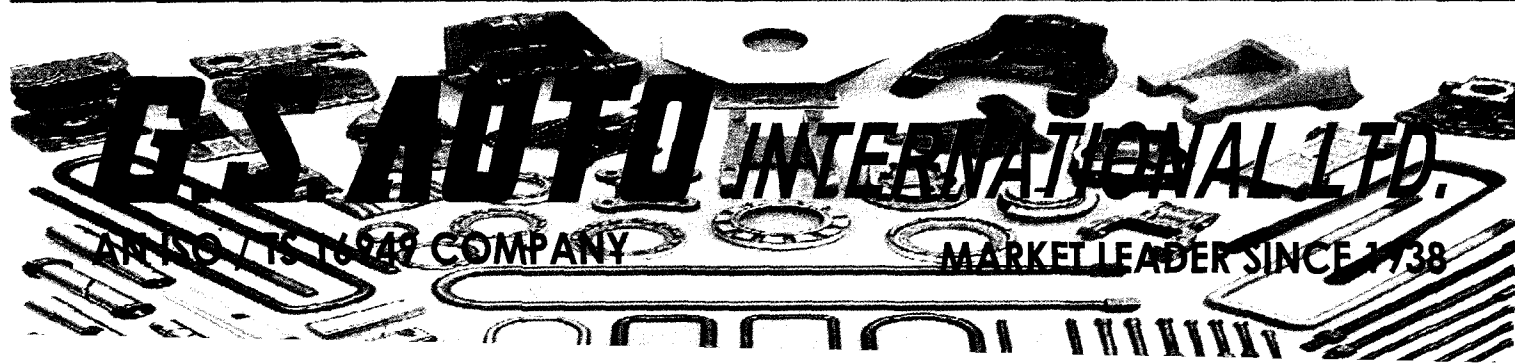


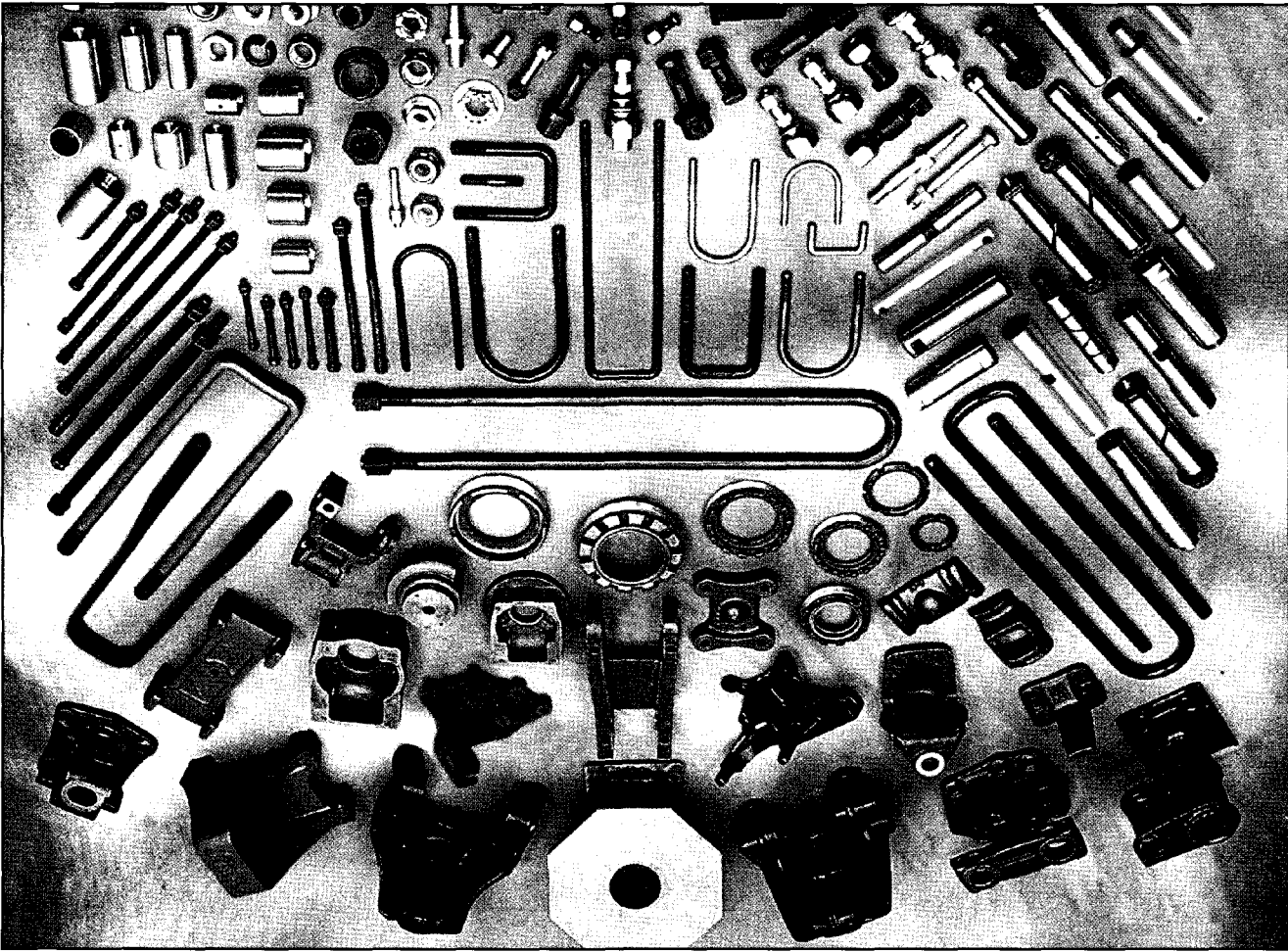
GROWING SUCCESSFULLY, EVOLVING GLOBALLY.



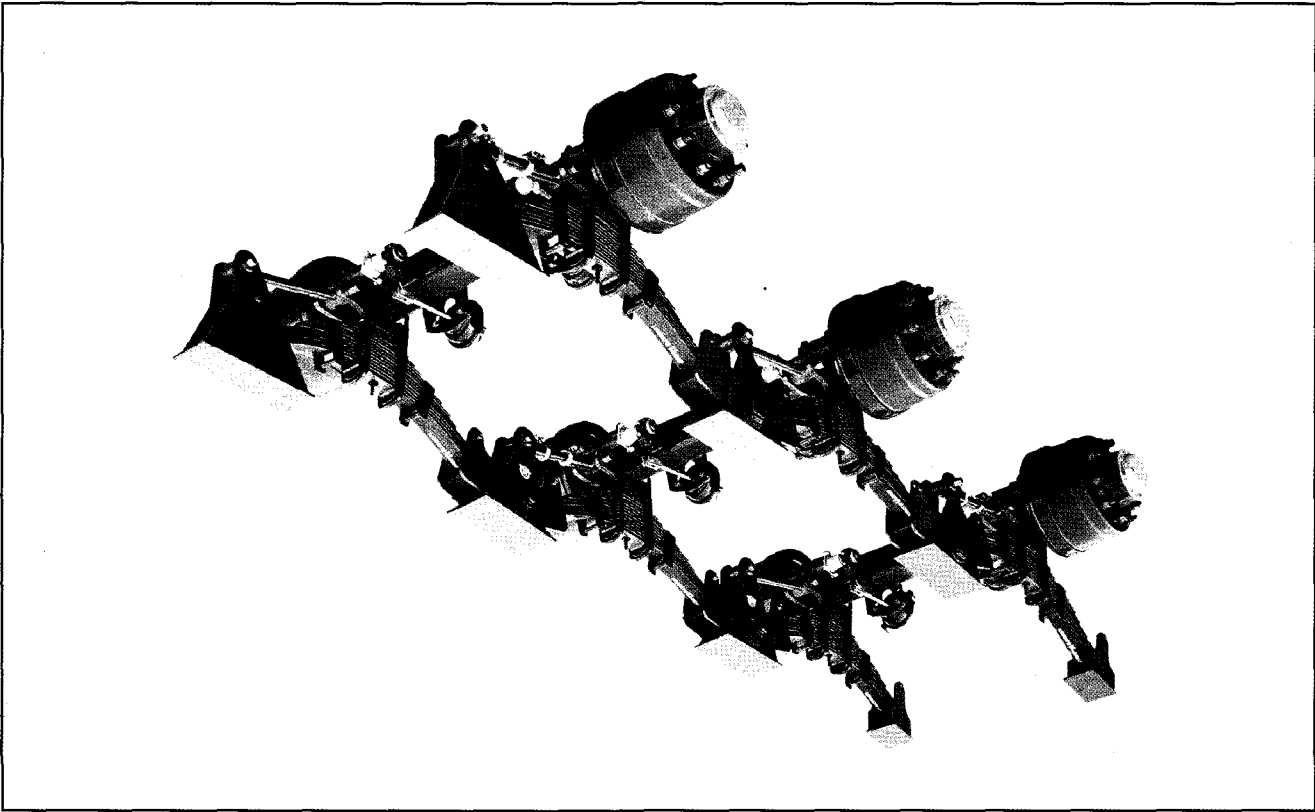
35th ANNUAL REPORT  
2008-2009

A LEADING AUTOMOTIVE COMPONENT COMPANY.





**Automotive & Suspension Components**



**Trailer Suspension**

# Board of Directors



**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. Sewa Singh**  
Director

**Mr. Makhan Singh**  
Director

Auditors

**M/s. Nanda & Bhatia**  
Chartered Accountants,  
Red Cross Bhawan,  
The Mall, Ludhiana - 141 001

Registered Office & Works

**G.S. Auto International Ltd.**

G.S. Estate, P.O. Box No. 711,  
G.T. Road, Ludhiana - 141 003

Punjab, India

Phones : 0161-2511001-05 (Five Lines)

Fax No. : 0161-2510885

Website : [www.gsgroupindia.com](http://www.gsgroupindia.com)

Email : [info@gsgroupindia.com](mailto:info@gsgroupindia.com)

Bankers

**Punjab National Bank**

Registrar & Transfer Agent

**M/s. Skyline Financial Services Pvt. Ltd.**

246, 1st Floor, Sant Nagar, Main Iscon Temple  
Road, East of Kailash, New Delhi - 110 065

Email : [admin@skylinerta.com](mailto:admin@skylinerta.com)

Phones : 011-26292682-83

Fax : 011-26292681



## Vision

- Customer satisfaction through best quality products and in house research developments;
- 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, as well as, to expand through multilocations, 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 world class quality preferred supplier to OEM's of the world, through best quality, innovations and cost competitive products;
- Grab a sizeable market share for the replacement market, through better dealer network and by the supply of best quality Components;
- Be a leader in local market for Machined, Cast and Forged Components and to further grow in Export Markets.

## Principles of Business

- Sense of urgency.
- Better Relationships and better Quality of Products & Services.
- Continuous Improvement for excellence and consistency.

*" One Man Has Enthusiasm for 30 Minutes, another for 30 days, but it is the man who has it for 30 years who makes a success of his life"*

*"Edward Butler"*

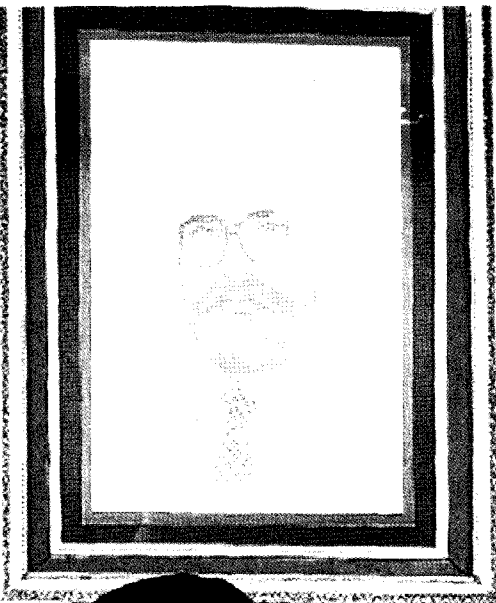


# Growing Successfully, Evolving Globally.

**"G.S.Auto International Limited"** one of the leading Automotive Fastening & Suspension Components Company in North India, has been partnering the Indian Automotive Industry from past several years. We have come a long way, since we began the journey, as the cover page describes, but it has been one worth while journey for all of us, however the way we look at it, for **"GS"**, it is just the beginning and has far miles to go ahead, like an eagle in the sky. We are proud to be present in almost all the commercial vehicles, manufactured in India, in one or the other way. The year 2008-2009 was a difficult year, marked with overall negative growth in automotive industry worldwide, particularly in commercial vehicle segment. However, we at **"GS"**, did not follow the trend, and even defied the trend, in spite of all hurdles, by working hard, by de-risking the business through a unique combination of marketing strategy, to post stable growth and stable profit in the year of visible slowdown. The flattening world creates opportunities & challenges and at **"GS"** we are geared to convert, these challenges into opportunities. Going ahead, your Company plans to make substantial investment, to expand its Business.

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**Managing Director**

Mr. Surinder Singh Ryait



**Chairman**

Mr. Jasbir Singh Ryait

# Chairman's Letter



Dear Shareholders,

It is my proud privilege to present the 35<sup>th</sup> Annual Report of the company. Where, the Year 2007-2008 was a very challenging and even a very learning experience for us, the year 2008-2009 was a most difficult, even one of the worst years that the global economy has seen in the last 75 years. In the First quarter of 2008-2009, the world was witnessing with high commodities prices which include crude oil, coal, and steel or even in all the major industrial commodities, even the prices of the copper, have reached its all time high at US\$ **8884** a ton in April, 2008 and in the first half of 2008-2009, the crude oil has touched its all time high at over US\$ 145 per barrel and further even the great experts of the commodities, was predicting the Crude to even cross the US\$ 200 mark, causes to overall global inflation and further ended the year 2008-2009 with the sharpest decline in the global trade & GDP, since the great Depression 1930.

The higher rate of inflation in the world economy, with the higher input cost of steel prices, which is the predominant raw material for automobile industry, rose by over 50% in year 2008, as compared to year 2007, which has now come down to some what at realistic level, had further caused to tightening the monetary policy by the central bank of all the countries in the world, causes to lower liquidity in the market, with the high rate of interest funding for all types of customers, be it consumers or corporates. what it was earlier viewed as temporary slow down, turned out to be the most difficult and more challenging time in the recent past, the sentiment was so badly effected that even Indian financial market benchmark index, was one time down by over 70% from its all time high.

Then come the sudden change in the world economy, with the icons of global business houses, such as Lehman Brothers falls in the bankruptcy, US auto makers such as Chrysler and GM were also in the bankruptcy, while Toyota Motors has posted a big loss during the year, causes to global meltdown in the financial markets and further sucking the liquidity from the market leads to shake out the confidence in the global economy. The worst effected economies of the world was US, European and UK economy, which was showing a negative growth in GDP anywhere between -2.8 % to -6.50%, which further accelerated the increase in the un-employment in the developed countries, causes to the lower or even negative growth in world economy. With such a financial turmoil in the global economy, how can the fast growing developing BRIC countries be so isolated from the global recession. The Indian economy growth, which was at one time growing at the rate of 9% from the past three years, had come down to 5.50% to 6.50% during 2008-2009 and will hope to maintain, more over, the same level of growth rate, in the year 2009-2010, thanks to the newly elected stable government at the centre, which, along with the stable monetary policy, from the central bank, to keep the growth rate between 5.50% to 6.50%, in spite of such a great down turn in the global economy.

The Automotive sector was the worst affected sector in this global down turn in the economy, with the collapse of global major auto makers, as well as the temporary closure of some of the manufacturing units by the major Indian automotive manufactures, the auto component industry



## Chairman's Letter

was very badly affected. Even though passenger vehicles continues to grow by over 3 %, there was a huge drop in the production of Medium & Heavy and light Commercial Vehicles by over 30% and over 10% respectively, causes to overall dip in the market by over 2.50% to 3%. Automotive demand fell to new low in India, with the Medium & Heavy Commercial vehicle production in second half of 2008, was down by over more than 50% year on year basis. Same trend was also witnesses in the other major economies of the world, where European & USA commercial vehicle production declined by over 30% year on year basis.

Your Company which was at one time in the first half of 2008-2009, registering a top line growth of over 20% and even was targeting more than Rs.100 crore turnover, in the year under review, saw a sharp decline in the business from the original equipment manufacturers (OEM's), with the cancellation of orders from all the major OEM's, be it Indian or from overseas market, at one point of time, during the year under review, our sales to the OEM's was lower by app. more than 50%. However, with the presence in the Replacement market (After sales market) the company was in good condition to handle such a sharp decline in the business. If you better recall from my last year address to yours, I have strongly advocated to concentrate more on the replacement market, where the business is 7-8 times bigger than the OEM business and margins too, are better than the OEM's business, As the Company is better leveraged through its wider network of dealer and distributors in the after sales market, the company had changed its marketing strategy, by shifting the capacity to the replacement market, which was being created by the cancellation or even not enough orders from the OEM's. I personally think, every adversity will throw more challenges to one self so to realign itself, to cope with any situation and take lessons from the past, by changing one's strategy or even realigning its business, so to keep the interest of all its shareholders protected.

*"I am grateful for all my problems. After each one was overcome, I became stronger and more able to meet those that were still to come. I grew in all my difficulties"*

With such a tough & challenging economic environment, we had re-strategised our self, so to cope with this type of downturn in the economy. Further your company has performed satisfactory during the year, by realigning its marketing strategy. Your Company has overall posted a net top line growth of app.13.50%, from the **total turnover** of Rs.8132.96 lacs to **Rs.9234.25 lacs**, during the year under review, the total **net sale to the OEM's** have fallen by over 20% from the previous year total net sales of Rs.2905.24 lacs to **Rs.2315.34 lacs**, however the Net Turnover from the **Replacement market** shows a healthy increase of over 25% from the previous year figure of Rs.4596.90 lacs to **Rs.5787.01 lacs** during the year under review, **Export** during the year, also saw a healthy growth

of over 103 % from the previous year level of Rs.541.89 lacs to **Rs.1101.29 lacs**, However the increase in sales was also due to the increase in the prices of raw material.

Profit before depreciation, interest and taxes (**PBDIT**) grew by app. over 11.50% to **Rs.546.93 lacs**, however due to rise in the prices of raw material, crude prices etc., the PBDIT as a percentage to sale, during the year has marginally come down from 6.03% to 5.92%.

Profit before interest and taxes (**PBIT**), during the year grew by app. over 13.25% to **Rs.469.36 lacs**, however the PBIT as a percentage to sale, during the year has marginally come down from 5.10% to 5.08%.

Profit after taxes (**PAT**), during the year grew by app. over 10.00% to **Rs.203.87 lacs**; however the PAT as a percentage to sale, during the year has marginally come down from 2.27% to 2.21%.

There is no doubt that 2008-2009, was extremely a difficult, stressful and above all a learning year for your company. while these tough times may be painful and difficult for us but they also present opportunities for companies to work harder in each and every aspect or function of the business so to make them more efficient and to further strategies one's short term and medium term goals by cutting down wastages, reducing cost, using more effectively its working capital, using its capacity to more beneficial manner, reducing inventory and receivable and above all to increase in productivity. During this hard hit times, I will had to take even some of the painful decisions, so to reduce cost, by postponing the annual increments, down sizing the manpower, salary cuts and general tightening the belt all around and further holding on all the major capital expenditure or major expansion plans of the Company. The same pressure was further passed on to the suppliers also.

However, as your Company is much more leveraged in its business verticals through Export, OEM's and Replacement market, we are hopeful of achieving a good growth as compared to its previous year, once the economy is looking up. With the announcement of stimulus packages by all over the world governments including Indian Government, along with the liberal monetary policy by all the central bank of the world, I am hope full that the all the world economies will come out of recession by the second half of calendar year 2010.

Considering all the challenges for the year 2008-2009, we at **"G.S.AUTO"** feels that the performance during the year was quite satisfactory, however we also feels there is very much further scope of improvement in all the fields of the company and we at **"G.S.AUTO"** are committed to achieve the higher growth as compared to previous years, in the days to come, by improving our productivity throughputs and cost and by expanding our business.

Due to bad economy position as well as difficult market condition in 2008-2009, your company had withhold all its major expansion plans during the year 2008-2009. Further with the initial sign of





achieving better growth in the days to come. I also thank and express my deep gratitude to my colleagues on the Board of Directors, Banks and Financial Institutions, all our valued customers and suppliers for their continued support and confidence reposed in us.

I express my heartfelt thanks to my all the shareholders, for your continued support and faith in your Company and is hopeful will continue to repose faith, confidence and trust in us and also give your valuable guidance to move ahead in these challenging time of the world economy particularly for automobile industry.

**Yours Sincerely,**

A handwritten signature in black ink that reads 'Jasbir Singh Ryait'.

