total Shareholding of Promoters	3556660	29.64
(B)	Non- Promoters Holding		
	Mutual Funds, Banks, Financial Institutions, Insurance		
1	Companies etc.	Nil	Nil
2	Foreign Institutional Investors	Nil	Nil
3	Bodies Corporates	4975718	41.46
4	Non Resident Individuals	59669	0.50
5	Indian Public & Others	3407953	28.40
	Total Shareholding of Public	8443340	70.36
	Total (A + B)	12000000	100.00

(ix) Dematerialisation of Shares:

The Company has entered into agreements with both National Securities Depository Limited and Central Depository Services (India) Limited to facilitate the shareholders to Demat their equity shares with any one of the depositories. As on 31st March 2013, the Company has 1,11,27,951 dematerialised shares with NSDL and CDSL which is 92.73% of the total Issued capital of the Company.

(x) Detail of Interim/Final Dividend Paid and Unclaimed:

The details of the interim/final dividend declared, paid and unclaimed is shown in the table below:

Financial year	Dividend	Date of declaration	Total dividend amount (Rs.)	Unclaimed Dividend as on 31st March, 2013	Due for transfer to IEPF on
2009-10	Interim	10.04.2010	44,00,000/-	353428.90	15.05.2017
2010-11	Final	30.09.2011	66,00,000/-	333797.20	14.11.2018

7.Company Secretary:

Ms. Amninder Kaur, ACS is the Company Secretary of the Company.

8. Plant Location:

: (i) G.S. Estate, G.T. Road, Ludhiana.
:(ii) M-09 Large Sector, Tata Kundra Main Road, Industrial Area, Adityapur Development Authority, Jamshedpur

9. Address for Correspondence:

Registered Office	: G S Estate, G.T. Road, Ludhiana – 141010
Telephone	: 0161-2511001-05
Fax	: 0161-2511085
Web Site	: www.gsgroupindia.com
E-mail ID	: info@gsgroupindia.com; sharedeapt@gsgroupindia.com exclusively for the redressal of investor's grievances.

Non Mandatory Requirements

Shareholder's Rights:

The quarterly results of the Company are published in one English and one Punjabi newspaper, having wide circulation in Punjab. In the view of forgoing, the half yearly results of the Company are not sent to the shareholders individually.

Audit Qualification:

It is always the company's endeavour to present unqualified financial statements. There is no audit qualification in the company's financial statements for the year ended 31st March, 2013.

Training of Board Members:

All Board members have enough experience in the company as well as in other companies. They are aware and are also updated as and when required, of their role, responsibilities and liabilities. They comprehend basic financial statements. Presentations are made regularly to the board and Audit Committee, where the Directors get an opportunity to interact with senior managers. Presentations,

inter alia, cover business strategies, management structure, HR policies, quarterly and annual financial results, budgets, treasury and forex management, review of internal audit reports, risk management framework, Independent Directors interact with the company's senior management employees during Board and Committee Meetings and even during the Board Retreat which usually takes place once a year.

Whistle Blower Policy:

The Company has adopted a Whistle Blower policy to provide a formal mechanism to the employees, to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Conduct or Ethics policy, ensures timely and consistent organisational response, build and strength a culture of transparency and trust.

The Company has set up a direct touch initiatives, under which all the employees/ business associates have direct access to the Management. The policy provides for adequate safeguards against victimization of employees.

Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India:

The Institute of Company Secretaries of India, one of the premier professional bodies in India, has issued Secretarial Standards on important aspects like board meetings, general meetings, payment of dividend, maintenance of registers and records, minutes of meetings, transmission of shares and debentures, passing of resolutions by circulation, affixing of common seal, forfeiture of shares and Board's report. Although these standards are recommendatory in nature, the company substantially adheres to these standards voluntarily.

Unclaimed Dividend:

No Unclaimed dividend for the years prior to and including the financial year has been transferred to the General Revenue Account/ the Investor Education & Protection Fund (IEPF), established by the Central Government, as no amount due under that head.

Permanent Account Number:

SEBI has made it mandatory for every participant in the securities /capital market to furnish PAN issued by the Income Tax dept. Accordingly all shareholders are required to submit their PAN along with a photocopy of both sides of the Pan card duly attested. Shareholders with shareholding in physical form are requested to send a copy of the PAN card of all holders (including joint holders) duly attested, by Notary Public/Gazetted Officer/ Bank manager under their official seal and stating their full name and address, folio no. to the company or its Registrar and STA. Shareholders holding shares in electronic form are required to furnish their PAN details to their Depository Participant with whom they maintain their account along with the documents as required by them.

Register Nominations:

To enable successors to get the shares transmitted in their favour without hassles, the members may register their nomination. Member(s) desirous of availing this facility may submit their nomination in form 2B which can be obtained from Skyline Financial Services Private Limited (Registrar Cum Share Transfer Agent) at the address mentioned above. Members holding shares in Dematerialized form are requested to register their nomination directly with their respective DPs.

Consolidation of folios and avoidance of multiple mailing:

In order to enable the company to reduce costs and duplicity of efforts for providing services to investors members who have more than one folio in the same order of names, are requested to consolidate their holdings as under one folio. Members may write to the registrar indicating the folio numbers to be consolidated alongwith the original share certificates to be consolidated.

Maintaining of Chairperson's office by Non Executive Director:

No, as the Company has appointed Executive Director as Chair person.

Term of office of Non- Executive Directors:

Presently, none of the Non Executive Directors have a term of office exceeding six years on the Board of Directors.

Remuneration Committee:

The Company has set up remuneration committee to determine the packages for executive directors.

Mechanism for evaluating Non- executive Directors:

The Company does not have a mechanism for evaluating the performance of Non Executive Directors.

Service of documents through email:

Ministry of Corporate Affairs ("MCA") has vide its Circular No. 17 dated 21.04.2011 & Circular No. 18 dated 29.04.2011, undertaken a "Green initiative in Corporate Governance" by allowing service of documents on members by a Company through electronic mode. Accordingly the Company proposes to send documents like Shareholder's Meeting Notice/other notices, audited financial statements, director's Report or any other document, to its members in electronic form at the email address provided by them and/or made available to the company by their depositories. This will help in prompt receipt of communication, reduce paper consumption as well as avoid loss of documents in transit. Members who have not yet registered their email id may get the same registered/updated either with their depositors or by writing to the Company. Format of request letter is available at the last page of this Annual Report.

Declaration

To the Shareholders of G.S Auto International Limited.

Sub: Compliance with Code of Conduct

The Company has adopted a code of conduct which deals with governance practices expected to be followed by the Board members and senior management employees of the Company. Pursuant to Clause 49(i) (D) (ii) of the Listing Agreement entered into with the stock exchanges, I hereby declare that all Board members and senior management personnel have affirmed compliance with the code of conduct.

For and on behalf of the Board of Directors
For G.S. Auto International Limited

Sd/-
Surinder Singh Ryalt
Managing Director

Ludhiana: 25th November, 2013

Auditor's Certificate on Corporate Governance:

To the Members of G.S. Auto International Limited,

We have examined the compliance of conditions of Corporate Governance by G.S. Auto International Limited, for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with the 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 the 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 abovementioned Listing Agreement.

We 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.

For Nanda and Bhatia
Chartered Accountants
Firm Regn. No.004342N

P.C.S.Virdi
Partner
Membership No.17056

Ludhiana: 25th November, 2013

CEO/CFO Certification under Clause 49 of the Listing Agreement:

I, Jasbir Singh Ryait, Chief Executive Officer and Neeraj Tuli, Chief Financial Officer of G. S. Auto International Limited hereby certify to Board that:

a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2013 and that to the best of our 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 in to 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, the deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit committee that:
   i) there are no significant changes in internal control over financial reporting during the year; and
   ii) there have been no significant changes in accounting policies during the year which are required to be disclosed in the notes to the financial statements; and
   iii) there have been no instances of significant fraud of which they 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.

Jasbir Singh Ryait — Chief Executive Officer

Neeraj Tuli — Chief Financial Officer

Ludhiana: 25th November, 2013

Code of Conduct:
for Directors and Senior Management:

1. Perform functions of the office with integrity, honesty, fairly, ethically, professionalism, and exercise powers attached thereto in good faith and with due care and diligence, without the influence of personal interest. Act in a manner to enhance and maintain the reputation of the Company.

2. Ensure that the Company's Management works for & in the best interest, fulfill the fiduciary obligations to the Company's shareholders along with the long term value creation, for all the stakeholders of the Company, at large.

3. Comply with the terms of the Code of Conduct for Prohibition of Insider Trading approved by the Board of Directors as well as Companies policy on Disclosure and internal procedures for prevention of insider trading under SEBI Regulations and any other code that may be formulated from time to time, as applicable.

4. Treat employees with dignity, respect and justice, taking into consideration their different cultural sensitivities. Non- discrimination against employees on the grounds of religion, age, nationality, sex or any other personal or social condition, different from the conditions of merit and capacity. Conduct themselves in a professional, courteous and respectful manner and not take improper advantage of their position.

5. Ensure that the company's assets, proprietary confidential information and resources are used by the Company and its employees only for legitimate business purposes of the company.

6. Immediately notify the administrative body as to any event or situation which would represent or could give rise to a conflict between the interests of the Company and the individual interests of the director or manager and abstain from intervening in the resolution.

7. The senior management shall have the primary responsibility for the implementation of internal controls to deter and detect fraud. The company shall have zero tolerance for the commission or concealment of fraud or illegal acts.

8. The senior management will ensure that its dealings and relationships with business associates/customers are maintained in the best interest of the company. Its relationship in regard to the company work should be professional and commercially appropriate.

9. Help in creating and maintaining the culture of commitment to compliance with all applicable laws, rules, and regulations, confidentiality obligations and corporate policies of the company. Encourage reporting of a material violation of any laws, rules or regulations applicable to the company or the operation of its business and ensure that the person reporting such violation is not aggrieved in any manner.

10. Promote effective participation by shareholders at General Meetings, especially by facilitating the exercise of information and voting right.

11. Aspire to excellence in the goods and services of the company in such a way that clients and customers obtain the satisfaction expected there from, while striving for their total satisfaction. The quality standards of the company's goods and services shall meet applicable national and international standards.

12. Conduct business in a responsible manner and commit to undertake:

    (a) Compliance with environmental laws, regulations and standards.
    (b) To incorporate environment friendly and protective measures as an integral part of the design, production, operation and maintenance of the company's facilities.
    (c) encourage wise use of energy, and minimize any adverse impact on the environment.
    (d) ensure health and safety measures for all the employees and workmen.
    (e) not to violate Society privacy and confidentiality policies and not to use confidential or proprietary information for personal financial gain.

13. The senior management shall not, without the prior approval of the Managing Director, accept part time employment or a position of responsibility (such as a consultant or a director) with any organization, for remuneration or otherwise.

