



36th
ANNUAL REPORT
2009-2010

REAFFIRMING THE BACKBONE OF AUTOMOBILES

If undelivered please return to :

G.S.AUTO INTERNATIONAL LIMITED

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G.S. AUTO INTERNATIONAL LIMITED
Manufacturers of Auto Components (An ISO/TS 16949 Company)

Cautionary Statement

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

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At GS Auto we firmly believe that the Auto Component Industry stands on six pillars, namely... **COMMITMENT, DEDICATION, QUALITY, A REPUTED BRAND, A PROFESSIONAL TEAM** and above all **THE CONFIDENCE OF ALL ITS STAKEHOLDERS.**

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

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



"Drive Safely with GS"

“G.S. Auto International Limited one of the leading Automotive fastening & suspension components Company in North India, has been partnering the Indian Automotive Industry, as the Back Bone of Automotive Industry, from the past several years, as the cover page suggests. We have come a long way, since we began the journey, but it has been one worth while journey for all of us; however the way we look at it's, for “GS”, it is just beginning and had far miles to go ahead like a back bone in any body. We are proud to be present in almost all the commercial vehicles, manufactured in India, in one or the other way. The year 2009-2010, was a mixed year, marked with improvement in the sentiment across the globe and further a big surprise growth in the Indian Automotive Industry. The year gone by, at “GS” was remarkable year in the shape of crossing Rs.100 (One Hundred) Crore turnover during the year and declaration of maiden dividend for the financial year 2009-2010, by working hard along with the de-risking of the business through a unique combination of marketing strategy, to post good growth and profit in the current year. 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 business other than those committed earlier”.



“We owe our success, not only to our large family of valuable customers, but to all our suppliers, vendors and all the stakeholders, who have placed their faith in us and have been an integral part of our long journey to excellence...”

“GS” means.....

- Back Bone of Automobile Industry.
- Reputed and Trusted Brand Name in Auto component Industry.
- Trusted by all its Customers, be it.....
 - Original Equipment Manufacturers (OEM).
 - Replacement Market (After Sales Market).
 - Overseas Customers (Export Market).
- Enjoys the Confidence of all its Shareholders through good Corporate Governance.





Vision Statement



Vision Statement

- **The Global Indian Auto Component Brand**

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

- **To build a world Class Company through reliability and be a great place to work;**

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

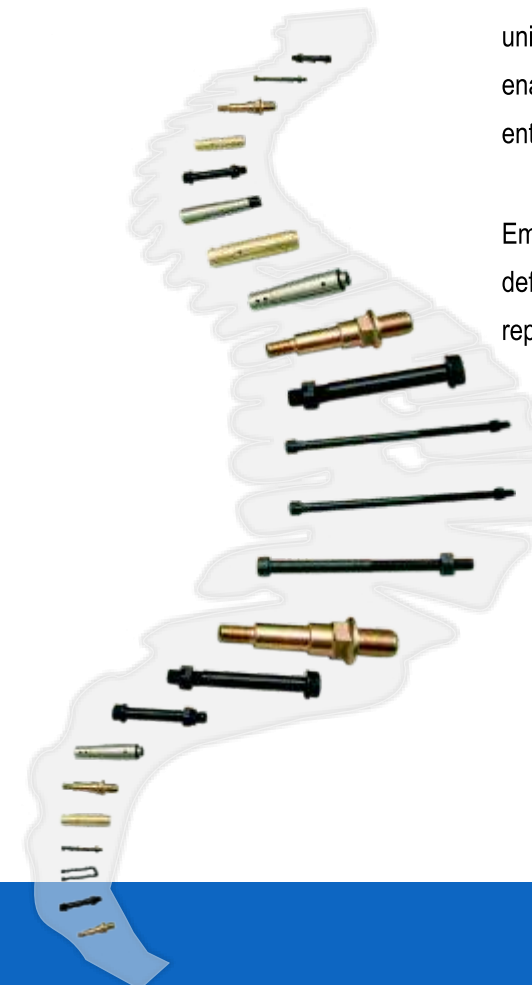
- **The Most preferred employers in the Auto Component Industry over a period of time;**

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

- G.S.Auto International Limited strives to achieve enhanced customer satisfaction by delivering the quality products in the safe working environment. We dedicate ourselves to continual improvements in all fields of our Business;
- Growth through organic as well as through value chain & to further expand our Business on a sustainable basis, by adding more products to its existing product portfolio through diversification in different sectors of the economy, as well as, to expand through multi-locations, building a team that is passionate about growth, quality, value creation and above all serving to all its stakeholders & further committed to making trust, respect & fellowship a way of life;
- Be a Market leader in after sales market for Machined, Cast and Forged Components through better dealer network, to further grow in Export Markets by the supply of best quality Components and further to join hands will all the major OEM's of the world;

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

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





Principles of Business

Sense of Urgency & Customer Centric;

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

Better Relationships and better Quality of Products & Services;

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

Reliability;

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

Continuous Improvement for excellence and consistency;

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

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

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

“Lots of people dream, but only those who make their dream their goal, turn it into reality. Only they live their dreams”



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. Satish Monga (w.e.f. 09th August, 2010)

Independent Director

Mr. Sanjeev Sethi (w.e.f. 09th August, 2010)

Independent Director

Mr. Sewa Singh

Independent Director

Mr. Makhan Singh

Independent Director



Chief Financial Officer

Mr. Neeraj Tuli

Company Secretary

Ms. Rashmi Sharma

Auditor

M/s Nanda & Bhatia
Chartered Accountants
Red Cross Bhawan
The Mall, Ludhiana - 141001

Registered Office & Works

G.S. Auto International Limited
G.S. Estate, G.T. Road,
Ludhiana - 141010. Punjab, India
Phone: 0161-2511001-05 (five lines)
Fax: 0161-2510885
Website: www.gsgroupindia.com
E-mail: info@gsgroupindia.com

Bankers

Punjab National Bank

Registrar & Share Transfer Agent

M/s Skyline Financial Services Pvt. Limited
D-153 A, Okhla Industrial Area, Phase -1,
New Delhi - 110 020
Phone: 011-26812682-83. Fax: 011-26812684
Email: admin@skylinerta.com

Chairman's Message



Mr. Jasbir Singh Ryait

Dear Shareholders,

It is my proud privilege to present the 36th (Thirty Sixth) Annual Report of the Company. When I last wrote to you, global economies were facing their worst recessionary nightmare since the Great Depression of the 1930's. The shadows of doubt were crossing all of our minds; we had no idea what the future had in store for us, both around the world and in India. As Countries were trying to combat it by pumping in almost USD 3.5 trillion to stimulate demand, there are still different views on what would be the outcome of these measures are going to be. Some great Economists were predicting that the slowdown would extend through calendar year 2009 and may be even the first half of 2010. Fortunately, things have drastically changed; the world has averted, what could have been a great depression in the last 100 years, but its still far from being business as usual. Although the United States is expected to grow its real GDP by a bit over 3% in 2010, the same cannot be said about most of the developed world. The Economist polls put Euro Zone growth at a mere 1.30% for 2010, Japan will grow by 1.90%, and the United Kingdom will be lucky to post 1.30% GDP growth.

Equally, we are seeing a clear shift in geographical plays; India and china have been at the helm of the global economy-helping it pulls out of recession. China achieved 8.70% growth in 2009 and is expected to grow at somewhere between 9.70% to 10% in 2010. India has grown by 7.80% in 2009-2010 and then will cross to 8% in the year 2010-2011. However the other part of the world is still not out of the woods. Unemployment figures in the US, Europe & Japan are still considerable on the higher side even some of their Governments have declared that their countries are out of the recession and further the time will tell what the future has in store for us.

“Don't look at the rough road, but at the bright rainbow up ahead. Don't dwell on the sores and calluses, but on the strength you've gained through toil. Don't focus on the pain, but at the joy that springs up afterward.”

In the financial year 2009-2010, the US, the best of the developed economies which were pulling out of the depression, witnessed automobile production fell of 34% while the commercial vehicles production fell by 43%, as compared to the previous year, the Europe was worst effected with the sales of medium commercial vehicles lower by 41% and heavy commercial vehicles sales were down by over 48%. The story was even worse for component manufacturers. But due to domestic driven economies of India & China, there was a rapid turnaround in both these Asian countries. The Automobile market in China recovered substantially with commercial production growing by 31% and about 36% in India.

Due to depressed European market, the Exports during the current financial year 2009-2010 was lower by about 31% to Rs.763.45 Lacs as compared to Rs.1101.29 Lacs of the previous year. However during the year, the Company, owing to the diverse nature of its business verticals, despite the decline in the export turnover, increased its overall turnover by over 11.03% to Rs.10253.10 Lac as compared to Rs.9234.25 Lac

for the previous year. The Profit before Depreciation, Interest and taxes (PBDIT) have increased to Rs.850.06 Lacs as compared to Rs.546.93 Lacs of the previous year showing an increase of 55.42% . The PBDIT to sale was 8.29% as compared to 5.92% of the previous year, showing a healthy increase in the overall margins of the Company, which has ultimately reflected in the figures of Profit After Tax (PAT) of Rs.404.68 Lacs, as compared to the previous year PAT of Rs.201.90 Lacs, showing a healthy increase in the margins of PAT to sales by over 100.44 % as compared to previous year. However, the above said performance is also due to the lower commodity prices, better capacity utilization along with the cheaper rate of credit availability from the financial institution, due to lower inflationary pressures. Further we will have to meet all the future challenges, as I feel challenges are the part of every life, so to achieve higher sales and profit during the coming years, by continuing working hard towards improving the overall profitability margins along with the reduction in the overall cost, as well as, changing the better product mix.

Chairman's Message

"Our Destiny changes with our thoughts; we shall become what we wish to become, do what we wish to do, when our habitual thoughts correspond with our desires"

Orison Swett Mard

Further during this year your Company has done many positive changes which will stand it in good stead as the global economy is coming out of the downturn. The Company continues to realign its market strategy, take a hard and focused look at efficiencies through put and cost structures-both operational & financial. As we have described on the Cover page of the Annual Report that we are, and will, remain committed there, as the back bone of the Automotive Industry and further work, to & for, the long term value creation, for all the our stakeholders.

Keeping in mind the overall improvements in the margins, that too in such an environment, along with the overall stellar performance during the year, your Company has declared its maiden interim dividend for the financial year 2009-2010, of 11% (i.e. Rs.0.55 per share), on the face value of Rs.5/- per Equity Share, of the Company.

The days ahead are going to see demand for greater transparency, accountability and good Corporate Governance. Elements that we here in India are very familiar with. Balance Sheet wise, your Company has successfully raised Rs.460 (Four Hundred Sixty) Lacs, from all the warrant holders, by joining them to our shareholders family and further had allotted 40,00,000 (Forty Lacs) warrant, for a sum of Rs. 1096 Lacs, for

raising the long term funds for all the future major expansion at Jamshedpur and Ludhiana for a total capex of Rs.4500 (Forty Five hundred) Lacs.

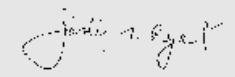
Coming to India, I am seeing a high growth time for the Indian Automobile industry, due to Government of India's major thrust on Infrastructure, recovery in global market and higher domestic demand through consumption, which will give a major boost to Indian Auto Component Industry, I feel the coming years are of a high growth time with the challenges of like rise in the Commodity prices, inflationary pressure and further tightening of monetary policies by the Central Bank.

Overall the year re-affirms our Commitment of creating value for our Shareholders by focusing on profitable growth. With the spirit and commitment and dedication of "GS" team, we are confident of realizing our growth potential. Keeping all the factors in mind we are planning to diversify into other geographical areas other than Jamshedpur and also to diversify in different product segment to strive for improvement in the overall margins of the Company, by making more sizable investment in the businesses. This will help our Company to deliver sustainable and profitable growth for many years to come.

Difficulties are the part of life, even big ones, such as, what we saw in the second half of 2009-2010 and the first half of 2010-2011, we will have to accept it as challenge and move forward with more dedication, commitment and strength, so to come out of it, as much stronger than ever before.

Let me conclude this, by expressing my sincere appreciations to all my colleagues and all the employees of the Company, for their continued dedication, support & commitment to their work and with great gratitude to our Investors, Customers ,Vendors, Suppliers and all our Stakeholders; we look forward to your continued support in our Endeavour.

With Wishes and Warm Regards


JASBIR SINGH RYAIT
CHAIRMAN



Managing Director's Message



Mr. Surinder Singh Ryait

Dear Shareholders,

It is my great pleasure and honour for me that I am addressing to all my members of the Company at the 36th (Thirty Sixth) Annual General Meeting of the Company. Let me start by thanking all of yours for your continued support and faith reposed in the management of the Company. It is with all your support, faith and commitment that we at "GS" is moving ahead with great commitment and dedication, so to make the "GS" a number one Auto Component Company in our arena. We at "GS" are planning to diversify at different locations, so to take the advantages of different locations and markets along with the diversification in different industry for components, as well as, different segments of the Automobile Industry. "GS" has the biggest advantage of presence in all the three verticals of auto component space be it OEM's Segment, After Sales Market and Export Market. With the inherent strength of "GS" likes strong and most respected brand in OEM's and After Sales Market, we are planning to encash our strength with a strong retail network and respect commands in the OEM's market, to be a leading player in the Auto Component Space. From the past several years, we are the back bone of the Indian Automotive Industry and will further work in each and every sphere, to be there, as the back bone of the Automotive Industry, of the world as whole.

"All men who have achieved great things have been great dreamers"

Orison Swett Marden

However when I look back for the past two years, those years were the most difficult years for the global economy in the last 75 years and further we have done well in those two years too, basically attributed to our strong understanding of the business along with our strong business model and above all a good management team that has not only during the current financial 2009-2010 done exceptionally well but also survived the things that was happened in 2008-2009.

The year went past has seen your Company crossing some remarkable milestone , in the shape of crossing Rs.100 (Rs.One Hundred) Crore turnover, ever highest Profit After Tax and further declaration & payment of Maiden Interim Dividend for the financial year 2009-2010 and seed through severed difficult challenges.

Coming to our Current year performance, we have achieved a total net turn over of Rs.10253.10 Lacs as compared to the previous year figures of Rs.9234.25 Lacs showing a growth of 11.03%, as compared to previous year. Out of the total turn over of Rs.10253.10 Lacs, sales to the OEM's contributes to Rs.2704.82 Lacs (Consists of 26.38% of the total turnover of the Company) showing a growth of 16.82 % as compared to the previous years, After market sales consist of Rs.6656.14 Lacs (Consists of 64.92% of the total turnover)

showing a growth of 15.02% as compared to the previous years, however Export turnover during the year was lower at Rs.763.45 Lacs (Consists of 7.45% of the total turnover) by 30.68% as compared to the previous years particularly due the adverse overseas market, our marketing department working hard to surpass its last year Export turnover and making all its efforts so that our export turnover will remain around 15% of the total turnover of the Company, in the coming years. The rest of the total turnover has come from job work receipts & others. Further we have planned to maintain, near about the same combination of the turnover, in all the three segments, which will not only give us better volume but will further improve our margins due to presence in the after sales market.

The margins during the year were at 8.29% (Rs.850.06 Lacs) as compared to 5.92% (Rs.546.93 Lacs) showing a considerable improvement in the operating of the Company. During the years the EBIDTA margins were ever highest of the Company but I still feel, there are considerable improvements to be made on the improvements of the margins. The PAT was 3.95% (Rs.404.68 Lacs) as compared to the previous year PAT margins of 2.19% (Rs.201.90 Lacs), during the year

your Company has contributed to the government exchequers an amount of Rs.208 Lacs (Previous year Rs.102.85 Lacs) as payment of Income tax. Considering the overall satisfactory performance of the Company during the year ,your Company had decided to share some part of the distributable profits, among its worthy Shareholders, in the shape of declaration & payment of Maiden Interim Dividend for the financial year

2009-2010 @ 11% (Rs.0.55 per Share) on the face value of Rs.5/- (five) per Equity Shares.

The above said financial results particular on the margins front was better due to lowering commodity prices. There will remain challenges in the overall business fronts in the years to come, be it hardening of commodity prices, higher inflationary pressure, high interest rate and overall global position; however we will have to live with all these challenges and overcome all the challenges, so to improve our margins from the existing level, for the overall benefits of all the our stakeholders.

“When you have a dream, you've got to grab it and never let go”.

“Carol Burnett”

Let me now share some of our future growth strategy and planning, so to expand our business. Your self is well aware your Company has successfully raised Rs.460 (Rs.Four Hundred Sixty) Lacs, through conversion of warrant to Equity Shares,

for the setting of new manufacturing unit at Jamshedpur for the manufacturing of auto components casting products, with the setting up of a high pressure moulding line machine with a capital expenditure of Rs.3500 (Rs.Thirty Five Hundred) Lacs and another Rs.1000 (Rs.Ten Hundred) Lacs, for the modernization, as well as, capacity expansions at our existing manufacturing unit at Ludhiana.The Jamshedpur Manufacturing unit will commence its commercial production by the last month of calendar year 2010 and the capacity expansion & modernization at Ludhiana unit, will be completed by June,2011.