**Jasbir Singh Ryait**  
**Chairman**

# Company Profile

## About us

**"G.S. AUTO"** Synonymous to Indian Automotive Component Industry since 1938 is one of the leading and fastest growing manufacturers of Automotive Suspension and Fastening Components for Indian & International Passenger Cars, 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 million square feet of covered area. All our manufacturing facilities are 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., Sawraj Mazda, Eicher Motors Ltd., Hindustan Motors Ltd., VOLVO, Mahindra & Mahindra International pvt. Ltd and International Truck Company, 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.

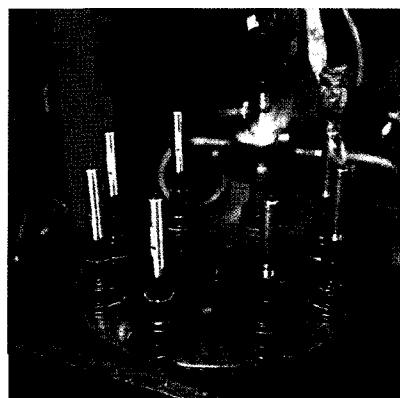
The entrepreneurship of our founder, Baba Gurmukh Singh Ji, began with manufacturing of Bicycle Components, which afterwards got diversified into manufacturing of Automotive Components for

# History



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.

# Company Profile



## 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	Check Nuts	Centre Bolt
Spring Pins	Axle Studs	Miscellaneous Bolts and Genuine Nuts.
Shackle Bolts	U-Bolts	

**2. Forged Parts**

High Nuts	Hex Nuts	Washer Type Nuts
Castle Nuts	Flange Nuts	Misc. Bolts

**3. Non-Ferrous Cast Components**

Customized Aluminum Bronze Parts of different sizes

**4. Ductile Iron Cast Components**

Spring Hanger Shackle/Bracket	Base Plates	Compressor Mounting Bracket
Engine Mounting	Threaded Rings	Casting in Weight Range 1-20 Kgs

**5. Trailer Parts**

Full Dressed Trailer Axles	Specially Designed Leaf Spring Assemblies
----------------------------	-------------------------------------------

# Customer Base



GS Auto has a strong presence in...

OEM segment (Original Equipment Manufacturer)

Replacement 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 Mertieor etc.

## **Replacement Market:**

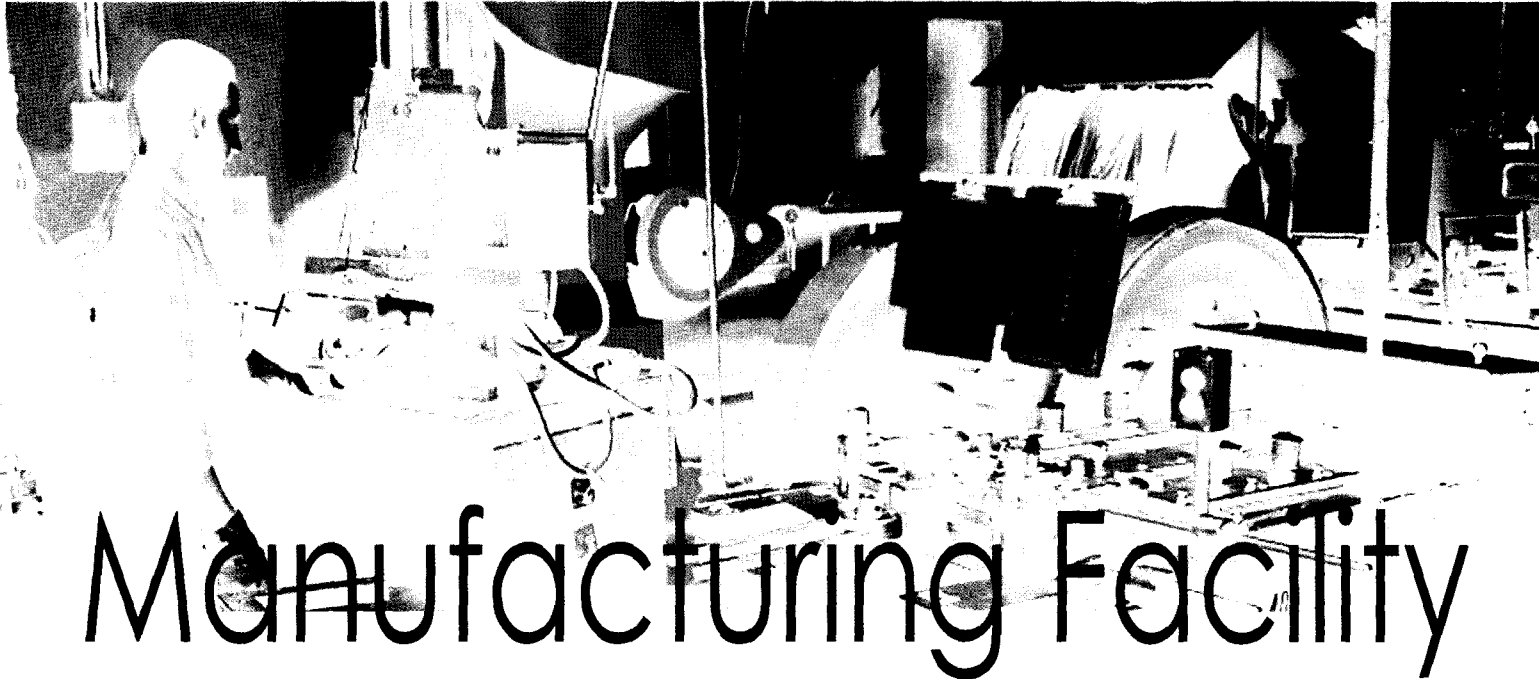
A vast network of over 500 Principal Dealers spread nation wide wise cohesively provide support system and act a catalyst to our strength to combat competition. Being looked- after by their strong and dedicated sales team, G.S are able to provide efficient services to their dealers throughout the country.

## **Export Market:**

There are more than 30 countries listed where G.S Auto have strongly made their presence felt. Flexible Production Run-up, Production Scheduling and of course, their ability to strictly stick to Delivery Schedule have endowed leveraging -effect in building-up strong customer base.



# Company Profile



## Manufacturing Facility

At present the Company has its manufacturing facility at G.S.Estate, G.T.Road, Near Dhandari Kalan, Ludhiana spreading across 1 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 capacities, 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.

### **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).

# Quality Mission



## 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 as 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 jut 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



## Company Profile

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 accreditations in 2005 & further re-certified in Feb.2008. 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 automotive suspension and fastening component industry. Sustained leadership since 1938 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 six 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 Association Limited"," "The Ludhiana Stock Exchange Association Limited" and "The Ahmedabad Stock Exchange Association 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.

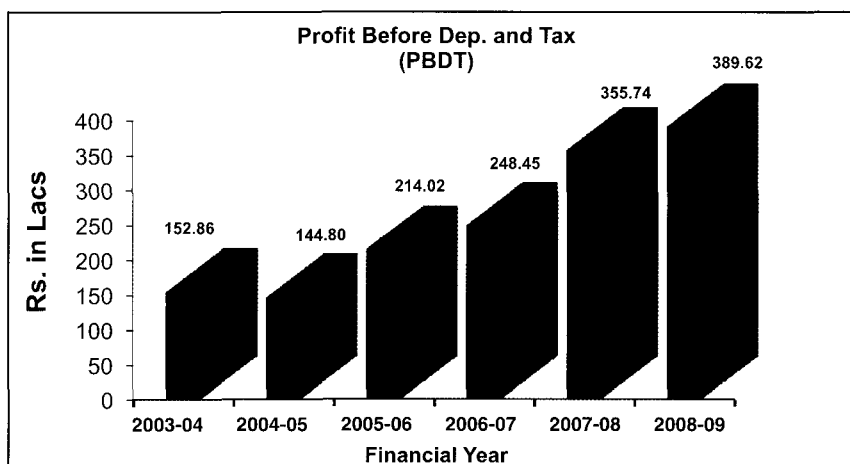
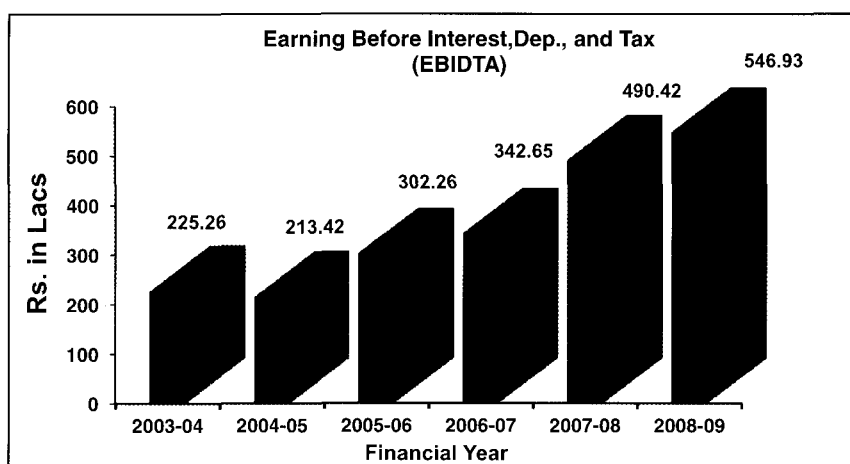
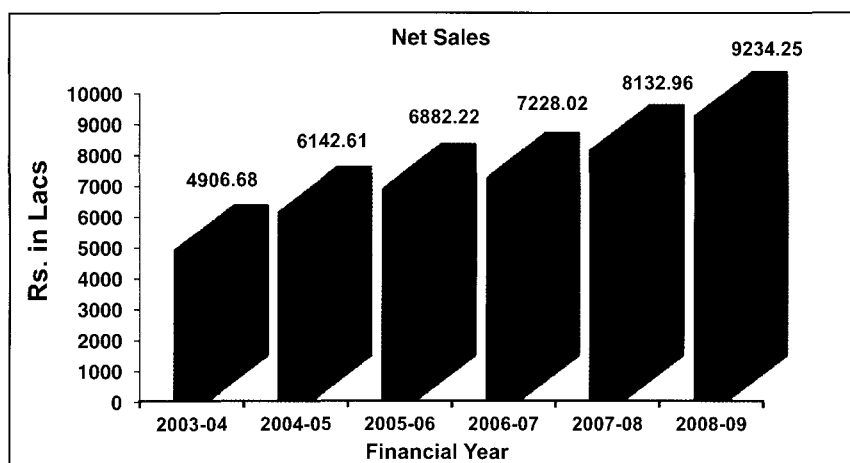
2007: The Company enter into trailer parts segments as well as also launched Commercial vehicle "Axle"

# Strengthening Financials

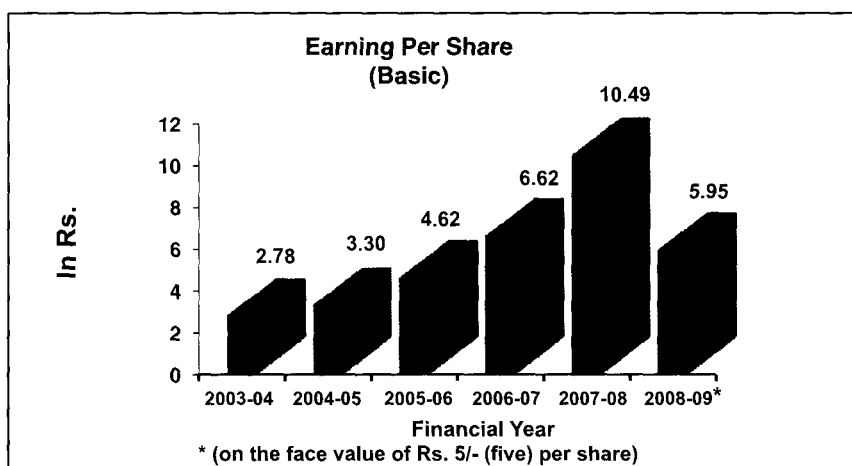
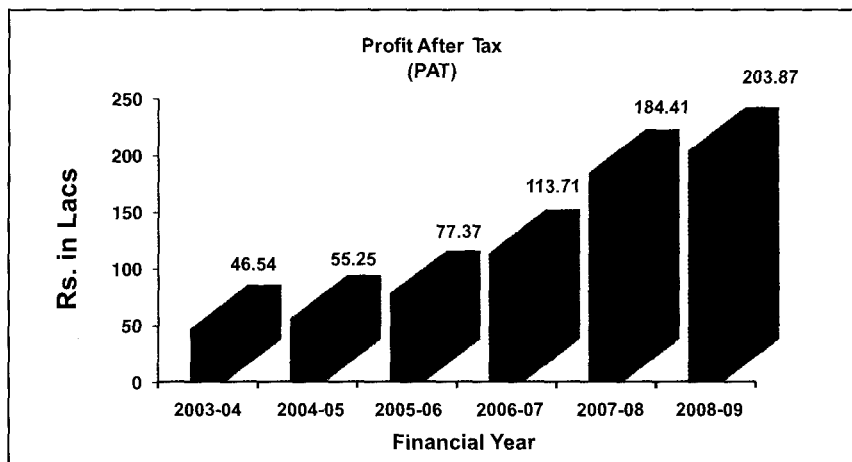
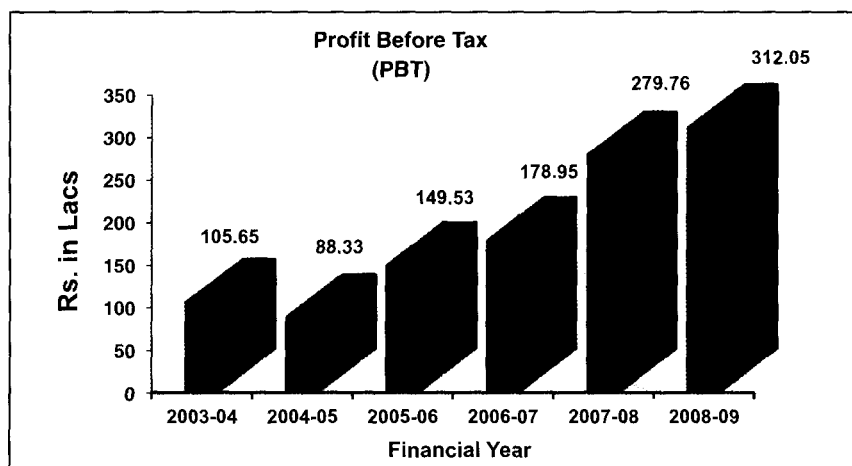
Financial Review	(Rs.in Lacs)					
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-2009
<b>Turnover (Excl. Excise Duty)</b>						
Domestic	4458.99	5457.18	6206.82	6552.26	7591.07	8132.96
Export	447.69	685.43	675.40	675.76	541.89	1101.29
<b>Total Turnover (Excl. Excise Duty)</b>	<b>4906.68</b>	<b>6142.61</b>	<b>6882.22</b>	<b>7228.02</b>	<b>8132.96</b>	<b>9234.25</b>
<b>% of Growth</b>	<b>22.31%</b>	<b>25.19%</b>	<b>12.04%</b>	<b>5.02%</b>	<b>12.52%</b>	<b>13.54%</b>
Operating Income	34.00	16.87	7.20	7.90	12.47	30.96
Other Income	13.46	3.41	4.18	6.90	11.35	34.17
Exceptional Items	125.00	0.00	0.00	0.00	0.00	0.00
<b>Total Income</b>	<b>5079.14</b>	<b>6162.89</b>	<b>6893.60</b>	<b>7242.82</b>	<b>8156.78</b>	<b>9299.38</b>
<b>EBIDTA</b>	<b>225.26</b>	<b>213.42</b>	<b>302.26</b>	<b>342.65</b>	<b>490.42</b>	<b>546.93</b>
% of Total Sales	4.59	3.47	4.39	4.74	6.03	5.92
Depreciation	47.21	56.48	64.49	69.50	75.98	77.57
<b>PBIT</b>	<b>178.05</b>	<b>156.94</b>	<b>237.77</b>	<b>273.15</b>	<b>414.44</b>	<b>469.36</b>
% of Total Sales	3.63	2.55	3.45	3.78	5.10	5.08
Financial Expenses	72.40	68.62	88.24	94.20	134.68	157.31
<b>PBT</b>	<b>230.65</b>	<b>88.33</b>	<b>149.53</b>	<b>178.95</b>	<b>279.76</b>	<b>312.05</b>
% of Total Sales	4.70	1.44	2.17	2.48	3.44	3.38
Adj. Related to Previous Years	19.05	0.06	(2.78)	2.83	8.69	1.97
Provisions for taxes	78.15	33.14	69.39	68.07	104.04	110.15
<b>PAT</b>	<b>171.54</b>	<b>55.25</b>	<b>77.37</b>	<b>113.71</b>	<b>184.41</b>	<b>203.87</b>
% of Total Sales	3.50	0.90	1.12	1.57	2.27	2.21
<b>Current Ratio</b>	<b>1.18</b>	<b>1.15</b>	<b>1.18</b>	<b>1.26</b>	<b>1.31</b>	<b>1.34</b>
<b>Debt-Equity Ratio</b>	<b>0.44</b>	<b>0.31</b>	<b>0.44</b>	<b>0.51</b>	<b>0.64</b>	<b>0.70</b>
<b>Cash Earning Per Share</b>	<b>11.92</b>	<b>6.66</b>	<b>8.63</b>	<b>10.76</b>	<b>15.02</b>	<b>8.23*</b>
<b>Earning Per Share</b>	<b>2.78</b>	<b>3.30</b>	<b>4.62</b>	<b>6.79</b>	<b>10.49</b>	<b>5.95*</b>
<b>Book Value</b>	<b>50.26</b>	<b>52.06</b>	<b>51.85</b>	<b>59.40</b>	<b>80.00</b>	<b>45.39*</b>
<b>Net Worth</b>	<b>842.28</b>	<b>872.45</b>	<b>868.75</b>	<b>995.31</b>	<b>1284.53</b>	<b>1541.59</b>
<b>Gross Block (Excl.CWIP)</b>	<b>1105.73</b>	<b>1159.52</b>	<b>1291.18</b>	<b>1345.06</b>	<b>1628.71</b>	<b>1765.69</b>

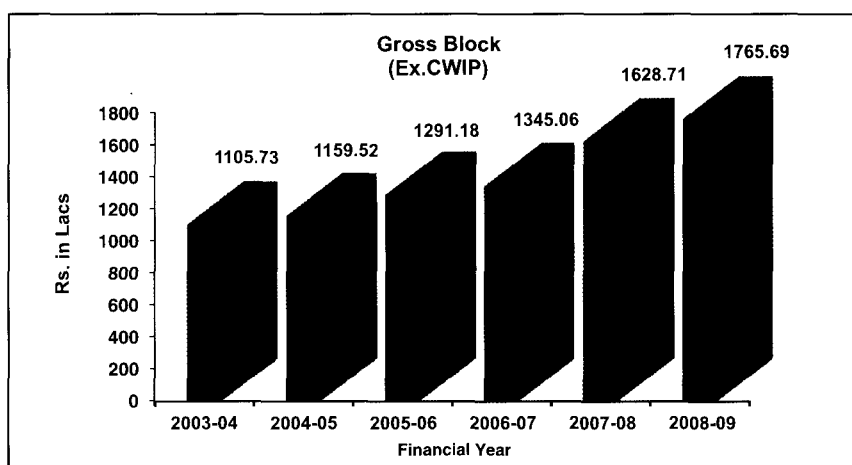
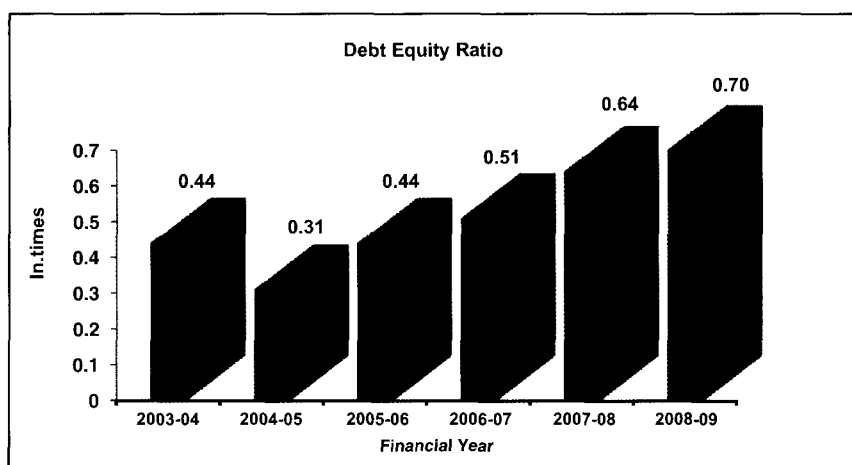
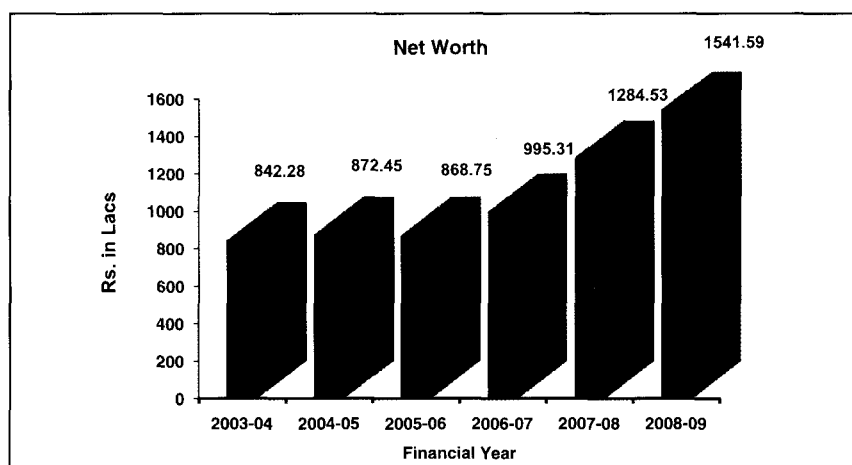
\* Face Value of Rs.5/- (Rs.Five) Per Equity Share.