14. Establish processes and systems for storage, retrieval and dissemination of documents both in physical and electronic form, so that the obligations of this code are fulfilled.

15. Select suppliers only on the basis of the appropriateness of their products or services as well as of their prices, delivery conditions and quality.

16. The senior management and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits that are intended, or perceived, to obtain uncompetitive favours for the conduct of its business. Maintain elicit and respectful relationships with public authorities and institutions, not accepting or offering gifts, commissions in cash or in kind.

17. Make contribution to political parties or public institutions only in accordance with prevailing legislation and in any case, guaranteeing transparency.

18. Collaborate with public entities and non- governmental entities and organizations dedicated in improving levels of social attention for disadvantaged persons.

Independent Auditor's Report

To the Members of G.S. Auto International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of G.S. Auto International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit .We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

(a) in the case of the Balance Sheet , of the state of affairs of the Company as at March 31,2013:

(b) in the case of the Statement of Profit and loss ,of the loss for the year ended on that date: and

(c) in the case of the Cash Flow Statement ,of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as "the Order") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet ,Statement of Profit and Loss , and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet ,Statement of Profit and Loss , and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of the section 211 of the Companies Act ,1956; and

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act,1956.

For NANDA & BHATIA
Firm Registration No. 004342N
Chartered Accountants

Sd/
P.C.S. VIRDI
Partner
Membership No. : 17056

Ludhiana: 30th May, 2013

Independent Auditors' Report (Contd.):

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date:

Re: G.S. Auto International Limited ("the Company")

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

b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.

c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

(ii) a) The inventory of the Company has been physically verified by the management during the year. In our opinion the frequency of the verification is reasonable.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) On the basis of our examination of inventory records, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and book records were not material.

(iii) The Company has not taken or granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4(iii) (a) to (g) of the said order are not applicable and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 & services. Further, during the course of our audit, we have neither come across nor we have been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedures.

(v) a) On the basis of our examination of the books of account, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs, have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Act and the rules framed there under.

(vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government, for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records maintained as aforesaid.

(ix) a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding at the year end, for a period or more than six months from the date they became payable.

c) As at 31st March 2013, according to the records of the Company and the information and explanations given to us, the following is the particular of disputed dues on account of Income tax, matters that have not been deposited on account of a dispute:

Name of the Statute	Nature of the dues	period to which it relates	Amount (Rs.in Lacs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Including interest as applicable	2009-10	342.89	Commissioner (Appeals)

x. The Company has no accumulated losses as at 31st March, 2013. It has incurred cash loss in the current financial year ended on that date and further has not incurred cash losses in the immediately preceding financial year.

xi. Based on our audit procedures and according to the information and explanation given by the management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.

xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances 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 the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 (as amended) are not applicable to the Company.

xiv. In our opinion and according to the information and explanations give to us, the Company is not a dealer or trader in securities, debentures and other investments. However, in respect of transactions relating to investment in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.

xv. Based on the information and explanations given to us, in our opinion, the terms and condition on which the Company has given counter guarantees/corporate guarantees on behalf of its group companies, to the banks or financial institutions during the year, are not prima facie prejudicial to the interest of the Company.

xvi. Based on the information and explanations given to us by the management, term loans were applied for the purposes for which the loans were obtained.

xvii. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.

xviii. The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix. The Company has not issued any debentures during the year.

xx. The Company has not raised any money through public issue during the year.

xxi. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any significant instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

For NANDA & BHATIA
Firm Registration Number: 004342N
Chartered Accountants

P.C.S. VIRDI
Partner
Membership Number: 17056

Ludhiana: 30th May, 2013

Balance Sheet as at March 31, 2013

Particulars	Note No.	As At March 31, 2013	As At March 31, 2012
I. EQUITY AND LIABILITIES :			
1. Shareholders' Funds :			
(a) Share Capital	3	60000000.00	60000000.00
(b) Reserves & Surplus	4	344010692.10	356643105.70
		404010692.10	**416643105.70**
2. Non-Current Liabilities :			
(a) Long Term Borrowings	5	267587710.00	183275808.83
(b) Deferred Tax Liabilities (Net)	6	9945350.00	12888200.00
(c) Other Long Term Liabilities	7	2314523.84	2689523.84
(d) Long Term Provisions	8	779231.02	6240003.00
		287026814.86	**205073535.67**
3. Current Liabilities :			
(a) Short Term Borrowings	9	208547544.48	216117337.80
(b) Trade Payables	10	94557960.52	141253574.88
(c) Other Current Liabilities	11	100294860.76	62965427.68
(d) Short Term Provisions	12	3936632.00	3382037.00
		407336997.76	**423718377.36**
Total		**1098374504.72**	**1045435018.73**
II. ASSETS :			
1. Non-Current Assets :			
(a) Fixed Assets			
(i) Tangible Assets	13	134524911.08	140325882.52
(ii) Intangible Assets		549454.83	410427.83
(iii) Capital Work in Progress		255624027.89	140923554.53
(b) Non-Current Investments	14	500.00	500.00
(c) Long-term Loan and Advances	15	84179939.21	28719038.33
(d) Other-Non Current Assets	16	0.00	281135.00
		474878833.01	**310660538.21**
2. Current Assets :			
(a) Current Investments	17	37471236.57	1222500.00
(b) Inventories	18	140062044.27	140029607.47
(c) Trade Receivables	19	273986606.42	327859097.47
(d) Cash & Bank Balances	20	50339945.07	157007516.87
(e) Short-term Loans & Advances	21	119143679.76	106248345.89
(f) Other Current Assets	22	2492159.61	2407412.82
		623495671.70	**734774480.52**
Total		**1098374504.71**	**1045435018.73**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date
For NANDA & BHATIA
Firm Registration No. 004342N
Chartered Accountants

For and on behalf of the Board

JASBIR SINGH RYAIT
Chairman

P.C.S. VIRDI
Partner
Membership No. : 17056
Ludhiana : 30th May, 2013

SURINDER SINGH RYAIT
Managing Director

Ludhiana : 30th May, 2013

Statement of Profit and Loss for the year ended March 31, 2013

Particulars	Note No.	Year Ended March 31, 2013	Year Ended March 31, 2012
I. Income			
Revenue from operations (Gross)		1435977525.62	1455401570.72
Less : Excise Duty		166813645.00	147535690.00
Revenue from operations (Net)	23	**1269163880.62**	**1307865880.72**
II. Other Incomme	24	1590834.08	4680422.68
III. Total Revenue (I+II)		**1270754714.70**	**1312546303.40**
IV. Expenses :			
Cost of Materials Consumed	25	807174499.91	770011529.77
Purchases of Finished Goods		1387407.00	1467230.00
Changes in Inventories of Finished goods and Work-in-progress	26	(8450604.73)	(3330070.36)
Employee Benefits Expenses	27	143952441.78	134020580.64
Finance Costs	28	30989833.74	24935616.08
Depreciation and Amortisation Expense	29	12441279.24	11250306.35
Other Expenses	30	298765121.36	305044911.38
Total Expenses (IV)		**1286259978.30**	**1243400103.86**
V. Profit before Exceptional and Extraordinary Itoms and Tax (III-IV)		**(15505263.60)**	69146199.54
VI. Exceptional Items		--	--
VII. Profit before Extraordinary Items and (V-VI)		**(15505263.60)**	69146199.54
VIII. Extaordinary Items		--	--
IX. Profit before Tax (VII-VIII)		**(15505263.60)**	69146199.54
X. Tax Expense :			
(1) Current Tax	2 (o)	0.00	19850000.00
(2) Deferred Tax	2 (o)	(2922850.00)	3123200.00
(3) Wealth Tax		50000.00	49750.00
(4) (Excess)/Short provision for taxation and tax payment		0.00	8295.00
Total tax expenses		(287850.00)	23031245.00
XI. Profit for the year (IX-X)		**(12632413.60)**	**46114954.54**
XII. Earnings per equity share : (In Rs.) (Nominal value per share Rs. 5/-)	32,2(p)		
Basic and Diluted		**(1.05)**	**4.32**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date
For NANDA & BHATIA
Firm Registration No. 004342N
Chartered Accountants

For and on behalf of the Board

JASBIR SINGH RYAIT
Chairman

P.C.S. VIRDI
Partner
Membership No. : 17056
Ludhiana : 30th May, 2013

SURINDER SINGH RYAIT
Managing Director

Ludhiana : 30th May, 2013

Cash Flow Statement for the year ended March 31, 2013

Particulars		Year Ended March 31, 2013	Year Ended March 31, 2012
A CASH FLOW FROM OPERATING ACTIVITIES :			
Profit before Tax		**(15505263.60)**	**69146199.54**
Adjustments for :			
Interest/Depreciation/Other Non Cash Expenses :			
i) Depreciation and amortisation		12441279.24	11250306.35
ii) Adjustment in respect of earlier years :			
Excess/Short) provisions for Taxation & Tax Refunds		0.00	(8295.00)
iii) Amortisation of Miscellaneous Expenditure		0.00	1701391.00
iv) Interest Paid		30989833.74	24935616.08
v) Provisions for Gratuity & Leave in Encashment		6651793.00	4019295.00
	Total	34577642.38	111044512.97
Interest/Dividend/Other Income Adjustments :			
Interest received		(667396.00)	(495849.00)
	Total	(667396.00)	(495849.00)
OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES		**33910246.33**	**110548663.97**
Changes in Working Capital :			
i) Inventories		(32436.80)	(10559448.42)
ii) Sundry Debtors		53872491.05	(114379682.17)
iii) Other Current Assets and Loans & Advances		(27371771.14)	4623302.00
		26468283.11	(120315828.26)
Increse / (Decrease) In Current Liabilities :			
i) Trade Payable		(46695614.36)	27490433.12
ii) Other Current Liabilities		31796463.10	(8801312.65)
		(14899151.26)	18689120.47
	Total	11569131.85	(101626717.79)
CASH GENERATED FROM OPERATIONS		**45479378.23**	**8921946.18**
Direct Taxes Paid (Net of Refund)		(8000000.00)	(19800000.00)
NET CASH FROM OPERATING ACTIVITIES	**(A)**	**37479378.23**	**(10878053.82)**
B CASH FLOW FROM INVESTMENT ACTIVITIES :			
i) (Increase) / Decrease in investment in mutual funds , Fixed Deposits		(36309236.57)	2202797.62
ii) Capital expenditure (including Capital work in progress)		(121419308.16)	(100193113.16)
iii) Interest capitalised		146374.00	1718869.00
iv) Non Operating income-Interest		228919.65	266084.54
v) Project expenses (Includes Advance Payment)		(32399599.06)	(5450776.46)
		(189752850.14)	(101456138.46)
NET CASH USED IN INVESTING ACTIVITIES	**(B)**	**(189752850.14)**	**(101456138.46)**