Further being the part of our growth strategy, as I have discussed with you above, we have now planned to set up another manufacturing unit at Indore, for the manufacturing of Auto Components, with a total estimated capex. of Rs.4000 (Rs.Forty Hundred) Lacs. We are further diversifying through different location as well as through different product segment so to further reduce our cost, by taking the location advantages, which ultimately will reduce our transportation cost along with the reduction in delivery schedule period and will further improve the overall margins of the Company.

I further assure to you that we are poised to become a leading player in the auto component industry by further continue to work & to enhance the value of all of those our stakeholders, who invest in us, work with us, above all reposed confidence in us and remain committed with us.

Finally I would thank all our Shareholders and well wishers, once again, for their continued support and trust reposed in your Company. On your behalf, please allow me to congratulate each and every Employee of our Company, for having shown resolve and determination, by having gone through the challenging environment, they eagerly look forward to the new horizons of growth, for & in, the interest of all our stakeholders.

Yours Sincerely,



SURINDER SINGH RAIT
MANAGING DIRECTOR





Company Profile

“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, Utility Vehicles, Commercial Vehicles (LCVs, MCVs, HCVs), Multi-Axle Vehicles, Trailers and Specials Purpose Vehicles.

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

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



Company Profile

History:

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

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

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

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

Product Range:

On the strength of its expertise in the development and manufacture of components, “GS” has explored new horizon to provide a diverse range of machined, forged and casted components.

The following is the Product Range:

1. Machined Parts



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

2. Forged Parts



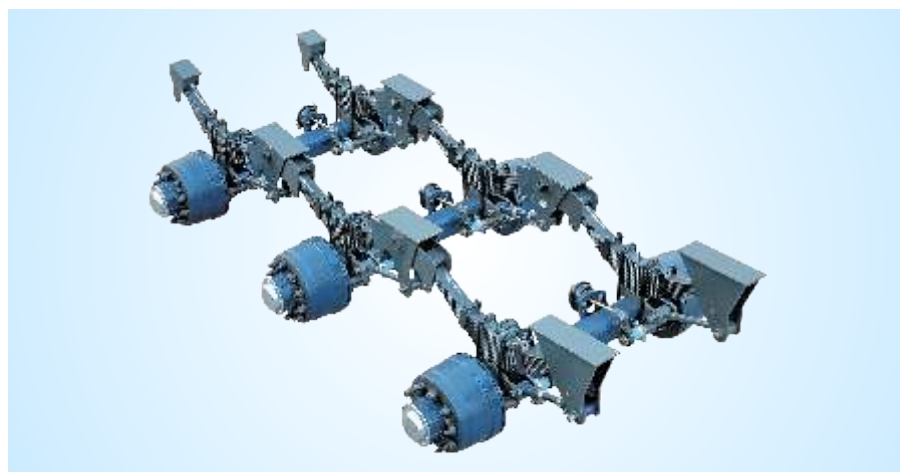
- High Nuts
- Castle Nuts
- Hex Nuts
- Flange Nuts
- Washer Type Nuts
- Misc. Bolts

3. Non-Ferrous Cast Components



- Customized Aluminum Bronze Parts of different sizes

4. Trailer Parts



- Full Dressed Trailer Axles, Specially Designed Leaf Spring Assemblies

4. Ductile Iron Cast Components



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





Company Profile

Customer Base:

GSAuto has a strong presence in...

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

OEM segment:

The strength of "GS" 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, "GS" is able to provide efficient services to their dealers throughout the country.

Export market:

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

Manufacturing Facility:

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

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



years we have multiplied capacities, built up technologies and invested in equipments that place us in a unique league. At "GS" the focus is on achieving best possible quality through stringent control on repeatability of manufacturing process. All manufacturing processes for processing of Alloy Steel Components i.e Annealing, Bar drawing, Hot Forging, Cold Forging, Precision Machining, Heat Treatment an Induction Hardening are available under one roof and are made to perform to deliver finished goods of highest quality acceptable to valuable customers. The Company is coming up with its second manufacturing unit at Jamshedpur, for the manufacture of Casting Auto components, having state of the art facilities.



Systemized Approach :

▪ Towards Global Competitiveness

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

Customer Support System

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

▪ Access To Latest Technology

Technology upgradations 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 “GS” each component passes through series of stringent tests of quality from design stage to manufacturing. Conformance to Quality is not restricted to the shop floor of the Company but also through the supply chain.

Following quality system requirements are taken care at G.S Auto for conformance to quality standards, on-time

delivery, maintaining product quality and handling customer complaint.

1. **APQP** (Advanced Product Quality Planning)
2. **PPAP** (Production Part Approval Process)
3. **FMEA** (Failure Mode Effect Analysis)
4. **SPC** (Statistical Process Control)
5. **MSA** (Measurement System Analysis)

After having conferred ISO 9002 Certification in 1997 and QS 9000 Certification in 1999 (Re-certified in 2003) by BVQI, UK. The Company looked forward to take further leaps by implementation of 5S, TPM, TQM concepts i.e. Total Productive Maintenance/Total Quality management and Lean Manufacturing. The Management of G.S Auto feels that these are essential ingredients of success and sustenance in present times due to fierce competitions offered by Global companies. The quality movement in “GS” has achieved its next milestone-ISO/TS 16949 re-accreditations 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.



Company Profile

Human Resources:

Working at GS means being a part of leading team in the Indian automotives 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 seven decades. Our team of more than one thousand young dedicated technicians works in close co-operation with each other to offer its customers unchallenged quality and total customer satisfaction.

Key milestones since incorporation:

1938: Start of business activity.

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

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



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

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

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

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

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

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



Strengthening Financials

Financial Review

(Rs. in Lacs)

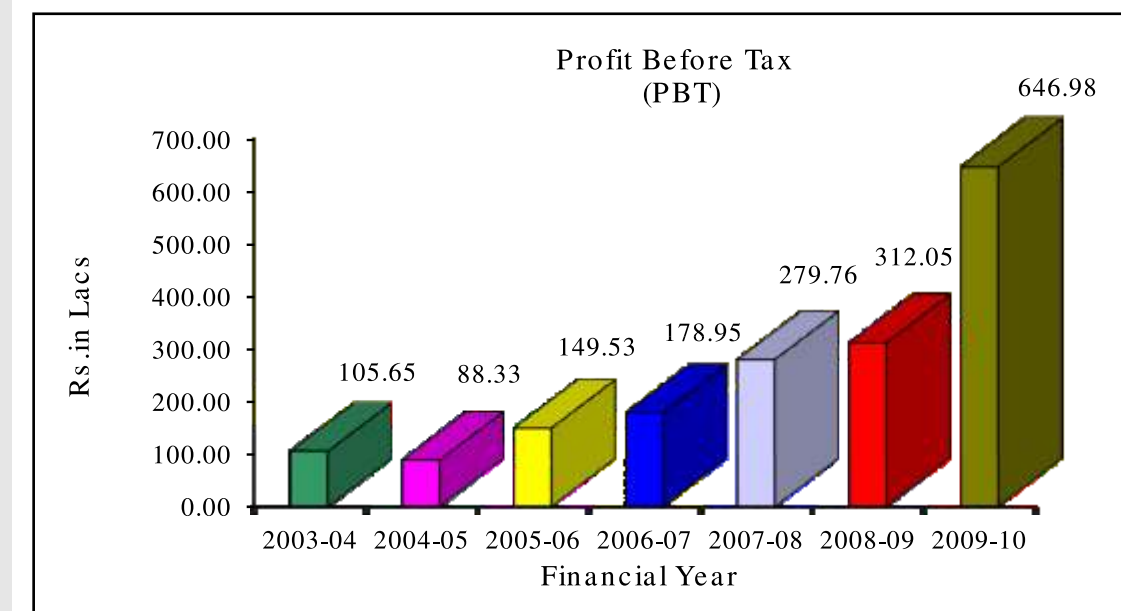
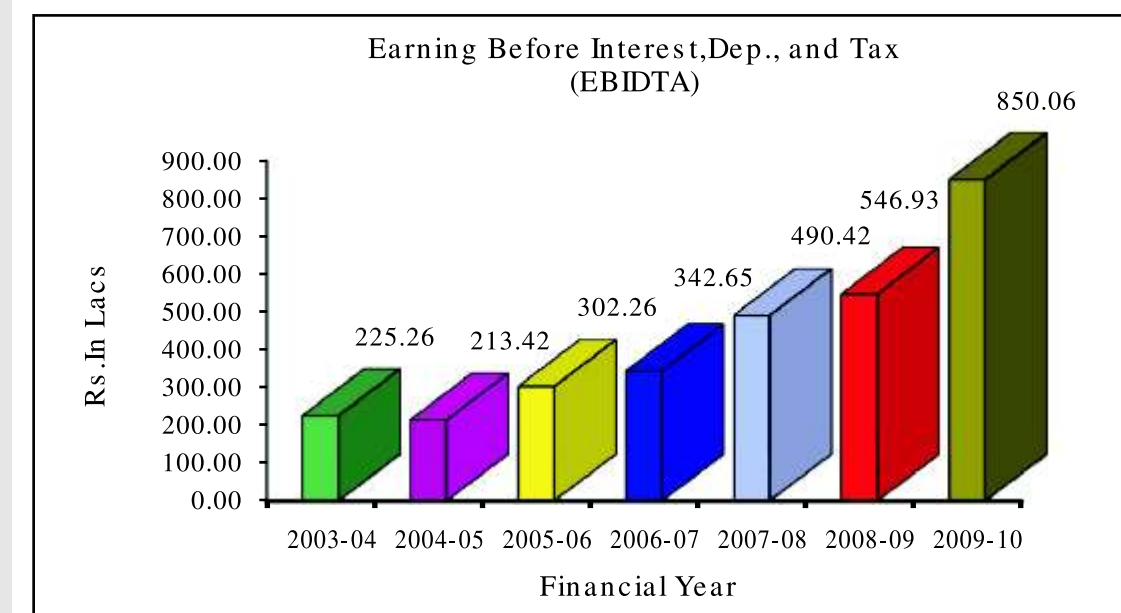
	2009-2010	2008-2009	2007-08	2006-07	2005-06	2004-05	2003-04
Turnover (Excl. Excise Duty)							
Domestic	9489.65	8132.96	7591.07	6552.26	6206.82	5457.18	4458.99
Export	763.45	1101.29	541.89	675.76	675.40	685.43	447.69
Total Turnover (Excl. Excise Duty)	10253.10	9234.25	8132.96	7228.02	6882.22	6142.61	4906.68
% of Growth	11.03%	13.54%	12.52%	5.02%	12.04%	25.19%	22.31%
Operating Income	21.34	30.96	12.47	7.90	7.20	16.87	34.00
Other Income	29.72	34.17	11.35	6.90	4.18	3.41	13.46
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	125.00
Total Income	10304.16	9299.38	8156.78	7242.82	6893.60	6162.89	5079.14
EBIDTA	850.06	546.93	490.42	342.65	302.26	213.42	225.26
% of Total Sales	8.29	5.92	6.03	4.74	4.39	3.47	4.59
Depreciation	88.16	77.57	75.98	69.50	64.49	56.48	47.21
PBIT	761.90	469.36	414.44	273.15	237.77	156.94	178.05
% of Total Sales	7.43	5.08	5.10	3.78	3.45	2.55	3.63
Financial Expenses	114.92	157.31	134.68	94.20	88.24	68.62	72.40
PBT	646.98	312.05	279.76	178.95	149.53	88.33	230.65
% of Total Sales	6.31	3.38	3.44	2.48	2.17	1.44	4.70
Adj. Related to Previous Years	0.00	1.97	8.69	2.83	(2.78)	0.06	19.05
Provisions for taxes	242.30	110.15	104.04	68.07	69.39	33.14	78.15
PAT	404.68	203.87	184.41	113.71	77.37	55.25	171.54
% of Total Sales	3.95	2.21	2.27	1.57	1.12	0.90	3.50
Current Ratio	1.47	1.34	1.31	1.26	1.18	1.15	1.18
Debt-Equity Ratio	0.42	0.70	0.64	0.51	0.44	0.31	0.44
Cash Earning Per Share	7.19*	8.23*	15.02	10.76	8.63	6.66	11.92
Earning Per Share-Basic	5.91*	5.95*	10.49	6.79	4.62	3.30	2.78