# Strengthening Financial





# Notice

**NOTICE** is hereby given that the 35<sup>th</sup> (Thirty Fifth) Annual General Meeting of the Members of **"G.S.AUTO INTERNATIONAL LIMITED"('the Company')**, will be held on Wednesday, September 30, 2009 at 10.00 a.m at the Registered office of the Company at, G.S. Estate, G.T. Road, Ludhiana-141010, to transact the following business: -

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended on March 31, 2009, the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors, thereon.
2. To appoint a Director in place of Mrs. Dalvinder Kaur Ryait, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mrs. Amarjeet Kaur Ryait, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint M/s. Nanda & Bhatia, Chartered Accountants, 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 and to authorize Audit Committee of the Board of Directors to fix their remuneration.

By order of the Board

**For G.S. Auto International Limited**

**Place: Ludhiana**

**Dated: September 01, 2009**

**(Surinder Singh Ryait)  
Managing Director**

**NOTES:**

1. A member entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy forms (enclosed herewith) duly completed, should be deposited at the

**Registered Office of the Company not latter than 48 (Forty-Eight) hours before the scheduled time of commencement of the meeting i.e. by 10.00 a.m. on September 28, 2009. The same should be duly signed and stamped in order to be effective.**

2. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, September 25, 2009 to Wednesday, September 30, 2009 (Both Days inclusive).
  3. Members, who hold shares in dematerialized form, are requested to bring their DP-ID and client ID for easier identification and recording of attendance at the meeting.
  4. Members/Proxies are requested to bring the Attendance Slip duly completed & filled for attending the meeting and hand over the same at the venue of the meeting. The Signature on the attendance slip should match the specimen signature(s) registered with the Company. Entry to the Auditorium will be strictly against Entry slip available at the counters at the venue in exchange of Admission slip.
  5. For Security reasons, briefcases/bags/eatables/transistors/Tiffin boxes, cameras/binoculars are not allowed to be taken inside the Auditorium, as per Auditorium rules.
  6. Pursuant to the approval of the Shareholders at the Extraordinary General Meeting, the Equity Shares of the Company, have been sub-divided from one Equity Shares of the Face value of Rs.10/- (Ten) each 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/- (Ten) each, are requested to surrender the respective Share Certificates to the Company or to its Registrar & Transfer Agent viz. M/s Skyline Financial Services Private Limited, to enable the Company to issue fresh Share Certificate pertaining to Equity Shares of the Face value of Rs.5/- (Five) each.**
  7. As a measure of economy copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their attendance slip along with copy of the Annual Report to the meeting.
  8. Members are requested to write to the Company their queries, if any, on the accounts, at least 10 (Ten) days prior to the meeting to enable the management to keep the required information available.
  9. Members holding Equity shares in physical forms are requested to notify promptly the change in
- 35th Annual Report





## Notice

their address, if any, to the Company's Registered Office or to its Registrar & Transfer Agent " **M/s Skyline Financial Services Private Limited, 246, 1st Floor, Sant Nagar, Main Iscon Temple Road, East of Kailash, New Delhi-110065**", quoting their folio number, under the signature of the Sole/First Holder, and also the following information, to be printed on the Dividend Fronts/Warrants: -

- (i) Name of the Sole /First Holder and the Folio Number.
- (ii) Particulars of the Bank Account, Viz. Name, Branch and Complete address of the Bank, Bank account Number and type of Accounts (Saving, Current etc.)

Members holding Equity Shares in electronic form are requested to notify promptly change in their address, if any, to the respective depository participant.

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

**[Pursuant to Clause 49(IV) (G) of the Listing Agreement]**

1)

Name of Director	Dalvinder Kaur Ryait
Date of Birth	28-06-1963
Date of Appointment	06-03-2004
Expertise in specific Functional area	Marketing & Personnel
Qualification	Graduate
Directorship of other Companies as on 31st March, 2009	Four (Pvt. Limited)
Chairman/Member of other Committees of Company as on 31st March, 2009	One

2)

Name of Director	Amarjeet Kaur Ryait
Date of Birth	02-03-1966
Date of Appointment	06-03-2004
Expertise in specific Functional area	Administration
Qualification	Graduate
Directorship of other Companies as on 31st March, 2009	Four (Pvt. Limited)
Chairman/Member of other Committees of Company as on 31st March, 2009	One

By order of the Board  
**For G.S.Auto International Limited**

**Place: Ludhiana**  
**Dated: September 01, 2009**

**(Surinder Singh Ryait)**  
**Managing Director**

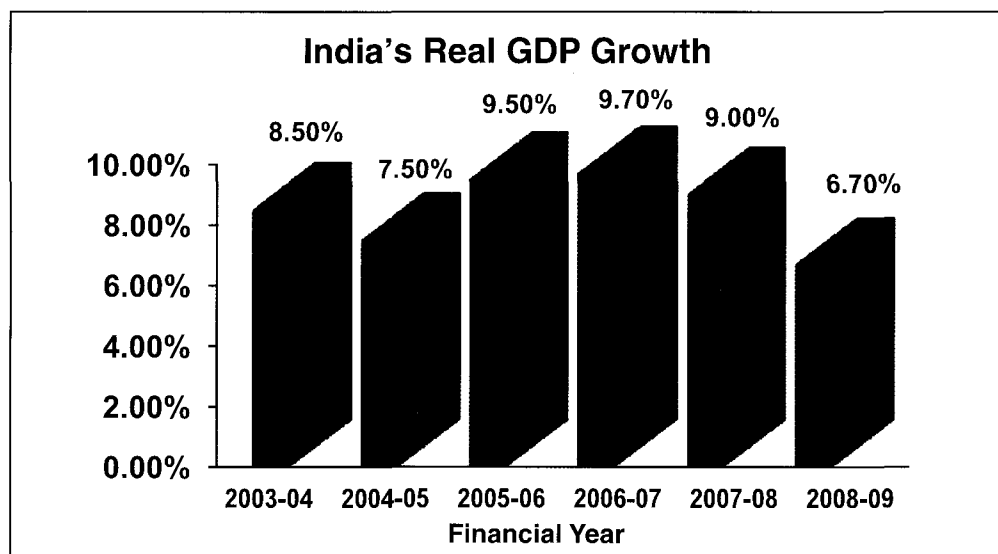
# Management Discussion & Analysis



## Overview

For most of the year under review, the global economy faced unparalleled pressures, while the first few month of the year saw a hefty rise in the prices of commodities like as Crude, steel and other industrial commodities such as copper, inflationary fears soon gave way to concern about depression and deflation as the financial crises in the advance countries turned into global economic crises. The world experienced an unprecedented economic upheaval in the year under review. What started as a minor crises in the housing sector in the US, snowballed into a major economic disaster, last witnessed only during the Great depression of the 1930's. International trade and financial flow froze and financial institution crumbled, leading to rising in the world renowned financial institutions as well as leading auto makers into the bankruptcy and other were bailed out by the national governments and the remaining one needed to go through restructuring in their business, which further affected to widespread unemployment across the world. The emphasis in the global financial system was on deleveraging and issues related to corporate governance and unhealthy practices, have emerged as the root cause of this economic crises. The liquidity crunch further increased the existing negative sentiments in the global economies and the real economy took a turn for the worse.

With this type of financial crises, the global output growth rate declined from app.5% in 2007 to



3.20% in 2008 and is estimated to be negative for 2009. Much of the slow down seen in the developed countries, even emerging economies witnessed reduction in the growth rate. As India is not decoupled from the world economy, exports as well as investments led consumption dissipated to a large extent along with the dollar rupee volatility at its peak. Though, India to be, one of the fastest economies of the world, the GDP growth had declined to 6.70% in March 2009 as compared to the 9% level of the previous years. Keeping in mind the economy condition, the newly elected central government of India declared three Stimulus packages and further Reserve bank of India eased its monetary stance with the rapidly receding inflation.

However in spite of contraction of many world economies, India is expected to grow close to 5.50 to 6.50% in the coming fiscal, making it one of the few countries in the world which would show any growth in the next two years. Though the outlook in the near future remains challenging there will always opportunity to further grow in these times of adversity.

### **INDUSTRY STRUCTURE & DEVELOPMENTS:**

The auto component industry predominantly is dependent on the original automotive manufactures. The Automotive industry occupies a place of pre-eminence in the India economy, accounting for about 5% of GDP and over 13 mn direct and indirect jobs, and contributing about app. 17% in indirect taxes (Source: Automotive Mission Plan 2006-2016). Indian gross domestic product grew



## Management Discussion & Analysis

by 6.70%, the lowest growth rate in six years. Manufacturing Sector witnessed an unprecedented slow down while the performance of agriculture sector is improved. Indian Automotive Sector showed a predominantly negative trend. Sales of medium and heavy commercial vehicles declined for the second consecutive year. The Slow down was very pronounced during the last quarter of the year as major commercial vehicles producers experienced their temporary close down of some of their manufacturing facilities and even experienced a drop in production by app. 60%, was characterized by OEM's taking book closures to align with the lower demand level. In fact, after a 10.20% growth in passenger car segment and commercial vehicle (CV) production in the first half of 2008-2009, demand reduced significantly to the end of the year with a decline of app.3%. The Slowdown was mainly in the commercial vehicle segment, which is the G.S. Auto International Limited (**GSAIL**) primary market. The Sales of Passenger vehicles and two wheelers showed improvement while sales of commercial vehicle declined.

Market Segment	April-March 09	April-March 08	YOY%
LCV	<b>224589</b>	254049	(11.60)
M&HCVs	<b>192537</b>	294957	(34.72)
Total Commercial Vehicles	<b>417126</b>	549006	(24.02)
Passenger Vehicles	<b>1838697</b>	1777583	3.44
<b>Total</b>	<b>2255823</b>	<b>2326589</b>	<b>(3.04)</b>

(Sources : SIAM)

Global automobile sales deteriorated sharply. The market in U.S and Europe recoded an unprecedented decline in automotive sales. In fact two major US based automobile giants-General Motors and Chrysler went into crises with the credit squeeze in the market. Both GM & Chrysler have already declared bankruptcy. The decliner in the world market, caused by a variety of factors such as economic slow down, rising unemployment, sub-prime crises, high fuel prices etc, resulted in slower than anticipated growth, particularly in the last quarter of the financial year.

However the last quarter witnessed a reversal of the previous quarter trends as the Government of India's multi -pronged fiscal strategies to infuse liquidity and to control inflation started to yield results. Various excise duty cuts, reduction in the interest rates and available of finance also helped towards slow recovery. Overall the Company believes that the long term demand potential shall remain intact with a trend growth of 8% over the next 4-5 years. Further global economy especially

in developed automotive markets such as North America, Europe and Japan continues to remain depressed however they do not seem to be worsening further. The GDP growth rate for the next year is expected to hover around 5.50% to 6.50% as compared to the previous year levels of 9%. It is further expected that the economy is expected to slowly crawl back to a path of growth.

### COMPANY'S PERFORMANCE HIGHLIGHTS

During the year under review, in spite of such a difficult economic scenario, G.S. Auto International Limited (**GSAIL**) has grown by over 13.50% as compared to previous year of over 12.50 % growth rate, by outperforming the overall growth rate of Indian auto component industry as a whole. Despite so many challenges in the year in the shape of shrinking of the world GDP as well as Indian economy, coupled with the rise in the commodity prices and later in the second half of the financial year collapse of world automobile giant to file for bankruptcy as well as negative growth rate in the commercial vehicle segment, where all the business of **GSAIL** comes from, the company have been able to cope successfully with all these problem by realigning its business activity.

The Company has during the year able to pass on to some extent; the rise in the prices of its raw material to all of its OEM's, which in other ways, able to maintain for the company, its EBIDTA margins. However with the lower business from all the OEM's in the last quarter of the year under review, the company has shifted its focus from the OEM's to the replacement market, where the company has strong network of its dealers and distributors and above all the after sales market gives a better margins as compared to the original equipment manufactures. With this, the **GSAIL** was able to maintain its overall top line growth as compared to its previous years. Even by shifting the focus from the OEM's to the after sales service market, due to lower demand and even lower production of the Commercial vehicles, the down turn in the economy was so sharp, that the company "EBIDTA" level has come down slightly from the previous years.

However with the picking up of the Indian economy as well as no further contraction seen in the world economy, the company is hopeful and even surpass, its previous year top line growth, as well as, to even further improve its EBIDTA margins in the next years.

The performance highlights of "**GSAIL**" for the year 2008-2009 are: -

The overall growth of the Company shows a satisfactory growth of **13.54%** in the top line, from Rs.8132.96 lacs to **Rs.9234.25 lacs**.

- Profit before depreciation, interest and tax (**PBDIT**) have grown by **11.52 %** to **Rs.546.93 Lacs** from the previous year of Rs.490.42 lacs.



# Management Discussion & Analysis

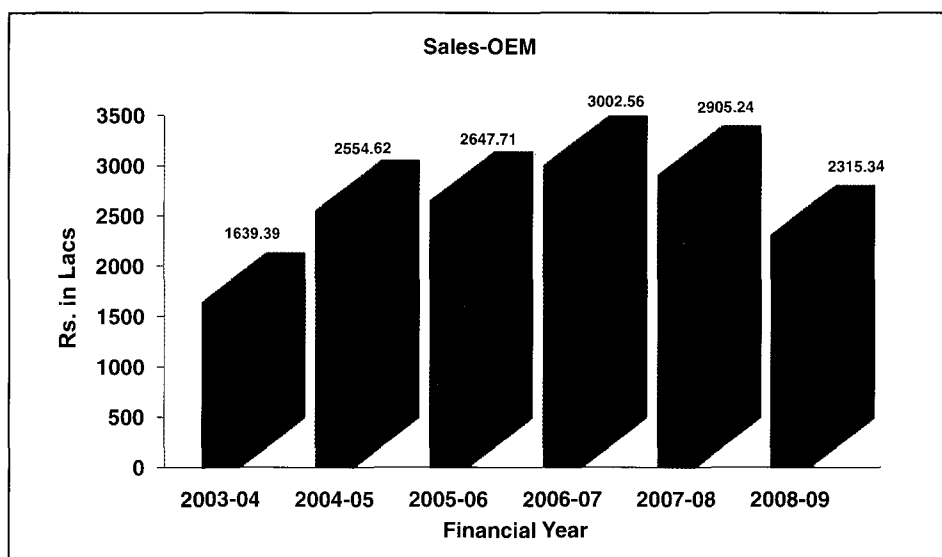
- Profit after tax (**PAT**) of "the Company" have grown by **10.55 %** to **Rs.203.87 Lacs**, shows a satisfactory performance of the company in this challenging year.
- Gross Fixed Assets (including capital work in progress) of "the Company" increased from Rs.1695.77 lacs in 2007-2008 to **Rs.1805.68 lacs** in the year under review.

(Rs. in Lacs)

Turnover	2008-2009	2007-2008	Growth Rate
Domestic			
OEM	<b>2315.34</b>	2905.24	(20.30 %)
Replacement Mkt.	<b>5787.01</b>	4596.90	25.89 %
Others	<b>30.61</b>	88.93	(65.58%)
	<b>8132.96</b>	<b>7591.07</b>	<b>7.14 %</b>
Export	<b>1101.29</b>	541.89	103.23 %
EBIDTA	<b>546.93</b>	490.42	11.52 %
PAT	<b>203.87</b>	184.41	10.55 %
Gross Fixed Assets (Excl.CWIP)	<b>1765.69</b>	1628.71	08.41 %

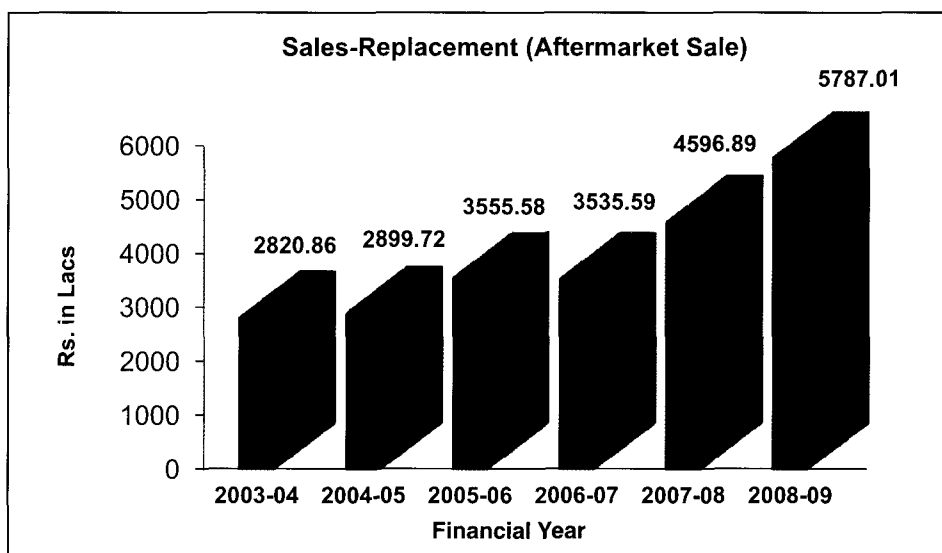
## Domestic- (i) Original Equipment Suppliers

**GSAIL** revenue from the Domestic market comes from the direct supply of its auto components to all the major OEM's of the India be it Tata Motors, Ashok Leyland, Mahindra & Mahindta, Swaraj Mazda, Eicher Motors etc. Due to decline in the Medium & Heavy commercial vehicle production by app.35 % during the year, the supply to the OEM's have taken a hit during the year under review, causes to over all decline in the turnover from the OEM's from Rs.2905.24 lacs to **Rs.2315.34 lacs**, showing a decline in the business by app.20%, as compared to previous year vis-à-vis overall decline in the production of total commercial vehicle by app.24%. However the Company has performed better than the expected, when compare the overall grim position of the automobile industry as a whole. With the picking up the growth rate of the Indian economy, coupled with the signs of improvements in the global economy, the demand for commercial vehicle will improve and consequently company's business from the OEM's will also improved.



## (ii) After Sale Service (Replacement Market)

The Replacement market is not impacted too much, as compared to OEM's, by the above said global economy slow down. With the company's presence in the replacement market through its wide network of over 500 Distributors and over 10000 retailers, the company is in the better shape to cater to the replacement market in a big way. According to the study conducted by ICRA for ACMA, Indian after market stood at Rs.16500 crores and is expected to grow to Rs.25100 crores by 2010 and Rs.42000 crores by 2015. With the high margin in the after market but low volume and above all





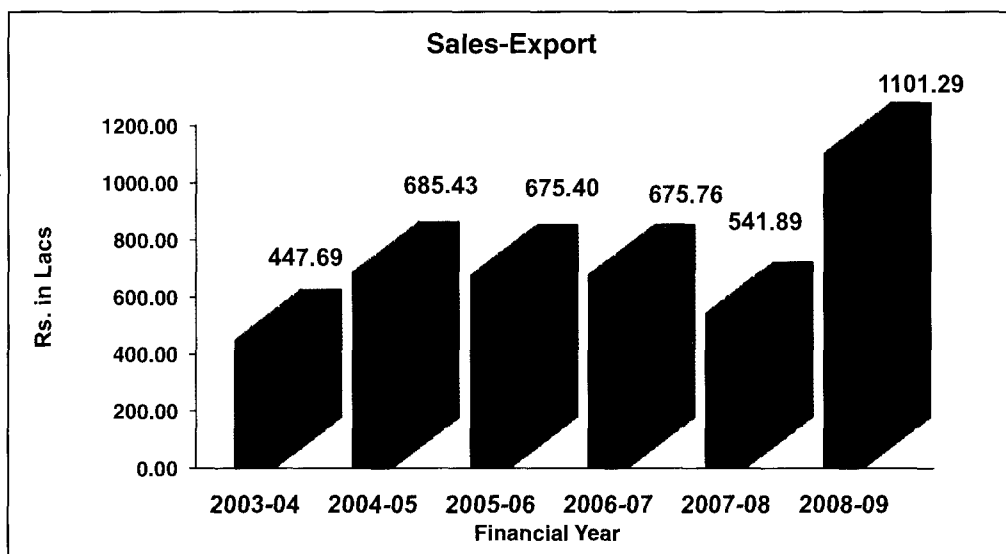


## Management Discussion & Analysis

with strong base in the replacement market through its wider network, the Company expects to increase its market shares from the aftermarket in the days to come. During year under review the sales from the after market business has grown by over 25 % to **Rs. 5787.01 Lacs**, as compared to the previous year.