Cash Flow Statement for the year ended March 31, 2013

Particulars		Year Ended March 31, 2013	Year Ended March 31, 2012
C CASH FLOW FINANCING ACTIVITIES :			
Increase / (Decrease) in Share Capital / Borrowings :			
i) Share Capital (Including Security Premium)		0.00	109640000.00
ii) Warrant Allotment Money		0.00	(48831250.00)
iii) Secured Loans		9328616.08	169734789.82
iv) Un-secured Loans		(17113854.73)	32180146.00
v) Cash Credit & Other Borrowings from Banks & others (Net)		573346.50	29702719.67
vi) Dividend paid & Tax thereon		0.00	(7696178.00)
NET CASH FROM FINANCING ACTIVITIES	**Total**	76742107.85	284730227.49
Interest Paid			
i) Interest paid		(30989833.74)	(24935616.08)
ii) Capitalised		(146374.00)	(1718869.00)
	Total	(31136207.74)	(26654485.08)
NET CASH USED IN FINANCING ACTIVITIES	**(C)**	**45605900.11**	**258075742.41**
NET CHANGE IN CASH & CASH EQUIVALENTS	**(A+B+C)**	**(106667571.80)**	**145741550.13**
Cash & Cash Equivalents at the beginning of the year*		**157007516.87**	11265966.74
Cash & Cash Equivalents at the end of the year*		**503399945.07**	**157007516.87**

*Includes Earmarked balances with bank (against unclaimed dividend) **Rs. 687226/10** (previous year Rs. 690993/60)

As per our report of even date
For NANDA & BHATIA
Firm Registration No. 004342N
Chartered Accountants

P.C.S. VIRDI
Partner
Membership No. : 17056
Ludhiana : 30th May, 2013

For and on behalf of the Board

JASBIR SINGH RYAIT
Chairman

SURINDER SINGH RYAIT
Managing Director

Ludhiana : 30th May, 2013

Notes to Financial Statements for the year ended March 31, 2013:

1. Corporate Information:

"G.S.Auto International Limited" ("GS" or "the Company") is a public company domiciled in India and incorporated as "Gurmukh Singh & Sons Auto Parts Private Limited" on 29th June, 1973 under the provisions of the Companies Act, 1956 & later on changed its name to "G.S.Auto International Limited", having its registered office at G.S.Estate, G.T Road, Dhandari Kalan, Ludhiana-141010. Its shares are listed on two stock exchanges in India.

The Company is engaged in the manufacturing of wide range of auto components such as Ferrous & Non Ferrous Casting Components, Machined Components, Forged parts and Assembly of heavy duty trailer axles for Commercial vehicles.

The Company is operating in all the three verticals of auto components industry by supplying its components to Original Equipment Manufacturers, After Sales Market (Replacement Market) & Export Market.

2. Summary of Significant Accounting Policies:

a) **Basis for Preparation of Financial Statements:**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) [Companies (Accounting Standard) Rules,2006, as amended] and the other relevant provisions of the Companies Act, 1956.

b) **System of accounting:**

The Company follows the mercantile system of accounting and recognizes income and expenditure on the accrual basis except those with significant uncertainties. Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

c) **Use of Estimates:**

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets & liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period and disclosures of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the

relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

d) **Revenue Recognition:**

i) Sales:

Sales comprise Sale of goods, Services and Export Incentives. Revenue from sale of goods is recognized:

a) When all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership, which generally coincides with the dispatch of goods to the customers.; and

b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

c) Export Sales are accounted on the basis of dates of Bill of Lading.

d) Price escalation claims from customers are accounted in the year under audit, only if they are settled with the customers up to the date of finalization of accounts.

ii) Interest:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii) Export Incentives:

Revenue in respect of the above benefit is recognized on post export basis. Export Incentives are accounted for on accrual basis at the time of Export of Goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

iv) Insurance and other claims:

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

v) Dividend:

Dividend income from investments is recognized when the Company's right to receive the payment is established.

vi) Profit/Loss on sale of Investment is recognized on contract date.

e) **Fixed Assets (Tangible & Intangible) and Depreciation:**

(i) Fixed Assets-Tangible & Intangible Assets:

Tangible Fixed assets are stated at their original cost of acquisition or construction (net of refundable taxes or levies), less accumulated depreciation (except freehold land). Historical cost includes all incidental costs related to the acquisition, installation, erection/commissioning of the concerned assets, including interest and financial charges on borrowings, if capitalization criteria is met, attributable to the concerned Asset, up to the date of the assets are put into use/assets is ready for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are Incurred. Also refer para 2(h).

The Tangible Fixed Assets manufactured by the Company are stated at its manufacturing cost plus all the incidental expenses related thereto up to date of the assets are put into use/assets is ready for its intend use along with the interest cost.

Machinery Specific spares other than those required for regular maintenance are capitalized as a part of the tangible fixed assets.

Expenditure on New Projects and Expenditure during Construction etc.:

In case of new project and in the case of substantial modernization or expansion at the existing units of the Company, specific expenditure incurred including specific interest on borrowings and financing cost, prior to the commencement of commercial production is capitalized to the cost of specific assets. All the other expenses/indirect expenses, up to the date of start of commercial production, not specific to any particular assets, is being debited to the pre-operative expenses/expenses pending capitalization account & will be capitalized, to all the relevant tangible assets, on the date of commencement of commercial production, of the new project. Trial Run expenditure is also capitalized.

Intangible Assets are stated at cost less accumulated amount of amortization.

Expenditure incurred on acquisition or development of software, video Advertisement, and such other Intangible Assets are recognized as Intangible Assets, if it is expected that such assets will generate sufficient future economic benefits.

Leasehold land, acquired on thirty years lease basis, from "Adityapur Industrial Development Authority ("AIDA") for setting up of new manufacturing unit at Jamshedpur and all the related expenses, up to the date & incidental to the, acquisition of the leasehold land, is capitalized.

Fixed Assets are reviewed for impairment on each Balance Sheet date.

(ii) Depreciation and Amortization:

Depreciation on all tangible fixed assets, is provided under the "Straight line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act,1956 in the manner and at the rates specified in Schedule XIV to the said Act.

Depreciation on tangible fixed assets, where actual cost of individual Assets is Rs.5000/- or below, is provided at the rate of hundred percent.

Intangible Assets are amortized by straight line method over a period of four years and stated at cost less accumulated depreciation and impairment loss, if any. The useful life is estimated based on the evaluation of future economic benefits expected of such assets. The appropriateness of the amortization period and the amortization method is reviewed at each financial year end.

Depreciation on the additions to the particular assets, during the year, is being provided on a pro-rata basis, from the date of acquisition/installation/on which the particular asset is put to use.

Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis up to the date on which such assets are sold, discarded or demolished.

Depreciation on additions on account of increase in rupee value due to revalorization of foreign currency loans is being provided at rates of depreciation over the future life of the said assets.

Amortization of Leasehold land at Jamshedpur will be started, once the Jamshedpur unit will commence its commercial production & will then be amortized over the period of lease.

f) **Inventories:**

Cost of Inventories have been computed to include all cost of purchases, Cost of Conversion and other costs incurred in bringing the inventories to their present location and condition:

a) Raw material & Components are valued at lower of cost or estimated net realizable value.

b) Work-in-Progress is valued at raw material cost-plus conversion cost depending upon the stage of complet on.

c) Finished Goods are valued at raw material cost-plus conversion cost & other overheads incurred in bringing the goods to their present condition & location.

d) Consumable Stores are valued at cost plus expenses.

e) Scrap is valued at estimated realizable value.

g) **Investments:**

Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long Term Investments.

Current investments are valued at cost of acquisition less provision for diminution, as necessary, if any, determined on an individual investment basis. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Long-term investments are valued at their acquisition cost.

h) **Foreign Currency Transactions:**

Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of transaction. Where export bills are negotiated with the bank, the export sales are recorded at the rate on the date of negotiation as the said rate approximates the actual rate at the date of the transaction. Gains & Losses resulting from the settlement of such transactions are recognized in the statement of profit & loss account.

Monetary Assets & Liabilities denominated in foreign currency at the balance sheet date are translated into rupees at the closing exchange rate prevailing on that date. All monetary Assets and Liabilities denominated in foreign currency are restated at the

relevant year-end rates. Gains or Losses arising on restatement are recognized to the statement of profit & loss account.

The premium or discount arising at the inception of forward exchange contract is amortized as an expense over the life of the contract.

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

The Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference. As the Jamshedpur project is yet to commence its commercial production as at balance sheet date, hence the year end date foreign exchange adjustment to the foreign currency term loan has not been taken into effect to the cost of the overall assets of the Jamshedpur unit.

i) **Hedge Accounting:**

The Company till date is not using the booking of forward contract as hedging instrument for covering its risk against currency fluctuations for it's all the import and export business carried on during the year, further the Company has not booked any forward or hedged its foreign currency exposure for the foreign exchange term loan, outstanding as at the balance sheet date, availed for the setting up of new manufacturing unit at Jamshedpur. In terms of risk management strategy, the Company does not use forward cover contracts for trading & speculative purposes.

However, the Company is planning to use forward contract as hedging instrument, going forward, for all its import and export business, so to cover against currency fluctuations risk, as its overall business strategy.

j) **Research & Development Expenditure:**

Revenue expenses incurred for Research and Development for its existing products are charged to the statement of profit & loss account of the year. However Capital Expenditure for Research and Development is treated in the same way as other fixed

assets and is capitalized in the year of acquisition/installation and are accounted for in the manner stated in Note No. 2 (e) above.

k) **Cenvat Credit:**

Cenvat credit of excise duty paid on inputs, capital assets and input services is recognized in accordance with the Cenvat Credit Rules, 2004.

l) **Employee Benefits:**

Provident Fund:

Benefits in the form of Provident Fund and Pension Schemes whether in pursuance of any law or otherwise, which are defined contributions is made in accordance with the provisions of the Employee Provident Fund and Miscellaneous Provision Act 1952, is accounted for on accrual basis and charged to the statement of profit and loss account, on the basis of actual liability calculated as a percentage of salary.

Gratuity:

Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully covers the same under cash accumulation policy of the Life Insurance Corporation of India. The employees' gratuity is a defined benefit funded plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and the shortfall in the fair value of the plan Assets is recognized as an obligation.

Leave Encashment:

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave, for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date. Privilege leave benefits or compensated absences are considered as long term unfunded benefits and is recognized on the basis of an independent actuarial valuation using the projected unit credit method determined by an appointed Actuary.

The Actuarial gain/loss is recognized in statement of profit and loss account.

Short term employee's benefits are recognized as an expense on an undiscounted basis in the statement of profit and loss account of the year in which the related service is rendered.