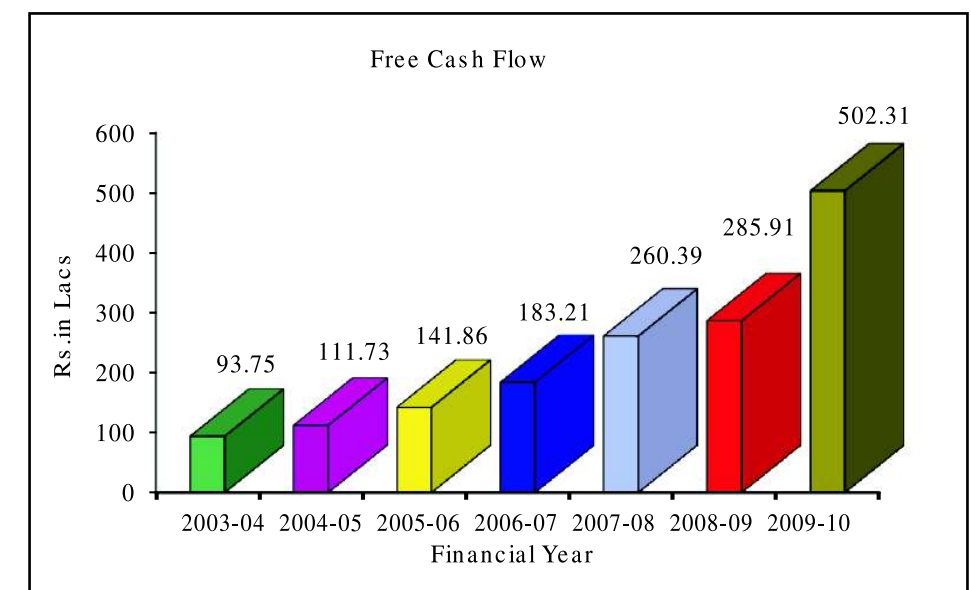
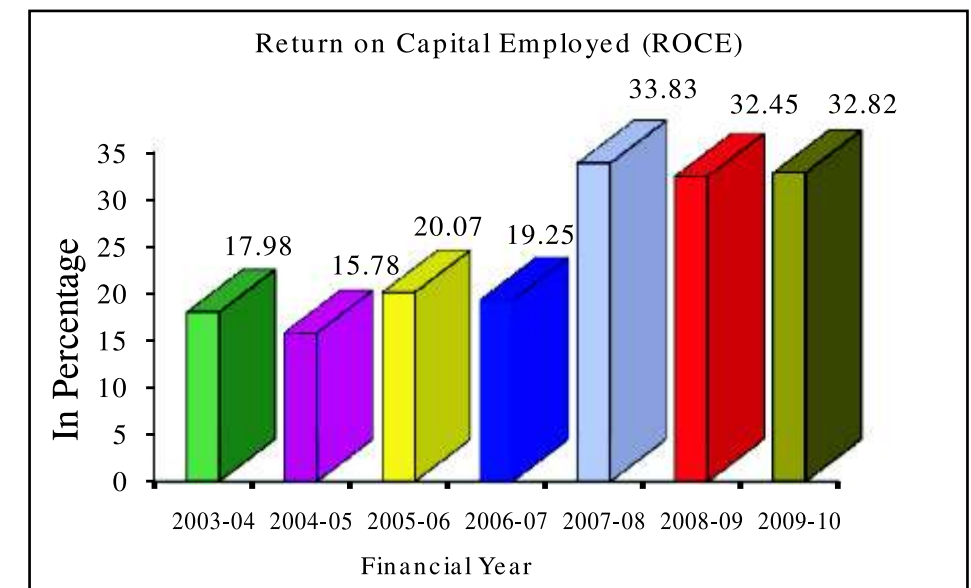
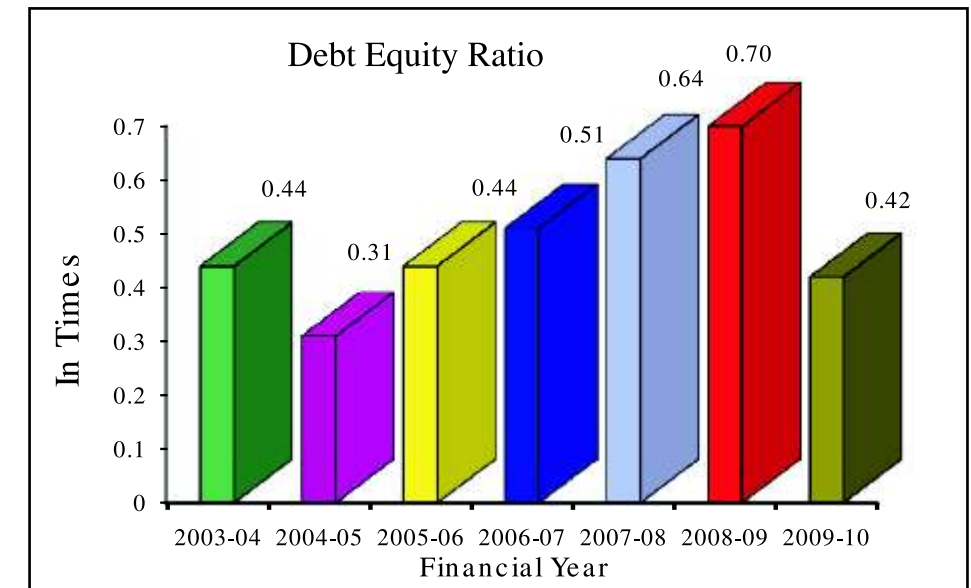
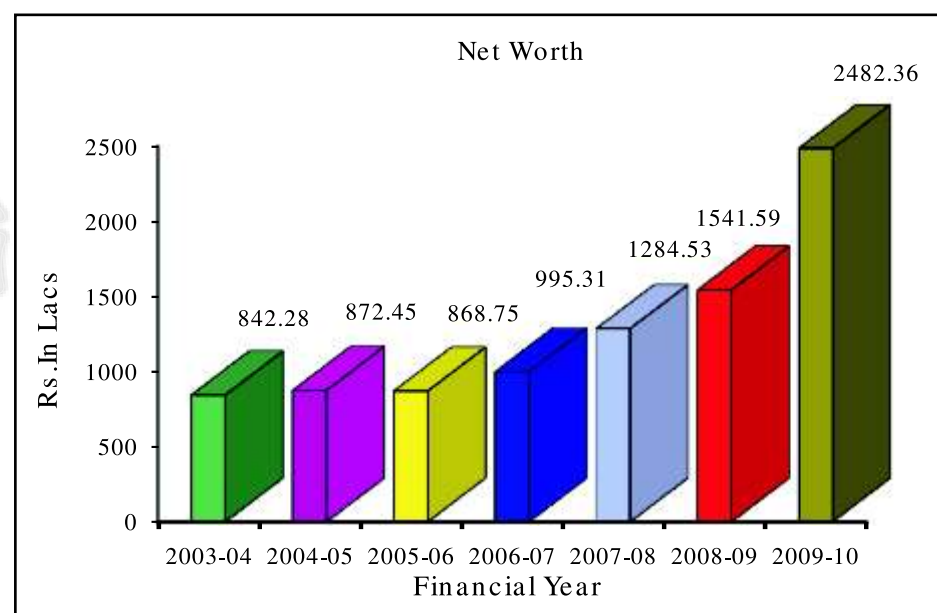
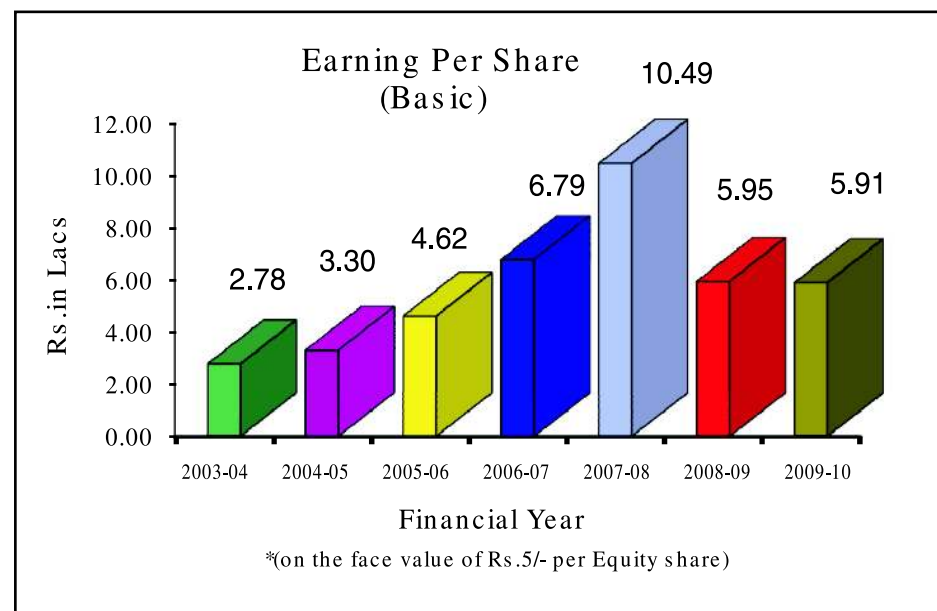
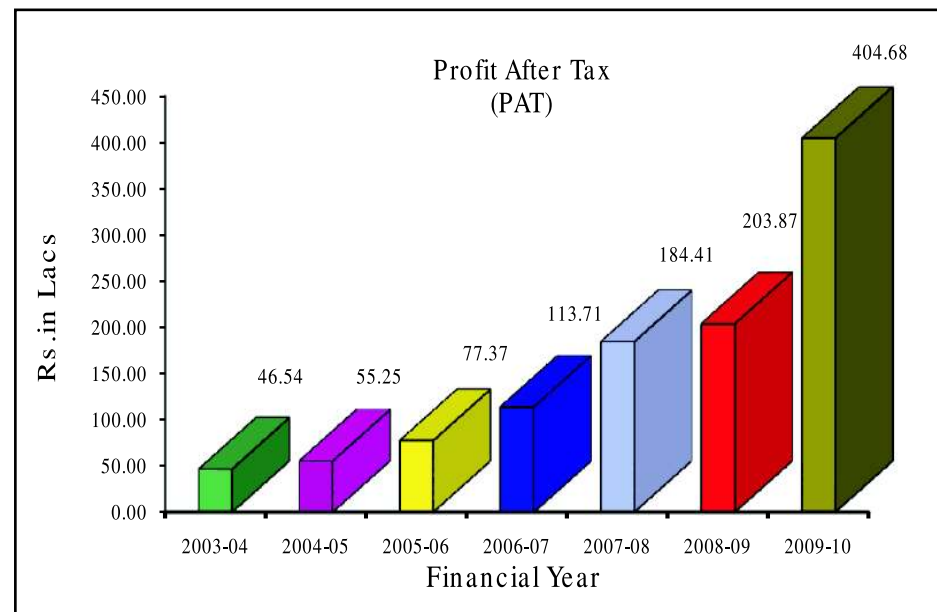


Strengthening Financials

Book Value	39.08*	45.39*	80.00	59.40	51.85	52.06	50.26
Net Worth	2482.36	1541.59	1284.53	995.31	868.75	872.45	842.28
Return on Capital Employed (ROCE) (%)	32.82	32.45	33.83	19.25	20.07	15.78	17.98
Return on Equity (ROE) %	16.30	13.22	14.36	11.42	8.91	6.33	20.37
Dividend (Including DDT) (Rs.)	51.48	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Per Share	0.55*	0.00	0.00	0.00	0.00	0.00	0.00
Dividend (%)	11%	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio	9.31	0.00	0.00	0.00	0.00	0.00	0.00
Gross Block (Excl. CWIP)	2019.41	1765.69	1628.71	1345.06	1291.18	1159.52	1105.73

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







Notice

NOTICE is hereby given that the 36th (Thirty Sixth) Annual General Meeting of the Members of “**G.S. AUTO INTERNATIONAL LIMITED**” ('the Company'), will be held on Thursday, the 30th day of September, 2010 at 10.00 A.M. at its Registered office of the Company at G.S. Estate, G.T. Road, Ludhiana-141010 , to transact the following business:-



Notice

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended on 31st March, 2010, the Balance Sheet as at that date together with the reports of the Auditors and Board of Directors thereon.
2. To Confirm and approve the Interim Dividend declared @11% (i.e Rs.0.55 per Equity Share) on the face value of Rs.5/- (five) per Share, for the financial Year 2009-2010.
3. To appoint a Director in place of Mr. Jasbir Singh Ryait, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sewa Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Nanda & Bhatia, Chartered Accountants, Ludhiana 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 the Audit Committee of the Board to fix their remuneration.
6. To appoint M/s. Harmandar Nanda & Associates, Company Secretary, as Secretarial Auditors of the Company, for the financial year 2010-2011.

SPECIAL BUSINESS

7. **To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolutions;**
 - a) **"RESOLVED THAT** Mr. Satish Monga, Chartered Accountant, aged 56 years, who was appointed as Independent Director on 09.08.2010 by the Board of Directors under section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received consent u/s 264(2)/266(1)(a) of the Companies Act, 1956, be and is, hereby appointed as Independent & Non Executive Director of the Company, liable to retire by rotation, under Articles of Association of the Company."
 - b) **"RESOLVED THAT** Mr. Sanjeev Sethi, Commerce Graduate, aged 45 years, who was appointed as Independent Director on 09.08.2010 by the Board of Directors under section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received consent u/s 264(2)/266(1)(a) of the Companies Act, 1956, be and is, hereby appointed as Independent & Non Executive Director of the Company, liable to retire by rotation, under Articles of Association of the Company."



Notice

PART "A"

a) HOUSING;

- i) The expenditure by the Company on hiring unfurnished accommodation will be subject to ceiling of 100% of the salary, payable to Mr. Jasbir Singh Ryait.
- ii) If the Company does not provide accommodation as aforesaid, House Rent Allowance shall be paid by the Company at minimum of 40% and may be increased up to 60% of the salary payable, to Mr. Jasbir Singh Ryait.
- iii) Gas, Electricity, water and furniture shall be provided by the Company in respect of Mr. Jasbir Singh Ryait's residence and these will be valued as per the Income Tax Rule 1962, as amended from time to time.

b) MEDICAL;

Reimbursement of actual medical and hospital expenses, for self and family, including premium for medical insurance.

c) ACCIDENTAL INSURANCE;

Payment of premium, on personal accident insurance.

d) LEAVE TRAVEL ASSISTANCE;

Leave Travel Concession, once in a year, for self and his family, as per the rules of the Company.

e) CLUB FEES;

Payment of Fees, subscription or any other incidental charges to Clubs.

PART - "B"

- a) Company's contribution towards Provident fund and pension/ superannuation fund, as per rules of the Company.
- b) Gratuity payable at a rate not exceeding half month's salary, for each year of completed service.

PART - "C"

4. COMPANY CAR AND TELEPHONE;

The Company shall provide a car with chauffeur and telecommunication facility at the residence of Mr. Jasbir Singh Ryait.

5. MAXIMUM REMUNERATION;

The Board of Directors is at its liberty to alter and vary or may revise the terms and conditions of the said agreement and the remuneration payable to the Chairman & Whole Time Director, during the Financial Year during currency of their present tenure of office, in such manner as agreed to between the Board of Directors and the Chairman and Whole Time Director, subject to condition that remuneration by way of salary, prerequisites, commission, other allowances shall not exceed such percentage of net profits of the Company as prescribed under Schedule XIII to the Companies Act, 1956.

6. MINIMUM REMUNERATION;

In the event of loss or inadequacy of profits in any year, Mr. Jasbir Singh Ryait, shall be entitled to the aforementioned

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

"RESOLVED THAT, keeping in view the increased operations of the Company along with the Company's future growth strategy and further in line with the current market practices, the Board of Directors of the Company pursuant to the Resolutions adopted, has resolved, that in partial modification of resolution no. 10 passed at the Annual General Meeting of the Company held on 30.09.2008 and subject to the approval of the Shareholders, pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956 (" the Act") (including any statutory modification or re-enactment thereof for the time being in force),if any, read with Schedule XIII of the Act and such other approvals, permissions, and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permission and sanctions as may be necessary, the consent of the shareholders, be and is, hereby accorded for the revision in the salary grade of Mr. Jasbir Singh Ryait, Chairman and Whole time Director of the Company from the existing grade of Rs.170000-30000-260000 per month to Rs. 1,70,000- Rs.5,00,000 per month, w.e.f 01st October,2010, for the remainder of the current five year term of his office ending on 31st August,2013, with increments to be decided by the Board of Directors."

"Now it is further resolved that, subject to the provisions of Sections 198,269,309,310 & 311 and all other applicable provisions of the Companies Act, 1956, ("the Act") (including any Statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and other applicable provisions, if any, of The Companies Act, 1956, the remuneration and the perquisites of Mr. Jasbir Singh Ryait, as per the agreement between the Company and Mr. Jasbir Singh Ryait, placed before the Meeting and initialed by the Chairman for the purpose of identification, be and are hereby approved and Directors of the Company be and are hereby authorized to do all the necessary formalities to this effect, The material terms and conditions of the remuneration are as follows:-

1. SALARY

Rs. 1,70,000 - Rs.5,00,000 per month, with increments to be decided by the Board of Directors, w.e.f 01st October,2010.

2. COMMISSION

Such percentage of net profits of the Company or such other quantum of the net profits of the Company, as may be approved and decided by the Board of Directors, at its absolute discretion, for each financial year.

3. PERQUISITES

Perquisites will be allowed in addition to salary & Commission :-

remuneration and perquisites as minimum remuneration subject to the limit prescribed in Schedule XIII of Companies Act, 1956, as may be amended from time to time.

7. LEAVE;

Earned/Privilege leave on full pay and allowance as per the rules of the Company, but not exceeding one month's leave for every eleven months service. Leave accumulated shall be encashed at the end of the tenure.

Explanation: FAMILY means, the spouse and the dependant children.

8. COMPENSATION;

In the event of loss of office as Chairman, Chairman shall be paid compensation in the manner and extent provided under section 318, 319 and 320 of the Companies Act, 1956.

9. OTHER BENEFITS;

i) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.

ii) Such other benefits, amenities, facilities as may be provided by the Company to other senior executives from time to time.

iii) Such other benefits, amenities, facilities, including those under the Special Post Retirement Benefits Scheme as per rules of the Company.

The Board Considers the aforesaid revision in the remuneration and other terms & conditions of the above said revision, commensurate with the increase in the duties and responsibilities of the Chairman and Whole Time Director, Accordingly the Board recommends the resolution for your approval.”

“**RESOLVED FURTHER THAT**, Mr. Surinder Singh Ryait, Managing Director of the Company, be and is hereby authorized to execute an agreement on behalf of the Company, with Mr.Jasbir Singh Ryait”.

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

“**RESOLVED THAT**, keeping in view the increased operations of the Company along with the Company's future growth strategy and further in line with the current market practices, the Board of Directors of the Company pursuant to the Resolutions adopted, has resolved, that in partial modification of resolution no. 11 passed at the Annual General Meeting of the Company held on 30.09.2008 and subject to the approval of the Shareholders, pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956 (“ the Act”) (including any statutory modification or re-enactment thereof for the time being in force),if any, read with Schedule XIII of the Act and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permission and sanctions as may be necessary, the consent of the shareholders, be



Notice

and is, hereby accorded for the revision in the salary grade of Mr. Surinder Singh Ryait, Managing Director, of the Company from the existing grade of Rs.170000-30000-260000 per month to Rs. 1,70,000 - Rs.5,00,000 per month, w.e.f 01st October,2010, for the remainder of the current five year term of his office ending on 31stAugust,2013, with increments to be decided by the Board of Directors.”

“Now it is further resolved that, subject to the provisions of Sections 198,269,309,310 & 311 and all other applicable provisions of the Companies Act, 1956, (“the Act”)(including any Statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and other applicable provisions, if any, of The Companies Act, 1956, the remuneration and the perquisites of Mr. Surinder Singh Ryait, Managing Director, of the Company, as per the agreement between the Company and Mr. Surinder Singh Ryait, placed before the Meeting and initialed by the Chairman for the purpose of identification, be and are hereby approved and Directors of the Company be and are hereby authorized to do all the necessary formalities to this effect, The material terms and conditions of the remuneration are as follows:-

1. SALARY;

Rs. 1,70,000 - Rs.5,00,000 per month, with increments to be decided by the Board of Directors , w.e.f01st October,2010.

2. COMMISSION;

Such percentage of net profits of the Company or such other quantum of the net

profits of the Company, as may be approved and decided by the Board of Directors, at it absolute discretion, for each financial year.

3. PERQUISITES;

Perquisites will be allowed in addition to salary & Commission;

PART “A”

a) HOUSING;

i) The expenditure by the Company on hiring unfurnished accommodation will be subject to ceiling of 100% of the salary, payable to Mr. Surinder Singh Ryait.

ii) If the Company does not provide accommodation as aforesaid, House Rent Allowance shall be paid by the Company at minimum of 40% and may be increased up to 60% of the salary payable, to Mr. Surinder Singh Ryait.

iii) Gas, Electricity, water and furniture shall be provided by the Company in respect of Mr. Surinder Singh Ryait's residence and these will be valued as per the Income Tax Rule 1962, as amended from time to time.

b) MEDICAL;

Reimbursement of actual medical and hospital expenses for self and family including premium for medical insurance.

c) ACCIDENTAL INSURANCE;

Payment of premium on personal accident insurance.

d) LEAVE TRAVEL ASSISTANCE;

Leave Travel Concession, once in a year, for self and his family, as per the rules of the Company.

e) CLUB FEES;

Payment of Fees, subscription or any other incidental charges to Clubs.