### (iii) Export Sale

**GSAIL**, presently supplying its components, to Gulf countries, European countries and a little bit to USA. The Major Customer in the export market of GSAIL is Volvo, Arvin Meritors. As the Company was not supplying in big way to the USA market, the downturn in the economy of these countries has not affected us in a big way, we are further exploring opportunities to explore the untapped export markets so to increase the share of revenue from the export market. However, during the year under review the company has increased its share of export revenue in the total business of the company, from the previous year of 6.66% to **11.93%**. The turnover from the export market has grown to **Rs.1101.29 lacs**, showing whopping growth of **103.23%** as compared to its previous year.



### Opportunities & Threats:

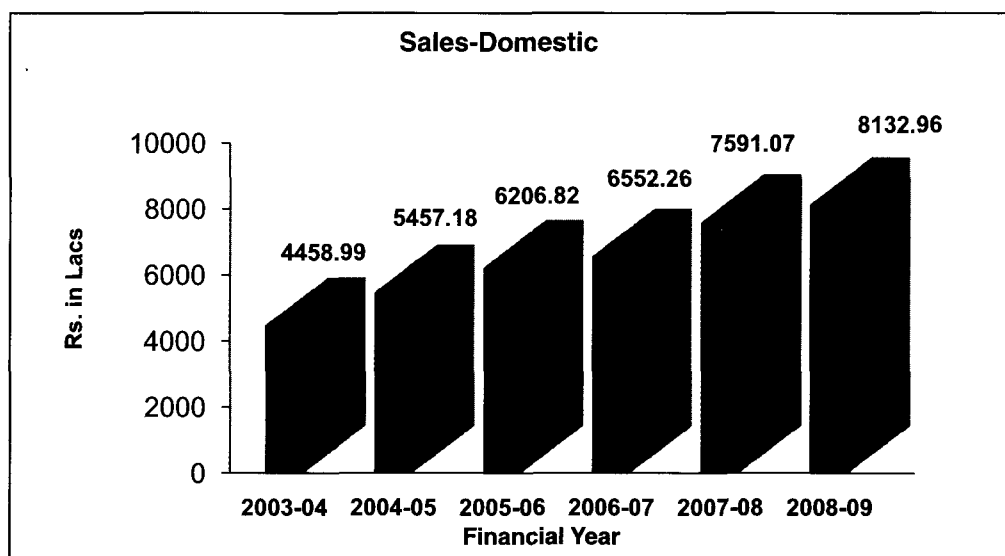
#### New Products:

The Company during the year 2007-2008, had launched two new products "AXLE ASSEMBLY", "TRAILOR PARTS" and "RIMS" for commercial vehicles, which was got appreciated well in the market. With the expected increase in the demand, for the commercial vehicles, the company is

expecting a good amount of revenue from these products. The Company is in the process to enlarge its product profile by adding some new products in the days to come.

### Domestic:

We at **"GSAIL"** feels that worst is behind us and any further improvements in the Indian economy as well as in the world economy will further improve the business of the company at large. In the year under review, the OEM's business has shown a negative growth of app.20%, which will improved, from the next year with the revival in the business of Commercial Vehicle segment. Further, any negative growth from the OEM's business, will be offset by the company from the after market sales. As per the "Auto Component Manufacturers Association of India" (ACMA), after market (replacement market) for auto parts is currently at Rs, 16000-17000 crores industry, which is set to reach Rs.25100 crores by 2010 and Rs.42000 crores by 2015 and further, the replacement market is 7-8 times bigger than the OEM's, so the replacement market for the auto parts is set to grow at a higher pace than the OEM's. Further a study conducted by ICRA, also confirms the view regarding growth of the Indian after market segment as stipulated, above by ACMA. As the Company is already an established leader in the after market segment, we at **GSAIL** is hope full of maintaining its present growth rate in the days to come or even to surpass its previous years, growth rate of 25%.



Further. We at GSAIL still feel that there is lot more to be done at the export market side to cater to the untapped export market, so to further increase its business shares in the export market. Above all, we anticipate, the long term growth rate of the economy is still intact and with the each and every



# Management Discussion & Analysis

automobile manufacture planning to set up its manufacturing facility in India, there is tremendous growth in the automobile (OEM's) segment, and we have not just fully utilized our potential as we have just started our journey. We feel as the economy will grow app 8-10 % in the years to come, the automobile industry and particularly auto component industry will grow at the pace of 12-15 % per year and we will grow even much faster than the over all industry trends. The Government of India thrust to the infrastructure is also the backbone of the growth in the commercial vehicle segment, with the continuous thrust of the government on the infrastructure; we are hope full that the demand for commercial vehicle will improve in the days to come.

## **Threats:**

Any delay in the recovery of the world economy or even further slow down in the Indian economy will 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 funding will be not 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, which will counter any increase in the competition in the after market sale segment.

## **New manufacturing Facility:**

The Company has already acquired 3 acres of land on 30 years leasehold basis, from Adityapur Industrial development authority at Jamshedpur, for setting up a manufacturing unit for the manufacture of auto components. The Company is hopeful that the commencement of the commercial production at Jamshedpur will start in December, 2010.

## **Human Resource:**

Human Resource is one of the key Assets of any organization. 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. At G.S.Auto, we feel that the organization will grow only & only if each & every employee of the organization will grow 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 G.S.Auto, aims to create a Company that India is proud of. Your company considers its human resource as the most valuable asset and, recognizing this, devotes a considerable part of its time and resource in motivation, training & development of its employees in various traits, apart from job related skills and 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 G.S. has been much 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 to be aware of various welfare measure adopted 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. The focus was laid on right sizing personnel at all levels & there has been a freeze on recruitments & vacancies are being filled up through internal transfers. Using the dual responsibility mythology, scope of existing employees' roles is being widened. All the management staff of the company undertook deferment in their yearly promotions.

- 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, 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 feed back cum suggestions etc. and also for any new suggestion as well as new initiatives.



# Management Discussion & Analysis

## **Industrial Relations:**

Your Company had maintained its excellent industrial relations records of not losing 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 1<sup>st</sup>, of every year, Annual day is being celebrated and 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.

## **Safety:**

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.

- All the Employees including contract workmen undergo pre employment safety training including the on site emergency preparedness.
- 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.

## **Health:**

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

### **Quality Management system:**

From the very beginning G.S. 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 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 looked forward to take further leaps by implementation of 5 S, 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 the present times due to fierce competition offered by Global Companies. The Quality Movement in G.S. has achieved its next milestone – ISO/TS 16949 accreditations in April, 2005 (re certified in 2008). 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 auditors regularly review the adequacy of internal control systems & suggest corrective measure wherever necessary. Review mechanisms are in place to monitor & improve the internal control systems. The internal auditors draw 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.



# Management Discussion & Analysis

## FINANCIALS:

TABLE 1 gives the summarized financial performance for 2008-09 and 2007-08.

(Rs. in Lacs)

	2008-09	2007-08
Net Sales	9234.25	8132.96
Operating Income	30.96	12.47
Total Expenditure	8752.45	7666.36
(a) Consumption of Raw Material	5296.69	
(b) Manufacturing cost	1158.94	
(c ) Staff Cost	1028.85	
(d) Other Expenditure	1267.97	
OPBIT	512.76	
Depreciation & Amortization	77.57	
OPBIT	435.19	
Finance Charges	157.31	
OPBT	277.88	
Other Income (Operating & Non-Operating)	34.17	
PBT	312.05	
Tax (Including Deferred)	110.15	
Previous year Adjustments	1.97	
PAT	203.87	
EPS (Rs.) – Basic	*5.95	
– Diluted	*2.52	

\* On the face value of Rs.5/- (Rs. Five) per share.

The following table list out the key financial ratios for 2008-09 & 2007-08.

## TABLE 2 INDICATORS OF PROFITABILITY

	2008-2009 (%)	2007-2008 (%)
PBDIT/Total Revenue	5.92	6.03
PBIT/Total Revenue	5.08	5.10
PBT/Total Revenue	3.38	
PAT/Total Revenue	2.21	
Return on Capital Employed (PBDIT / Capital Employed)	20.86	22.29
Return on Net Worth (PAT/Net Worth)	13.22	14.36
Earning Per Share Basic (Rs.)	*5.95	10.49

\* On the face value of Rs.5/- (Rs.Five) per share.

**TABLE 3: CAPITAL STRUCTURE RATIOS**

	<b>2008-09</b>	2007-08
Debt Equity Ratio	<b>0.70:1</b>	0.64:1
Interest Coverage Ratio	<b>3.48:1</b>	3.96:1

**Cautionary Statement:**

Statements in this management discussion and analysis describing your company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. 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.



# Corporate Governance Report



This report on Corporate Governance for the year 2008-09 though obtained voluntarily forms part of the Director's Report. The Company's goal is to find creative and productive ways of preserving the interests of its shareholders and associates. This section besides being in compliance of the provisions of listing agreement gives an insight into the process of functioning of the Company.

## **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

- Quality focus in all operational areas for customer satisfaction.
- Faith in individual potential, respect for human values and commitment to team spirit.
- Encouraging innovation for constant improvements and excellence in all functional areas.
- Belief in professional working and decentralisation.

## **2. BOARD OF DIRECTORS**

**A. Composition:** Board comprised six directors. Out of which two are Executive Directors including a Chairman who is promoter director, Managing Director who is also a promoter director and four Non-Executive Directors out of which two are Promoter directors and other two are Independent directors.

**B. Board Meetings:** During the financial year 2008-2009, the Board of Directors met thirty three times on 01<sup>st</sup> April 2008, 03<sup>rd</sup> April 2008, 19<sup>th</sup> April 2008, 21<sup>st</sup> April 2008, 16<sup>th</sup> May 2008, 20<sup>th</sup> May 2008, 23<sup>rd</sup> May 2008, 14<sup>th</sup> June 2008, 04<sup>th</sup> July 2008, 11<sup>th</sup> July 2008, 17<sup>th</sup> July 2008, 19<sup>th</sup> July 2008, 04<sup>th</sup> August 2008, 11<sup>th</sup> August 2008, 30<sup>th</sup> August 2008, 25<sup>th</sup> September 2008, 20<sup>th</sup> October 2008, 22<sup>nd</sup>

October 2008, 30<sup>th</sup> October 2008, 03<sup>rd</sup> November 2008, 20<sup>th</sup> November 2008, 19<sup>th</sup> December 2008, 28<sup>th</sup> December 2008, 07<sup>th</sup> January 2009, 16<sup>th</sup> January 2009, 17<sup>th</sup> January 2009, 20<sup>th</sup> January 2009, 24<sup>th</sup> January 2009, 02<sup>nd</sup> February 2009, 09<sup>th</sup> February 2009, 10<sup>th</sup> February 2009, 09<sup>th</sup> March 2009 and 21<sup>st</sup> March 2009.

The information regarding the meetings attended by the Directors is given below:

<b>Name of Directors</b>	<b>Category of Directors</b>	<b>No. of Meetings Attended</b>	<b>Total No. of other Directorship in Public Ltd. Companies</b>	<b>Attendance At last AGM</b>	<b>Committee Membership</b>	<b>Committee Chairmanship</b>
Jasbir Singh Ryait	Executive Director (Promoter)	33	Nil	Yes	1	---
Surinder Singh Ryait	Executive Director (Promoter)	33	Nil	Yes	1	---
Dalvinder Kaur Ryait	Non-Executive Director (Promoter)	31	Nil	Yes	1	1
Amarjeet Kaur Ryait	Non-Executive Director (Promoter)	30	Nil	Yes	1	1
Sewa Singh	Non-Executive Independent Director	29	Nil	Yes	2	---
Makhan Singh	Non-Executive Independent Director	28	Nil	Yes	1	---



# Corporate Governance Report

## 3. COMMITTEES OF BOARD

### a) Audit Committee :

However as a measure of good corporate governance and to provide assistance to the Board of Directors in fulfilling Board's oversight responsibilities the Audit Committee of the Board of Directors was constituted by the company. The Terms of reference of the Audit Committee are set out in the Listing Agreement and Section 292 A of the Companies Act, 1956. The Audit Committee comprises of three directors. Smt. Amarjeet Kaur Ryait is the Chairperson of the Committee.

The Audit Committee met Four times during the year on 19<sup>th</sup> April 2008, 19<sup>th</sup> July 2008, 20<sup>th</sup> October 2008, and 20<sup>th</sup> January 2009. The attendance of present members of the Committee is given as below:

Committee Member	Category	No. of Meeting Attended
Amarjeet Kaur Ryait	Non Executive Director	4
Jasbir Singh Ryait	Executive Director	4
Sewa Singh	Non Executive Director	4

### b) Shareholder's / Investors Grievance Committee

The Company had constituted an Investors Grievance Committee to look into the redressal of investors' complaints on various issues. The Committee comprises of three Directors. Smt. Dalvinder Kaur Ryait is the Chairperson of the Committee. The Committee met four times during the year on 19th April 2008, 19th July 2008, 20th October 2008, and 20th January 2009. The attendance of present members of the Committee is given as below:

Committee Member	Category	No. of Meeting Attended
Dalvinder Kaur Ryait	Non Executive Director	4
Surinder Singh Ryait	Executive Director	4
Sewa Singh	Non Executive Director	4
Makhan Singh	Non Executive Director	4

### Name of compliance Officer

The Board of Directors of the Company had appointed Mr. Surinder Singh Ryait, as compliance officer, as per clause 47(a) & (f) of the Listing Agreement entered with the Stock Exchanges.

### c) Remuneration Committee

G.S Auto International Limited does not have a Remuneration Committee. The Board determines remuneration payable to the executive directors. Non executive directors were not paid any remuneration. Detailed terms of appointment of Chairperson and Managing Director and other executive directors are governed by Board of Directors and Shareholders Resolution. The remuneration paid to Executive Directors is recommended and approved by Board of Directors subject to the approval by the Shareholders in the General Meeting.

### DIRECTORS' REMUNERATION:

#### i) Executive Directors:

The company pay remuneration to Executive Directors at following mentioned pay

Name	Pay Scale	HRA
Sh. Jasbir Singh Ryait	1, 10,000-30,000-2,60,000	+ 40% of pay
Sh. Surinder Singh Ryait	1, 10,000-30,000-2,60,000	+ 40% of pay

#### ii) Non-Executive Director:

The Company does not pay any remuneration to the Non-Executive Directors.

### 4. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as follows:

Meeting	Day	Date	Time	Venue	No. of Special Resolution Passed
34th	Tuesday	30.09.08	2.30 p.m.	Regd.Off:- G.S ESTATE, G.T. ROAD, LUDHIANA.	4
33rd	Friday	28.09.07	11.00 a.m.	--do--	7
32nd	Saturday	30.09.06	10.30 a.m.	--do--	Nil

- Company in Extra Ordinary General Meeting held on dated 21.04.2008 passed one Special Resolution regarding reissue of 24,300 forfeited equity shares on preferential basis under section 81(1A) of the Companies Act, 1956.



# Corporate Governance Report

- All the resolutions including Special Resolution set out in the respective notices 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.

## 5. DISCLOSURES:

During the year, there was no related party transactions 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.

The Company has complied with 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.

## 6. MEANS OF COMMUNICATION:

The Board of Directors of the Company takes on record the un-audited Financial Results in the prescribed form within one month of the close of every quarter and announces the results to the stock exchanges where the Company's shares are listed. The same are also published within 48 hours in the newspapers viz. The Business Standard (English), and The Rozana Ajit (Punjabi).

As a further effort towards effective investor Grievance redressal measure and in compliance with the provisions of clause 47(f) of the Listing Agreement with the Stock Exchanges, the Company has designated an exclusive **E-mail id;- info@gsgroupindia.com** to enable the investors to lodge their complaints. The investors are requested to make use of the same.

As required under sub-clause IV (F) of clause 49 of the Listing Agreement, the Management Discussions and Analysis Report detailing the overview of the Industry. Company's business and its financials etc., is provided separately as a part of the Director's Report.

## 7. GENERAL SHAREHOLDERS INFORMATION:

Detail of the forthcoming Annual General Meeting

<b>i) Annual General Meeting</b>	: 35th
<b>Date</b>	: 30.09.2009
<b>Time</b>	: 10.00 A.M
<b>Venue</b>	: Regd. Off., GS Estate, GT Road, Ludhiana

**ii) Financial Calendar 1st April to 31st :**

**March 2010 (Tentative)**

<b>First Quarter</b>	: 21st July to 28th July 2009
<b>Second Quarter Results</b>	: 21st October to 28th October 2009
<b>Third Quarter Results</b>	: 21st January to 28th January 2010
<b>Forth Quarter Results</b>	: 21st April to 28th April 2010
<b>Annual Results for the year ending</b>	: August 2010

**31st March 2010 (Audited)**

**iii) Dates of Book Closure** : 25.09.09 to 30.09.09  
(Both days inclusive)

**iv) Listing** : **The equity shares of the company are listed on four Stock Exchanges:**

1. The Ludhiana Stock Exchange Association Ltd. (LSE) Feroze Gandhi Market. Ferozepur Road, Ludhiana-141 001.
2. The Delhi Stock Exchange Association Ltd. DSE House 3/1, Asaf Ali Road, New Delhi -110002.
3. Bombay Stock Exchange Limited Phiroze Jheejeebhoy Towers, Dalal Street, Mumbai -400001
4. The Ahmedabad Stock Exchange Association Ltd. Kamdhenu Complex, Opposite Sahajanand College, Panjara Pole, Ambawari, Ahemdabad -380015

In line with the provisions of the Listing Agreement with the Stock Exchanges, the listing fees for the financial year 2008-09 have been paid to the Stock Exchanges, where Company's Shares are listed.



# Corporate Governance Report

## V) Stock Code:

* The Bombay Stock Exchange Limited	:	513059
* The Delhi Stock Exchange Association Limited	:	005073
* The Ahemdabad Stock Exchange Association Limited	:	019910
* The Ludhiana Stock Exchange Association Limited	:	GATO

## VI) Depositories :

The Equity Shares of the Company is admitted to the following depositories of the country under the International securities Identification Number (ISIN) INE 736H01024. The number is required to be quoted in each transaction relating to the dematerialized equity shares of the Company

Name of the Depository	Address
National Securities Depository Limited (NSDL)	4th floor, Kamala Mills Compound Senapathi Bapat Marg, Lower Parel, Mumbai-400013
Central Depository Services (India) Limited (CDSL)	28th Floor, Phiroze Jheejeebhoy Towers, Dalal Street, Mumbai-400001

## VII) Corporate Identity Number :

The Corporate Identity Number (CIN) allotted by the Ministry of Corporate Affairs, Government of India is L34300PB1973PLC003301.

With the MCA 21 initiative of the Ministry of Corporate Affairs going live, the company's Master Data information and details of the compliance filings made by the Company with the Ministry of Corporate Affairs, Government of India, may be viewed by the members and other stake holders at [www.mca.gov.in](http://www.mca.gov.in) using the above mentioned CIN.