Termination benefits such as compensation under voluntary retirement scheme are recognized as a liability in the year of termination.

m) **Events subsequent to Balance Sheet Date:**

Events occurring after the balance sheet date, which have a material impact on the financial affairs of the Company, are taken into cognizance.

n) **Borrowing cost:**

Interest on borrowings is recognized in the statement of profit & loss Account except interest incurred on borrowings, specially raised for acquisition/construction of tangible fixed assets, for the new project, are capitalized to the cost of the specific assets until such time that the asset is ready to be put to use for its intended purpose except where installation is extended beyond reasonable/normal time limits.

Further, borrowings costs attributable to the acquisition or construction/manufacture of tangible fixed assets, are capitalized till the date of substantial completion or such time that the asset is ready to be put to use for its intended purposes.

Borrowing cost specific related to the setting of new manufacturing unit at Jamshedpur, is debited to the pre-operative expenses account and will be apportioned to the respective assets at the time of commencement of the commercial production of that unit.

o) **Taxation:**

Income tax comprises the current tax provision, net changes in the deferred tax assets or liability in the year. Provision for taxation, is made on the basis of the taxable profits computed for the current accounting period in accordance with the Income Tax Act 1961.

Deferred tax is recognized, subject to the consideration of prudence, in respect of deferred tax assets, on timing differences, being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods, using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

p) **Earning Per Share:**

Annualized Earning per Share (Basic) is computed by dividing the net profit or loss (after taxation) for the period, attributable to equity shareholders, by the weighted average number of Equity Shares, outstanding during the period. Diluted earnings per share is computed by taking into account weighted average number of Equity Share outstanding during the period and weighted average number of Equity Share which would be issued on conversion of all the dilutive potential equity shares into equity shares.

q) **Provision:**

A provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits is expected to settle the obligation, in respect of which a reliable estimate can be made. Necessary provisions are made for present obligations that arise of past events prior to the balance sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

r) **Contingencies:**

Loss contingencies arising from claims, litigations, assessments, fines, penalties etc., are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Further, contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

s) **Expenses:**

Goods received are accounted as purchases on satisfactory completion of inspection. Discount to customers and price escalation to suppliers, if any, to the extent not settled at the Balance Sheet date are accounted on the basis of reasonable estimates made after 7considering negotiations with vendors/customers. Tools, jigs and fixtures costing less than Rs.5,000/- each, are written off in the year of purchase.

t) **Impairment of Assets:**

The Company tests for impairments at the close of the accounting period if and only if there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value of an Asset .i.e. the net realizable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the Assets the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount become higher than the then carrying value the

provision to the extent of then differences is reversed, but not higher than the amount provided for.

u) **Operating Leases:**

Assets acquired on leases wherein a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating lease. Lease rental paid, if any, for such a leases, are recognized as an expense on systematic basis over the term of lease, in the Statement of profit and loss.

v) **Others:**

Liability for Liquidated damages is recognized when it is deducted/ claimed by the customer or when a reasonable estimate of the likely obligation can be made.

3.Share Capital:

Particulars	**Reference to Note No.**	**As At March 31, 2013 (Rs.)**	**As At March 31, 2012 (Rs.)**
Equity Share Capital			
Authorized Capital			
200,00,000 Equity shares of Rs. 5/- each (Previous year 200,00,000 Equity Shares of Rs.5/- each)		**100000000.00**	100000000.00
		100000000.00	100000000.00
Issued, Subscribed and fully Paid up Capital			
1,20,00,000 Equity shares of Rs.5/- each, fully paid up in Cash (Previous Year 1,20,00,000 Equity shares of Rs.5/- each, fully paid up in Cash)		**60000000.00**	60000000.00
Total		**60000000.00**	**60000000.00**

3. (a) Reconciliation of the shares outstanding at the beginning and at the end of the year:

	As At March 31, 2013		**As At March 31, 2012**	
	Number of Shares	Rs.	Number of Shares	Rs.
Shares Outstanding at the beginning of the year	1,20,00,000	60000000.00	80,00,000	40000000.00

Shares Issued Consequent to the Conversion of Warrants	----	----	40,00,000	20000000.00
Shares Outstanding at the end of the year	**1,20,00,000**	**60000000.00**	**1,20,00,000**	**60000000.00**

3. (b) Rights, preferences and restrictions attached to shares:

The Company has only one class of issued equity shares having a par value of Rs.5/- per share. Each holder of equity shares is entitled to one vote per share held. The dividend (if any) proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting, except in case of Interim Dividend, is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. (c) Details of Shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As At March 31, 2013		As At March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1.G.J.Holdings Private Limited	21,70,000	18.08	21,70,000	18.08
2.Disha Commercials Private Limited	16,40,000	13.67	16,40,000	13.67
3.Harvin Exports Private Limited	13,57,402	11.31	13,57,402	11.31
4.Pioneer Power Tower Limited	11,50,000	9.58	11,50,000	9.58

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders/members.

3. (d) Other Information:

(1) (a) The Company had reissued 24,300 forfeited Equity Shares, of the face value of Rs.10/- each, at a premium of Rs.80.25 per equity share, on dated 23rd May, 2008, on preferential basis, for raising long term funds to part finance the setting up of new manufacturing unit, for the manufacture of auto component at Jamshedpur. The funds raised have been utilized towards the object of the issue. The profit arising on re-issue of forfeited Equity Shares had transferred to securities premium account.

The Company had issued 46,00,000 (forty Six Lacs) Equity Shares, of the face value of Rs.5/- (Rs.five) each, at a premium of Rs.5/-(Rs.Five) per equity share, on dated 01st July,2009, consequent to the conversion of 23,00,000 (Twenty three lacs) warrants into Equity shares, warrant earlier issued/allotted on dated 07th January,2008 of the face

value of Rs.20/-(Twenty) per warrant, (to be converted into equivalent number of Equity Shares of the face value of Rs.10/- (Ten) each, at a premium of Rs.10/-(Ten) per Equity Share) to the promoters & others, on preferential basis, pursuant to the provisions of section 81(1A) and other applicable provisions of the Companies Act, 1956, for raising long term funds for the setting up of new manufacturing unit, for the manufacture of auto component at Jamshedpur. The funds raised have been utilized towards the object of the issue.

(b) During the year ended March 31, 2012, the Company had issued 40,00,000 (forty lacs) Equity Shares of Rs.5/- (Rs.five) each at a premium of Rs.22.41 per equity shares, on dated 02nd August, 2011, pursuant to the conversion of 40,00,000 (forty lacs) warrant allotted @ Rs.27.41 per warrant, to the promoter and others, on preferential basis, pursuant to the provisions of section 81(1A) and other applicable provisions of the Companies Act, 1956, for raising long term funds for the setting up of new manufacturing unit, for the manufacture of auto component at Jamshedpur. The funds raised have been utilized towards the object of the issue.

(2) The Company had sub-divided its Equity Share from the face value of Rs.10/- each, to the face value of Rs.5/- each, w.e.f. 27th August, 2008.

4 Reserve and Surplus:

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
I. Capital Reserve			
Balance as per the last financial statements		120000.00	120000.00
II. Securities Premium Account			
Balance as per the last financial statements		114590075.00	24950075.00
Add:-On Allotment of :			
- 40,00,000 Equity Shares on the conversion of warrants @ Rs.22.41 per Equity Share, allotted on 02nd August,2011		0.00	89640000.00
Closing Balance		**114590075.00**	**114590075.00**
III. Capital Revaluation Reserve			
Balance as per the last financial statements		**7545000.00**	**7545000.00**

IV. Investment Allowance Reserve			
Balance as per the last financial statements		**256315.98**	**256315.98**
V. General Reserve			
Balance as per the last financial statements		**8650000.00**	**8650000.00**
VI. Surplus in statement of Profit and Loss:			
Balance as per the last financial statements		225481714.72	179366760.18
Add: Net Profit/(Loss) for the year		(12632413.60)	46114954.54
Closing Balance		**212849301.12**	**225481714.72**
	Total	**344010692.10**	**356643105.70**

4. (a) Securities Premium Account:

See Note 3(d) (1) regarding other information.

5 Long-term Borrowings:

Particulars	**Reference to Note No.**	**As At March 31, 2013**	**As At March 31, 2012**
Secured:			
(i) Term Loans:			
From Banks:			
Rupee Term Loan:			
From Axis Bank		47587710.00	47638558.00
From Financial Institutions:			
Foreign Currency Term Loan:			
From Export Import Bank of India	**55(b)**	220000000.00	120000000.00
(ii) Deferred Payment Liabilities:			
Vehicle Loans:			
From HDFC Bank Limited		0.00	8773020.83
		267587710.00	**176411578.83**
Unsecured:			
Term Loan:			
From Others:			
Rupee Term Loan:		0.00	6864230.00
		0.00	6864230.00
	Total	**267587710.00**	**183275808.83**

5. **(a) Rupee Term Loan:**

i) From Axis Bank Limited:

Balance Outstanding **Rs.475.88 Lacs** (Previous year Rs.476.39 Lcas)

For Jamshedpur unit of the Company: Secured by (i) first pari-passu charge by way of Hypothecation on entire block assets of the Company by way of hypothecation of machinery and equipments, other fixed assets, machinery spares, tools and accessories and other movables, both present & future, whether installed or to be installed, stored or to be stored in or about all the factories, godowns and premises situated at G.S.Estate, G T Road, Dhandari Kalan, Ludhiana (Punjab) & at M-09, Large Sector, Tata Kundra Main Road, Industrial Area, Adityapur, Jamshedpur (Jharkhand) and (ii) first pari-passu Equitable Mortgage by way of deposit of title deeds of immoveable properties of the Company admeasuring 75110 sq.yards situated at G.S. Estate, G.T.Road, Dhandari Kalan, Ludhiana (Punjab) & first pari- passu Equitable Mortgage of the leasehold rights of the Company's 3 (three) acre Land situated at M-09, Large Sector, Tata Kundra Main Road, Industrial Area, Adityapur, Jamshedpur (Jharkhand), together with all buildings and structures thereon and all Plant & Machineries attached to the earth or permanently fastened to anything attached to the earth (iii) first pari-passu charge on the Company's entire Current Assets (both present & future) (both Jamshedpur & Ludhiana unit of the Company), such as Hypothecation of Raw Material, Stock in Process, Finished Goods, Consumable Stores/Spares required for manufacturing and lying in the unit(s) or elsewhere & Hypothecation of Book Debts arising out of genuine sales transaction of business not older than ninety days and further guaranteed by all the promoters directors of the Company.

Repayable in 23 quarterly installments, first installment to commence from 19 months after first disbursement but not later than September, 2013. Interest to be serviced as and when due @ base rate +3% p.a.