PART – “B”

a) Company's contribution towards Provident fund and pension/ superannuation fund, as per rules of the Company.

b) Gratuity payable at a rate not exceeding half month's salary, for each year of completed service.

PART - “C”

4. COMPANY CAR AND TELEPHONE;

The Company shall provide a car with chauffeur and telecommunication facility at the residence of Mr. Surinder Singh Ryait.

5. MAXIMUM REMUNERATION;

The Board of Directors is at its liberty to alter and vary or may revise the terms and conditions of the said agreement and the remuneration payable to the Managing Director, during the Financial Year during currency of their present tenure of office, in such manner as agreed to between the Board of Directors and the Managing Director, subject to condition that remuneration by way of salary, prerequisites, commission, other allowances shall not exceed such percentage of net profits of the Company as prescribed under Schedule XIII to the Companies Act, 1956.

6. MINIMUM REMUNERATION;

In the event of loss or inadequacy of profits in any year, Mr. Surinder Singh Ryait, shall be entitled to the aforementioned remuneration and perquisites as minimum remuneration subject to the limit prescribed in Schedule XIII of Companies Act, 1956, as may be amended from time to time.

7. LEAVE;

Earned/Privilege leave on full pay and allowance as per the rules of the Company, but not exceeding one month's leave for every eleven months service. Leave accumulated shall be encashed at the end of the tenure.

Explanation: FAMILY means, the spouse and the dependant children.

8. COMPENSATION;

In the event of loss of office as Managing Director, the Managing Director, shall be paid compensation in the manner and extent provided under section 318, 319 and 320 of the Companies Act, 1956.



Notice

9. OTHER BENEFITS;

i) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.

ii) Such other benefits, amenities, facilities as may be provided by the Company to other senior executives from time to time.

iii) Such other benefits, amenities, facilities, including those under the Special Post Retirement Benefits Scheme as per rules of the Company.

The Board Considers the aforesaid revision in the remuneration and other terms & conditions of the above said revision, commensurate with the increase in the duties and responsibilities of the Managing Director, Accordingly the Board recommends the resolution for your approval."

"RESOLVED FURTHER THAT, Mr. Jasbir Singh Ryait, Chairman and Whole Time Director, of the Company, be and is hereby authorized to execute an agreement on behalf of the Company, with Mr. Surinder Singh Ryait".

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

"RESOLVED THAT in suppression of the resolution passed at the Annual General Meeting of the members of the Company, held on 30th September 2008, the Board of

Directors of the Company (which term shall include any duly constituted Committee of the Directors thereof) be and is hereby authorized, in accordance with Section 293(1) (d) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Article of Association of the Company, to borrow any sum or sums of money (including fund & non fund based facilities) from time to time at their discretion, for the purpose of the business of the Company, from any one or more banks, financial institutions and other persons, Directors of the Company, firms, bodies corporate, which together with the monies already borrowed by the Company, (a part from temporary loans obtained from the Company's Banker in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a total sum not exceeding Rs.200 (Two Hundred) Crores and the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in their absolute discretion, think fit".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any

question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

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

Ludhiana : 04th September, 2010

**(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 later than 48 (Forty-Eight) hours before the scheduled time of commencement of the Meeting. The same should be duly signed and stamped in order to be effective.
2. The information pursuant to Corporate Governance Clause of the Listing Agreement regarding the Directors seeking appointment/ reappointment in Annual General Meeting as proposed in item No. 3, 4 & 7 of the notice is also being annexed hereto separately and forms part of the notice .
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will be closed from Saturday the 25th September, 2010 to Thursday, the 30th September, 2010. (Both Days Inclusive).
5. 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.
6. Members may please bring the Admission Slip with them duly filled in and hand over the same at the venue of the Meeting. Entry to the Auditorium will be strictly against Entry slip available at the counters at the venue in exchange of Admission slip. No brief case/bags/eatables are allowed to be taken inside the Auditorium as per Auditorium rules.
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 can avail of the facility of nomination in respect of shares held by them in physical form pursuant to provisions of sections 109A of the Companies Act, 1956. Members desiring to avail this facility may send their nomination in form 2B duly filled



Notice

into M/s. Skyline Financial Services Private Limited. Members holding shares in electronic mode may contact their respective Depository Participants for availing the facility.

9. 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.**
10. 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.
11. Members holding Equity shares in physical forms are requested to notify promptly the change in their address, if any, to the Company's Registered Office or to its Registrar & Transfer Agent “ **M/s Skyline Financial Services Private Limited, D-153 A, Okhla Industrial Area, Phase-1, New Delhi-110020**”, quoting their folio number, under the signature of the Sole/First Holder, and also the following information, to be printed on the Dividend Fronts/Warrant: -
 - (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.

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

ITEM NO. 7. (a) & (b)

The Board of Directors has appointed Mr. Satish Monga and Mr. Sanjeev Sethi, as independent Directors on the Board of the Company in its Meeting held on 09.08.2010 pursuant to Articles of Association of the Company and section 260. The Company has received their consent u/s 264(2)/266(1) (a) of the Companies Act, 1956, to act as Directors of the Company. Declaration has also been made by the Directors that they have not disqualified to act as a Director under section 267 and/or 274 of the Companies Act, 1956.

The Board of Directors accordingly recommends the resolution set out at item no 7 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company except Mr. Satish Monga & Mr. Sanjeev Sethi, is in anyway, concerned with or interested in

the proposed resolution. The resolution is accordingly recommended for member's approval

ITEM NO 8.

The Shareholders of the Company at its Meeting held on 30.09.2008 reappointed Mr. Jasbir Singh Ryait, as Chairman and whole time Director, of the Company, on terms and conditions as agreed between the Company and Mr. Jasbir Singh Ryait referred to in the Resolution of the notice dated 30.09.2008.

Keeping in view the increased operations as well as future growth strategies of the Company and the Contribution made by Mr. Jasbir Singh Ryait, the Board of Directors in their Meeting held on 04th September, 2010 have revised the remuneration and the terms & conditions of the remuneration payable to Mr. Jasbir Singh Ryait.

The approval of Central Government is not required to be obtained for the revision in the salary and perquisites of Mr. Jasbir Singh Ryait as Chairman and Whole Time Director, the revised remuneration and perquisites are in accordance with the Schedules XIII of the Companies Act, 1956. As required by the provision of section 269 read with Schedule XIII of the Companies Act, 1956, the approval of the shareholders in General Meeting is required to be obtained for the revision in the salary & the term & Conditions of Mr. Jasbir Singh Ryait, as Chairman and Whole Time Director, of the Company on the revised remuneration and perquisites set out in the notice.

Except Mr. Jasbir Singh Rayit, Mr Surinder Singh Ryait, Mrs. Dalvinder Kaur Ryait and Mrs Amarjit Kaur Ryait, to the extent that they are relatives of Mr Jasbir Singh Ryait, none of the Directors of the Company is concerned with or interested in the resolution.

ITEM NO 9.

The Shareholders of the Company at its Meeting held on 30.09.2008 appointed Mr. Surinder Singh Ryait as Managing Director of the Company on terms and conditions as agreed between the Company and Mr. Surinder Singh Ryait referred to in the Resolution of the notice dated 30.09.2008.

Keeping in view the increased operations as well as future growth strategies of the Company and the Contribution made by Mr. Surinder Singh Ryait, the Board of Directors in their Meeting held on 04th September, 2010 have revised the remuneration & the terms and conditions of the remuneration payable to Mr. Surinder Singh Ryait.

The approval of Central Government is not required to be obtained for the revision in the salary and perquisites of Mr. Surinder Singh Ryait as Managing Director, the revised remuneration and perquisites are in accordance with the Schedules XIII of the Companies Act, 1956. As required by the provision of section 269 read with Schedule XIII of the Companies Act, 1956, the approval of the shareholders in General Meeting is required to be obtained for the revision in the salary & the terms & Conditions of remuneration of Mr. Surinder Singh Ryait as Managing Director, of the Company on the revised remuneration and perquisites set out in the notice.



Notice

Except Mr. Surinder Singh Ryait, Mr Jasbir Singh Ryait, Mrs Amarjit Kaur Ryait and Mrs. Dalvinder Kaur Ryait to the extent that they are relatives of Mr Surinder Singh Ryait, none of the Directors of the Company is concerned with or interested in the resolution.

ITEM NO. 10.

As per the provisions of Section 293(1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, borrow monies, apart from temporary loans obtained from the Company's banker in the ordinary course of business, in excess of the aggregate of the paid-up capital of the Company and its free reserves.

The increasing business operations/ requirements and future growth plans of the Company would necessitate restructuring of the borrowing limits by authorizing the Board of Directors to borrow monies which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves by a sum not exceeding Rs.200 (Two Hundred) Crores. Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits.

The Board of Directors accordingly recommends the resolution set out at item no 10 of the accompanying Notice for the approval of the Members

None of the directors of the Company is, in anyway, concerned with or interested in the proposed resolution. The resolution is accordingly recommended for member's approval

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

Ludhiana: 04th September, 2010

**(Surinder Singh Ryait)
Managing Director**



Notice

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

(Pursuant to clause 49(IV) (G) of the Listing agreement)

I)

Name of Director	Jasbir Singh Ryait
Date of Birth	15-06-1962
Date of Appointment	20-07-1987
Expertise in specific Functional area	Production Planning & Management
Qualification	BE (Industrial Engineering)
Directorship of other Companies as on 31st March, 2010	Four (Private Limited Companies)
Chairman/Member of other Committees of Companies as on 31st March, 2010	Membership- One

II)

Name of Director	Sewa Singh
Date of Birth	15-04-1935
Date of Appointment	18-06-2005
Expertise in specific Functional area	Administration
Qualification	Matric
Directorship of other Companies as on 31st March, 2010	Nil
Chairman/Member of other Committees of Companies as on 31st March, 2010	Membership-One

III)

Name of Director	Satish Monga
Date of Birth	10-11-1954
Date of Appointment	09-08-2010
Expertise in specific Functional area	Finance and Auditing
Qualification	Chartered Accountant
Directorship of other Companies	Four (Private Limited Companies)
Chairman/Member of other Committees of Companies as on Date of appointment	Membership-Two Chairman -Two

IV)

Name of Director	Sanjeev Sethi
Date of Birth	26-02-1965
Date of Appointment	09-08-2010
Expertise in specific Functional area	Accounts and Taxation
Qualification	B.Com
Directorship of other Companies	One (Private Limited Company)
Chairman/Member of other Committees of Companies as on Date of appointment	Membership- Three Chairman - One

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

Ludhiana: 04th September, 2010

(Surinder Singh Ryait)
Managing Director



Director's Report

Directors' Report for the Year Ended 31st March, 2010

Dear Members,

Your Directors have pleasure in presenting the 36th (Thirty-Sixth) Annual Report on the business and operations of the Company and the accounts for the Financial Year Ended 31st March, 2010.



Director's Report

1. FINANCIAL RESULTS;

	(Rs. in Lacs)	
	2009-10	2008-09
Sales and Other Income	10304.17	9299.38
Profit before Depreciation, Interest & Tax (PBDIT)	850.06	546.93
Interest & Financial expenses	114.92	157.31
Profit before Depreciation & Tax (PBDT)	735.14	389.62
Depreciation & Amortization	88.16	77.57
Profit before Tax (PBT)	646.98	312.05
Less : Provision for Tax		
Current	208.00	95.00
Fringe Benefit Tax	-	7.85
Deferred Tax	34.30	7.30
	-----	-----
Profit after Tax (PAT)	404.68	201.90
Balance of Profit from Previous Year	1150.88	947.01
	-----	-----
Income Tax Adjustments for earlier years	-	(1.97)
	-----	-----
Profit Available for Appropriation	1555.56	1150.88
	-----	-----
APPROPRIATIONS		
Proposed Dividend on Equity Shares	44.00	---
Tax on above dividend	07.47	---
Transfer to General Reserve	40.50	---
	-----	-----
Surplus retained in Profit & Loss Account	1463.59	1150.88
Earning per Share (Rs.)		
-Basic	5.91	5.95
-Diluted	5.38	2.52
Dividend per Share (Rs.)	0.55	---

2. DIVIDEND;

The Board of Directors had declared an Interim dividend of **Rs. 0.55 per share** (i.e.11%) (Previous Year NIL) on the face value of Equity Share of Rs. 5/- each, for the financial year 2009-2010. The Equity dividend outgo for the financial year 2009-10, inclusive of dividend distribution tax amounted to Rs. 7.47 Lacs, had absorbed a sum of **Rs. 51.47 Lacs** (Previous Year NIL). The same was distributed to the Shareholders, whose names appeared on the Register of Members as on 23rd April, 2010. The Board has decided not to recommend any further dividend for the financial year 2009-10.

3. TRANSFER TO GENERAL RESERVE;

Your Company has transferred **Rs.40.50 Lacs** (Previous year Rs.Nil) to General Reserve during the financial year 2009-2010.

4. EXPORTS;

Exports for the year ended 31st March, 2010 have been decreased to **Rs.763.45 lacs**, as compared to previous year exports of Rs.1101.29 lacs, showing a decline of 30.68%, only due to worse economic conditions in Euro Zone.

5. PERFORMANCE;

Your Company, for the financial year ended 31st March, 2010, performed satisfactory during the year, despite challenging economic conditions, by changing its inter segment marketing strategy, however there was pressure on the margin front, due to increase in the commodity prices in the second half of FY10. The total turnover of the Company for the year under review is **Rs. 10253.10 Lacs**, as compared to the previous year turnover of (Rs. 9234.25 Lacs) registering a satisfactory growth of 11.03%, which was mainly due to better than expected turnaround in the Indian Automobile Industry as well as stabilizing global market conditions. The Company earned profit before depreciation, interest & tax (**PBDIT**) for the Year 2009-2010 **Rs.850.06 Lacs** as compared to the previous year's Net Profit before depreciation, interest & tax of (Rs. 546.93 Lacs), registering a growth of 55.42 %, which is quite satisfactory as compared to the previous year, the higher margins in the year was due to better capacity utilization, softening of interest rates and softening of commodity prices during the first half of FY10. After providing for depreciation of **Rs. 88.16 Lacs**, previous year (Rs. 77.57 Lacs), interest of **Rs. 114.92 Lacs**, previous year (Rs. 157.31 Lacs), Provision for Current Tax / Deferred Tax of **Rs. 242.30 Lacs**, previous year (Rs.110.15 Lacs) and Income Tax Adjustments for earlier years **Rs. NIL** of previous year of (Rs.1.97 Lacs), the net profit after tax (**PAT**) worked out to **Rs. 404.68 Lacs** as compared to previous year of (Rs. 201.90 Lacs) showing an increase of **100.44 %** which is quite satisfactory;

Foreign Exchange Earnings;

The Company during the year is a net Foreign Exchange Earner. During the current year, the Company's net foreign exchanges earning were Rs.621.23 Lacs (Rs.865.58

Lacs) after taking payments of Rs. 86.48 Lacs (Rs.70.50 Lacs), on account of foreign exchange outgo, on account of import of material & others.

Quality;

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

6. ISSUE OF EQUITY SHARES;

You will be glad to note that during the year under review on dated July 01, 2009, your Company has successfully raised funds Aggregating to Rs.460 (Four Hundred Sixty) Lacs by issue of 46, 00, 000 (Forty Six Lacs) Equity Shares of the face value of Rs.5/- each at a premium of Rs.5/-per Equity Share, upon the successful conversion of 23, 00,000 (Twenty Three Lacs) warrant, earlier issued on dated January 07, 2008, of the face value of Rs.20/- (Rs.Twenty) per warrant, (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 share) ,consequent on the receipt of the full amount from all the warrant holders. Consequent upon the allotment of aforesaid Equity Shares, the paid up Equity Share Capital of the Company, has increased to Rs.4,00,00,000/- (Rs.Four Hundred Lacs) comprising of 80,00,000 (Eighty Lacs) Equity Shares of the face value of Rs.5/- (Rs.five) each. The above said money raised through preferential issue, is being used for setting up a manufacturing facility for the manufacture of Auto Components at Jamshedpur.

The Board of Directors, had further allotted 40,00,000(Forty lacs) warrants @

Rs.27.41 per warrant, to the promoters and others on dated 06th February,2010, pursuant to the approval from the Members of the Company at the Extra Ordinary General Meeting held on 26th December,2009,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.5/- (Rs.five) each, at a premium of Rs.22.41 (Rs.Twenty Two and Paise Forty One) per Equity Share, keeping in mind the expansion of the project at Jamshedpur along with modernization & capacity expansions for various auto components, presently being manufactured, at its manufacturing unit at Ludhiana . As at 31st July, 2010 the Company has received **Rs.488.31 Lacs**, being a part of the total amount, due from the above said warrant holders.