## VIII) Stock Market Data: High and Low Prices and Trading Volumes at BSE.

Month	High Price (Rs.)	Low Price (Rs.)	Volume (No of shares)
April 2008	114.00	65.75	27500
May 2008	147.90	115.95	32200
June 2008	138.00	110.00	4900
July 2008	131.15	101.60	600
August 2008*	162.60	79.20	3539273

September 2008*	98.40	76.00	6534085
October 2008*	81.50	35.20	1265524
November 2008*	36.80	17.65	488682
December 2008*	27.60	17.50	769354
January 2009*	20.50	8.75	424286
February 2009*	9.70	6.40	264276
March 2009*	8.91	6.80	190676

**\* Face value of Rs. 5/- per equity share w.e.f 20th August 2008.**

#### **IX) Registrar & Transfer agent:**

M/s SKYLINE FINANCIAL SERVICES PVT. LTD., NEW DELHI, had been appointed as 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.**

Unit: G S Auto International Limited,  
246, 1st Floor, Sant Nagar, Main Iscon Temple Road,  
East of Kailash, New Delhi- 110065  
Phone No. : 011 -26292682-83, Fax No. : 011-26292681  
E – Mail: admin@skylinerta.com

#### **X) 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.





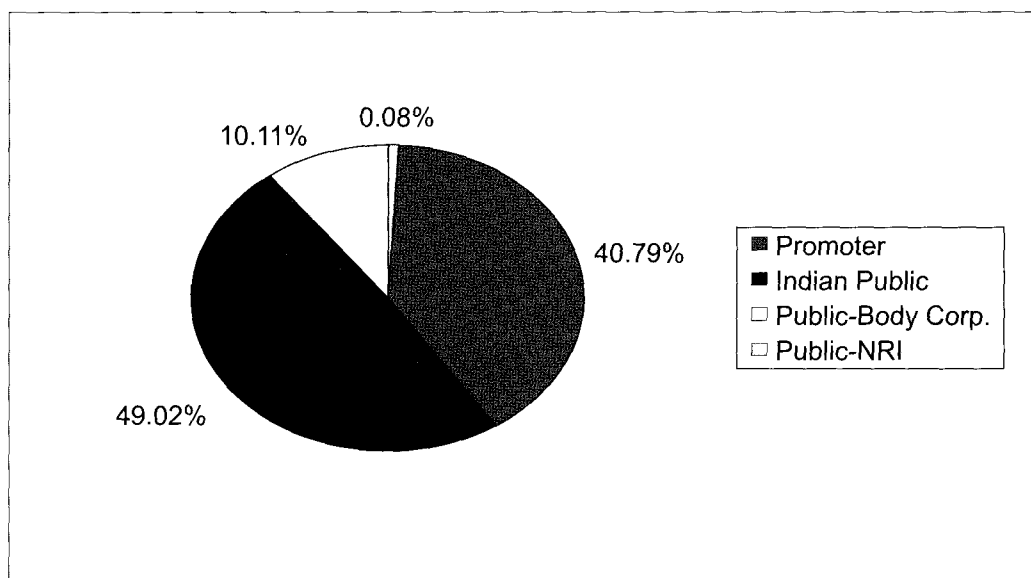
# Corporate Governance Report

## XI) Distribution of Shareholding pattern of the Company as on March 31, 2009.

(Nominal value of each share Rs. 5/-each.)

Range No. Of Shares	Shareholders Number	% to Total Number	Total Number of Shares	% to Total Number of Shares
Up to 500	5102	92.16	987867	29.05
501-1000	245	4.43	192762	5.67
1001-2000	84	1.52	126361	3.72
2001-3000	29	0.52	70015	2.06
3001-4000	15	0.27	52219	1.54
4001-5000	20	0.36	90598	2.66
5001-10000	21	0.38	150192	4.42
10001 & above	20	0.36	1729986	50.88
<b>Total</b>	<b>5536</b>	<b>100</b>	<b>3400000</b>	<b>100</b>

## XII) Distribution of Shareholding pattern of the Company as on March 31, 2009



## Distribution of Shareholding pattern of the Company as on March 31, 2009

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Share	No. of Shares held in Dematerialized form	Total Share Holding as a % of total no. of Shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) =(VIII) / (IV)*100
<b>(A)</b>	<b>Shareholding of Promoter &amp; Promoter Group</b>							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	5	1386660	1205120	40.79	40.79	NIL	NIL
(b)	Central Government/ State Government(s)	---	---	---	---	---	---	---
(c)	Bodied Corporate	---	---	---	---	---	---	---
(d)	Financial Institutions / Banks	---	---	---	---	---	---	---
(e)	Any Other (Specify)	---	---	---	---	---	---	---
	<b>Total Shareholding of Promoter &amp; Promoter Group</b>	<b>5</b>	<b>1386660</b>	<b>1205120</b>	<b>40.79</b>	<b>40.79</b>	<b>NIL</b>	<b>NIL</b>
<b>(B)</b>	<b>Public Shareholding</b>						<b>N.A.</b>	<b>N.A.</b>
<b>(2)</b>	<b>Non-Institutions</b>						<b>N.A.</b>	<b>N.A.</b>
(a)	Body Corporate	151	343646	342406	10.11	10.11	---	---
(b)	Individuals (i) Individual shareholders holding nominal share capital up to Rs.1 Lakh	5377	1627044	669250	47.85	47.85	---	---



# Corporate Governance Report

	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	1	39800	39800	1.17	1.17	---	---
(c)	Any Other (Non Resident Indian)	2	2850	2850	0.08	0.08	---	---
	<b>Total Public Shareholding</b>	<b>5531</b>	<b>2013340</b>	<b>1054306</b>	<b>59.21</b>	<b>59.21</b>	<b>N.A.</b>	<b>N.A.</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	---	---	---	<b>N.A.</b>	---	<b>N.A.</b>	<b>N.A.</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>5536</b>	<b>3400000</b>	<b>2259426</b>	<b>100.00</b>	<b>100.00</b>	<b>NIL</b>	<b>NIL</b>

## XIII) Dematerialisation of shares:

The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the shareholders to demat their equity shares with any one of the depositories. The custodial charges for the year 2008-09 have been paid to NSDL and CDSL as per Listing Agreement. As on March 31, 2009 Company has 22, 59,426 dematerialised shares with NSDL and CDSL which is 66.45% of the total Issued capital of the Company.

In view of the SEBI's directions, that the settlement of trades in the listed securities should take place only in the Demat mode and the benefits embodied in holding of the securities in the Demat form, the shareholders holding the shares in physical forms are requested to demat their shares at the earliest.

## XIV) Plant Location: G S ESTATE, G.T. ROAD, LUDHIANA.



#### **XV) 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](http://www.gsgroupindia.com)  
**E-mail ID** : [info@gsgroupindia.com](mailto:info@gsgroupindia.com) exclusively for the redressal of Investor's grievances.

#### **ANNEXURE**

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 Board members and senior management employees of the company.

I hereby declare that all the Directors and senior management employees have affirmed compliance with the Code of Conduct adopted by the Board.

**Place: Ludhiana**  
**Date: August 03rd, 2009**

**Surinder Singh Ryait**  
**Managing Director**



# Corporate Governance Report

## **CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE**

### **The Members of**

**G S AUTO INTERNATIONAL LIMITED,**

**Regd. Off. G S ESTATE, G T ROAD,**

**LUDHIANA.**

We have reviewed the implementation of Corporate Governance procedures by M/s G.S.AUTO INTERNATIONAL LIMITED, during the year ended March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records on Corporate Governance as approved by the Board of Directors.

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

In our opinion and to the best of our information and according to explanations given to us and based on the representation made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as applicable to the said company as per above mentioned listing agreement.

Further, we state that no investor's grievances are pending for a period of one month against the Company as per the records maintained by the Investor's Grievance Committee.

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

for & on behalf of

**Place: Ludhiana**

**Date: August 03, 2009**

**HARMANDAR NANDA & ASSOCIATES**

**COMPANY SECRETARY**

**HARMANDAR SINGH NANDA**

**Membership No. : 4293**

## **CODE OF CONDUCT**

### **For Director and Senior Management**

1. Fulfill functions of the office with integrity, professionalism, and exercise powers attached thereto in good faith and with due care and diligence, without the influence of personal interest.
2. The Board should act in the best interests of, and fulfill the fiduciary obligations to the company's shareholders, whilst also considering the interest of other stakeholders.
3. 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.
4. Minimize any situation or action that can create conflict of interests of the company vis-à-vis personal interest of interests of associated persons and make adequate disclosures, where necessary.
5. 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.
6. 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.
7. Seek to comply with all applicable laws, 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.
8. Comply with the terms of the Code of Conduct for Prohibition of Insider Trading approved by the Board of Directors and any other code that may be formulated from time to time, as applicable.
9. 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
10. 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.
11. 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.

# Director's Report



Dear Shareholders,

Your Directors take pleasure in presenting the Thirty- Fifth Annual Report together with audited accounts, on the business and operations of your Company for the Financial Year ended March 31, 2009;

## 1. FINANCIAL RESULTS:

	<b>(Rs. In Lacs)</b>	
	<b>2008-09</b>	<b>2007-08</b>
	-----	-----
Sales and Other Income	<b>9299.38</b>	8156.78
Profit before Depreciation, Interest & Tax (PBDIT)	<b>546.93</b>	490.42
- Interest	<b>157.31</b>	134.68
- Depreciation & write offs	<b>77.57</b>	75.98
Profit before Tax (PBT)	<b>312.05</b>	279.76
Less: - Provision for Tax/ Deferred Tax/ FBT	<b>110.15</b>	104.04
Income Tax Adjustments for earlier years	<b>(1.97)</b>	(8.69)
<b>Profit After Tax (PAT)</b>	<b>203.87</b>	184.41
Balance Transferred to General Reserve	<b>203.87</b>	184.41
Reserves & Surplus	<b>1249.60</b>	1026.23

## 2. EXPORTS:

Export for the year increased to **Rs.1101.29 lacs**, previous year Rs.541.89 lacs, an increase of 103.23%, versus last Fiscal.

## 3. DIVIDEND:

Your Directors have not recommended any Dividend on Equity Shares of the Company for the financial year ended March 31, 2009, keeping in mind the future expansion plans of the Company.

## 4. FINANCIALS:

Though your Company performed satisfactory during the year, despite challenging economic conditions, by changing its marketing strategy, during the year under review, however there was pressure on the margin front, due to recession in the industry. The total turnover of the Company for the year under review is **Rs. 9234.25 Lacs**, as compared to the previous year turnover of (Rs. 8132.96 Lacs) registering a healthy increase of 13.54%, which was mainly due to better than expected top line growth in the first half of the year. The company earned profit before depreciation, interest & tax for the year 2008-2009 **Rs. 546.93 Lacs** as compared to the previous year's Net Profit before depreciation, interest & tax (Rs.490.42 Lacs), registering a growth of 11.52 %, lower than the previous year growth in EBIDTA margins, mainly due to down turn in the economy during the second half of the year. After providing for depreciation of **Rs. 77.57 Lacs**, previous year (Rs.75.98 Lacs), interest of **Rs. 157.31 Lacs**, previous year (Rs.134.68 Lacs), Provision for Current Tax / Deferred Tax / FBT of **Rs. 110.15 Lacs**, previous year (Rs.104.04 lacs) and Income Tax Adjustments for earlier years of (**Rs. 1.97 Lacs**), previous year of (Rs.8.69 Lacs), the net profit after tax worked out to **Rs. 203.87 Lacs** as compared to previous year (Rs.184.41 Lacs) showing an increase of **10.55 %** which is quite satisfactory;

## 5. ISSUE OF EQUITY SHARES:

- i) In term of the Special Resolution passed by the Shareholders of the Company at the Extraordinary General Meeting held on 21st April, 2008 the Board of Directors in its meeting held on May 23, 2008 has allotted 24300 (Twenty Four Thousand Three Hundred) Equity Shares of the face value of Rs.10/- (Rs.Ten) per share, on a premium of Rs.80.25 per equity share, on a preferential basis pursuant to the provisions of section 81(1A) and other applicable provisions of the Companies Act, to Sh.Satish Monga, Sh.Rajpal Singh, Sh.Gurcharan Singh, Smt.Sarla Devi. Consequent upon the allotment of afore said equity shares, the paid up Equity Share Capital of the Company, has increased to Rs.1,70,00,000/- comprising of 17,00,000 Equity Shares of Rs.10/- each;





## Director's Report

- ii) The Board of Directors of the Company at its meeting held on June 30, 2009 had decided to convert all the 23, 00,000 (Twenty Three Lacs) warrant, earlier issued on dated January 07, 2008, of the face value of Rs.20/- (Rs.Twenty) per warrants, (to be converted into equivalent number of Equity shares of the face value of Rs.10/- (Rs.Ten) each, at a premium of Rs.10/- (Rs.Ten) per Equity shares) ,consequent on the receipt of the full amount from all the warrant holders.

Further, the Board of Directors had, at its meeting held on July 01, 2009 have allotted, 46, 00,000 (Forty Six lacs) Equity Shares, of the face value of Rs.5/- (Rs.five) per share, at a premium of Rs.5/- (Rs.five), per Equity Shares, pursuant to the conversion of above said warrants into Equity Shares, to M/s Securocrop Securities (I) Private Limited, M/s M.R.Italian Chains Limited (Formerly M/s Goldline Enterprises Limited), M/s G.J. Holdings Private Limited (a promoter group company) , M/s Disha Commercials Private Limited and M/s Sharda Ispat & Rollers Private Limited. Consequent upon the allotment of afore said equity shares, the paid up Equity Share Capital of the Company, has increased to Rs.4,00,00,000/- (Rs.Four Crores) comprising of 80,00,000 (Eighty Lacs) Equity Shares of Rs.5/- (Rs.five) each. The above said money raised through preferential issue, will be used for setting up another manufacturing facility for the manufacture of auto components at Jamshedpur.

### **6. SUB DIVISION OF EQUITY SHARES:**

The Equity Shares of your Company have been sub-divided from one Equity Shares of the face value of Rs.10/- (Rs.Ten) each into two Equity Shares of the face value of Rs.5/- (Rs.five) each w.e.f August 20, 2008 in pursuance to the resolution passed by the Shareholders at the Extra Ordinary General Meeting of the Company held on February 05,2008.

### **7. NEW MANUFACTURING UNIT AT JAMSHEDPUR:**

The Company has acquired a 3 (three) acre Land on 30 years leasehold basis, from Adityapur Industrial Development Authority, Jamshedpur for setting up another manufacturing unit at Jamshedpur. The Land Development, as well as, preliminary building construction work, for the above said plot, is in progress and we are hopeful of commencing the commercial production for the above said unit by December 2010.

### **8. MANAGEMENT DISCUSSION AND ANALYSIS:**

A Detailed analysis of the Company's performance is contained in the Management Discussion and Analysis Report, which form part of the Annual report.

### **9. INDUSTRIAL RELATIONS:**

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

## **10. CORPORATE GOVERNANCE:**

The Company has been pro-active in following the principles and practices of good Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges are complied in its letter and spirit.

A separate statement on corporate Governance code along with a certificate from the Company secretary, regarding the compliance of code of corporate governance, as also the Management Discussion and Analysis Report, as stipulated under clause-49 of the Listing agreement, are annexed to this Report;

## **11. LISTING:**

The securities of your Company are listed at The Bombay Stock Exchange Limited, The Delhi Stock Exchange Association Limited, The Ludhiana Stock Exchange Association Limited & The Ahmedabad Stock Exchange Association Limited. Further your company has paid the requisite annual Listing fees to all the above said stock exchanges, where its securities are listed;

## **12. FIXED DEPOSITS:**

During the year the company has not invited any deposits from the public;

## **13. DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the company, Mrs Dalvinder Kaur Ryait and Mrs.Amarjeet Kaur Ryait , Directors of the Company, retire by rotation, and being eligible, offer themselves for re-appointment;

## **14. DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, your Directors, based on the representation received from the operating Management, after due enquiry confirm that:

- i) in the preparation of the Annual Accounts for the Financial Year ended March 31, 2009, the applicable Accounting Standards have been followed along with proper explanation relating to material departure, if any ;
- ii) the Directors have, in the selection of the accounting policies, consulted the Statutory Auditors and theses have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the company as at the end of financial year and the profit of the company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting



## Director's Report

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;

iv) the Directors have prepared the accounts for the Financial Year ended March 31, 2009 on an on "going concern" basis;

### **15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING 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 ;

### **16. PARTICULARS OF EMPLOYEES:**

There were no employees as required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975;

### **17. DEMATERILISATION OF SECURITIES:**

As the members are aware, your Company has made arrangements, to dematerialise its Equity Shares, with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for the dematerialisation of its Equity Shares, pursuant to the Depositories Act, 1996. All the valid application received, for dematerialisations have been acted and as on March 31, 2009, 66.45% of the total number of Equity Share holders, are in dematerialized form.

### **18. AUDITORS REPORT:**

The Auditor's Report on the Accounts of Company for the year under review is self explanatory and requires no comments;

### **19. AUDITORS:**

M/s Nanda & Bhatia, Chartered Accountants, Auditors of the Company, retires as Auditors of the Company and have given their consent for re-appointment. The Shareholders will be required to elect the Auditors.

As required under the provisions of Section 224 (IB) of the Companies Act, 1956, the Company has obtained a written certificate from the above Auditors, proposed to be re-appointed, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section. Board recommends the appointment of M/s Nanda & Bhatia, as auditors of the company, to hold office from conclusion of this meeting, until conclusion of the next Annual General Meeting.

## 20. ACKNOWLEDGMENTS:

Your Directors acknowledge with thanks all the members for their continuing confidence reposed in the Company. The Directors wish to place on record their sincere appreciation of the support and assistance received from all its Customers and vendors. The Directors thank the financial institutions/ banks; Government of India & State Government for their understanding, co-operation, assistance extended and continued support to the company, during the year. The Directors also wish to place on record their sincere appreciation of the services rendered by all the employees at all levels for their hard work, dedication, contribution and commitment and look forward to their support in future as well.

**For and on behalf of the Board**

**Place: Ludhiana**

**Date : August 03, 2009**

**Surinder Singh Ryait**

**Managing Director**

**INFORMATION AS PER SECTION 217(I)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN RESPECT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2009**

### I) CONSERVATION OF ENERGY

- a) Energy conservation measures taken : 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 of the rules in respect of industries specified in the schedule thereto

#### FORM-A

#### A. POWER & FUEL CONSUMPTION.

<b>1 Electricity</b>	<b>Current year</b>	<b>Previous year</b>
a) Purchased unit	<b>5,340,398</b>	8,869,654
Total amount (Rs)	<b>24,410,954</b>	39,335,768
Rate/unit	<b>4.57</b>	4.43
b) Own Generation	---	---
i) Through Diesel Generator	<b>10,768,269.70</b>	8,884,589.32
Unit		
Unit per ltr	<b>3.41</b>	3.43
Cost/unit	<b>8.97</b>	8.27



# Director's Report

## ii) Through steam Turbine/Generator

Unit	-----	-----
Unit per ltr	-----	-----
Cost/unit	-----	-----

### 2 Coal

Quantity (Tonnes)	<b>39.810</b>	62.300
Total Cost (Rs)	<b>326,067.50</b>	520,955.00
Average rate (Rs)	<b>8190.60</b>	8362.03

### 3 HPS/LDO

Quantity (Tonnes)	<b>541.230</b>	697.160
Total Cost (Rs)	<b>13,822,246.95</b>	14,646,010.29
Average rate (Rs)	<b>25.54</b>	21.00

### 4 Gas (LPG)

Quantity (Kg)	<b>28139</b>	30400
Total Cost (Rs)	<b>1,495,778.90</b>	1,419,218.63
Average rate (Rs)	<b>53.15</b>	46.68

## 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

The Company is carrying on its manufacturing operation by its in house technology generated.

## III) FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiatives to increase export development of new exports markets for products, services, and exports plants: The Company has appointed agents in different countries to develop new export markets from time to time.

b) Total Foreign Exchange Used and Earned

	<b>Current Year</b>	Previous Year
Used	<b>7050146.00</b>	12589933.00
Earned	<b>93607933.72</b>	60919971.54

## **Auditor's Report for the year Ended March 31, 2009**

### **Report Of The Auditor's To The Members of G.S. Auto International Limited.**

We have audited the attached Balance Sheet of **G.S. AUTO INTERNATIONAL LIMITED** as at 31st March, 2009, the relative Profit and Loss Account and the Cash Flow Statement of the Company, for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An Audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Act;
  - (e) On the basis of the written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is



## Auditor's Report

disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act and;

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements read with Accounting Policies and Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act, in the manner so required and also present a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2009;
  - (ii) in the case of the Profit and Loss Account, of the Profit of the Company, for the year ended on that date; and
  - (iii) In the case of the Cash Flow Statement, of the cash flows of the Company, for the year ended on that date.

**For NANDA & BHATIA**  
**Chartered Accountants**

**PLACE : Ludhiana**  
**DATE : August 03, 2009**

**(P.C.S. VIRDI)**  
**Partner**  
**Membership No. 17056**

## **Annexure to the Auditors' Report:**

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

Statement referred to in paragraph 1 of the Auditors' report of even date to the Members of **G.S. AUTO INTERNATIONAL LIMITED**, on the financial statements for the year ended 31st March, 2009.