(b) Foreign Currency Term Loan:

From Export Import Bank of India, Mumbai:

Balance Outstanding **US$ 42.24 Lacs (equivalent to Rs.2200.00 Lacs)** (Previous year US$ 23.52 Lacs (equivalent to Rs.1200.00 Lacs)

For Jamshedpur unit of the Company: Secured by (i) first pari-passu charge by way of Hypothecation on entire block assets of the Company by way of hypothecation of machinery and equipments, other fixed assets, machinery spares, tools and accessories and other movables, both present & future, whether installed or to be installed, stored

or to be stored in or about all the factories, godowns and premises situated at G.S.Estate, G T Road, Dhandari Kalan, Ludhiana (Punjab) & at M-09, Large Sector, Tata Kundra Main Road, Industrial Area, Adityapur, Jamshedpur (Jharkhand) and (ii) first pari-passu Equitable Mortgage by way of deposit of title deeds of immoveable properties of the Company admeasuring 75110 sq.yards situated at G.S. Estate, G.T.Road, Dhandari Kalan, Ludhiana (Punjab) & first pari- passu Equitable Mortgage of the leasehold rights of the Company's 3 (three) acre Land situated at M-09, Large Sector, Tata Kundra Main Road, Industrial Area, Adityapur, Jamshedpur (Jharkhand), together with all buildings and structures thereon and all Plant & Machineries attached to the earth or permanently fastened to anything attached to the earth (iii) first pari-passu charge on the Company's entire Current Assets (both present & future) (both Jamshedpur & Ludhiana unit of the Company), such as Hypothecation of Raw Material, Stock in Process, Finished Goods, Consumable Stores/Spares required for manufacturing and lying in the unit(s) or elsewhere & Hypothecation of Book Debts arising out of genuine sales transaction of business not older than ninety days and further guaranteed by all the promoters directors of the Company.

Repayment linked to commencement of commercial production, tentatively, to be [illegible] equally quarterly installments, commencing September, 2013. Interest to be serviced as and when due @ LIBOR (6 months) + 600 bps p.a.

(c) Deferred Payment Liabilities:

i) From HDFC Bank Limited:

Balance Outstanding **Rs.Nil** (Previous year Rs. 31.15 Lacs)

Vehicle loan(s) secured by way of charge on the respective vehicle(s) financed. Repayable in equated monthly installment of **Rs.Nil,** (previous year Rs.1.43 lacs) along with Interest, ranges from 10.25 % to 11.00% p.a.

iii) **From HDFC Bank Limited:**

Balance Outstanding **Rs. Nil** (Previous year Rs. 56.58 Lacs)

Used car refinance loan(s) secured by way of charge on the respective vehicle(s) financed. Repayable in equated monthly installment, of **Rs.Nil,** (previous year Rs.**2.96 Lacs**) along with Interest @ 9.50 % p.a.

(d) Term Loan from Others:

Rupee Term Loan from MFL:

Balance Outstanding **Rs.Nil** (Previous year Rs. 68.64 Lacs)

Repayable in equated monthly installment of **Rs. Nil** (previous year Rs. **3.72 Lacs**) along with Interest of @ 17.40% p.a

Maximum Amount outstanding on all the above said Secured & Unsecured loans, at any time during the year **Rs.2832.76 Lacs** (Previous year Rs. 1884.39 Lacs)

6 Deferred Tax Liabilities (Net):

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Deferred Tax Liability	2 (o)		
On Account of tIming Difference in:			
(a) Depreciation and Amortization on Fixed Assets		12864000.00	12893000.00
(b) Others		225000.00	1020800.00
		13089000.0	
Total Deferred Tax Liabilities		**0**	**13913800.00**
Deferred Tax Assets			
(a) Privilege Leave Encashment		974800.00	842000.00
(b) Others		2168850.00	203600.00
Total Deferred Tax Assets		3143650.00	1045600.00
Net Deferred Tax Liability		**9945350.00**	**12868200.00**

7 Other Long Term Liabilities:

Particulars	Referenc e to Note No.	As At March 31, 2013	As At March 31, 2012
Trade Deposits		2314523.84	2689523.84
Total		**2314523.84**	**2689523.84**

8 Long Term Provisions:

Particulars	Referenc e to Note No.	As At March 31,2013	As At March 31, 2012
Provision for Long term Employee Benefits		7179231.02	6240003.00
Total	**2(q)**	**7179231.02**	**6240003.00**

9. Short Term Borrowings:

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Secured			
From Banks, against hypothecation of Raw Materials, Stocks in process, Semi Finished and Finished goods Consumable Stores/Spares required for manufacturing and lying in the unit(s) or elsewhere & Book Debts etc. of the Company along with hypothecation of the leasehold rights of the Company land at Jamshedpur & immoveable Property at G.S.Estate, G.T.Road, Ludhiana on pari-passu basis.			
Working Capital Loans from Banks repayable on demand			
-Cash Credit		169568387.00	172614390.00
- Pre-shipment Packing Credit-Indian Rupees		19524383.50	15905034.00
		189092770.50	188519424.00
Short Term Machinery Loan:			
(Secured against specific machinery for which loan is obtained)			
From Others:			
Rupee Term Loan:			
From Financial Institution:		0.00	2370564.00
From Banks:			
From Punjab National Bank		190857.00	0.00
		190857.00	2370564.00
Deferred Payment Liabilities:			
Vehicle Loans:			
HDFC Bank Ltd. Car Loan		4395125.71	108933.80
		4395125.71	108933.80
Unsecured Loan			
From Others (s):			
Other Short Term Loans		14868791.27	25118416.00
		14868791.27	25118416.00
	Total	**208547544.48**	**216117337.80**

10 Trade Payables:

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Trade Payable (Refer note 10 (a) for details of due to micro and small enterprises)		94557960.52	141253574.88
Total		**94557960.52**	**141253574.88**

10. (a) The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2013. The disclosure pursuant to the said Act is as under:

Particulars	As At March 31, 2013 (Rs. In lacs)	As At March 31, 2012 (Rs.in lacs)
Principal amount due to suppliers under MSMED Act,2006	14.56	69.22
Interest Accrued and due to suppliers under MSMED Act, 2006 on the above amount	--	--
Payment made to suppliers (other than interest) beyond the appointed day, during the year	--	--
Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	--	--
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	--	--
Interest due & payable to suppliers under MSMED Act, 2006 for the payments already made.	--	--
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006.	--	--

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small enterprises" on the basis of information available with the Company.

11 **Other Current Liabilities:**

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Creditors for Capital Goods		3622179.33	2624516.75
Interest accrued and due on borrowings		527873.05	24375.00
Unclaimed dividend (See Note 11 (a))	45	687226.10	690993.60
Advance against orders		9638810.55	8109164.16
Employee Contributions & recoveries payable		4313737.00	4559518.00
Statutory dues payable including Tax deducted at source		2808913.00	3767727.00
Other Liabilities		78696121.73	43189133.17
Total		**100294860.76**	**62965427.68**

11. (a) The amounts due for payment to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956 amounts to **Rs.Nil** (Previous year Rs.Nil).

12 **Short Term Provisions:**

Particulars	Reference to Note No.	As At March 31 2013	As At March 31, 2012
Provision for Employee Benefits			
Short term Employee Benefits		3936632.00	3382037.00
Total	2(q)	**3936632.00**	**3382037.00**

13 Fixed Assets :

Sr. No.	Particulars	Gross Block				Accumulated Depreciation				Net Block	
		As at 31st March, 2012	Additions & Adjustments during the year	Deductions during the year	As at 31st March, 2013	up to 31st March, 2012	For the Year	Deductions/ Adjustment during the year	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
(i)	**Tangible Assets : (a)**										
	Land Freehold (b)	8686662.75	0.00	0.00	8686662.75	0.00	0.00	0.00	0.00	8686662.75	8686662.75
	Land Leasehold (c)	3104206.00	0.00	0.00	3104206.00	0.00	0.00	0.00	0.00	3104206.00	31042206.00
	Building (d)	26152426.90	0.00	0.00	26152426.90	8413703.63	762006.00	0.00	9175709.63	16976717.27	17738723.27
	Plant & Machinery	169721934.49	5111701.57	0.00	174833636.06	75361211.14	6430735.00	0.00	83791946.14	91041689.92	94360723.35
	Vehicle	22131744.30	5900.00	0.00	22137644.30	9951449.80	2070803.00	0.00	12022252.79	10115391.51	1219029 4.50
	Furniture & Fixtures	6629634.01	699704.23	0.00	7329338.24	5013803.94	372925.25	0.00	5386629.19	1942709.05	1615830 07
	Office Equipments	13190332.00	551278.00	0.00	13741610.00	10945472.22	503597.00	0.00	11449069.22	2292540.78	2244859.78
	Other Assers	924638.84	14596.00	0.00	939234.84	530055 04	44185.00	0.00	574241.03	364993.81	394582.80
(ii)	**Total Tangible Assets**	250541579.29	6383179.80	0.00	256924759.09	110215686.75	12184151.24	0.00	122399848.01	134524911.08	140325892.52
	Intangible Assets (e)	733844.00	396155.00	0.00	1129999.00	323416.17	257128.00	0.00	580544.17	549454.83	410427.83
	Total Intangible Assets	733844 00	396155.00	0.00	1129999.00	323416.17	257128.00	0.00	580544.17	549454.83	410427.83
	Total Fixed Assets (i + ii)	**251275423.29**	**6779334.80**	0.00	**258054758.09**	**110539112.93**	**12441279.24**	**0.00**	**122980392.18**	**135074365.91**	**140736310.35**
	Previous year's Total	218094958.83	33180464.46	0.00	251275423.29	99288806.59	11250306.35	0.00	110539112.94	140736310.35	118806152.24
	Capital Work in Progress (f)									**255624027.89**	**140923554.53**

Notes :

(a) At Cost, except leasehold land.
(b) Includes 11264 sq. yards land given on lease.
(c) Land taken on leasehold basis at Jamshedpur, amounted to Rs. 31,04,206/-, **Note No. 63 (i)** related to capital expenditure at jamshedpur.
(d) Building is on ownership basis.
(e) Depreciation Rs. 5.81 lacs represents; amount amortised up to 31st March, 2013 on intangible Assets, See **Note No. 50.**
(f) Capitalisation of Interest - See **Note No. 56** & Wok in progress see Note No. 63.
(g) See **Note 2-clause (e)** for accounting policy on fixed Assets and Depreciation.