7. RE-CONSTITUTION OF AUDIT COMMITTEE;

Mr. Satish Monga & Mr.Sanjeev Sethi have been appointed as members of Audit Committee of the Company w.e.f 09th August, 2010.

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

- 1.Mr.Jasbir Singh Ryait
- 2.Mr.Satish Monga
- 3.Mr.Sanjeev Sethi

8. RE-CONSTITUTION OF SHAREHOLDER'S/INVESTORS GRIEVANCE COMMITTEE;

Mr. Sanjeev Sethi has been appointed as member of Shareholders & Investors Grievance Committee of the Company w.e.f. 09th August, 2010.

The Re-Constituted Shareholders & Investors Grievance Committee consists of the following members:

1. Mr.Sanjeev Sethi
2. Mr.Surinder Singh Ryait
3. Mr.Sewa Singh

9. CONSTITUTION OF REMUNERATION COMMITTEE;

The Company has Constituted Remuneration Committee w.e.f. 09th August, 2010.

The Newly Constituted Remuneration Committee consists of the following members:

- 1 Mr. Satish Monga
2. Mr. Sanjeev Sethi
3. Mr. Makhan Singh

10. CASH FLOW STATEMENT;

In Conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the Cash Flow Statement for the year ended 31st March, 2010, is annexed hereto.

11. MANUFACTURING UNIT AT JAMSHEDPUR;

The Company had laid the foundation stone for the setting of new manufacturing unit at Jamshedpur, for the manufacturing of Auto Components and has already placed all the orders for the machineries, which has high delivery period. This unit will have a state of the art technology, high pressure moulding line Machine, for the manufacturing of Casting Components and is hopeful to start commercial production of this unit by December, 2010.

12. AUDITOR'S REPORT;

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company, for the financial year ended 31st March, 2010. In their reports, they have made an observation regarding non provision of doubtful debts of Rs.2.81 Lacs by the Company, in Note no.6 of the Notes to Accounts in Schedule "O". As the legal case against one of the debtors of the Company, is at the final stage of the settlement, where the ultimate outcome of the settlement in the case, of the recovery of the dues, can only be ascertained only at the final hearing, further the Company is hopeful of recovering fullest amount from the said debtor, hence provision for the same have not been provided in the books of accounts. Further all the points of Auditor's Report are self explanatory and need no comments.

13. 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.

14. CORPORATE GOVERNANCE;

The Company has been pro-active in following the principles and practices of good Corporate Governance. Your Directors are committed to transparency in all its dealings and places high emphasis on business ethics. 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 stipulated under clause-49 of the Listing agreement, are annexed to this Report;

15. SECRETARIAL AUDIT;

As per SEBI requirement, Secretarial audit is being carried out at specific periodicity by a practicing Company Secretary. The findings of the audit have been satisfactory. The Board of Directors of the Company has appointed M/s Harmandar Nanda & Associates, Company Secretary in whole time practice, as Secretarial Auditor of the Company. The Secretarial Audit Report for the year ended 31st March, 2010, which is self explanatory, is attached as a part of the Annual Report.

16. EMPLOYEE RELATIONS;

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

17. LISTING;

The securities of your Company are listed at The Bombay Stock Exchange Limited (BSE), The Delhi Stock Exchange Limited (DSE), The Ludhiana Stock Exchange Limited (LSE) & The Ahmedabad Stock Exchange Limited (ASE). Further your Company has paid the requisite annual Listing fees to all the above said stock exchanges, where its securities are listed

18. FIXED DEPOSITS;

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

19. PLEDGE OF SHARES;

None of the Equity Shares of the Directors of the Company are pledged, with any banks or any other Financial Institutions.

20. DIRECTORS;

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Jasbir Singh Ryait and Mr.Sewa Singh, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment;

The Company has appointed Mr.Sanjeev Sethi and Mr.Satish Monga, as Additional Directors of the Company, with effect from 09th August, 2010, to hold the office till the ensuing Annual General Meeting.

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

21. 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 accept the responsibility for the integrity and objectivity of the Profit and Loss Account for the financial year ended 31st March, 2010 and the Balance Sheet as at that date ("financial statements") and confirm that:

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

ii) The Directors have, in the selection of the accounting policies, consulted the Statutory Auditors and these 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. Significant accounting policies and other required disclosures have been made in Schedule "O" annexed to the Financial Statements.

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system, its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance with these systems. The Company has an Internal Audit department which coordinates the internal audit process. The Audit Committee of the Board meets at periodic intervals to review the internal audit functions.

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

22. STATUTORY DISCLOSURES;

Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing agreement.

23. SUBSIDIARIES;

Your Company does not have any subsidiary Company.

24. MATERIAL CHANGES AND COMMITMENTS;

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

25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO;

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

26. ENVIRONMENT COMPLIANCE;

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

27. 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;

28. INTERNAL CONTROL SYSTEM;

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

29. DEMATERIALISATION OF SECURITIES;

As the members are aware, your Company has made arrangements, to dematerialize 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 applications received, for dematerialisations have been acted and as on 31st March, 2010, 83.59% of the total number of Equity Shares were in dematerialized form.

30. COST ACCOUNTING RECORDS;

Your Company is required to maintain cost accounting records pursuant to the Cost Accounting Records (Engineering Goods) Rules, GSR 279(E) dated 24th April, 2001. The Company has complied with the above requirement for the year ended 31st March, 2010.

31. STATUTORY 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 approval will be required to elect the Auditors.

As required under the provisions of Section 224 (1B) 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.

32. ACKNOWLEDGMENTS;

Your Directors place on record their sincere appreciation of the continued support and assistance extended during the year by all its Clients, Business Associates, Supplier Partners, Vendors, Bankers and Investors. Your Directors also place on record their sincere appreciation of the services rendered by all the employees, at all levels, for their hard work, dedication, contribution, support, commitment and further maintain a harmonious environment for productive work, that have enabled the Company to steer itself through a tough and a more challenging year for marching ahead and further look forward to their continued support in future as well. 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 & Auto Component Industry in general, during the year.

Your Directors acknowledge with thanks all the members and shareholders for their continuing patronage & confidence reposed in the Company.

For and on behalf of the Board

Surinder Singh Ryait

Managing Director

Ludhiana: 14th August, 2010



ANNEXURE "A" TO THE DIRECTORS REPORT

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

I) CONSERVATION OF ENERGY

- a) Energy conservation measures taken: - Conservation of energy is a continuous process and further various austerity measures were undertaken to curb consumption of Furnace oil consequent of change over to electrical system during the year.
- b) Total Energy consumption and energy consumption per unit of production as per Form "A" of the Annexure to the rules in respect of industries specified in the schedule there to

FORM-A		
A. POWER & FUEL CONSUMPTION:		
1 Electricity	Current year	Previous year
a) Purchased unit	4,219,267	5,340,398
Total amount (Rs)	22,151,445	24,410,954
Rate/unit	5.25	4.57
b) Own Generation		
i) Through Diesel Generator (Rs.)	12,707,349.40	10,768,269.70
Unit per ltr	2.47	3.41
Cost/unit	12.90	8.97
ii) Through steam Turbine/Generator		
Unit	-----	-----
Unit per ltr	-----	-----
Cost/unit	-----	-----
2 Coal		
Quantity (Tonnes)	2.221	39.810
Total Cost (Rs)	18,900	326,067.50
Average rate (Rs)	8510.00	8190.60
3 HPS/LDO		
Quantity (Tonnes)	521.150	541.230
Total Cost (Rs)	12,729,749.63	13,822,246.95
Average rate (Rs)	24.45	25.54
4 Gas (LPG)		
Quantity (Kg)	38057	28139
Total Cost (Rs)	1,823,059.17	1,495,778.90
Average rate (Rs)	47.90	53.15



B CONSUMPTION PER UNIT OF PRODUCTION*

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

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

II) TECHNOLOGY ABSORPTION;

RESEARCH AND DEVELOPMENT

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS;

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

III) FOREIGN EXCHANGE EARNINGS AND OUTGO;

a) Activities relating to Exports : During the year ended 31st March, 2010 the Export was at **Rs.763.45 Lacs.**
(Previous year Rs.1101.29 Lacs).

b) Initiatives taken to increase Export, Development of new exports markets for products and services, and Exports plans. : Vigorous efforts are taken by marketing department to new multinational customers and other exports markets in addition to its existing customers and existing export markets.

c) Total Foreign Exchange Used and Earned (On Cash Basis)

	Current Year	Previous Year
Used	8648012.00	7050146.00
Earned	70771468.46	93607933.72

For and on behalf of the Board

Surinder Singh Ryait
Managing Director

Ludhiana : 14th August, 2010





Management Discussion & Analysis

OVERVIEW

Economies, worldwide are recovering from the severe downturn of 2008 that continued into 2009. Many Countries are showing signs of small but positive growth due to domestic consumption and marginal improvements in International Trade. The recovery is uneven and the business environment for sustained growth is fragile. Much of the economic rebound is due to the strong fiscal stimulus provided by the government of both the developed and developing countries. In developed economies, increasing unemployment, rising inflation and tightening credit conditions have resulted in subdued consumer and investment demand. Government plans to withdraw the financial stimulus to control the ballooning fiscal deficit are met with concerns about economic recovery losing momentum. In the next couple of years at least the developed economies are not expected to provide a strong impetus to global growth.

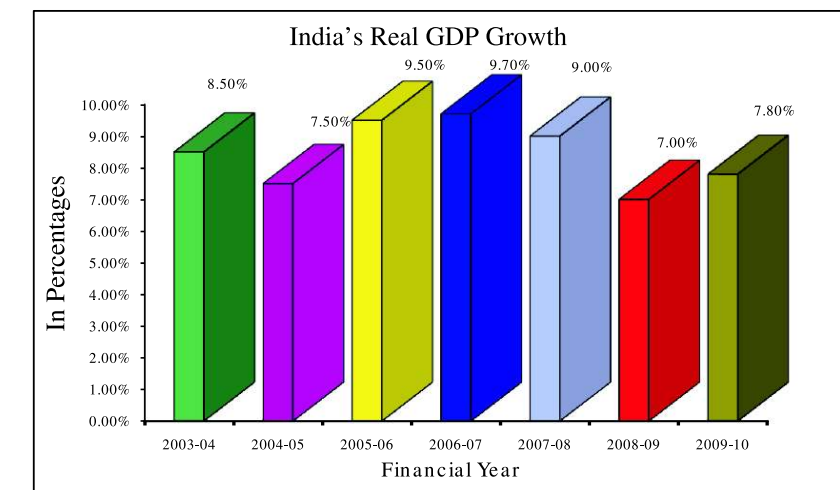
Towards the end of 2009 and Q1, 2010 there were some positive signs. Global financial markets witnessed a degree of stabilisation. With two successive quarters of positive growth from Q4, 2009; the US seen seems to have come out of the recession. Not so the Euro Zone and the UK, which continue to witness very low or negative growth. Moreover, the Greek debt Crisis has created severe uncertainties in Western Europe and has put the Euro under significant strain.



Management Discussion & Analysis

The contrast between the developed economies and the emerging Asian giants such as China and India could not be greater. China's economy grew steadily from Q2, 2009 to record a GDP growth of 8.70% for 2009. It did even better in Q1, 2010 by recording 11.90% GDP growth. India too recovered from slight slump and has grown by 7.80% for 2009-10. It would seem that these two economies are on their higher growth trajectories.

Indian economic growth recovered strongly and relatively faster from the effects of the global financial crisis. The Government of India responded quickly to the crises with a large stimulus package including reduction in Indirect Taxes and other fiscal monetary measures to boost the demand. A relatively stable Government at the center helped to create favorable conditions for industry in general and the automobile sectors in particular. As a result industrial growth made rapid strides, registering a double digit increase in second half of the financial year 2009-2010 as compared to nearly zero growth in the comparable period of financial year 2008-2009. India's GDP growth which was expected around 7% for the year 2009-2010 whereas it settled at 7.80% for 2009-2010. The Indian GDP growth rate for 2010-2011 is now being projected around 8.00% to 8.50%.



Displaying remarkable resilience in 2009-2010, India continued to be the second fastest growing economy in the world. With the support of capital goods and consumer durable sectors, the Index of Industrial Production (IIP) growth for FY10 is far higher, at 10.40% as compared to 2.80% in 2008-2009. Despite the negative impact of agriculture sector, the continued momentum in services and manufacturing sectors coupled with strong fundamental and broad based recovery, have ensured a higher GDP growth rate. However, the last six months, of the last fiscal year, saw industrial output grow at 14%, not the least because of the very positive stimulus packages given by the Government of India. Within this economic scenario, the automotive industry grew by 25% in the last fiscal year 2009-2010.

The union Budget 2010-2011 indicates positive outlook for Indian economy in the near term with much more focus on the both urban & rural infrastructure, which along with the broad based consumption in our domestic economy, will remain be the main growth driver of the domestic economy.

There is however fillip side to the growth story. Commodity prices have been increasing steadily since November 2009 with consequent impact on input prices, especially for organizations such as yours, which are heavily dependence on commodity prices. Further causes to rise in the inflation, since November 2009. Containing inflation is likely to remain key challenge for the government and the policy makers in the near term.

COMMODITY PRICES CHANGES: APRIL 2009 VS APRIL 2010

COMMODITY	APRIL 2009	APRIL 2010	% CHANGES
Copper (\$/tonne)	4515	7430	64.56
Zinc (\$/tonne)	1408	2285	62.29
Crude (\$/barrel)	49.10	85.99	75.13
Carbon Steel (Rs./tonne)	38000	40500	06.58
M.S.Steel -EN18 (Rs./tonne)	30500	33000	08.20
Alloy Steel (Rs./tonne)	47500	55650	17.16
CHQ Steel Coils (Rs./tonne)	33000	38000	15.15

INDUSTRY STRUCTURE & DEVELOPMENTS:

“GS” is presently manufacturing Auto Components for all the four wheelers, be it commercial vehicles, Passenger vehicles and utility vehicles, but at present mainly focused and concentrating on the auto components for commercial vehicles only, as other parts of the business are not so significant, we are discussing here only Commercial Vehicle Business, in this segment.

Further we are manufacturing auto components in basically three categories, namely:-

1. Casting Auto Components
2. Machined Auto Components
3. Forged Auto Components

The global Automotive Industry was one of the worst affected by the financial crisis. Global Automobile production declined by 13.50% in the year 2009 after a 03.70% decline in the year 2008 (Source: OICA). Recognizing the importance of the automobile Industry to their economies and employment, many government in developed and emerging markets responded with measures to boost demand for automobiles, especially through providing incentives for scrapping old vehicles (also known as “Cash for clunker” scheme) and further by reducing taxes. Helped by the Indian Government’s stimulus package (primarily comprising a 6% reduction in excise duty) and multiple new

products launches by manufactures, the Indian Automobiles industry registered a healthy growth of 27.90% in financial year 2010 as compared to a decline of 4.80% in financial year 2009.

The Indian Automobile market has seen a major revival since the slowdown of FY 2009, passenger cars and commercial vehicles together registered a growth of 29% in production and volumes are close to twenty nine lacs. More encouraging was the growth in commercial vehicle production which is the “GSAIL” main market segment. With LCVs registered a growth of 41% and M & HCvs growing by 30%, overall commercial vehicle production increased by 36%. There is every indication that the commercial vehicle segment has emerged from its cyclical low and moving towards an upsurge. Further Government of India thrust on infrastructure spending activity is also expected to fuel further demand in the commercial vehicle segment.

Vehicle Production in India

Market Segment	April-March 10	April-March 09	YOY%
LCV	316437	224589	40.90
M & HCvs	250171	192537	29.93
Total Commercial Vehicles	566608	417126	35.84
Passenger Vehicles	2351240	1838697	27.88
Total	2917848	2255823	29.35

Sources: SIAM

The optimism about the future growth of the automobile industry in India is further based

upon the followings drivers namely; Availability of a large pool of technically qualified manpower, quite young generation of Indian population, future projections as indicated by SIAM (Society of Indian Automobiles Manufacturers) also shows a healthy growth of India automobile sector.

Access to easy finance and the demand vacuum created during the turbulent times of FY09 led to sudden spurt in demand in the automobile market during FY10, resulting in one of the best ever year in terms of growth registered by the sector. The negative sentiments which prevailed for most of the FY 09 were shaken off by the retail consumer in FY 10.

Encouraged by the market revival, all the OEM’s have either drawn up or are in the process of drawing up ambitious plans for the years to come and clearly the dust raised by the unfavorable economic conditions in FY09 is settling down. For its parts, the Government of India is focusing on infrastructure which will help to raise the vehicle density in India from its current level of 11.6 per thousand to some where close to the US/European average of five hundred per thousand. It will be a while before the additional capacities kick in, therefore the growth in the immediate future will be planned and relatively structures.