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets;
  - b) As explained to us, major fixed assets have been physically verified by the Management according to a regular programme, at reasonable intervals during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies with respect to book records were noticed on such verification;
  - c) As per the information and explanation given to us on our enquiries, the disposal of Assets during the year were not substantial and would neither have an impact on the operations of the Company nor affect its going concern;
- ii) a) As explained to us, the inventories have been physically verified by the Management at regular intervals during the year. In our opinion the frequency of the verification is reasonable;
  - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business;
  - c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records;
- iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. As the Company has not granted/taken any loans, secured or unsecured, to/from Companies, firms etc., listed in the register maintained under section 301 of the Act, paragraph 4(iii)(a) to (g) of the Order, are not applicable;
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods & services. Further during the course of our audit, we have neither come across nor have we been observed any major weakness in the aforesaid internal control procedure;





# Auditor's Report

- v) a) On the basis of our examination of the books of accounts, 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 arrangement have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time as evaluated on the basis of quotations obtained from parties/prices charged by the company in case of similar transactions during the year and considering that having regard to certain items purchased/sold are of a special nature in respect of which suitable alternative sources do not exists for obtaining comparative quotation in general;
- vi) The Company has not accepted any deposits from the Public under the provisions of section 58A and 58AA of the Act, 1956 and the rules framed there under, during the year;
- vii) In our opinion, the company has reasonable internal audit system commensurate with its size and nature of its business;
- viii) We have broadly reviewed the cost records maintained by the company in pursuance of the rules made by the Central Government of India 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 of the Company 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 statutory dues as applicable , have been generally been regularly deposited by the Company during the year with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable;
- b) As at 31st March 2009, according to the records of the Company and the information and explanations given to us the following disputed statutory dues that have not been deposited on account of matters pending before the appropriate authorities are as under:-

	<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Year to which it relates</b>	<b>Amount (in Lacs)</b>	<b>Forum where dispute is pending</b>
A)	Excise Act 1944	Excise duty			Commissioner Central Excise Appeals, Ldh.
	---do---	---do---	2002-03	0.47*	---do---
	---do---	---do---	2002-03	0.04*	---do---
	---do---	---do---	April, 2004 to Dec.,2008	21.87	Jt. Comm. Central Excise
	---do---	---do---	Jan.2009 to May,2009	00.69	Dy. Comm. Central Ex., Ldh.
B)	Income Tax Act,1961	Income Tax			Income Tax Appellate Tribunal
	---do---	---do---	1995-96	12.10	---do---
	---do---	---do---	1996-97	19.58	---do---
C)	Service Tax (Finance Act, 1994)	Service Tax including Interest & penalty as Applicable.	2006-2007 } 2007-2008 }	3.35	Assistant Commissioner C. Excise, Division- I, Ldh.

\* The CESTAT New Delhi has set aside the Department appeal, in favor of the Company, by giving the right to appeal to the Department to higher authority. However the Company has filed the refund application to CESTAT New Delhi and refund for the same is awaited.

- x) The Company has neither accumulated losses as at 31st March, 2009 nor it has incurred any cash losses either during the financial year ended on that date or in the immediately preceding financial year;
- xi) Based on our audit procedures and according to the information & explanations given to us by the Management, we are of the opinion that the company has not defaulted in the repayment of dues to any financial institutions or banks, as at the balance sheet date;
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- xiii) In our opinion, considering the nature of activities carried on by the Company, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's report) Order 2003 is not applicable to the Company;



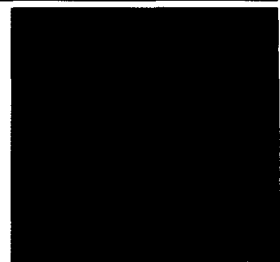
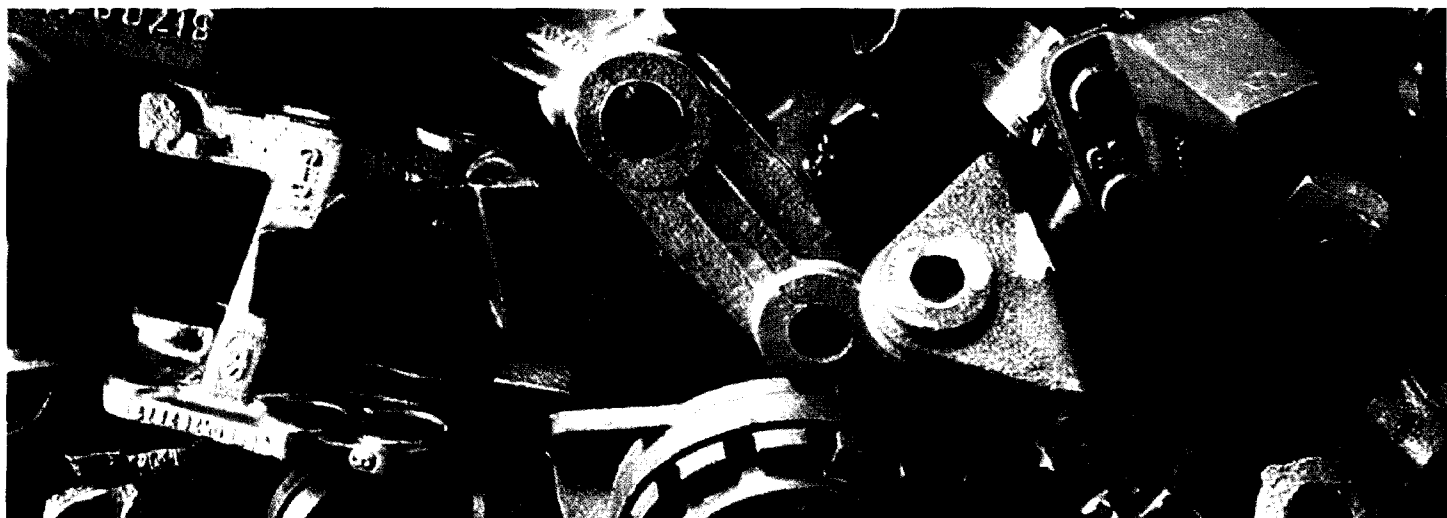
# Auditor's Report

- xiv) In our opinion and according to the information and explanation given to us, the Company is not a dealer or trader in securities. 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 explanation given to us, in our opinion, the terms and conditions on which the Company has given guarantee/corporate guarantees, for Loans taken during the year by others group companies, from Banks or Financial Institutions, are not prima facie prejudicial to the interest of the Company;
- xvi) In our opinion and according to the information and explanations given to us, the term loans taken during the year, have been applied for the purpose, for which they have been raised/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 the funds raised on short term basis have not been used for long term investment and vice-versa;
- xviii) The Company has not made any preferential allotment of Shares to parties and companies covered in the register maintained under section 301 of the Act, during the year;
- xix) According to the information and explanation given to us, the company has not issued any debentures during the year; accordingly the provisions of clause 4(xix) of the above said order are not applicable to the Company;
- xx) According to the information and explanations given to us, during the year under review, the Company has not raised any money by way of public issue; accordingly the provisions of clause 4 (xx) of the above said order are not applicable to the Company;
- xxi) Based on the audit procedures performed and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year under review;

**For NANDA & BHATIA  
Chartered Accountants**

**PLACE : Ludhiana  
DATE : August 03, 2009**

**(P.C.S. VIRDI)  
Partner  
Membership No. 17056**





# Exploring Overseas Markets



# Financial Statements



## Balance Sheet As At March 31, 2009

Particulars	Sch.	As At March 31, 2009 Amount (Rs.)	As At March 31, 2008 Amount (Rs.)
<b>I SOURCES OF FUNDS:</b>			
<b>1. Shareholders' Funds:</b>			
(a) Share Capital (See Note 11)	1	17000000.00	16757000.00
(b) Share Application Money		0.00	850500.00
(c) Warrant Allotment Money(See Note 16)		16568800.00	13918800.00
(e) Reserves & Surplus	2	124959876.04	102622676.80
		<b>158528676.04</b>	<b>134148976.80</b>
<b>2. Loan Funds:</b>			
Secured Loans	3	107991677.69	85872041.37
<b>3. Deferred Tax Liability (Net)</b> (See Note 10)		<b>5987560.00</b>	<b>5257460.00</b>
<b>Total Funds Employed</b>		<b>272507913.73</b>	<b>225278478.17</b>
<b>II APPLICATION OF FUNDS:</b>			
<b>1. Fixed Assets:</b>	4		
(a) Gross Block (See Note 1 (e) & 19)		176568855.11	162871442.99
(b) Less: Depreciation		83357289.62	76665278.80
(c ) Net Block		93211565.49	86206164.19
(d) Capital Work-in-Progress (See Note 13 )		3998578.62	6705598.98
		<b>97210144.11</b>	<b>92911763.17</b>
<b>2. Investments:</b> (See Note 1 (g) )	5	<b>1508820.40</b>	<b>500.00</b>
<b>3. Current Assets, Loans and Advances:</b>			
(a) Inventories (See Note 1 (f) & 18)	6	73378587.77	90774512.95
(b) Sundry Debtors (See Note 5 )	7	140262710.75	139373569.79
(c ) Cash & Bank Balances	8	41237724.25	10679387.59
(d) Loans and Advances	9	46498952.96	40177816.51
		<b>301377975.73</b>	<b>281005286.84</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	10	123256584.51	144799582.84
(b) Provisions (See Note 1(k) & (p))	11	8702436.00	9535199.00
<b>Net Current Assets</b>		<b>169418955.22</b>	<b>126670505.00</b>
<b>4. Miscellaneous Expenditure:</b> (To the extent not written off or adj.)	12	<b>4369994.00</b>	<b>5695710.00</b>
<b>Total Funds Applied</b>		<b>272507913.73</b>	<b>225278478.17</b>

### Significant Accounting Policies & Notes 25 to Financial Statements

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached  
For NANDA & BHATIA  
Chartered Accountants

for & on behalf of the Board

**P.C.S.VIRDI**  
Partner  
Membership No.17056

**JASBIR SINGH**  
Chairman

**SURINDER SINGH**  
Managing Director

**NEERAJ KUMAR**  
G.M. Finance

**PLACE : Ludhiana**  
**DATE : August 03, 2009**

## Profit & Loss Account for the Year Ended March 31, 2009

Particulars	Sch.	Year Ended March 31, 2009 Amount (Rs.)	Year Ended March 31, 2008 Amount (Rs.)
<b>INCOME</b>			
Sales, Gross (See Note 1 (d) & (h))		1045473589.71	947505941.95
Less: Excise Duty		122048486.00	134210227.68
Net Sales	13	923425103.71	813295714.27
Operating Income (See Note 1(d))	14(a)	3095882.00	1246854.97
		926520985.71	814542569.24
Other Income (See Note 1(d) & h )	14(b)	3416998.80	1134955.71
Increase/(Decrease) in Finished Stock	15	(7560938.64)	6224295.40
<b>TOTAL</b>		<b>922377045.87</b>	<b>821901820.35</b>
<b>EXPENDITURE</b>			
Purchase of Finished Goods		4258411.00	5414732.00
Raw Material & Components Consumed (See Note 1(f) & 18)	16	517849264.18	408636980.50
Wages	17	67322790.87	92351081.93
Power & Fuel Consumed	18	50823317.05	64806541.24
Other Manufacturing Expenses	19	65070897.20	66152735.80
Establishment Expenses	20	35561840.00	36456536.00
Office and Administration Expenses	21	25408910.72	17730064.68
Financial Expenses (See Note 1 ( r ))	22	15731450.95	13468091.19
Repairs and Renewals	23	11685416.61	9851813.86
Selling and Distribution Expenses	24	89703146.23	71459302.46
<b>TOTAL</b>		<b>883415444.81</b>	<b>786327879.66</b>
<b>PROFIT FOR THE YEAR</b>			
<b>Profit before Depreciation &amp; Tax</b>		<b>38961601.06</b>	35573940.69
Depreciation (See Note 1 (e))		7756897.82	7598158.24
<b>Profit after Depreciation but before Tax</b>		<b>31204703.24</b>	27975782.45
Less: Provision for Taxation ( See Note 1 (n))			
- Current Tax		9500000.00	6875000.00
- Fringe Benefit Tax		785000.00	710000.00
- Deferred Tax (See Note 10)		730100.00	2818745.00
<b>Profit After Taxation</b>		<b>20189603.24</b>	17572037.45
Adjustments relating to earlier years:			
Excess/(Short) provision for taxation		197521.00	869161.00
<b>Profit Available for Appropriation</b>		<b>20387124.24</b>	18441198.45
<b>APPROPRIATION</b>			
<b>Profit transferred to General Reserve</b>		<b>20387124.24</b>	<b>18441198.45</b>
Earning Per Share(See Note 1 (o) & 14)			
Face value of Rs.5/-each (Previous year Rs.10/- each) (See Note 15)			
Basic		5.95	10.49
Diluted		2.52	7.81
<b>Significant Accounting Policies &amp; Notes</b>	<b>25</b>		
<b>to Financial Statements</b>			
The schedules referred to above form an integral part of the Balance Sheet.			

As per our report of even date attached  
For NANDA & BHATIA  
Chartered Accountants

for & on behalf of the Board

**P.C.S.VIRDI**  
Partner  
Membership No.17056  
PLACE : Ludhiana  
DATE : August 03, 2009

**JASBIR SINGH**  
Chairman

**SURINDER SINGH**  
Managing Director

**NEERAJ KUMAR**  
G.M. Finance

## Cash Flow Statement for the Year Ended March 31, 2009

Particulars	Year Ended March 31, 2009 Amount (Rs.)	Year Ended March 31, 2008 Amount (Rs.)
<b>A Cash Flow From Operating Activities:-</b>		
Net Profit before Tax & Extraordinary Items	31204703.24	27975782.45
<b>Adj. for Interest/Depreciation/Other Non Cash Expenses:</b>		
i) Depreciation after Adjustment	7756897.82	7598158.24
ii) Adjustment in respect of earlier years		
- Excess/Short provisions for Taxation & Tax Refunds	197521.00	870609.00
iii) Miscellaneous Expenditure Written off	1325716.00	1125716.00
iv) Interest Paid	15731450.95	13468091.19
v) Provisions for Gratuity & Leave in Encashment	3263033.00	4618395.00
<b>Total</b>	<b>59479322.01</b>	<b>55656751.88</b>
<b>Interest/Other Income Adjustments:</b>		
i) Profit/(Loss) on Sale of Assets	(446705.72)	39995.71
ii) Interest/Dividend Income	389780.68	126550.00
<b>Operating Profit Before Working Capital Changes</b>	<b>Total 59536247.05</b>	<b>55490206.17</b>
<b>Changes in Working Capital:</b>		
(Increase) / Decrease in Current Assets:		
i) Inventories	17395925.18	(31832390.26)
ii) Sundry Debtors	(889140.96)	(11446478.55)
iii) Other Current Assets & Loans & Advances	3745106.55	4294515.54
<b>Increase / (Decrease) in Current Liabilities:</b>		
i) Trade Payable	(31827998.33)	27095542.90
ii) Payment for Gratuity & Leave Encashment	(4095796.00)	(3284686.00)
<b>Cash Generated From Operations</b>	<b>Total 43864343.49</b>	<b>40316709.80</b>
Direct Taxes Paid ( Net of Refund )	(10066243.00)	(7801448.00)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A) 33798100.49</b>	<b>32515261.80</b>
<b>B Cash Flow From Investing Activities</b>		
i) Purchase of Fixed Assets including Capital Work-in-Progress	(12945984.48)	(19741313.40)
ii) Sale of Fixed Assets	444000.00	400000.00
iii) Purchase of other Investments	(1508320.40)	0.00
iv) Non Operating Income - Interest/Dividend	389780.68	126550.00
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B) (13620524.20)</b>	<b>(19214763.40)</b>
<b>C Cash Flow from Financing Activities</b>		
Increase / ( Decrease ) in Share Capital / Borrowings:		
i) Share Application Money	0.00	850500.00
ii) Warrant Allotment Money	2650000.00	13918800.00
iii) Issue of Equity Shares (Including Security Premium)	1342575.00	0.00
iv) Cash Credit & Other Borrowings from Banks (Net)	22119636.32	1198883.99
v) Interest Paid	(15731450.95)	(13468091.19)
<b>Net Cash From Financing Activities</b>	<b>Total 10380760.37</b>	<b>2500092.80</b>
<b>Adj. to Net Worth transitional Adj. on Adoption of AS-15 (Revised)</b>		
- Employee Benefits	0.00	(8201490.00)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(C) 10380760.37</b>	<b>(5701397.20)</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(A+B+C) 30558336.66</b>	<b>7599101.20</b>
Opening Balance of Cash & Cash Equivalents	10679387.59	3080286.39
Closing Balance of Cash & Cash Equivalents	41237724.25	10679387.59

As per our report of even date attached for & on behalf of the Board  
For NANDA & BHATIA  
Chartered Accountants

**P.C.S.VIRDI**  
Partner

Membership No.17056

PLACE : Ludhiana

DATE : August 03, 2009

**JASBIR SINGH**  
Chairman

**SURINDER SINGH**  
Managing Director

**NEERAJ KUMAR**  
G.M. Finance





# Financial Statements

## Schedules attached to and forming part of Balance Sheet as at March 31, 2009

Particulars	As At March 31, 2009 Amount (Rs.)	As At March 31, 2008 Amount (Rs.)
<b>SCHEDULE ' 1 ' SHARE CAPITAL:</b>		
<b>Authorised Capital</b>		
200,00,000 Equity shares of Rs. 5/- each (See Note 15) (Previous year 60,00,000 Equity shares of Rs.10/- each)	<u>100000000.00</u>	<u>60000000.00</u>
<b>Issued Capital</b>		
34,00,000 Equity shares of Rs. 5/- each. (See Note 15) (Previous year 17,00,000 Equity shares of Rs.10/- each)	<u>17000000.00</u>	<u>17000000.00</u>
<b>Subscribed and Paid up Capital</b>		
34,00,000 Equity shares of Rs.5/- each, fully paid up in cash (See Note 15 )	17000000.00	16757000.00
(Previous year 16,75,700 Equity Shares of Rs.10/- each )		
<b>TOTAL</b>	<u>17000000.00</u>	<u>16757000.00</u>
<b>SCHEDULE ' 2 ' RESERVES &amp; SURPLUS:</b>		
<b>Capital Reserve</b>		
Balance as per last year	120000.00	120000.00
<b>Security Premium</b>		
Additions during the year (See Note 11)	1950075.00	0.00
<b>Investment Allowance Reserve</b>		
Balance as per last year	256315.98	256315.98
<b>Capital Revaluation Reserve</b>		
Balance as per last year	7545000.00	7545000.00
<b>General Reserve</b>		
Balance as per last year	94701360.82	
Add : Transferred from Profit & Loss A/c	<u>20387124.24</u>	94701360.82
<b>TOTAL</b>	<u>115088485.06</u>	<u>94701360.82</u>
<b>SCHEDULE '3' SECURED LOANS:</b>		
<b>From Banks</b>		
<b>Term Loan</b>		
Punjab National Bank (Term Loans)	12805634.00	15013958.00
(Secured by way of Equitable Mortgage of Fixed Assets and also guaranteed by Directors of the Company )		
ICICI Bank Ltd - Car Loan	233948.00	596710.00
HDFC Bank Ltd. Car Loan	1342369.89	896562.06
<b>Working Capital Facilities</b>	93609725.80	69364811.31
(Secured by hypothecation of entire present and future moveable assets of the company such as stock of Raw Materials, Work in Process, Finished Goods, Goods in transit, Sotres, Book Debts. Further secured by charge by way of Equitable Mortgage of Fixed Assets and also guaranteed by Directors of the Company )		
<b>TOTAL</b>	<u>107991677.69</u>	<u>85872041.37</u>

## SCHEDULE -"4" FIXED ASSETS (See Note 1 (e) &amp; 19)

S. No.	Name of the Asset	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		As at 01.04.08	Addition	Sold/Tfd	As at 31.03.09	Up to 31.03.85	01.04.1985 to 31.03.08	Provided during the Year	Sale / Adjusted	Up to 31.03.09	As at 31.03.09	As at 31.03.08
1	Land*	8686662.75	2707174.00	0.00	11393836.75	0.00	0.00	0.00	0.00	0.00	11393836.75	8686662.75
2	Building	14024580.20	716970.00	0.00	14741550.20	1013091.79	5065777.38	454924.12	0.00	6533793.29	8207756.91	7945711.03
3	Plant & Machinery	111564999.96	10457381.44	0.00	122022381.40	6916655.55	42870443.29	5527795.99	0.00	55314894.83	66707486.57	61777901.12
4	Vehicle	12262552.88	1362981.00	1955592.72	11669941.16	286641.75	6892004.25	1201647.89	1064887.00	7315406.89	4354534.27	5083906.88
5	Furniture & Fixture	4951041.36	360098.40	0.00	5311139.76	230940.02	3150948.53	367061.23	0.00	3748949.78	1562189.98	1569152.81
6	Office Equipment	10700967.00	48400.00	0.00	10749367.00	181476.76	9663750.79	173261.18	0.00	10018488.73	730878.27	855739.45
7	Other Assets	680638.84	0.00	0.00	680638.84	23550.29	369998.40	32207.41	0.00	425756.10	254882.74	287090.15
GROSS TOTAL		162871442.99	15653004.84	1955592.72	176568855.11	8652356.16	68012922.64	7756897.82	1064887.00	83357289.62	93211565.49	86206164.19
PREVIOUS YEAR		134506155.05	28941237.94	575950.00	162871442.99	8652356.16	60630710.11	7598158.24	215945.71	76665278.80	86206164.19	65223088.78
CAPITAL WORK IN PROGRESS											3998578.62	6705598.98

\* Land includes, Land taken on leasehold basis at Jamshedpur, amounted to Rs. 27,07,174/-.