14 Non-Current Investments:

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Non Trade Investment:	2(g)		
Investment in Equity Instruments:			
Quoted Equity Shares (fully paid up):			
50 (Previous year 50) Equity Shares of Clutch Auto Limited of Rs.10/- each.		500.00	500.00
Total		**500.00**	**500.00**
Market value of quoted investment		8750.00	13800.00

15 Long Term Loan and Advances:

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Unsecured, considered good (unless otherwise stated):			
Capital Advances	63(v)	53196891.92	20797292.86
Security Deposits		21570408.00	6937835.00
Other loans and advances:			
Advance Income Tax/Fringe Benefit Tax (Net of provision for Tax)		9412639.29	983910.47
Total		**84179939.21**	**28719038.33**

16 Other Non-Current Assets:

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Fixed Deposits with Banks (more than 12 months maturity)		0.00	281135.00
Total		**0.00**	**281135.00**

17 Current Investments:

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
(i) Investments in Mutual Funds	**2(g)**		
Units at Cost-Listed & Quoted			
1,00,000 (1,00,000) units of Baroda Pioneer Equity Fund-Growth Plan, face value Rs.10/- per unit.		1000000.00	1000000.00
50,000 (50,000) units of Principal Smart Equity Fund-Growth face value Rs.10/- per unit.		500000.00	500000.00
Units-Quoted but not Listed			
Liquid and Liquid Plus			
Reliance Money Manager Fund		17500000.00	0.00
Reliance Money Manager Fund		6709236.57	0.00
Baroda Pioneer Financial		100000.00	0.00
Principle Income fund		2000000.00	0.00
Axis Treasury Advantage Fund		10000000.00	0.00
		37809236.57	1500000.00
Provision for diminution in the value of Investments	61	**(338000.00)**	(277500.00)
Total		**37471236.57**	**1222500.00**
Aggregate amount of quoted Investments		37471236.57	1222500.00
Aggregate amount of unquoted Investments		0.00	0.00

18 : Inventories (valued at lower of cost and net realizable value)

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
(i) Raw Material & Components		56260060.67	63749044.45
(ii) Work -in-Progress		15569276.39	22364024.71
(iii) Finished Goods	26 (a)	56832585.27	41587232.22
(iv) Stores, Spares & Consumables		11400121.94	12329306.09
Total	**2(f)**	**140062044.27**	**140029607.47**

19 **Trade Receivables:**

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Trade Receivables (Net of Bills Discounted with Banks)	32(ii)		
unsecured- considered good unless stated otherwise:			
i) Outstanding for a period exceeding six months from the date they are due for payment	41	4823647.77	3936783.23
		4823647.77	3936783.23
ii) Others Receivables		269162958.65	323922314.24
Total		273986606.42	**327859097.47**

20 **Cash and Bank Balances:**

Particulars	Reference to Note No.	As At 31st March, 2013	As At 31st March, 2012
(i) Cash & Cash Equivalents			
a. Cash on hand including imprest		1198829.28	1397729.85
b. Balances with Banks-Current accounts		16186535.69	126028783.42
		17385364.97	127426513.27
(ii) Other Bank Balances			
a. Balances with banks Earmarked Balances (on unclaimed dividend accounts)	45	687226.10	690993.60
b. Fixed Deposits (more than 3 months & less than 12 months maturity)	43	32267354.00	28890010.00
		32954580.10	29581003.60
Total		**50339945.07**	**157007516.87**

20 (a) Balance with Bank-Current accounts & fixed deposits (more than 3 months & less than 12 months maturity) includes **Rs.99.77 lacs & Rs.279.17 lacs** (previous year Rs.1207.14 lacs & Rs.250 lacs) respectively, pending for utilization at Jamshedpur project.

21 Short-term Loans and Advances:

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Unsecured, Considered good			
Advances recoverable in cash or in kind or value to be received	59	10003284.14	14250536.08
Balances with Central Excise & Other Revenue Authorities etc.	52	109140395.62	91997809.81
Total		**119143679.76**	**106248345.89**

22 Other Current Assets:

Particulars	Reference to Note No.	As At March 31, 2013	As At March 31, 2012
Export Incentives Receivable	2(d)(iii)	1669270.44	1898000.00
Interest Receivable	2(d)(ii)	822889.17	384412.82
Insurance Claim receivable	2(d)(iv)	0.00	125000.00
Total		**2492159.61**	**2407412.82**

23 Revenue from Operations (Net) :

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
Revenue From Operations:			
(a) Revenue from Operations:	2(d)(i)		
Sale of products (net of return, rebates etc.)			
Domestic	35	1356869421.44	1363938112.19
Export		74666114.98	83016662.69
		1431535536.42	1446954774.88
Sale of Services			
Job work charges		3327599.20	6130291.84
Revenue from operations (gross)		**1434863135.62**	**1453085066.72**
Less: Excise Duty		166813645.00	147535690.00
		1268049490.62	**1305549376.72**

	(b) Other Operating Revenues:	**2(d)(iii)**		
	Export Incentives		1114390.00	2316504.00
			1114390.00	**2316504.00**
		Total	**1269163880.62**	**1307865880.72**

23

(a) Turnover of Goods Manufactured & traded (net of excise):

Particulars	**Reference to Note No.**	**year ended March 31, 2013**	**year ended March 31, 2012**
U - Bolts		279166178.10	247706728.41
H - Bolts		74050168.98	80843551.75
Centre Bolts		143380788.35	134462276.52
Shackle bolts		24459690.15	28837861.38
Spring Pin		123997036.50	144588729.76
King Pin		36869850.26	47992045.40
Axle Studs		9046261.79	9769895.26
Hanger Brackets		333908135.10	349272213.18
Bushes		146875798.90	144623238.24
Nuts		62133724.56	72034767.31
Axle& Acc.		9679993.06	15430823.81
Earth Moving		456657.95	476674.17
Fasteners		930358.97	3348.71
Miscellaneous		21235277.95	27790222.82
Traded Goods		1859570.00	1717000.00
Total		**1268049490.62**	**1305549376.72**

24 Other Income:

Particulars	**Reference to Note No.**	**year ended March 31, 2013**	**year ended March 31, 2012**
Rental Income	66,67	354000.00	402000.00
Gain on Foreign Exchange rate fluctuations	55(a),2(h)	374888.08	3241029.68
Interest on Deposits etc; (Gross, Tax Ded.) **(Rs.0.67 lacs** (Previous year Rs.0.55 lacs)	2(d)(ii)	667396.00	495849.00
Miscellaneous Receipts	57	194550.00	541544.00
Total		**1590834.08**	**4680422.68**

25 Cost of Materials Consumed:

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
Consumption of Raw Materials and Components			
Inventory at the beginning of the year	2(f)	63749044.45	58475419.98
Add: Purchases			
Raw Materials		275329022.83	295509428.01
Semi-Finished Goods		524356493.30	479775726.23
		799685516.13	775285154.24
Less: Inventory at the end of the year	2(f)		
Raw Materials		56260060.67	63749044.45
Total		**807174499.91**	**770011529.77**

25 (a) Details of Raw Materials & Components Consumption:

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
Mild Steel		50558223.59	38109276.14
EN Steel		223582167.95	246681501.31
Components		524356493.30	479775726.23
Axle Tube		2489667.92	1486389.08
Axle Parts		6187947.15	3958637.01
Total		**807174499.91**	**770011529.77**

25 (b) Imported and Indigenous Raw Materials Consumption and Components :

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
Imported		2489667.92	1486389.08
		0.31%	0.19%
Indigenous		804684831.99	768525140.69
		99.69%	99.81%
Total		**807174499.91**	**770011529.77**
		100.00%	**100.00%**

25. (c) In furnishing information under Note 25 (b), the view has been taken that particulars are required only in respect of items that are incorporated in the Finished Goods produced and not for such material used for maintenance of Plant & Machinery.

26 Changes in Inventories of Finished goods and Work-In-Progress:

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
(Increase)/Decrease in Stocks:	**2(f)**		
Inventories at the end of the year			
Work-in-Progress		15569276.39	22364024.71
Finished Goods		56832585.27	41587232.22
		72401861.66	63951256.93
Less: Inventories at the beginning of the year			
Work-in-Progress		22364024.71	17285816.59
Finished Goods		41587232.22	43335369.98
		63951256.93	60621186.57
Total		**(8450604.73)**	**(3330070.36)**

26

(a) **Detail of Finished Goods Stock under broad heads:**

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
U - Bolts		14848272.79	4625607.30
H - Bolts		4955792.45	1500644.56
Centre Bolts		4196273.69	2910121.46
Shackle bolts		1757968.57	1860868.92
Spring Pin		4379336.57	5253411.38
King Pin		2420621.10	3758162.45
Axle Studs		1743470.03	1034060.04
Hanger Brackets		10292421.66	7991687.34
Bushes		3684487.09	7348719.40
Nuts		5030535.41	3334814.57
Axle& Acc.		2075739.08	130928.96
Earth Moving		55148.78	102907.64
Fasteners		250592.90	72419.60
Miscellaneous		558265.15	695686.60
Traded Goods		583660.00	967192.00
Total	**18**	**56832585.27**	**41587232.22**

27 **Employee Benefits Expense:**

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
(a) Salaries, Wages and Bonus (Including Managing & Whole Time Director Remuneration)	47	119882359.55	113136172.68
(b) Contribution to Provident & Other Funds and Schemes	46,2(l)	19769681.00	16790581.00
(c) Staff Welfare Expenses		4300401.23	4093826.96
Total		**143952441.78**	**134020580.64**

28 **Finance Costs :**

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
Interest Expenses	56	24804158.78	22790000.00
Other Borrowings Costs	38	6185674.96	2145616.08
Total	**2(n)**	**30989833.74**	**24935616.08**

29 **Depreciation and Amortization Expense:**

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
Depreciation on Tangible Assets	13,2(e)(ii)	12184151.24	11069149.35
Amortization of Intangible Assets	13,2(e)(ii)	257128.00	181157.00
Total		**12441279.24**	**11250306.35**

30 **Other Expenses:**

Particulars	Reference to Note No.	year ended March 31, 2013	year ended March 31, 2012
Consumption of Stores and Spare Parts		39313282.24	34713450.48
Power & Fuel Consumed		65786858.47	65030376.40
Oil & Lubricants consumed		6443094.93	6976277.11
Packing Material consumed		27340383.44	29424891.01
Research & Development Expenses	53,2(j)	372572.58	1538862.45
Building Repairs		1075998.75	1331878.55
Machinery Repairs		8368774.08	7777567.41
Insurance (Including Key Man Insurance)		2418062.73	2024540.02
Rates & Taxes		1872348.90	1912946.90
Freight & Cartage		29321354.23	32286434.87
Shipping charges		3213885.00	2975956.00
Advertisement		1154851.00	2564246.00
Commission to agents		1344491.00	1789484.00
Travelling & Conveyance		14538589.00	13840746.00
Printing & Stationary		2659632.00	3366126.50
Vehicle Expenses		1835692.65	2134375.00
Subscription & Membership fees		281379.80	331662.57
Donation		63251.00	77201.00
Light & Electricity Expenses		492890.00	262271.00
Postage & Telephone Expenses		1524852.00	1755176.85
Legal & Professional Charges		1855974.00	818247.00
Seminar & Training Expenses		51800.00	96775.00
Payment to Auditors for:			
Statutory Audit fees		75000.00	75000.00
Certification Fees		3500.00	3500.00
Internal Audit Fees		140000.00	29725.00