The Indian Auto component industry is one of the sunrise industries with tremendous growth prospects. The Industry has emerges as significant players in the global automotive supply chain. The Growth of automotive components industry is direct linked with the growth of Automobile Industry, which in turn is dependent on the performance of the economy. The measures announced by the

Government in the recent budget are expected to further enhance the growth momentum of the economy.

The Auto Component industry appears to have put the worst behind and is raring to take the escalator, as the overall economy shows signs of recovery. Positive sales trends in the year 2009-2010 & in the first quarter of 2010-2011 demonstrated that the Indian Auto component Industry are equipped to address the challenges of a downturn and highlights the strong fundamentals underlying in the industry.

CASTING

In the developed world, production of castings has become expensive due to rising labour costs and difficult due to shortage of skilled labour and increasingly stricter environmental norms. The number of foundries in the USA has declined by about one third over the last twenty years. Many foundries have shut down in Europe due to non availability of skilled manpower and difficulties in compliance with environment norms. Both USA & EU have a cost disadvantages against developing countries. As a result many foreign automotive manufactures and their tier 1 suppliers have started tapping the developing countries. According to the American Foundry society, US imports are forecast to rise 5% per year for the next seven years to reach three million tones. A similar situation exists in EU as well. China continues to be the leader in foundries, even ahead of developed countries like US, Russia, Japan and Germany, while India was ranked 4th in the production of castings. According to 43rd census of world casting production, total casting production was 93.50 million metric tones of which India's contribution was only 6.80 million metric tones.

There are over five thousand foundries in India of which nearly 90% are small and medium enterprises. There are only ten foundries in the Country with a scale of production comparable to the leading world players. Presently the estimated built up capacity in India is about 7.50 metric tonnes annually but the current production level is around 6.80 metric tonnes. (Source: India Institute of Foundrymen). With the projected growth after the meltdown in domestic market, the foundry industry is poised for continued demand growth. The new facility to be created at Jamshedpur and for another plant proposed at Indore, will be making full use of demand growth.

COMPANY'S PERFORMANCE HIGHLIGHTS

During the year under review, G.S.Auto International Limited (**GSAIL**) turnover has grown by over 11.03 % as compared to the previous year growth of over 13.54 %, which seems to be satisfactory. Despite so many challenges in the year, in the shape of the rise in the commodity prices as compared to the previous year, along with the inflationary pressures, the Company performs satisfactory during the year. As first half of the year 2009-2010, was not in a better shape particularly for the manufacturers of commercial vehicle segment space (OEM's), due to overall down turn of the Indian Economy as well

as the world economy, the same was reflected in the Company's financial result for the 1st half of FY10, which was remain challenging in spite of remarkable growth in the after sales market during that period. As the Commercial vehicle segment has the lag effect in the economy, as compared to the other segments of automobile industry. The Company performs better in the Second half along with the turnaround in the economy, particularly for the Commercial vehicle segment, which culminates the 11.03% growth in the over all turnover of the Company, keeping in mind the overall performance of the economy during the financial year 2009-2010, we achieved a satisfactory performance during the year.

The Company has during the year rollback the prices of finished goods increase, already given by one of the OEM's of the Company, during the first half of Financial Year 2009-2010, considering the softening of the prices of the commodity during that period but at the same time further increases in the Commodity prices was passed on to all the OEM's to some extent during the second half of the year. During the year under review, with the better capacity utilization along with better product mix & better sales in the after sales market segment, the Company was able to improve its **EBIDTA** margins by over 200 basis point as compared to its previous years margins. However with the lower business from all the OEM's in the first two quarters 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 enjoys the 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 year along with considerable improvements in the margins ,which we still feel, is on the lower side, and we at “**GS**” is working towards improving the same from the current year levels.

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

The performance highlights of “GSAIL” for the year 2009-2010 are;

- The overall growth of the Company shows a satisfactory performance of **11.03%** in the top line, from Rs.9234.25 lacs to **Rs.10253.10 lacs**.
- The Raw Material Consumption during the year constitutes **58.21%** to the sales vis-à-vis 57.36% as compared to the previous year.
- Depreciation and amortization during the years stand at **Rs.88.16 Lacs** as compared to previous year of Rs.77.57 Lacs, shows the Company is continuously building its capacities and investing for the future.
- During the year under review the Company has incurred foreign exchange Loss of **Rs.20.19 Lacs**, as against exchange gain of



Rs.23.55 lacs of the previous year. However the Company has now planned to de-risk against the currency fluctuation by hedging for normal trade of the business.

- Interest cost of the Company has come down to **Rs.114.92 Lacs** from, the previous year expenses of Rs.157.31 lacs mainly due to softening of interest rate by the Central Bank.
- Profit before depreciation, interest and tax (**PBDIT**) during the year has grown by **55.42 %** to **Rs.850.06 Lacs**, from the previous year of Rs.546.93 Lacs.
- During the year under review the Company has paid Current Tax of **Rs.208.00 Lacs**, as compared to previous year Current Tax expenses of Rs.95.00 Lacs.
- Profit after tax (**PAT**) of "the Company" have grown by **100.44 %** to **Rs.404.68 Lacs**, after considering **Rs.242.30 lacs** (Previous year of Rs.110.15 Lacs), as provisions on account of Taxation including deferred tax, shows a satisfactory performance of the Company, during the year under review.
- Gross Fixed Assets (including capital work in progress) of "the Company" increased from Rs.1805.68 lacs in 2008-2009 to **Rs.2092.93 lacs** during the year under review.

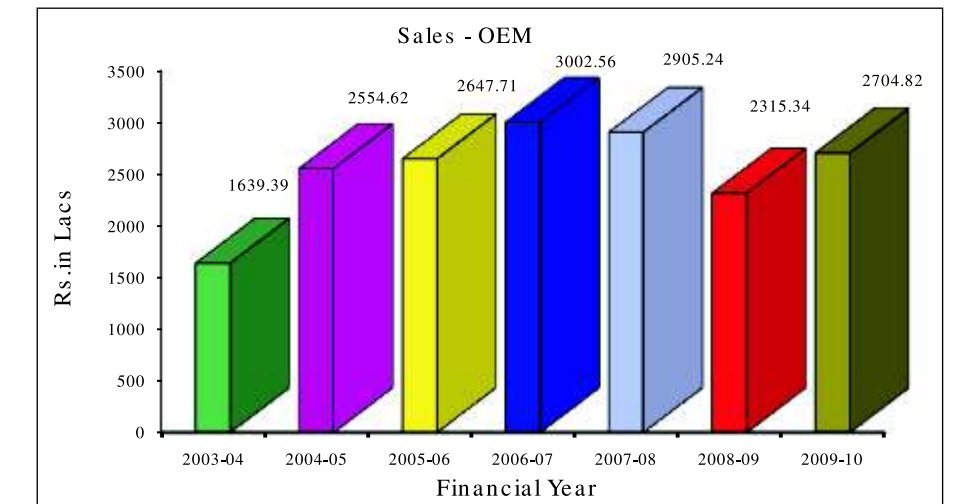
(Rs.in Lacs)

	2009-2010	2008-2009	Growth Rate
Domestic Turnover			
OEM	2704.82	2315.34	16.82%
Replacement Mkt.	6656.14	5787.01	15.02%
Others (Includes Sale against Job Work)	128.69	30.61	320.42
Total	9489.65	8132.96	16.68%
Export Turnover	763.45	1101.29	(30.68%)
EBIDTA	850.06	546.93	55.42%
PAT	404.68	201.90	100.44%
Gross Fixed Assets (Excl.CWIP)	2019.41	1765.69	14.37%

Domestic- (i) Original Equipment Suppliers (OEM's);

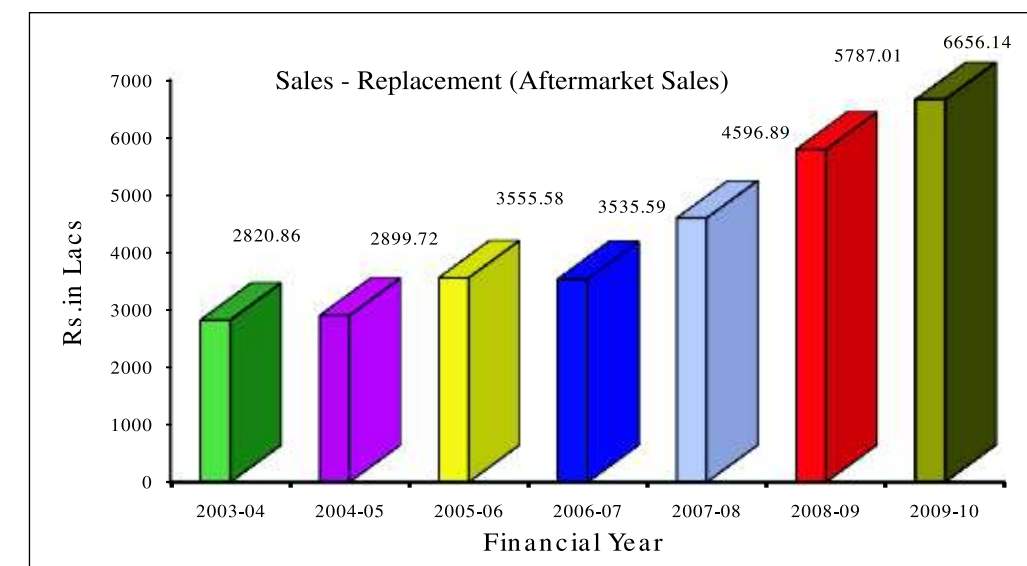
During the year under review, the total turnover from all the OEM's, contributes **Rs.2704.82 Lacs**, being the **26.38%** share of the overall turnover of "GSAIL". As the first half of financial year 2009-2010 was remain sluggish due to adverse economic conditions, as compared to the second half of financial year 2009-2010, we feel a growth of **16.82%** as compared to previous year, in the overall business from Original Equipment manufactures, is quite satisfactory. However as we are supplying almost all our product range of Cast Components & Machined Components to all our OEM's, we are further increasing our share of business, with them, in the coming years. As the Economy has gained momentum & further the production of Commercial Vehicles has also picked up, which is almost coming to the same level of earlier part of CY 2009, the overall

percentage of shares to OEMs, of our total business, will bound to increase from the present level, but we will make a proper mix between after sale market & original Equipment manufacturers, so that going forward, our **EBIDTA** margins will improve from the current level.



(ii) After Sales Market (Replacement Market);

The Replacement market was not impacted at all during the year under review, as compared to OEM's, by the global turmoil in the economy and particularly Indian Economy slow down. With the Company's pan India network of over 500 Distributors and over 10000 retailers in the after sales market, 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

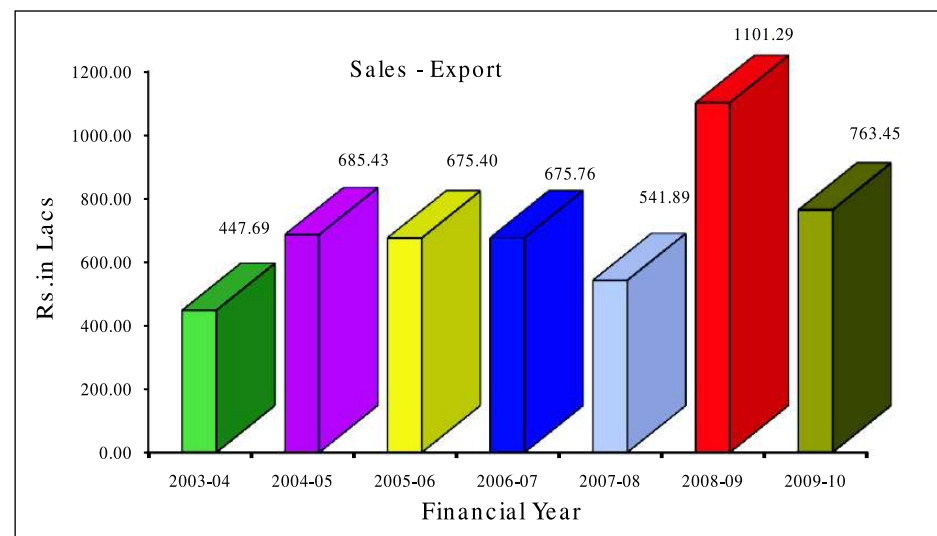


ACMA, Indian after sales market is expected to grow to Rs.42000 crores by 2015. With the high margin in the after sales market but low volume and above all with strong base of the Company in the replacement market, through its wider network, the Company

expects to increase its market share from the after sales market business, in the days to come. During the year under review, the sales from the after market business stood at **Rs.6656.14.Lacs** as compared to Rs.5787.01 Lacs during the previous year, showing a satisfactory growth of **15.02%**, during the year.

(iii) Export Sales;

Exports during the year under review was remained low as compared to the previous year export sales, due to overall bad economic condition. "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 Meritros. As the Company was not supplying in a big way to the USA market, the downturn in the economy of this part of the world, has not affected too much to **GSAIL**, but due to adverse economic condition in Euro Zone, the Exports of the Company was badly effected, however with the presence of the **GSAIL** in Gulf countries, which more or less was not affected by the overall global turmoil, the exports of the Company was not too badly effected as compared to the overall adverse economic conditions of the other part of the world. The turnover from the export was **Rs.763.45 lacs**, as compared to Rs.1101.29 Lacs, showing a decline of **30.68%**. As the world economies are now stabilizing and is further not deteriorating, the Company is hopeful for better days in future.



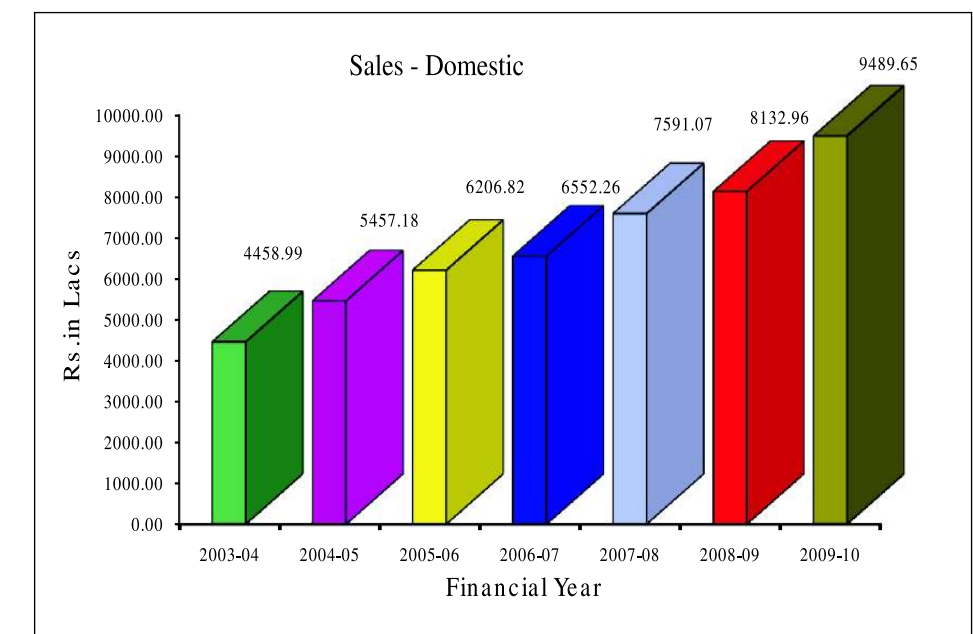
OPPORTUNITY AND THREATS;

OPPORTUNITIES;

All the major OEM's are launching their new products within commercial vehicle segment as well as in passenger vehicle segment & quite a few multinational original Equipment Manufactures are entering the commercial vehicle segment, keeping in view the vast opportunities being offered in automobile industry in India coupled with the Government of India main thrust on Infrastructures.

As per the "Auto Component Manufacturers Association of India" (ACMA), after sales

market (replacement market) for auto parts is set to reach 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. In totality, the auto components industry is poised for a bigger growth.



The growth expected in the domestic automobile industry will give a fillip to the Company.

Entry of global OEM's has transformed and broadened the Indian Automobile and auto components. The perspective exuberance in the Industry and growth estimates indicates a booming industry. The Current trends in the production and Export of auto components give a positive indication of growth prospects. In order to meet challenges, your Company would continue to follow the philosophy of providing the highest quality of products to its customers as well as continue to lay emphasis to achieve possible cost saving in all of its operation.

The Combination of effective manufacturing costs along with quality systems would give an edge to the Company in terms of pricing and quality. Expansion and diversification will help us to enter into new markets. Specialization, innovation and networking will determine the success of the Company in this global competitive environment.

After the small car assault on the Indian roads now the global commercial vehicle makers are lining up to share the CV market segment that is growing at around 20% year on year except for 2008-09. Recent past market movements and consolidations are also getting cleared to determine the way Indian CV market is going to be shaping up.