## Schedules attached to and forming part of Balance Sheet as at March 31, 2009

Particulars	As At March 31, 2009 Amount (Rs.)	As At March 31, 2008 Amount (Rs.)
<b>SCHEDULE ' 5 ' INVESTMENTS: (See Note 1 (g))</b>		
<b>A) Long Term Investment (At Cost) (Quoted, Non Trade)</b>		
50 (Previous year 50 ) Equity Shares of Clutch Auto Limited of Rs.10/- each fully paid up.	500.00	500.00
<b>B) Current Investment</b>		
<b>Units-Quoted but not Listed</b>		
<b>Liquid and Liquid Plus</b>		
1 501.712 (Previous year Nil) Units of Bharti AXA Treasury Advantage fund ,Face Value Rs.5,02,133/-.	502133.00	0.00
2. 1005.297 (Previous Year Nil) units of Reliance Money Manager Fund,Face Value Rs.10,06,187.40	1006187.40	0.00
<b>TOTAL</b>	<b>1508820.40</b>	<b>500.00</b>
Aggregate amount of Quoted Investments	500.00	500.00
Aggregate market value of Quoted Investments	800.00	3102.50
Aggregate amount of unquoted Investments	1508320.40	0.00
 <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>(a) SCHEDULE "6" INVENTORIES:</b>		
(as physically verified, certified & valued by the Management)		
(i) Raw Material (See Note 1 (f) & 18)	37244251.22	45913281.06
(ii) Work in Progress	5908279.34	20787723.08
(iii) Finished Goods	23060832.09	15742326.99
(iv) Stores, Spares & Consumables	7165225.12	8331181.82
<b>TOTAL</b>	<b>73378587.77</b>	<b>90774512.95</b>
<b>(b) SCHEDULE ' 7 ' SUNDRY DEBTORS:</b>		
(unsecured- considered good unless otherwise stated)(See Note 5)		
i) More than six months old	2551189.30	2358962.81
ii) Other Debts	137711521.45	137014606.98
<b>TOTAL</b>	<b>140262710.75</b>	<b>139373569.79</b>
<b>(c) SCHEDULE ' 8 ' CASH &amp; BANK BALANCES:</b>		
(i) Cash on hand including imprest	673262.02	583739.11
(ii) Balances with Scheduled Banks:		
- in Current Account	27334462.23	5865648.48
- in Fixed Deposits	13230000.00	4230000.00
<b>TOTAL</b>	<b>41237724.25</b>	<b>10679387.59</b>

**Schedules attached to and forming part of Balance Sheet as at March 31, 2009**

<b>Particulars</b>	<b>As At March 31, 2009 Amount (Rs.)</b>	<b>As At March 31, 2008 Amount (Rs.)</b>
<b>SCHEDULE ' 9 ' LOANS &amp; ADVANCES:</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or value to be received	<b>20952723.11</b>	33870476.49
Security Deposits	<b>1578183.00</b>	1572683.00
Balance with Sales Tax / Central Excise Authorities	<b>22595856.71</b>	3488055.20
Advance Payment against Income Tax (Net of Provisions)	<b>1372190.14</b>	1246601.82
<b>TOTAL</b>	<b><u>46498952.96</u></b>	<b><u>40177816.51</u></b>
<b>SCHEDULE ' 10 ' CURRENT LIABILITIES:</b>		
Sundry Creditors (See Note 8 )	<b>71279420.36</b>	100859252.77
Other Liabilities	<b>48985261.00</b>	40905633.36
Advance from Customers	<b>689129.31</b>	743422.87
Dealers security	<b>2302773.84</b>	2291273.84
<b>TOTAL</b>	<b><u>123256584.51</u></b>	<b><u>144799582.84</u></b>
<b>SCHEDULE ' 11 ' PROVISIONS:</b>		
Provision for Employee Retirement & Other Benefits (See Note 1(k) (p) & 9)	<b>8702436.00</b>	9535199.00
<b>TOTAL</b>	<b><u>8702436.00</u></b>	<b><u>9535199.00</u></b>
<b>SCHEDULE ' 12 ' MISC. EXPENDITURE:</b>		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	<b>4369994.00</b>	5695710.00
<b>TOTAL</b>	<b><u>4369994.00</u></b>	<b><u>5695710.00</u></b>

**Schedules attached to and forming part of the Profit and Loss Account for the Year Ended March 31, 2009.**

Particulars	Year Ended March 31, 2009 Amount (Rs.)	Year Ended March 31, 2008 Amount (Rs.)
<b>SCHEDULE '13' SALES: (See Note 1(d)(i)&amp; (h))</b>		
1. a) Inland		
O.E.M	231534265.36	290523919.65
Replacement	578700587.66	459689523.77
Nepal	2549373.75	1638735.60
Sale Trading	2756561.00	8161960.00
Less: Returns	(2245180.22)	(907196.65)
b) Export	110129496.16	54188771.90
<b>TOTAL</b>	<b>923425103.71</b>	<b>813295714.27</b>

**SCHEDULE '14' OPERATING & OTHER INCOME:**

<b>(a) Operating Income</b>		
Export Incentives (See Note 1(d))	3095882.00	1246854.97
<b>(b) Other Income (See Note 1(d))</b>		
Rental income	320400.00	195400.00
Interest received	381460.28	126550.00
Insurance claim received	352157.00	773010.00
Profit on sale of assets	0.00	39995.71
Difference in Exchange (See Note 1(h) & 21)	2354661.12	0.00
Dividend Received	8320.40	0.00
<b>Sub Total</b>	<b>3416998.80</b>	<b>1134955.71</b>
<b>TOTAL</b>	<b>6512880.80</b>	<b>2381810.68</b>

**SCHEDULE '15' INCREASE/(DECREASE) IN FINISHED GOODS STOCK**

Opening Stock		
Finished Goods	15742326.99	15002503.15
Work-in-Progress	20787723.08	15303251.52
<b>(A)</b>	<b>36530050.07</b>	<b>30305754.67</b>
Less:-Closing Stock		
Finished Goods	23060832.09	15742326.99
Work-in-Progress	5908279.34	20787723.08
<b>(B)</b>	<b>28969111.43</b>	<b>36530050.07</b>
<b>(B-A)</b>	<b>(7560938.64)</b>	<b>6224295.40</b>

**SCHEDULE '16' RAW MATERIALS AND COMPONENTS CONSUMED**

Opening Stock :	45913281.06	22576160.32
Add: Purchases		
Raw Material	337751113.58	365095926.09
Semi-Finished Goods	171429120.76	66878175.15
	<b>509180234.34</b>	<b>431974101.24</b>
Less:Closing stocks		
Raw Material (See Note 1(f) & 18)	37244251.22	45913281.06
<b>TOTAL</b>	<b>517849264.18</b>	<b>408636980.50</b>

**Schedules attached to and forming part of the Profit and Loss Account for the Year Ended March 31, 2009.**

<b>Particulars</b>	<b>Year Ended March 31, 2009 Amount (Rs.)</b>	<b>Year Ended March 31, 2008 Amount (Rs.)</b>
<b>SCHEDULE '17' WAGES</b>		
Wages	48240869.50	55671306.00
Labour Charges	19081921.37	36679775.93
<b>TOTAL</b>	<b>67322790.87</b>	<b>92351081.93</b>
<b>SCHEDULE '18' POWER &amp; FUEL CONSUMED</b>		
Opening stock	618672.09	531626.61
Add: Expenses during the year	50925884.32	64893586.72
Less: Closing stock	721239.36	618672.09
<b>TOTAL</b>	<b>50823317.05</b>	<b>64806541.24</b>
<b>SCHEDULE '19' OTHER MANUFACTURING EXPENSES</b>		
Consumable stores consumed	41643241.18	42401338.75
Lubricants consumed	5458820.86	6038180.41
Packing material consumed	17968835.16	17713216.64
<b>TOTAL</b>	<b>65070897.20</b>	<b>66152735.80</b>
<b>SCHEDULE '20' ESTABLISHMENT EXPENSES</b>		
Remuneration to Directors (See Note 12 )	3516000.00	3058000.00
Salary to staff	9338937.00	8239817.00
Employees Deposit Linked Insurance Scheme	199220.00	191277.00
Workers welfare	1405487.00	1458412.00
Contribution to Provident & other Funds and Schemes (See Note 1(k) & 9)	11396892.00	13531196.00
Compensation & Notice Pay	21375.00	32157.00
House rent Allowance	3964710.00	3928721.00
Medical Expenses	1135900.00	1088339.00
Leave Travel Allowance	607831.00	680483.00
City Compensatory Allowance	190301.00	188304.00
Recruitment expenses	146463.00	131880.00
Stipend	25965.00	70676.00
Bonus	3612759.00	3857274.00
<b>TOTAL</b>	<b>35561840.00</b>	<b>36456536.00</b>
<b>SCHEDULE '21' OFFICE &amp; ADMINISTRATION EXPENSES</b>		
Traveling & Conveyance:		
Directors	714698.20	320013.12
Others	9642033.78	8818124.60
Printing & Stationary	1099082.38	878627.57
Vehicle Expenses	1548509.72	1387758.27

**Schedules attached to and forming part of the Profit and Loss Account for the Year Ended March 31, 2009.**

<b>Particulars</b>	<b>Year Ended March 31, 2009 Amount (Rs.)</b>	<b>Year Ended March 31, 2008 Amount (Rs.)</b>
Subscription & Membership fees	274029.00	218885.00
Donation	59500.00	86401.00
Light, Electricity & Water expenses	370765.00	452380.00
Postage & Telephone Expenses	1439258.14	1409229.40
Legal & Professional fees	1090473.00	1139736.00
Seminar Expenses	43500.00	50170.00
Payment to Auditors for:		
Statutory Audit fees	60665.00	55000.00
Audit Expenses	7776.00	2736.00
Rent, Rates & Taxes	365240.10	224647.90
General Expenses	1351630.83	765849.36
Insurance	1714484.87	1853056.32
Entertainment Expenses	10985.00	67450.14
Research & Development Expenses (See Note 20)	5169573.98	0.00
Loss of sale of Assets	446705.72	0.00
<b>TOTAL</b>	<b>25408910.72</b>	<b>17730064.68</b>
<b>SCHEDULE '22' FINANCIAL EXPENSES</b>		
Bank Interest & Commission (See Note 1( r ))	15569486.12	13286762.98
Interest to others/Hire Charges	161964.83	181328.21
<b>TOTAL</b>	<b>15731450.95</b>	<b>13468091.19</b>
<b>SCHEDULE '23' REPAIRS &amp; RENEWALS</b>		
Machinery Repairs	10772308.11	8676981.58
Building Repairs	437271.00	569108.00
Electricity and General Repairs	475837.50	605724.28
<b>TOTAL</b>	<b>11685416.61</b>	<b>9851813.86</b>
<b>SCHEDULE '24' SELLING &amp; DISTRIBUTION EXPENSES</b>		
Freight & Cartage	20427891.50	25218611.54
Shipping charges	4922878.00	2459280.00
Advertisement	1771011.00	2009431.00
Commission to agents	2605576.00	2520183.00
Turnover discounts	27414141.18	20677097.10
samples	113660.00	282377.71
Discount & Rebates	22104866.36	13489913.79
Sales promotion expenses	249998.23	1451675.02
Loss of Excise duty on Goods Return	311970.09	45512.94
Trade discount	9698088.63	1995243.60
Difference in Exchange (See Note 1(h))	0.00	1313915.98
Sales Tax Adjustment	83065.24	(3939.22)
<b>TOTAL</b>	<b>89703146.23</b>	<b>71459302.46</b>

## **SCHEDULE - 25**

### **Notes Forming Part of the Financial Statements**

#### **1. Significant Accounting Policies:**

##### **a) Accounting Convention:**

The financial statements have been prepared in accordance with applicable Accounting Standards in India notified under section 211 (3C) of the Companies Act, 1956. Financial statements have also been prepared in accordance with relevant presentation requirements of the Companies Act, 1956 of India.

##### **b) Basis of Accounting:**

The financial statements are prepared under the historical cost convention on the accrual basis.

##### **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 statement and the reported amount of revenue and expenses during the reported period. Differences between the actual results and estimates, if any, are recognized in the period in which the results are known / materialized.

##### **d) Revenue Recognition:**

###### **i) Sales:**

Sales comprise sale of goods and export incentives. Revenue from sale of goods is recognized:

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

###### **ii) Interest:**

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

###### **iii) Benefit under Duty Entitlement Pass Book Scheme/ Duty Drawback Scheme:**

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 claim is recognized when no significant uncertainty exist with



regard to the amount to be realized and the ultimate collection thereof.

**v) Dividend:**

Dividend from investments is recognized when the company's right to receive is established.

**e) Fixed Assets and Depreciation**

**(i) Fixed Assets:**

Fixed assets are stated at cost of acquisition or construction (net of CENVAT), less accumulated depreciation. Cost includes all costs relating to the acquisition, incidental expenses and installation/erection/commissioning of fixed assets, including interest and financial charges on borrowings for the project/Fixed Asset, up to the date of commercial Production/the assets are put in use/assets is ready for its intend use.

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

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

The Company has no Intangible Fixed Assets as at 31st March 2009.

**(ii) Depreciation:**

Depreciation on all tangible Fixed assets, is provided under the "Straight line Method" in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956 on a pro-rata basis from the date in which asset is put to use.

Depreciation on Fixed Assets, where actual cost of individual Assets is Rs.5000/- or less, is provided at the rate of hundred percent.

**f) Inventory Valuation:**

During the year under review, the Company has changed its method of valuation for the "Raw Material & Components inventory" from the earlier method of valuation of "at cost plus expenses" to "lower of cost and estimated net realizable value". Had the Company followed the same previous year method of valuing the Raw Material & Components inventory, the profit for the year ended 31st March 2009 will be higher by **Rs.28.32 Lacs**.

- |                                |                                                                                                                                   |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| a) Raw material & Components : | at lower of cost and estimated net Realizable value.                                                                              |
| b) Work-in-Progress :          | at raw material cost-plus conversion Cost, depending upon the Completion Stage.                                                   |
| c) Finished Goods :            | at raw material cost-plus conversion cost & other overheads incurred in bringing the goods to their present condition & location. |
| d) Consumable Stores :         | at cost plus expenses.                                                                                                            |

**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 carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at their acquisition cost.

#### **h) Foreign Currency Transactions:**

Foreign currency transactions are recorded at the exchange rates prevailing on the respective dates of the transactions. Gains & Loss resulting from the settlement of such transactions are recognized in the Profit & Loss Account.

Monetary Assets & Liabilities denominated in foreign currency at the balance sheet date are translated into rupees at the exchange rate prevailing on that date. Gains or Losses arising on restatement are recognized to the profit & loss account. All assets and liabilities denominated in foreign currency are restated at the relevant year-end rates.

#### **i) Research & Development:**

Revenue expenses incurred for Research and Development for its existing products are charged to the Profit & Loss account. However capital expenditure on research and Development, if any, is treated in the same way as other fixed assets.

#### **j) Cenvat Credit:**

Cenvat credit of excise duty, paid on inputs, capital assets and input services, are taken in accordance with the Cenvat Credit Rule, 2004.

#### **k) Employee Benefits:**

##### **a) Post Employment Benefits:**

##### **i) Defined Contribution Plans:**

##### **a) Provident Fund:**

Benefits in the form of Provident Fund and pension schemes whether in pursuance of any law or otherwise, which are defined contribution 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 profit and loss account on the basis of actual liability calculated as a percentage of salary.

##### **b) Defined Benefit Plans:**

##### **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. However, provision for gratuity liability to employee is made on the basis of an independent actuarial valuation as at the close of the year.

**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 on the basis of an independent actuarial valuation.

**l) 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.

**m) Prior Period And Extraordinary Items:**

Prior period and extraordinary items, and changes in accounting policies, having a material impact on the financial affairs of the company, are disclosed.

**n) Taxes on Income and Fringe Benefit Tax:**

Income tax comprises the current tax provision, net changes in the deferred tax assets or liability in the year and Fringe benefit tax. Provision for Taxation, is made on the basis of Taxable Profits computed for the current accounting period are computed as per applicable provisions of Income Tax Act 1961.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted as on the Balance Sheet Date. Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Fringe Benefit Tax is provided on the aggregate amount of fringe benefits, determined at current applicable rates on expenses falling within the ambit of 'Fringe Benefit' as defined under Income Tax Act 1961.

**o) Earning Per Share:**

The 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 earning 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 share into equity shares.

**p) Provision:**

A Provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**q) 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.

**r) Borrowing cost:**

Borrowing costs on working capital is recognized in the Profit & Loss Account except interest incurred on borrowings, specially raised for acquisition of tangible fixed assets are capitalized to the cost of the 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. As well as, borrowing costs that are directly attributable to the acquisition, constructions of tangible fixed asset are capitalized as part of the cost of particular assets till the date of substantial completion of the activities necessary to prepare the relevant assets for its intended use.

**s) Expenses:**

Goods received are accounted as purchases on satisfactory completion of inspection. Discount to customers and price escalation to suppliers to the extent not settled at the Balance Sheet date are accounted on the basis of reasonable estimates made after considering negotiations with vendors/customers.

	<b>(Rs. In Lacs)</b>	
<b>2. Contingent Liabilities</b>	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
a) Drafts/cheques purchased by bank under BP/BD/limit	<b>NIL</b>	<b>NIL</b>
b) Guarantee given to IFCI, PSIDC and Bank of G.S Radiators Ltd, G.S. Automotive (P) Ltd & G.S. Autocomp (P) Ltd.	<b>1355.00</b>	<b>1035.20</b>
c) Others	<b>3.20</b>	<b>3.20</b>
d) Claims against the Company not acknowledged as debt on account of		
(i) Excise Duty	<b>23.07</b>	<b>00.51</b>
(ii) Service Tax	<b>03.35</b>	<b>00.00</b>
(iii) Income Tax (Matters in Appeal)	<b>31.68</b>	<b>31.68</b>

**3.** 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.

**4.** 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.

5. Book Debts include Customer amounting to **Rs. 8.91 Lacs** (Previous year Rs. 8.91 Lacs), which are considered as doubtful for recovery, and legal suit against these customers has already been filed. The Company is hopeful to recover the fullest amount.
6. Previous year figures have been regrouped, rearranged and reclassified wherever necessary to make these comparable with current year.
7. Figures in bracket indicate deductions.
8. **Micro & Small Enterprises.**

Micro & Small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) have been identified to the extent of information available with the company. The auditors have relied this upon.

Sundry Creditors included following amount due to MSMED parties:

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	<b>March 31, 2009 (Rs. in Lacs)</b>	March 31, 2008 (Rs. in Lacs)
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	<b>Principal-27.29 Interest-Nil</b>	Principal-42.71 Interest-Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	<b>0.00</b>	0.00
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	<b>0.00</b>	0.00
The amount of interest accrued and remaining unpaid at the end of each accounting year, and the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	<b>0.00</b>	0.00

## 9. Disclosure pursuant to Accounting Standard-15 (Revised) - "Employees Benefits"

a) The Company, had adopted Accounting Standard-15 (Revised) "Employees Benefits" issued by The Institute of Chartered Accountants of India, which became mandatory in its application, for the Company, with effect from 1st April, 2007. Pursuant to the first time adoption of AS-15, in the financial year ended March 31, 2008, the transitional provision in respect of Gratuity, un-funded, Leave amounting to **Rs. 54.14 Lacs**, net of deferred tax, as required by the Standard, has been adjusted against the General reserve, during the previous year ended March 31, 2008.

b) Details of post retirement funded gratuity plan and leaves, which is unfunded, are determined by Actuary, are as follows: -

(Rs. in Lacs)				
	As At 31st March, 2009		As At 31st March, 2008	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
<b>i) Amount to be recognized in Balance Sheet</b>				
a. Present value of Defined Benefits Obligations				
(i) Funded	<b>104.32</b>	----	111.67	----
(ii) Unfunded	----	<b>14.44</b>	----	12.86
b. Fair value of Plan assets	<b>31.74</b>	----	29.18	----
c. Net Liability/ (Assets) recognized in the Balance Sheet	<b>72.58</b>	<b>14.44</b>	82.49	12.86
<b>ii) Amount to be recognized in the Statement of Profit &amp; Loss A/c.</b>				
a) Current Service Cost	<b>13.65</b>	<b>9.32</b>	15.08	9.25
b) Interest on Defined Benefit Obligations	<b>7.87</b>	<b>0.45</b>	7.43	0.32
c) Expected return on plan Assets	<b>(2.67)</b>	----	(2.86)	----
d) Net Actuarial (Gain)/Loss recognized in the year	<b>(2.26)</b>	<b>6.27</b>	10.26	6.70
Expenses recognized during the year	<b>16.59</b>	<b>16.04</b>	29.91	16.27
<b>iii) Change in Defined Benefit Obligations and reconciliation thereof</b>				
a) Present value of Defined Obligations at the beginning of the year	<b>111.67</b>	<b>12.86</b>	106.56	11.44
b) Interest Cost	<b>7.87</b>	<b>0.45</b>	7.43	0.32
c) Current Service Cost	<b>13.65</b>	<b>9.32</b>	15.08	9.25
d) Benefits paid	<b>(26.59)</b>	<b>(14.46)</b>	(27.43)	(14.85)

e) Actuarial (Gain)/Loss	(02.28)	06.27	10.03	6.70
f) Present Value of Defined Benefit Obligations at the Close of the year	104.32	14.44	111.67	12.86

**iv) Change in the fair value of Plans assets and the reconciliation thereof.**

a) Fair value of Plan assets at the beginning of the year	29.18	----	35.98	----
b) Expected return on Plan assets	2.67	----	2.86	----
c) Actuarial Gain/(Loss)	(0.02)	----	(0.23)	----
d) Contribution by Employer	26.50	----	18.00	----
e) Benefits paid	(26.59)	(14.46)	(27.43)	(14.85)
f) Fair value of Plan assets at the close of the year	31.74	----	29.18	----

**v) Summary of Actuarial Assumption**

a) Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%
b) Expected rate of return on Plan Assets (per annum)	9.15%	----	9.15%	----
c) Rate of escalation in salary	3.00%	3.00%	3.00%	3.00%

- 10.** The Company has recognized Deferred Taxes, which results from timing differences between Book Profit and Tax Profits for the year aggregating **Rs.7.30 lacs** (previous year Rs. 28.19 Lacs), in the Profit and Loss Account, the detail of which is as under:

	<b>(Rs.in lacs)</b>	
<b>Particulars</b>	<b>2008-2009</b>	<b>2007-2008</b>
Major Components of Deferred Tax Liability:		
i) Depreciation & Amortization	87.37	76.74
ii) Others	03.36	07.91
<b>Total (A)</b>	<b>90.73</b>	<b>84.65</b>
Major Components of Deferred Tax Assets		
i) Gratuity & unfunded Leave Encashment	29.57	27.88
ii) Others	01.28	04.20
<b>Total (B)</b>	<b>30.85</b>	<b>32.08</b>
<b>Net Deferred (Tax Assets)/Liability (A-B)</b>	<b>59.88</b>	<b>52.57</b>

**11. Share Capital**

Subscribed & Paid up Share Capital includes 24300 (Twenty four thousand three hundred) Equity Shares of the face value of Rs.10/- (Rs.Ten) each, at a premium of Rs.80.25 per equity shares, on the face value of Rs.10/-(Rs.Ten) per shares, allotted on dated May 23,2008, on

account of re-issue of forfeited equity shares to strategic investors and/or investors on preferential basis pursuant to the provisions of section 81(1A) and other applicable provisions of the Companies Act, 1956, pursuant to the Shareholders approval in the Extra ordinary General Meeting held on April 21, 2008.