Reimbursement of Expenses	21973.00	6397.00
General Expenses	2204556.65	2455708.40
Electricity and General Repairs	2215884.00	2027831.31
Recruitment expenses	38895.60	220713.00
Samples	26372.00	84570.36
Sales Promotion & Entertainment exp.	1196441.58	2015372.02
Loss of Excise duty on Goods Return	22083.00	72654.00
Sales tax Adjustment	60371.34	1490605.38
Discounts & Rebates	81430026.39	83472676.79
Wealth Tax	0.00	60666.00
Total	**298765121.36**	**305044911.38**

31. Computation of Earnings per Share (EPS):

	As At March 31, 2013 (Rs.)	As At March 31, 2012 (Rs.)
Earnings Per Share (EPS)-Basic & Diluted		
Computation of Profit (Numerator)		
Net Profit/(Loss) attributable to Shareholders as at 31st March	**(12632413.60)**	46123249.54
Computation of weighted Average Number of Shares (Denominator)	**Nos.**	Nos.
Number of Shares Outstanding at the Beginning of the year	1,20,00,000	80,00,000
Weighted Average Shares Issued pursuant to Conversion of Warrants	-----	26,66,667
Adjusted weighted Average number of Equity Shares	**1,20,00,000**	1,06,66,667
Computation of EPS-Basic (in Rs.)	**(1.05)**	4.32

32. Contingent Liabilities not provided for in respect of:

	As At March 31, 2013 (Rs.in Lacs)	As At March 31, 2012 (Rs.in Lacs)
(i) Guarantee given by the Company to the bank, on behalf of other Group Companies (i.e. G.S. Automotives Private Limited, G.S.Autocomp Private Limited & G.S. Consumer Products Private Limited & to PSIDC (for & on behalf of G.S. Radiators Ltd.)		
Balance Outstanding	**1383.22**	1498.74
(Maximum Amount)	**(2319.26)**	(2169.26)
(ii) Sales Bills Discounted with banks	**98.23**	146.01
(iii) Income Tax & Interest Demand-matter under appeal (Note No.33)	**342.89**	---
(iv) Service Tax Demand-matter under appeal	---	03.35

33. The Company has filed an appeal against the demand and the management, including its tax/legal advisors, believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

34. Commitments:

Estimated value of contracts remaining to be executed on Capital Accounts (net of advances), not provided for **Rs.462.52 Lacs** (Previous year Rs.614.83 Lacs).

35. Domestic Sales includes **Rs.33.28 Lacs** (Previous Year Rs.61.30 Lacs) on account of Job Work receipts.

36. All the Inventories are valued and certified by the Management.

37. Purchase of finished goods **Rs.13.87 lacs** (previous year Rs.14.67 lacs) consists of trading of wheel rims.

38. Other Borrowing cost Note No.28 under the heading "Finance Cost" includes Bank Charges/Commission, Interest to others & hire charges.

39. The Company is primarily engaged in the business of "Auto Components" for commercial vehicles, which are governed by same set of risks and returns and hence there is only one segment as required by Accounting Standard (AS-17) on Segment Reporting issued by Companies (Accounting Standards) Rules, 2006.

40. In cases where letters of confirmation have been received from parties, book balances have been generally reconciled and adjusted, if required. In other cases, balance in accounts of sundry debtors, sundry creditors and advances or deposits have been taken as per books of accounts.

41. No amount is considered as doubtful, from the total debtors.

42. No amount is due, as on balance sheet date, from other officers or from directors or any of them either severally or jointly, with any other persons nor any debts due by firms or private companies, in which any of the directors is a partner or a director or a member except at Note No.66.

43. Fixed Deposits includes **Rs. Nil** (previous year Rs.01.29 lacs) are held as margin money for the issuance of bank guarantee as on balance sheet date.

44. Figures in bracket indicate deductions except otherwise stated.

45. **Unclaimed Dividend:**

Unclaimed dividends include amounts which will be credited to Investor Education and Protection Fund under Section 205 C of the Companies Act, 1956 (on Expiry of the specified period, if the amount remains unclaimed at that time).

46. **Defined Benefit Plans for Employees (AS-15);**

Liability for employee benefit (post retirement funded gratuity plan and leaves which is unfunded) has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard-15 (revised), the details of which are as under;

		As At March 31 2013 (Rs.In lacs)		As At March 31, 2012 (Rs.in lacs)	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
(I)	**Amount to be recognized in Balance Sheet**				
	a. Present value of Defined Benefits Obligations				
	(i) Funded	**174.81**	**-----**	158.47	-----
	(ii) Unfunded	**-----**	**39.37**	-----	33.82
	b. Fair value of Plan Assets	**167.94**	**-----**	189.93	-----
	c. Net liability/(Assets) recognized in the Balance Sheet	**06.87**	**39.37**	(31.46)	33.82
(ii)	**Amount to be recognized in the Statement of Profit & Loss**				
	a. Current service Cost	**23.89**	**18.45**	22.38	16.31
	b. Interest on Defined Benefit Obligation	**11.38**	**01.83**	11.74	01.81
	c. Expected return on plan Assets	**(15.83)**	**-----**	(15.05)	-----
	d. Net Actuarial (Gain)/Loss recognized in the year	**18.89**	**07.90**	(01.24)	04.24
	e. Expenses recognized during the year	**38.33**	**28.18**	17.83	22.36
(iii)	**Change in Defined Benefits Obligations and reconciliation thereof**				
	a. Present value of Defined Obligations at the beginning of the year	**158.47**	**33.82**	141.30	29.99
	b. Interest Cost	**11.38**	**01.83**	11.74	01.81
	c. Current Service Cost	**23.89**	**18.45**	22.38	16.31
	d. Benefits paid	**(37.67)**	**(22.63)**	(14.28)	(18.53)
	e. Actuarial (Gain)/Loss	**18.74**	**07.90**	(02.67)	04.24
	f. Present value of Defined Obligations at the close of the year	**174.81**	**39.37**	158.47	33.82
(iv)	**Change in the fair value of Plan Assets and the reconciliation thereof**				
	a. Fair value of Plan Assets at the beginning of the year	**189.93**	**-----**	149.10	-----
	b. Expected return on Plan Assets	**15.83**	**-----**	15.05	-----
	c. Actuarial (Gain)/Loss	**(00.15)**	**-----**	(01.44)	-----
	d. Contribution by Employer	**-----**	**-----**	41.50	-----

	e. Benefits paid	(37.67)	(22.63)	(14.28)	(18.53)
	f. Fair value of Plan Assets at the close of year	167.94	-----	189.93	-----
(v)	**Summary of Actuarial assumptions**				
	a. Discount Rate (per annum)	8.15%	8.15%	8.75%	8.75%
	b. Expected rate of return on Plan Assets (p.a)	9.25%	-----	9.25%	-----
	c. Rate of escalation in salary (per annum)	3.00%	3.00%	3.00%	3.00%

47. Computation of Net profit in accordance with Section 198 read with section 349 of the Companies Act, 1956, for the purpose of remuneration payable to the Chairman and Managing Director.

Particulars	As At March 31, 2013 (Rs.in Lacs)	As At March 31, 2012 (Rs.in Lacs)
Profit/(Loss) Before Tax	(155.05)	691.46
Additions:		
a. Managerial Remuneration	61.35	60.49
b. Wealth Tax Paid	00.00	00.61
Sub Total	(93.70)	752.56
Net Profit/(Loss) u/s 198 of the Companies Act, 1956 for the year	(93.70)	752.56
Maximum Remuneration which can be paid for the year in case of inadequacy of profit & for the previous year @ 10% on Rs.752.56 Lacs)	96.00	75.26
Managerial Remuneration paid during the current financial year, as minimum remuneration (Within the limits specified by schedule XIII of the Companies Act, 1956 along with the resolution passed by the shareholders of the Company in the Annual General Meeting)	61.35	60.49

48. Capital work in progress includes amount of **Rs.1747.99 Lacs** (Previous year Rs. 948.30 Lacs, on account of machinery under installation, **Rs.398.19 Lacs** (Previous year Rs.194.89 Lacs) on account of Building under construction, on account of electric fitting **Rs.82.30 Lacs** (Previous year Rs.37.22 Lacs) and other assets **Rs.17.04 Lacs** (Previous year Rs.6.48 Lacs), preoperative expenses, related to Jamshedpur unit & for Ludhiana unit of the Company **Rs.310.72 lacs** (previous year Rs.222.35 lacs).

49. Preoperative expenses, for the Jamshedpur project of the company (pending capitalization) (net of income, earned during construction period, from the temporary surplus funds, invested

from time to time, pending for utilization for the setting up new manufacturing unit at Jamshedpur) have been included under the head capital work in progress.

50. Intangible Assets comprises of Acquisition of computer Software & Video Advertisement have been amortized @ 25% on Straight line basis, as the useful life thereof has been estimated to be not more than four years.

51. Disclosure: as required by AS-28 (Impairment of Assets):

In terms of Accounting Standard 28 (AS-28) there was no impairment loss on assets during the year under report.

52. Balance with Central Excise & Revenue Authorities under Note 21, under the heading "Short term Loans & Advances", includes **Rs.848.95 Lacs** (Previous year Rs.738.07 Lacs) on account of pending Value Added Tax (VAT) refunds, from the Sales Tax Authorities, Government of Punjab.

53. The Company is developing certain machineries (Special purpose Machines), as per its various in house production process requirements, along with for the requirements of its group Companies, as & when required, under its Research & Development Centre. The following expenditure has been incurred during the year, included under the relevant heads in the profit and loss account.

Expenditure incurred on Research & Development:

	Financial Year 2012-2013 (Rs.in lacs)	Financial Year 2011-2012 (Rs.in lacs)
Revenue Expenses (Net of Sale of Machinery)	03.73	15.39
Wages (Research & Development) (included under Note No.27)	30.94	27.90

54. Deferral/Capitalization of exchange differences:

The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 "The Effects of Changes in Foreign Exchange Rates", to allow companies deferral/capitalization of exchange differences arising on long-term foreign currency monetary items. In accordance with the amendment/earlier amendment to AS 11, the Company will capitalized exchange loss, arising on long-term foreign currency loan to the cost of plant and equipments & other assets, for the long term funds raised in foreign currency for the setting up of new manufacturing unit at Jamshedpur, once the said plant will commence its commercial production.

As at 31st March, 2013, the Company has un-hedged foreign currency exposure to the extent of **US$ 42.24 Lacs (equivalent to Rs.2200.00 Lacs)** (Previous year US$ 23.52 Lacs (equivalent to Rs.1200.00 Lacs) in the shape of foreign currency term loan, from financial institution, for the setting up of new manufacturing unit at Jamshedpur, for the purchase of certain capital equipments.