Indian automotive Industry especially the CV segments has come a long way since 1950's to become the 4th largest market in the world now with over 400,000 unit sales. The growth potential of Indian market is well accepted to attract investment from the global majors not just in installed capacities but in local R&D, New product design/ development initiatives for Indian as well as export markets.

Market Scenario

Till pre-1980s while the Indian market with poor Indian roads infrastructure and demand for low cost vehicles witnessed sluggish pace in styling engineering in engine, drives of vehicles. Poor road conditions contributed to the increased cost of ownership due to heavy maintenance. There was less scope for innovation hence the growth in variants of the vehicles was severely restricted.

The year 1991 saw the opening up of Indian markets for foreign investment and focused investment in infrastructure development. The collaboration with global automaker in terms of investments and technology started taking place. TATA had collaboration with Daimler AG dating back to 1954 to assemble and sell the Mercedes Benz range of LCV in India. Until February 2010 Daimler AG had 5.4% stake in TATA motors that it decided to offload to pursue its own interest in India.

The development of Golden Quadrilateral Highway program that stretches across the India and revamped existing national highway in to multi and one-way lanes probably is one of the defining phases of Indian road transport and made headway for CV industry. Presently India has over 57000 km of National highway including stretches of express ways. A distance of around 400 km once took over 15hrs was now possible to cover at half the time depending upon what time of the day the travel is made.

With better highway infrastructure providing better bearing capacity is leading to an increased demand for Multi Axle Vehicles, MAVs also offer better cost per tonne by reducing number of trips, fuel consumption and congestion. The same time Indian retail and logistics industries were fast turning into organized sectors. The logistics model turned in to HUB and spoke model for distribution thereby giving a big boost for the LCV segment further to take the inroads. Government and local city corporations are working on policies further to restrict LCV within city limits that would trigger a demand of sub ton segment.

In passenger vehicle segment, the market is made up of small tourist operators for long distance travels usually over night and state run transport corporations. However the state transport corporations are loss making with inefficient operations, using old fleet of buses that breakdown more than they run and consume a lot of fuel. This gave rise to a new market for private operators that entered with new fleet and better operations. The light passenger vehicles are gaining market share by running on secondary roads, state highways connecting smaller cities. In urban market the school, office shuttles, ambulances etc., create a great prospect in next 5 years.

With rapid population growth in metros, the local municipal corporations have started looking into rapid transit systems. The Volvo, Mercedes buses got great reception for long distance travel with large deals from not only the private travel companies but also the state road transport companies.

Further to this Indian Government came up with Automotive mission plan (from 2006 to 2016) to promote and grow the Automotive sector with a mission of making Auto Sector to

contribute 10% to the Indian GDP this is around 6% presently, that would translate the turnover of over \$150 billion and having created jobs to over 25 million people by 2016 in Auto eco-system. To aid to this Government has invested for world class infrastructure for localized R&D, testing, certification and validations at; Manesar, Chennai, ARAI (automotive research association of India) and VRDE (vehicle research and development establishment) at Ahmednagar world class testing track at Pithampur.

Market players

The Indian majors control majority of the market share with TATA Motors enjoying major share of that in both cargo and passenger vehicle with a share of 64%. TATA, Ashok Leyland and Mahindra & Mahindra together control over 84% share. Over last 5 years, the CV market has seen global majors entering India eyeing to taste this huge potential. A lot of consolidations, JVs have taken place to position them in India, ASEAN market.

Other Growth Drivers;

- 1) Global markets getting stagnant, while China, India and Thailand driving double digit growth.
- 2) Indian GDP targeted at 8-9.5% growth in coming years leading to the need for massive infrastructure movement.
- 3) India does not have a clearly defined scrap policy for old vehicles. So far the small operators have been pushing the old vehicles on road to maintain their bottom-line. However this fleet needs to be replaced with better technology vehicles with better load capacity and less maintenance
- 4) India Retail, logistic, distribution sectors getting organized creating opportunity for CV

market to split into further more segments.

- 5) Easy financial options. Most of the vehicle makers now have a strategic relationship with bankers and also their own financial units for easy credit.
- 6) More specialized vehicles required for perishable, oil, mining sectors. (Source: Indian Automotive News)
- 7) With the projected economic growth after the meltdown in the domestic market ,the foundry industry is poised for continued demand growth. (Source : www.autocarpro.in)

THE COMPANY (GSAIL);

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

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

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



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 and further to add more products in 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 much more encouraging as compared to 2008-2009 and with the each and every 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. We feel as the economy will grow app 8.00%-9.50 % in the years to come, the automobile industry and particularly auto component industry will grow at more than 15 % per year and we will grow even much faster than the overall 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.

With the overall Indian economy is improving, 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. Keeping in mind the “GSAIL” business model, being presence in all the three vertical of auto components industry, the Company is well positioned to reap the advantage of growing economy like India .As the Company is already an established leader in the after sales market segment, we at “GSAIL” is hope full of achieving high double digit growth rate in the top line of the Company, in the days to come. Further, with the commencement of commercial production at Jamshedpur unit and along with the proposed new unit at Indore, the Company has set an ambitious target, for itself, to triple its turnover by FY2014 from the present level of FY 2010.

NEW PRODUCTS (GSAIL);

World Truck Parts;

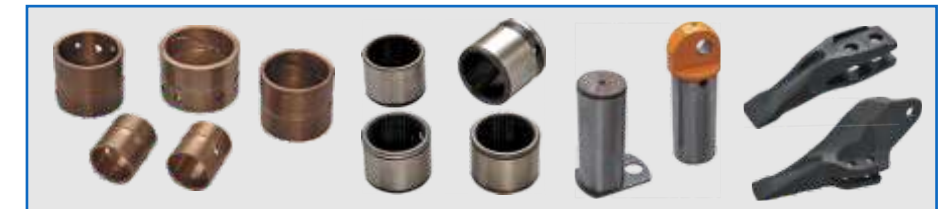
“GSAIL” during the year under review has developed certain Casting & Machined Components for the next generation/future World truck, recently launched by Tata Motors Limited and further has also developed Casting & Machined Components for the Commercial vehicle being manufactured by Daimler India Commercial vehicles Limited,



all these new products are already been approved by the respective OEM's and the Company will start the dispatch of these new products in the current financial year 2010-2011.

Earth Moving Equipment Parts;

“GSAIL” has also developed certain machined components for Earth Moving Equipments, so to enlarge our product range along with diversification in other infrastructure related equipments, where growth and opportunities are immense, keeping in mind the overall spending by the Government of India on Infrastructure.



NEW CUSTOMERS (GSAIL);

“GSAIL” have added two new customers i.e. Daimler India Commercial vehicles Limited and American Axles Limited (Original Equipments Manufacturers), for the components to be supplied for their commercial vehicles, the revenue from these two new customers, will start from the financial year 2010-2011.

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. The Continued power cuts imposed during 2009-2010 due to gaps in demand & supply can impact the running of the foundry too.

Challenges;

- 1) Excise, interest rate, fuel price, raw material price hikes;
- 2) Trained drivers for sophisticated vehicles and planned maintenance;
- 3) Increased competition and expansion in capacity would pressure on margins leading to just a volume driven model;

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



Cyclical nature of the Industry;

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

COMPANY FUTURE PLAN;

New manufacturing Facilities;

Jamshedpur;

The new manufacturing unit at Jamshedpur for the manufacturing of auto components is under construction, all the orders for machineries for the said project have already been placed, which has more time lag. The said project will be Completed with an estimated project cost of Rs.35 (Thirty Five) Crores with the installation of high pressure molding line, for the manufacturing of Cast Components, with an estimated weight of 25 (Twenty Five) kgs per piece. The Company will install state of the art technology for the manufacture of Cast Components. This unit will commence its commercial production by December, 2010.

Indore;

The Company has decided to set up another manufacturing unit at Indore (Madhya Pradesh) for the manufacturing of Auto Components with an estimated capex of Rs.40 (Forty) Crores. The Company is in process of acquiring land at Indore which is quite attractive market for auto components for OEM's and after sales market.

Capacity Expansion & Modernization;

Further the Company has chart out a plan with capex of Rs.11 (Eleven) crores, for the capacity expansions of its existing products as well as for modernization of its existing unit at Ludhiana. This project should be Completed by June, 2011.

HUMAN RESOURCE DEVELOPMENT;

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

Human Resource is one of the key Assets of any organization. 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 “**GSAIL**” 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 “**GSAIL**”, 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 “**GSAIL**”. 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 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.

1. Workmen trainees who have successfully completed their training with us are being absorbed on Company rolls.
2. To attract and retain talent, Graduate engineer trainees recruited from engineering colleges and also from campuses of premier educational institutions across Punjab, which have completed their training, have been absorbed as Engineers and have also tied up with the colleges from where it is recruiting entry level employees.
3. 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.
4. 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.

PEOPLE;

As a business enabler, “**GSAIL**” people practices are geared towards delivering three corporate objectives;

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

- Develop the competencies and skill sets of the entire people force-work force and management alike-and synchronize these with long term business objectives.
- Ensure that existing people within the organization have a clearly defined growth and business delivery path, based on their competencies, delivery potential, previous track record and appetite for growth.

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

KAIZENS;

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

INDUSTRIAL RELATIONS;

The total number of employees as on 31.03.2010 was 1018.Your Company had maintained its excellent industrial relations records of not loosing even a single day due to industrial action since its inception, which further shows the relation of the Company with its workmen. This facilitated the following:

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

EMPLOYEE WELFARE;

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



HEALTH, SAFETY, SECURITY AND ENVIRONMENT;

Health, Safety, Security and Environment is at the core of our business and all employees are accountable for it. “GS” operations follow the best industry practices as regard to Health, Safety, Security and Environment. The Company is committed to achieving these goals through a structured HSE management system that has been put

in place and is being followed in letter and spirit as well as is rigorously monitored for continuous improvements. “GS” considers it is a responsibility to its stakeholders to clearly stipulate measures and polices that can be proposed to the third parties and are in line with global benchmarks.

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

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

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

- Basic safety training was imparted to all factory employees including temporary workers. Safety and technical competency development programmes were carried out to improve competencies of employees for safety critical jobs.
- Work place inspections were carried out by executives and managers at all level. Senior management team members demonstrated leadership commitment through work place inspections.
- Reduced waste generation and improved waste management by collecting and disposing all the waste in an environment friendly manner.
- Tree plantation across premises and factory.
- Reduced level of sound pollution by providing acoustic enclosures on certain set of machinery and DG/ compressor sets.

- When risk assessment is carried out, proactive 'accident control measures' are factored into the scope in order to mitigate human accident and damage to property.
- Safety Equipments (e.g. safety helmets, safety shoes etc) for “GSAIL” employees and subcontractors have been standardized and are in place.
- Comprehensive training programs were regularly conducted to ensure strict adherences to safety procedures. These are conducted by both in-house trainers as well as by outsides HSE experts.
- Safety handbooks are also given i.e. on the safety oath, emergency preparedness, instruction to fight against fire, emergency phone numbers.
- Reported near miss safety incidents are being investigated and immediate corrective and preventive actions are being initiated.
- Work permit system is followed strictly for hazardous work in nature, both for internal and sub contract works.
- External & Internal periodical safety audit is being carried and the corrective and preventive actions are being initiated on the observations made.
- Periodical general health check up was carried out for all the employees and particularly, audiometric tests, pulmonary function test, eye check up were also conducted.



practices more environmentally and socially responsible. This is affected by;

- (i) assessing and mitigating the environmental & social impacts and
- (ii) Minimizing the environmental impact and carbon footprints of our operations through resource of efficiency & conservation. CSR also includes an active volunteering program aimed at increasing our employee's environmental and social sensitivities, besides high standards of Corporate Governance, maintaining our reputation for ethical and fair business practice and improving transparency in our interaction with all our stakeholders.

“GS” launched its internal environment policy aimed at minimizing its environmental impact and carbon footprints under the “Go Green” initiative. During the year under review, your Company has contributed a sum of Rs. 2.00 Lakhs (Rupees Two Lakhs) to the Divisional forest officer, Ludhiana, for participating & taking initiative with the forest division, in their efforts, for plantation of the plants in the “Go Green” drive.

Your Company is regularly takes various initiative in the “Go Green” scheme by planting various plants at various location to keep the environment green & healthy.

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

Foundation” has been paying the fees of poor & needy students, of any class for each & every years.

“GSAIL” have been regularly contributing for the welfare & upliftment of the various games of the State.

“GSAIL” in a move towards the better working culture & environment, always make an atmosphere, for asking suggestions from all the employees regarding suggestions for improving the working atmosphere & working culture and for improvement in the production processes of the Company.

DIVIDEND POLICY;

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

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

During the year, G.S.Auto International Limited had no fatal accidents.

INFORMATION TECHNOLOGY;

“GSAIL” has been adapting IT to play an increasingly strategic role in business role in the business process by providing cutting-edge technologies needed to create values and competitive advantages. These range from advanced sales force automation, engineering design and collaboration tools, to initiatives that supported global distributed working. In “GSAIL”, IT also helps to ensure the sustain ability of its various businesses compliances and enhanced information security systems. The major initiatives during the year can be grouped under the following categories.

- Leveraging Technology: - Major initiatives in this have been launched across the Company, focusing on creating value through business process re-engineering. The objective is to seamlessly synchronize system to best-in-class business process, thereby improving controllership and data quality.
- Consolidation:- As a step forward in consolidating group IT infrastructure , Data center resources of all the entities are being aggregated at one place. Storage Area Network (SAN) has been implemented across group offices to consolidate corporate and project data onto a central repository. This will link up with the ongoing knowledge management initiatives. Newer Technologies like virtualization for desktops and servers are being piloted to identify efficiencies to move toward a green data centre' environment.
- Disaster Recovery: - the group has a comprehensive disaster recovery plan closely linked with a business continuity plan.
- Security: - “GSAIL” has upgraded its corporate office network by adopting industry best practices and best of breed technologies. This provides adequate IT controls to reduce current risk of loss of sensitive commercial and technical data through mail and internet by employees.

CORPORATE SOCIAL RESPONSIBILITY (CSR);

“GSAIL” has always considered itself as a responsible corporate citizen .It cares for the well being of society. CSR represent an interesting culmination of philanthropy and ethics.

EDUCATIONAL INITIATIVES;

- i) The Company has an innate desire and zeal to contribute the welfare and social upliftment of the community. The Company continues to support the following CSR initiatives.

“Guru Nanak Public school at Ludhiana (Punjab) having overall strength of around 5000 students , provide quality education not only to the “GS” employees' children but also to the children to the local populace;

Corporate social responsibility (CSR) at “GS” is focused on making over business

ANALYSIS AND COMMENTS ON KEY BUSINESS RISKS;

RISK AND CONCERNS;

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

RISK MANAGEMENT;

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

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

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

i) Auto Sector Risk;

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

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

The Company's Market share is likely to be sustained over the next few years by virtue of the new investments it has made and further planned to made. The Company's efforts on growing after market as well as exports would reduce the risk of fluctuations in the domestic OE market. The Company has further entered into manufacturing of parts for Earth Moving equipments to de-risk itself from being dependent on one sector i.e. Automobile segment.

ii) Global Competition Risk;

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

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

iii) Procurement and Supply Chain Risks;

During the year the prices of commodity and base metal remained steady, though they started going up steeply by the fourth quarter of the year. This poses serious risk of profits erosion in case of inadequate compensation from the customers.

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

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

iv) Currency Risk;

"GSAIL" has only one types of currency risks i.e exposure to foreign currency by way of contracts. The Company is right now not using the hedging as a tool for booking forward for their regulars business requirements, however we have planned to cover the currency risk through hedging in the days to come.

v) Commodity Risk;

The Input prices in general and scrap prices in particular are volatile. Though Q3 and Q4 of 2009-10 and the first quarter of the current year, major commodity prices have been

rising, backed up by the upstick in global economics performance. The average price of West Texas crude has risen 32% during the year- from US\$ 59.52 per barrel to US\$ 78.67 per barrel; the price in the mid April 2010 has reached US\$ 84.92 per barrel. According to the world bank, its steel products index has been moving up from 215.50 in Q1 2009-10 to 211.50 in Q4 2009-10 with the March closing index at 220.20; average steel bar prices have increased from US\$ 450 per MT in Q1 2009-10 to US\$ 546 in Q4 of 2009-10 (with the closing price in March touching US\$ 578/MT).Copper prices have increased by 55% over the year; from US\$ 4,663/MT in Q1 2009-10 to US\$ 7,232/MT in Q4 2009-10; with the March 2010 prices at US\$ 7,463/MT . What poses even greater challenges from the risk management perspective is the sharp volatility in prices."GSAIL" addresses it by share the prices with its ultimate customers beyond certain rate of increase along with buying the material in bulk when there is considerable reduction in the prices.

vi) Talent and Attrition Risk;

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





Management Discussion & Analysis

QUALITY MANAGEMENT SYSTEM;

From the very beginning "GS" has always shown incessant thirst for Product Quality and Customer Satisfaction. At "GS", each component passes through series of stringent tests of quality from Design Stage to Manufacturing. Conformance to the Quality is just not restricted to the shop floor of the Company but also throughout the supply chain. After having conferred ISO 9002 certification in 1997 and QS 9000 certification in 1999 by BVQI, U.K. the Company 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 "GS" 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.