- 12.** 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 & Managing director.

		(Rs. in lacs)	
Particulars		2008-2009	2007-2008
Profit Before Tax	(i)	<b>312.05</b>	279.76
Add:- i) Depreciation as per Books of Accounts		<b>77.57</b>	75.98
ii) Managerial remuneration		<b>35.16</b>	30.58
iii) Loss on sale of assets		<b>04.47</b>	00.00
Sub Total	(ii)	<b><u>117.20</u></b>	<u>106.56</u>
Less: - i) Depreciation Allowable		<b>77.57</b>	75.98
ii) Profit on sale of Assets as per section 349(3)(d) of the Companies Act, 1956.		<b>00.00</b>	0.40
Sub Total	(iii)	<b><u>77.57</u></b>	<u>76.38</u>
Net Profit u/s 198 of the Companies Act, 1956 for the year	(i+ii-iii)	<b><u>351.68</u></b>	<u>309.94</u>
Maximum Remuneration which can be paid for the year @ 10%. on <b>Rs. 351.68 Lacs</b> (Previous year Rs.309.94 lacs)		<b>35.17</b>	30.99
<b>Managerial Remuneration paid during the year.</b>		<b>35.16</b>	30.58

- 13.** Capital work in progress includes amount of **Rs.39.99 Lacs** (Previous year Rs.59.68 Lacs) on account of machinery under installation, **Rs. NIL** (Previous year Rs.6.91 Lacs) on account of Building under construction and **Rs. NIL** (Previous year Rs.0.47 Lacs) on account of Electric fitting under installation.

**14. Computation of Earning Per Share:**

	(Rs. in Lacs)	
	As at 31st March, 2009 -----	As at 31st March, 2008 -----
Computation of Profit (Numerator)	<b>201.90</b>	175.72
Net Profit attributable to Shareholders as at 31st March	<b><u>201.90</u></b>	<u>175.72</u>



Computation of Weighted Average Number of Shares (Denominator)	Nos. (Face Value Rs.5/- Each)	Nos. (Face Value Rs.10/- Each.)
Number of Shares outstanding at the beginning of the year	<b>*3351400</b>	1675700
Weighted Average number of Re-issue of Forfeited Equity Shares of The face value of Rs.5/- each.	<b>*44550</b>	-----
Weighted average number of Equity Shares, which would be issued on conversion of warrants.	<b>*4600000</b>	575000
Adjusted Weighted Average number of Equity Shares	<b><u>7995950</u></b>	<b><u>2250700</u></b>
Computation of EPS-Basic (in Rs.) As At 31st March	<b>5.95</b>	10.49
EPS-Diluted- (in Rs.) As At 31st March	<b>2.52</b>	7.81
Computation of EPS-Basic (in Rs.) As At 31st March After exceptional/extraordinary items	<b>6.00</b>	11.01
Computation of EPS-Diluted (in Rs.) As At 31st March After exceptional/extraordinary items.	<b>2.55</b>	8.19

\* The Equity Shares of the Company have been sub-divided from one Equity Share, of the face value of Rs.10/- (Rs.Ten), each into two Equity Shares of the face value of Rs.5/- (Rs.Five) each, w.e.f August 20,2008.

- 15.** The face value of the Equity share of the company have been sub-divided from one Equity Shares of the face value of Rs.10/- (Rs.Ten) each, to two Equity Shares of the face value of Rs.5/- (Rs.Five) each, w.e.f August 20,2008.
- 16.** Pursuant to the approval from the Members of the Company at the 33rd Annual General Meeting, the company had issued/allotted 2300000(Twenty three lacs) warrants @ Rs.20/- per warrants, to the promoter and strategic investors on dated January 07, 2008 on preferential basis, pursuant to the Provisions of section 81(1A) and other applicable provisions of the Companies Act, 1956 (to be optionally convertible, within a period of eighteen months from the date of allotment, into equivalent number of equity shares of the face value of Rs.10/- (Rs.Ten) each, at a premium of Rs.10/-(Rs.Ten) per equity shares), for raising the long Term Funds for the company's future expansion plans. As at March 31, 2009 the Company has received **Rs.165.69 lacs** (Previous year Rs.139.19 lacs), being a part of the total amount, due from the above said warrant holders.
- 17.** Information required in terms of part IV of Schedule VI of the Companies Act, 1956, is attached.

#### **18. Changes in Accounting Policies:**

During the year under review, the Company has changed the method of valuation of inventory

under its "Raw Material & Components" from "at cost plus expenses" to "lower of cost and estimated net realizable value". Had the Company followed the same previous method of valuing the Raw Material & Components inventory, the profit for the year ended 31st March 2009, as well as, inventory valuation of Raw Material & Components as at March 31, 2009, will be higher by **Rs.28.32 Lacs**.

#### 19. Impairment of Assets:

At each Balance Sheet Date an assessment is made whether any indication exists that an asset has been impaired, if any such condition exists, an impairment loss.i.e an amount by which the carrying amount of an assets exceeds its recoverable amount, is provided in the Books of Accounts, as per Accounting Standard-28. However, management is of the opinion that no such indication exists which makes any of the Assets Impaired.

20. The Company is in the process of making an application to the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India, for granting the approval to its in-house R & D centre.

#### 21. Foreign Exchange Transactions:

The Year end foreign exchange exposures in respect of monetary items that have not been hedged by a derivative instrument or otherwise are given below: -

Amount receivable (net) in foreign currency on account of the following:-

Particulars	Amount in Rs. Lac	Amount in foreign currency
Export of Goods	115.90	USD 226146.66
Export of Goods	88.49	EURO 129474.22
Loans & Advances	12.79	USD 25000.00

22. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for **Rs. 2.22 Lacs** (Previous year Rs.2.22 Lacs).

#### 23. Capitalization of Expenses

Bank Interest & Commission, in respect of Plant & Machinery & other Tangible Fixed Assets **Rs. 1.49 Lacs** (Previous year Rs.8.95 Lacs).

#### 24. Related Party Disclosure:

A) Disclosures of related Parties and relationship between the parties as required under Accounting Standard-18 issued by The Institute of Chartered Accountants of India are given below:-

1. The Key Management personnel exercise control over the Company.

- i) Mr. Jasbir Singh Ryait - Chairman
- ii) Mr. Surinder Singh Ryait - Managing Director
- iii) Mrs. Dalvinder Kaur Ryait - Director
- iv) Mrs. AmarjeetKaur Ryait - Director

2. Enterprises over which key management personnel and relatives of such personnel is able to exercise Significant control

- \* G.S. Automotives Pvt. Ltd.
- \* G.S. Autocomp Pvt. Ltd.
- \* G.J. Holdings Pvt. Ltd.
- \* G.S. Consumer Products Pvt. Ltd.
- \* Ryait Exports
- \* G.S.Sales Corporation.

B) Description of the nature of transactions with the related parties:

Related Persons	G.S. Automotives Pvt. Ltd.	G S sales Corp.	Ryait Exports	G S Autocomp Pvt. Ltd.	G S Consumer Pvt. Ltd.
PURCHASES					
-Raw Material	8835.85	---	---	---	---
-Semi Finished Goods	133806225.68	---	---	---	---
- Others	---	---	---	---	16924.00
Labour Charges	16974973.20	---	---	---	---
Sale	5574250.11	---	---	---	---
Rent Received	222000.00	2400.00	6000.00	72000.00	12000.00

## 25 a). PARTICULARS IN RESPECT OF THE LICENSED CAPACITY AND ACTUAL PRODUCTION

Class of Goods	Unit	LICENSED CAPACITY		INSTALLED CAPACITY		Unit	ACTUAL PRODUCTION	
		Current Year	Previous Year	Current Year	Previous Year		Current Year	Previous Year
MOTOR PARTS								
1.U - Bolts	MT	*	*	--	--	Pcs	1638999	1828053
2.H - Bolts	MT	*	*	--	--	Pcs	995339	1635902
3.Centre Bolts	MT	*	*	--	--	Pcs	4197420	4387573
4.Shackle bolts	MT	*	*	--	--	Pcs	531592	535786
5.Spring Pin	MT	*	*	--	--	Pcs	1026540	1432148
6.King Pin	MT	*	*	--	--	Pcs	368837	112141
7.Axle Studs	MT	*	*	--	--	Pcs	1086950	2508240
8.Hanger Brackets	MT	*	*	--	--	Pcs	981771	1293283
9.Bushes	MT	*	*	--	--	Pcs	705816	567803
10.Nuts	MT	*	*	--	--	Pcs	3125597	2401993
11.Miscellaneous	MT	N.A	N.A	N.A	N.A	Pcs	140225	38164
12.Axle & Acces.						Pcs	738	422
		*10000MT	*10000MT				14799824	16741508

NOTE: Installed capacities taken as certified by the management and not verified by the Auditors being a technical matter.

## 25 b). Consumption of Raw Material & Components

Particulars	For the year ended 31.3.09			For the year ended 31.3.08		
	Quantity (MT's)	Quantity (Pcs)	Value Rs.	Quantity (MT's)	Quantity (Pcs)	Value Rs.
1.Mild Steel	1129.91	---	41409287.83	971.445	---	26729726.99
2.EN Steel	5249.414	---	216732939.15	6101.203	---	189361566.32
3.M.S Scrap	1538.627	---	47681227.92	2932.095	---	64175058.44
4.Others	92.97	---	30365976.98	159.663	---	51196302.98
5.Components	N.A	---	171429120.76	N.A	---	66878175.15
6. a) Axle Tube	---	345	3154688.72	---	422	3422469.52
b) Axle Parts	---	51347	7076022.82	---	46981	6873681.10
<b>Grand Total</b>	<b>8010.92</b>	<b>51692</b>	<b>517849264.18</b>	<b>10164.406</b>	<b>47403</b>	<b>408636980.50</b>

## 25 C). PARTICULARS REGARDING OPENING STOCK, CLOSING STOCK AND SALES OF FINISHED GOODS

CLASS OF GOODS	OPENING STOCK		SALES		CLOSING STOCKS	
	Qty [Pcs]	Amount	Qty [Pcs]	Amount	Qty [Pcs]	Amount
<b>(A) MOTOR PARTS</b>						
1.U - Bolts	41576	2989232.96	1610584		69991	5055908.00
2.H - Bolts	115161	1745386.20	1015648		94852	1560954.00
3.Centre Bolts	56518	830567.62	4078304		175634	1481690.77
4.Shackle bolts	60408	753172.64	535470		56530	658900.55
5.Spring Pin	26697	1160079.10	1004213		49024	2897119.95
6.King Pin	16392	781530.92	362669		22560	776070.44
7.Axle Studs	238180	826529.13	1099730		225400	882053.76
8.Hanger Brackets	21054	3005238.82	985335		17490	3373864.75
9.Bushes	4588	259770.04	684689		25715	2524063.96
10.Nuts	375930	1993006.70	3139049		362478	2274357.74
11.Miscellaneous	42284	192106.19	176484		6025	31734.46
12.Axle & Acces.	38	1189750.00	731		45	104812.20
	998826	15726370.32	14692906	920668542.71	1105744	21621530.58
<b>(B) Wheel Rim (Trading)</b>	6	15956.67	736	2756561.00	350	1289196.00
<b>(C) Scrap</b>	0	0.00	0	0.00		150105.51
<b>TOTAL</b>	<b>998832</b>	<b>15742326.99</b>	<b>14693642</b>	<b>923425103.71</b>	<b>1106094</b>	<b>23060832.09</b>



# Financial Statements

CLASS OF GOODS	AS ON 31.3.08					
	OPENING STOCK		SALES		CLOSING STOCKS	
	Qty [Pcs]	Amount	Qty [Pcs]	Amount	Qty [Pcs]	Amount
<b>(A) MOTOR PARTS</b>						
1.U - Bolts	21704	1809846.59	1808181		41576	2989232.96
2.H - Bolts	53494	442067.93	1574235		115161	1745386.20
3.Centre Bolts	33499	471191.63	4364554		56518	830567.62
4.Shackle bolts	52486	606072.06	527864		60408	753172.64
5.Spring Pin	25033	1587292.83	1430484		26697	1160079.10
6.King Pin	6084	907117.28	101833		16392	781530.92
7.Axle Studs	108820	301867.79	2378880		238180	826529.13
8.Hanger Brackets	21603	3718245.43	1293832		21054	3005238.82
9.Bushes	19568	1569540.96	582783		4588	259770.04
10.Nuts	296710	1610275.73	2322773		375930	1993006.70
11.Miscellaneous	43715	97818.25	39595		42284	192106.19
12. Axle & Acces.	0	0	384		38	1189750.00
	<b>682716</b>	<b>13121336.48</b>	<b>16425398</b>	<b>805133754.27</b>	<b>998826</b>	<b>15726370.32</b>
<b>(B) Wheel Rim (Trading)</b>	1047	1881166.67	3201	8161960.00	6	15956.67
<b>TOTAL</b>	<b>683763</b>	<b>15002503.15</b>	<b>16428599</b>	<b>813295714.27</b>	<b>998832</b>	<b>15742326.99</b>

## 25d) Value of Imported & Indigenous Raw Material, Spare Parts and Components consumed and the percentage of each to the total consumption.

	For The Year Ended 31.3.2009 Value	For The Year Ended 31.3.2008 Value
i)Raw Material		
- Imported	<b>3154688.72</b>	3422469.92
- Indigenous	<b>343265454.70</b>	338336335.83
ii) Spare Parts & Components		
- Imported	<b>0.00</b>	0.00
- Indigenous	<b>171429120.76</b>	66878175.15

## 25(e). Earnings in Foreign Exchange (On cash basis)

- Export of goods calculated on FOB Value	<b>93607933.72</b>	60919971.54
-------------------------------------------	--------------------	-------------

**25(f). Expenditure in Foreign currency on account of :**

(On cash basis)

	<b>For The Year Ended 31.3.2009 Value</b>	<b>For The Year Ended 31.3.2008 Value</b>
i) Traveling	<b>361506.00</b>	577304.00
ii) Commission on Export Goods	<b>955997.00</b>	164675.00
iii) Purchase of Finished Goods	<b>1131012.00</b>	3743797.00
iv) Purchase of spare parts for Machinery Repair	<b>438245.00</b>	829583.00
v) Purchase of Raw Material	<b>4134173.00</b>	7274574.00
vi) Others	<b>29213.00</b>	0.00



# Financial Statements

## 26 Information Required by part IV of Schedule VI to the Companies Act, 1956: BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I REGISTRATION DETAILS :

Registration No.

- 3 3 0 1

State Code 1 6

Balance Sheet Date

3 1 - 0 3 - 2 0 0 9

### II CAPITAL RAISED DURING THE YEAR ( Amount in Rs. Thousand )

Public Issue

N I L

Share Application Money

N I L

Warrant Allotment Money

1 6 5 6 9

Preferential Allotment

2 1 9 3

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS ( Amount in Rs. Thousand )

Total Liabilities

2 7 2 5 0 8

Total Assets

2 7 2 5 0 8

SOURCES OF FUNDS

Paid-up Equity Share Capital

1 7 0 0 0

Share Application Money

N I L

Warrant Allotment Money

1 6 5 6 9

Reserve & Surplus\*

1 3 0 9 4 7

Secured Loan

1 0 7 9 9 2

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets (Including Capital WIP)

9 7 2 1 0

Investments

1 5 0 9

Net Current Assets

1 6 9 4 1 9

Misc. Expenditure

4 3 7 0

\* Including Deferred Tax Liability Amounting to Rs. 5988 Thousands

### IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousand)

Turnover (Including Other Income)

9 2 2 3 7 7

Total Expenditure

8 9 1 1 7 2

Profit Before Tax

3 1 2 0 5

Profit After Tax

2 0 3 8 7

Earning Per Share in Rs.

Basic

0 5 - 9 5

Earning Per Share in Rs.

Diluted

0 2 - 5 2

\*Earning per share on the face value of Rs. 5/- per share.

### V Generic Names of Three Principal Products / Services of the Company

Item Code No. (ITC Code)

8 7 0 8 9 9 0 0

Product

N O N - T H R E A D E D

As per our report of even date attached

For & on behalf of the Board

For NANDA & BHATIA

Chartered Accountants

P.C.S.VIRDI

Partner

Membership No. 17056

JASBIR SINGH

Chairman

SURINDER SINGH

Managing Director

NEERAJ KUMAR

G.M. Finance

PLACE : Ludhiana

DATE : August 03, 2009

# **25(f). Expenditure in Foreign currency on account of :**

(On cash basis)

	<b>For The Year Ended 31.3.2009 Value</b>	<b>For The Year Ended 31.3.2008 Value</b>
i) Traveling	<b>361506.00</b>	577304.00
ii) Commission on Export Goods	<b>955997.00</b>	164675.00
iii) Purchase of Finished Goods	<b>1131012.00</b>	3743797.00
iv) Purchase of spare parts for Machinery Repair	<b>438245.00</b>	829583.00
v) Purchase of Raw Material	<b>4134173.00</b>	7274574.00
vi) Others	<b>29213.00</b>	0.00





## G.S. Auto International Ltd.

Attendance Slip for 35th Annual General Meeting, to be held on 30th September, 2009 at 10.00 a.m.  
at Company's Regd. Office at G.S. Estate, G.T. Road, Ludhiana. 141 010

Name of the Shareholder/Proxy  
Address

L. Folio No.

I, hereby record my presence at the 35th Annual General Meeting.

Signature of Shareholder/ Proxy Present

### PROXY

L. Folio No.....

I/We.....  
in the district of.....being  
member(s) of the above named Company hereby appoint of.....in  
the district of .....of failing him.....of  
.....of  
.....as my/ our Proxy to vote for me/ us on  
my/ our behalf at the 35th Annual General Meeting of the Company to be held on 30 day of  
September, 2009 and at my adjournment thereof.

Signed this.....day of .....2009

Signature

1 Rs.  
Revenue  
Stamp

Note: The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

Proxy No.  
(to be allotted  
by the company)

Left Intentionally Blank



G.S. Estate, Plant Location, Ludhiana.

**BOOK POST**  
(Printed Matter)

If undelivered please return to :

**G.S. AUTO INTERNATIONAL LIMITED**

G.S. Estate, P.O. Box No. 711, G.T. Road, Ludhiana - 141 003

Ph. : 0161-2511001-05 Fax : 0161-2510885

Website: [www.gsgroupindia.com](http://www.gsgroupindia.com) Email: [info@gsgroupindia.com](mailto:info@gsgroupindia.com)