55. (a) Exchange difference Gain/ (Loss) on account of fluctuations in foreign currency rates:

	Financial Year 2012-2013 (Rs.in lacs)	Financial Year 2011-2012 (Rs.in lacs)
(i) Relating to Exports during the year recognized in Statement of profit and loss account.	(00.03)	21.22
(ii)Recognized in the profit and Loss account		
On Settlement/revalorization of current assets	03.78	11.19

55. (b) Un-hedged Foreign Currencies Exposures:

The year end foreign currency exposure in respect of monetary items that have not been hedged by a derivative instrument or otherwise are given below:

Amount (net) in foreign currency on account of the followings:-

Particulars	31st March, 2013 (Amount in Foreign Currency)	31st March, 2013 (Rs.in lacs)	31st March, 2012 (Amount in Foreign Currency)	31st March, 2012 (Rs.in lacs)
Export of Goods	USD 529042	287.74	USD 573406	293.38
	EURO 117171	81.49	EURO 104982	71.77
Import of Goods (Advance Paid)	-------	-----	USD 6000	03.07
Term Loan	USD 4223516	2200.00	USD 2351557	1200.00

56. Capitalization of Expenses:

Bank Interest & Bank Charges capitalized in respect of Plant & Machinery & other Tangible Fixed Assets **Rs.1.46 Lacs** (Previous year Rs.17.19 Lacs).

57. Miscellaneous Receipts include, **Rs.1.05 Lacs** (Previous year Rs.4.59 Lacs), on account of Insurance Claim received.

58. The amount written off against leasehold land at Note No.13 (for Jamshedpur unit) will commence, when the Jamshedpur unit of the Company will commence its commercial production.

59. Advances recoverable in cash or in kind or for value to be received under Note No.21 under the heading "Short-term Loans and Advances" includes **Rs.12.56 Lacs** (previous year Rs.14.33 Lacs) due from various employees of the Company. Maximum balance outstanding during the year was **Rs.21.10 Lacs** (previous year Rs.16.05 Lacs).

60. The company has leased facility under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to thirty years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year under preoperative expenses amounts to **Rs. 00.36 Lacs.** The future minimum lease payments in respect of the non-cancellable operating leases as at 31st March 2013 are as under:

	31st March, 2013 (Rs.in Lcs)	**31st March, 2012 (Rs.In lacs)**
a) not later than one year	**00.36**	00.36
b) later than one year but not later than five years	**01.44**	01.44
c) later than five years	**07.20**	07.56

61. Provision for diminution in the value of Current Investment **Rs.0.61 lacs**, (previous year Rs.1.73 Lacs) related to the Jamshedpur unit (under Construction), have been included under pre-operative expenses account.

62. **Disclosure required by Clause-32 of the Listing Agreement:**

The Company has not made, during the year, any Loans & Advances in the nature of Loans to its Associates/ Firms/Companies, in which directors are interested.

63. Expenditure Incurred on Jamshedpur Project during Construction period (Including Capital Work in Progress):

	As At 31st March, 2013 (Rs.in lacs)	As At 31st March, 2012 (Rs.In lacs)
(i) Leasehold Land (included under Note No.13 of Fixed Assets)	31.04	31.04
(ii) Building under Construction	398.18	194.89
(iii) Machinery under Installation	1746.48	948.30
(iv) Electric Fitting & Other assets	99.34	43.70
(v) Advance for Capital Goods	516.71	202.89
(vi) Others	310.09	375.07

The Company has taken the above said leasehold land at (i) at Jamshedpur, for Jamshedpur plant, on leasehold basis from Adityapur Industrial Development Authority (AIDA), Jamshedpur. As the commercial production of the Jamshedpur plant, has not yet commenced during the year, all the lease rent paid for the said leasehold land during the year, has been transferred to the pre-operative / expenses pending capitalization account.

64. Proposed Dividend:

During the year & during the previous year, the Company has not proposed any dividend on its equity shares:

65. Additional Information under Part II of Revised Schedule VI to the Companies Act, 1956:

65 (a) CIF Value of Import

Particulars	Financial Year 20112-2013 (Rs.in Lacs)	Financial Year 2011-2012 (Rs.In Lacs)
Raw Material and Components	-----	50.59
Traded Goods	7.32	8.59
Total	**7.32**	**59.18**

In furnishing information under Note 65 (a), the view has been taken that particulars are required only in respect of items that are incorporated in the finished goods produced and not for such material used for maintenance of plant and machinery.

65. (b) Expenditure in foreign Currency:

Particulars	Financial Year 20112-2013 (Rs.in Lacs)	Financial Year 2011-2012 (Rs.in Lacs)
Raw Material & Components	0.00	20.43
Traded Goods	7.32	8.59
Foreign Travel Expenses	2.28	1.84
Commission on Export Goods	4.39	7.00
Others	0.00	4.34
Capital Goods	0.00	24.91
Total	**13.99**	**67.11**

65. (c) Earning in Foreign Currency:

Particulars	Financial Year 20112-2013 (Rs.in Lacs)	Financial Year 2011-2012 (Rs.in Lacs)
F.O.B. Value of Exports	717.75	808.87
Total	**717.75**	**808.87**

66. Related Party Disclosure:

Related party disclosures as required under Accounting Standard-18 issued by The Institute of Chartered Accountants of India are given below:

a. The Key Management personnel & individuals having control or significant Influence over the Company by reason of voting power, and their relatives:

Mr. Jasbir Singh Ryait - Chairman
Mr. Surinder Singh Ryait - Managing Director
Mrs. Dalvinder Kaur Ryait - Director
Mrs. AmarjeetKaur Ryait - Director

b. Enterprises, over which control is exercised by individuals listed in "a" above:

G.S. Automotives Private Limited
G.S.Autocomp Private Limited
G.S. Consumer Products Private Limited
G.J.Holdings Private Limited*

* No transaction has taken place during the year.

c. Relative of key management personnel:

Mr.Harkirat Singh Ryait

The following transactions were carried out during the year with related parties in the ordinary course of business:

Detail of transactions with enterprises referred to in "b" above: (Rs.in Lacs)

S. No.	Particulars	2012-2013	2011-2012
1.	**Sales, Services, Other Income**		
	Sales of Goods		
	G.S. Automotives Private Limited	211.25	247.80
	Rendering of Services-Labour Charges		
	G.S. Automotives Private Limited	33.61	63.41
	Rental Income		
	G.S. Automotives Private Limited	3.00	3.00
	G.S. Autocomp Private Limited	0.24	0.72
	G.S. Consumer Products Private Limited	0.24	0.24
	Other Income		
	G.S. Autocomp Private Limited	0.90	0.90
	Total	249.24	316.07
2.			
	G.S. Automotives Private Limited	4745.74	4976.98
	Purchase of Services		
	G.S. Automotives Private Limited	15.56	6.67
	Total	4761.30	4983.65

S. No.	Particulars	2012-2013	2011-2012
1.	**Amount Outstanding-Payable**		
	Accounts Payable		
	G.S. Automotives Private Limited	738.24	455.37

	G.S. Autocomp Private Limited	Nil	Nil
	G.S. Consumer Products Private Limited	Nil	Nil

Details of Transactions relating to the persons referred to in "a" above (Rs. in Lacs)

Managerial Remuneration (Note No.47) (Mr.Jasbir Singh Ryait & Mr.Surinder Singh Ryait)	61.35	60.49
Remuneration paid to relative of key management personnel	02.77	02.77

67. Rental income includes **Rs.3.48 lacs** (previous year **Rs.3.96 lacs**) from group companies as per Note No.67 above & **Rs.0.06 lacs** (previous year Rs.0.06 lacs) from others.

68. (i) Rupee short term loan from others, outstanding balance as at 31st March, 2013 amounted to **Rs. Nil** (previous year **Rs.23.71 lacs**) was payable in equated monthly installment of Rs.2.81 lacs each, (including interest) up to December, 2012.

(ii) **Deferred payment liability**-Vehicle loan from HDFC Bank Limited, outstanding balance at 31st March, 2013 amounted to **Rs.43.95 lacs** (previous year Rs.1.09 lacs) is payable in equated monthly installment of Rs.4.39 lacs, (previous year Rs. 0.13 lacs) each, (including interest) up to January, 2014 (previous year December, 2012).

(iii) Other unsecured short term loan from others, outstanding balance at 31st March, 2013 amounted to **Rs.148.69 lacs** (previous year **Rs.251.18 lacs**) is payable in equated monthly installment (including interest) of **Rs.11.40 lacs** up to September, 2013, **Rs.7.56 lacs** up to October, 2013 & **Rs.3.72 lacs** up to February, 2014.

69. Previous year's figures have been regrouped or reclassified wherever necessary to confirm to the current year's classification.

As per our report of even date
For NANDA & BHATIA
Firm Registration No: 004342N
Chartered Accountants

For and on behalf of the Board

JASBIR SINGH RYAIT
Chairman

P.C.S.VIRDI
Partner
Membership No: 17056
Ludhiana: 30th May, 2013

SURINDER SINGH RYAIT
Managing Director

G.S. Auto International Limited

Registered Office: G.S. Estate, G.T. Road, Ludhiana – 141010

FORM OF PROXY

Folio/Client ID No. _____

No. of Shares _____

I/We ..... R/o ..... being a member/members of above named company, hereby appoint ..... R/o ..... or failing him/her ..... R/o ..... as my/ our proxy to vote for me/us on behalf, at Thirty Ninth Annual General Meeting of the Company to be held on 30th December, 2013 and at any adjournment thereof.

Signed this ..... day of ..... 2013.

Affix Revenue Stamp here

Notes: a) This form should be signed across the stamp as per specimen signature registered with the Company. b) The form should be deposited at the Registered Office of the Company forty eight hours before the time for holding the meeting.

G.S. Auto International Limited

Registered Office: G.S. Estate, G.T. Road, Ludhiana – 141010

ATTENDANCE SLIP

39th ANNUAL GENERAL MEETING to be held on 30th day of December, 2013 at 10.30 A.M. at Registered Office of the Company at G.S. Estate, G.T. Road, Ludhiana – 141 010

NAME OF THE ATTENDING MEMBER
(IN BLOCK LETTERS) _____

Folio No/Client ID _____

No. of Shares held _____

NAME OF PROXY
(IN BLOCK LETTERS, TO BE FILLED IN
IF PROXY ATTENDS INSTEAD OF THE MEMBER) _____

I HEREBY RECORD MY PRESENCE AT THE Thirty Ninth Annual General Meeting held on 30th December, 2013

Signature of Member/Proxy _____

This Attendance Slip Duly Filled To Be Handed Over At the Entrance of the Meeting Hall

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FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

No.	Particulars	Details
1	Name of the Company	G.S. Auto International Limited.
2	Annual Financial Statements for the year ended	March 31st, 2013.
3	Type of Audit Observation	Nil
4	Frequency of Observation	N.A.
5	To be signed by:	
	• Managing Director	Mr. Surinder Singh Ryait
	• Chief Financial Officer	Mr. Neeraj Tuli
	• Auditors of the Company	M/s Nanda & Bhatia Firm Registration No.: 004342N Chartered Accountants P.C.S.VIRDI Partner Membership No: 17056
	• Chairman of Audit Committee	Mr. Sanjeev Sethi