FINANCIALS; TABLE 1 gives the summarized financial performance for Financial Year 2009-10 and Financial Year 2008-09.

Abridged Profit & Loss Statement

(In Rs. Lacs)

	2009-10	2008-09
Net Sales	10253.10	9234.25
Operating Income	21.34	30.96
Total Expenditure	9454.11	8752.45
(a) Consumption of Raw Material	5968.08	5296.69
(b) Manufacturing cost	1148.48	1318.36
(c) Staff Cost	1040.79	1028.85
(d) Other Expenditure	1296.76	1108.55
OPBDIT	820.33	512.76
Depreciation & Amortization	88.15	77.57
OPBIT	732.18	435.19
Finance Charges	114.92	157.31
OPBT	617.26	277.88
Other Income	29.72	34.17
PBT	646.98	312.05
Tax (Inc. Deferred & Previous year Adj.)	242.30	108.18
PAT	404.68	203.87
EPS (Rs.) :- Basic (on the face value of Rs.5/-)	05.91	05.95
- Diluted(.....do.....)	05.38	02.52

The following table list out the key financial ratios for Financial Year 2009-10 and Financial Year 2008-09

TABLE 2 INDICATORS OF PROFITABILITY	2009-2010(%)	2008-2009(%)
PBDIT/Total Revenue	8.29	5.92
PBIT/Total Revenue	7.43	5.08
PBT/Total Revenue	6.31	3.38
PAT/Total Revenue	3.95	2.21
Return on Capital Employed (PBDIT / Capital Employed)	32.82	32.45
Return on Net Worth (PAT/Net Worth)	16.30	13.22
EPS (Rs.) :- Basic (on the face value of Rs.5/- each)	05.91	05.95

TABLE 3 CAPITAL STRUCTURE RATIOS	2009-10	2008-09
Debt Equity Ratio	0.42:1	0.70:1
Interest Coverage Ratio	7.40:1	3.48:1

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



Corporate Governance Report

(Forming part of the Directors Report for the Year ended 31st March, 2010)

The basic goal of the Company is to enhance and maximize shareholders value and protect the interest of other stakeholders like customers, employees, and society at large in order to build an environment of trust and confidence among all components, which may have competing as well as conflicting interest. 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;

G.S. Auto International Limited follows the best Corporate Practices and believes that adopting and adhering to good Corporate Governance framework is a key element in attaining economic efficiency and growth. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value. Your Company recognizes the significance of integrity, transparency, accountability, and responsibility in all its business affairs and strives to communicate all the material development and its financial performance in a timely and meaningful manner. The philosophy of G.S. Auto basically covers the following;

- 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 decentralization.



Corporate Governance Report

2. BOARD OF DIRECTORS;

A. Composition; Board comprised eight directors. Out of which two are Executive Promoter Directors including a Chairman and Managing Director and Six Non-Executive Directors out of which two are Promoter Directors and other four are Independent directors.

B. Board Meetings; During the financial year 2009-2010, the Board of Directors met thirty two times on 01st April 2009, 15th April 2009, 20th April 2009, 07th May 2009, 20th May 2009, 29th May 2009, 30th June 2009, 01st July 2009, 07th July 2009, 21st July 2009, 04th August 2009, 17th August 2009, 29th August 2009, 01st September 2009, 09th September 2009, 14th October 2009, 21st October 2009, 19th November 2009, 20th November 2009, 25th November 2009, 01st December 2009, 16th December 2009, 24th December 2009, 14th January 2010, 16th January 2010, 21st January 2010, 29th January 2010, 30th January 2010, 03rd February 2010, 05th February 2010, 09th February 2010, and 16th February 2010.

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

Name of Directors	Category of Directors	No. of Meetings Attended	Total No. of other Directorship in Public Ltd. Companies	Attendance at last AGM	Committee Membership	Committee Chairmanship
Jasbir Singh Ryait	Executive Promoter Director	32	Nil	Yes	1	---
Surinder Singh Ryait	Executive Promoter Director	32	Nil	Yes	1	---
Dalvinder Kaur Ryait	Non-Executive Promoter Director	28	Nil	Yes	1	---
Amarjit Kaur Ryait	Non-Executive Promoter Director	27	Nil	Yes	1	---
Sewa Singh	Non-Executive Independent Director	30	Nil	Yes	1	---
Makhan Singh	Non-Executive Independent Director	29	Nil	Yes	2	---
Satish Monga*	Non-Executive Independent Director	—	Nil	—	2	2
Sanjeev Sethi*	Non-Executive Independent Director	—	Nil	---	3	1

* Appointed as Independent Director w.e.f 09th August 2010

As detailed in the table above, none of the Directors is a member of more than 10 Board-level committee of public companies in which they are Directors nor is chairman of more than five such committees.

The Practice of Corporate Governance in G.S.Auto is at three interlinked levels:

1. Superior -supervision by Board of Directors.
2. Superior- Management by Executive Committee.
3. Systematic- Management by head of business unit.

BOARD OF DIRECTORS;

The Board being trustee of the Company, responsible for the establishment of the cultural, ethical, accountable and systematic growth of the Company, is constituted with a high level of integrated, committed professionals.

The Board of G.S.Auto International Limited is presented with detailed notes along with the agenda papers, well in advance of the meeting. The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

INFORMATION SUPPLIED TO THE BOARD;

Among others, information supplied to the Board includes;

- Annual operating plans & budgets and any update thereof.
- Capital budgets and any update thereof.
- Quarterly results for the Company.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of the Board, including the appointment or removal of Chief Executive officer and Chief Financial officer .
- Materially important show cause demand, prosecution notices, and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent, or pollution problem.
- Any material default in financial obligations to and by the Company or substantial non payment for goods sold by the Company.
- Major Investments.
- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations.
- Sale of material nature of investments, assets which is not in the normal course of business.
- Quarterly Report on foreign exchange exposures.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken any adverse view regarding another enterprise that can have negative implications on the Company.

Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

C. CODE OF CONDUCT;

The code of conduct for the Directors and Senior Management Personnel of the Company has been laid down by the Board, which has been circulated to all concerned and the same is also hosted on the website of the Company www.gsgroupindia.com. As required under clause 49 of the Listing Agreement, the Directors and the Senior Management personnel of the Company have affirmed compliance with the provisions of the G.S. Auto's code of conduct for the financial year ended on 31.03.2010.

3. COMMITTEES OF BOARD;

a) Audit Committee;

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.

Composition;

The Audit Committee comprises of four directors. Audit Committee is headed by an independent director. Mr. Satish Monga was appointed as member and chairman of the Audit Committee w.e.f. 09th August, 2010. Smt. Amarjit Kaur Ryait was the Chairperson of the Committee upto 09th August, 2010.

The Terms of reference;

- To establish accounting policies.
- To review financial statements and pre- publication announcements before submission to board
- To review internal control systems of the Company and to ensure that adequate system of internal audit prevails.
- Reviewing with management annual financial statements before submission to the Board.
- To approve unaudited quarterly financial results and publish the same as per Listing Agreement.
- Reviewing the Company's financial and risk management policies.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment of any other services.
- To appraise the Board on the impact of accounting policies, accounting standards and legislations.
- Apart from above, the committee also reviews matters required under Clause 49 of the Listing Agreement and other laws, rules and regulations.

Meeting and Attendance;

The Audit Committee met Four times during the year on 20th April 2009, 21st July 2009, 21st October 2009 and 21st January 2010.

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

Committee Member	Category	No. of Meeting Attended	Remarks
Amarjit Kaur Ryait	Non Executive Director	4	Resigned as chairperson w.e.f. 9th August 2010
Jasbir Singh Ryait	Executive Director	4	—
Sewa Singh	Non Executive Independent Director	4	Resigned as member w.e.f. 9th August 2010
Satish Monga	Non Executive Independent Director	---	Appointed as member and chairman w.e.f. 9th August 2010
Sanjeev Sethi	Non Executive Independent Director	---	Appointed as member w.e.f. 9th August 2010

b) Shareholder's / Investors Grievance Committee;

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

Composition

The Committee comprises of four Directors. Shareholders and Investors Grievance Committee is headed by an independent director. Mr. Sanjeev Sethi was appointed as member and chairman of the Shareholders / Investors Grievances Committee w.e.f 09th August, 2010. Smt. Dalvinder Kaur Ryait was the Chairperson of the Committee up to 09 August, 2010.

Meeting and Attendance

The Committee met four times during the year on 20th April 2009, 21st July 2009, 21st October 2009 and 21st January 2010. The attendance of present members of the Committee is given as below:

Committee Member	Category	No. of Meeting Attended	Remarks
Dalvinder Kaur Ryait	Non Executive Director	4	Resigned as chairperson w.e.f. 9th August 2010
Surinder Singh Ryait	Executive Director	4	—
Sewa Singh	Non Executive Independent Director	4	—
Makhan Singh	Non Executive Independent Director	4	Resigned as member w.e.f. 9th August 2010
Sanjeev Sethi	Non Executive Independent Director	---	Appointed as the member and Chairman of Committee w.e.f. 9th August 2010

Name of compliance Officer;

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

C) Remuneration Committee;

The Company had constituted a Remuneration Committee to look into the matters regarding the formulation and implementation of Remuneration policy for the Company. Detailed terms of appointment of Chairperson and Managing Director and other Executive Directors are recommended by committee and approved by Board of Directors and Shareholders Resolution. The committee determines remuneration payable to the Executive Directors. Non Executive Directors were not paid any remuneration. The remuneration paid to Executive Directors is recommended by committee and approved by Board of Directors subject to the approval by the Shareholders in the General Meeting.

Composition;

The Committee comprises of three Directors. Mr. Satish Monga is the Chairperson of the Committee. Remuneration Committee formed by the Company w.e.f 09th August 2010.

The detail of the members of the Committee is given as below:

Committee Member	Category	No. of Meeting Attended	Remarks
Satish Monga	Non Executive Independent Director	----	Appointed as the member and Chairman of Committee w.e.f. 9th August 2010
Sanjeev Sethi	Non Executive Independent Director	----	Appointed as the member of Committee w.e.f. 9th August 2010
Makhan Singh	Non Executive Independent Director	----	Appointed as the member of Committee w.e.f. 9th August 2010

DIRECTORS' REMUNERATION;

i) Remuneration paid to Chairman and Managing Director;

The Members in the General Meeting held on 30th September, 2008 have approved the re-appointment of Mr. Jasbir Singh Ryait as

Chairman cum whole time Director & Mr.Surinder Singh Ryait as Managing Director of the Company w.e.f 01st September,2008 for a period of five years.

The aggregate value of salary, perquisites for the period 01st April, 2009 to 31st March, 2010 paid to the Chairman & Managing Director are as below;

Name	Salary & Perquisites
Sh. Jasbir Singh Ryait & Sh. Surinder Singh Ryait	Rs.47,04,000/-

ii) Non-Executive Director;

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

Non Executive Directors are not holding any convertible instruments. Details of Shares held by them are as under;

Name of Directors	Number of Shares held
Dalvinder Kaur Ryait	136600
Amarjit Kaur Ryait	115560
Sewa Singh	NIL
Makhan Singh	NIL
Satish Monga	NIL
Sanjeev Sethi	NIL

4. GENERAL BODY MEETINGS;

Details of last three Annual General Meetings are as follows;

Meeting	Day	Date	Time	Venue	No. of Special Resolution Passed
35th	Wednesday	30.09.09	10 a.m	Regd. Off. GS ESTATE, G.T. ROAD, LUDHIANA.	Nil
34th	Tuesday	30.09.08	2.30 p.m.	--do--	4
33rd	Friday	28.09.07	11 a.m.	--do--	7

- Company in Extra Ordinary General Meeting held on dated 26.12.2009 passed one Special Resolution regarding approval of allotment of 40,00,000 warrant @ Rs. 27.41 to promoters and others on preferential basis under section 81(1A) of the Companies Act, 1956.
- All the resolutions including Special Resolution set out in the respective notices were passed by the requisite majority of shareholders.

The Company has not passed any ordinary resolution or special resolution by way of

postal ballot and there was no resolution proposed to be conducted by way of postal ballot.

5. DISCLOUSER;

RELATED PARTY TRANSACTIONS;

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.

STATUS OF COMPLIANCE WITH MANDATORY REQUIREMENT;

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

ACCOUNTING STANDARD;

All Accounting Standards mandatory required have been followed without exception in preparation of the financial statement.

RISK ASSESSMENT;

Procedures for assessment of risk and its minimisation have been laid down by the

Company and reviewed by the Board. These procedures are periodically reassessed to ensure that executive management controls risks through means of properly defined framework.

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.

The Quarterly un-audited financial results as well as annual audited financial results, Notices of Board Meeting and Annual General Meeting, Shareholding Pattern are posted through corporate filing and Dissemination System (CFDS), a portal which is a single

source to view information filed by listed Companies. Hard Copies of the said disclosures are also filed with stock exchanges.

7. GENERAL SHAREHOLDERS INFORMATION;

Detail of the forthcoming Annual General Meeting

i) Annual General Meeting	36th
Date	30.09.2010
Time	10.00A.M
Venue	Registered Office, G.S. Estate, G.T. Road, Ludhiana.

ii) Financial Calendar 1st April to 31st March, 2011 (Tentative)

First Quarter Results	:	21st July 2010
Second Quarter Results	:	21st October 2010
Third Quarter Results	:	21st January 2011
Forth Quarter Results	:	16th April to 21st April 2011
Annual Results for the year ending 31st March 2011 (Audited)	:	August 2011

iii) Dates of Book Closure	:	25.09.10 to 30.09.10 (Both days inclusive)
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iv) Listing: The equity shares of the Company are listed on four Stock Exchanges:

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

In line with the provisions of the Listing Agreement with the Stock Exchanges the listing fees for the financial year 2009-10 have been paid to the Stock Exchanges, where Company's Shares are listed.

v) Stock Code;

* The Bombay Stock Exchange Limited	:	513059
* The Delhi Stock Exchange Limited	:	005073
* The Ahmedabad Stock Exchange Limited	:	019910
* The Ludhiana Stock Exchange 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	4th floor, Kamala Mills Compound Senapathi Bapat Marg. Lower Parel, Mumbai-400013
Central Depository Services (India) Limited	28th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001

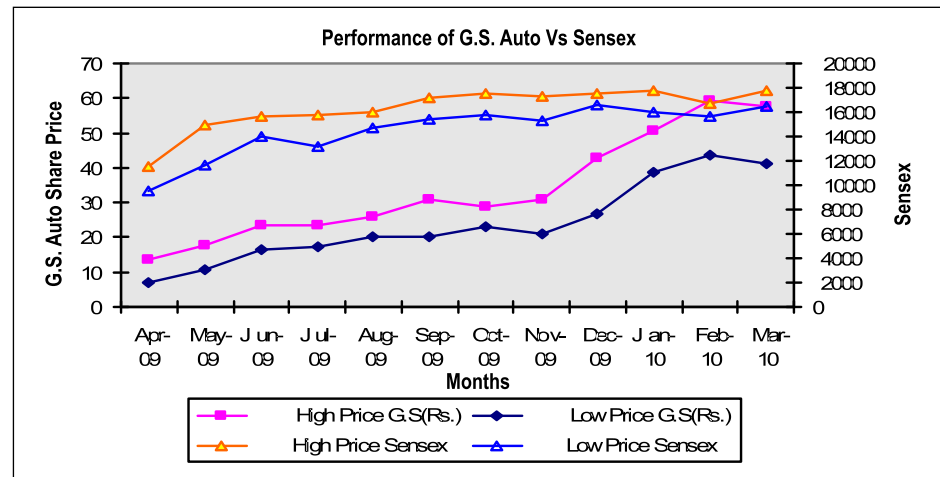
vii) Corporate Identity Number;

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 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 2009	13.70	7.00	2,21,129
May 2009	17.78	10.65	92,242
June 2009	23.65	16.50	2,17,720
July 2009	23.45	17.25	1,39,123
August 2009	25.75	20.00	1,34,082
September 2009	31.00	20.30	3,27,818
October 2009	29.00	23.20	83,655
November 2009	30.70	20.80	1,07,145
December 2009	42.80	26.80	4,29,472
January 2010	50.75	38.75	4,88,284
February 2010	59.20	43.80	66,14,260
March 2010	57.75	41.35	56,66,898



ix) Registrar & Transfer agent;

M/s Skyline Financial Services Pvt. Ltd. New Delhi has 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
 D-153A, Okhla Industrial Area,
 Phase-1, New Delhi- 110020
 Phone No. 011 -26812682-83, Fax No. 011-26812684
 E – Mail: admin@skylinerta.com

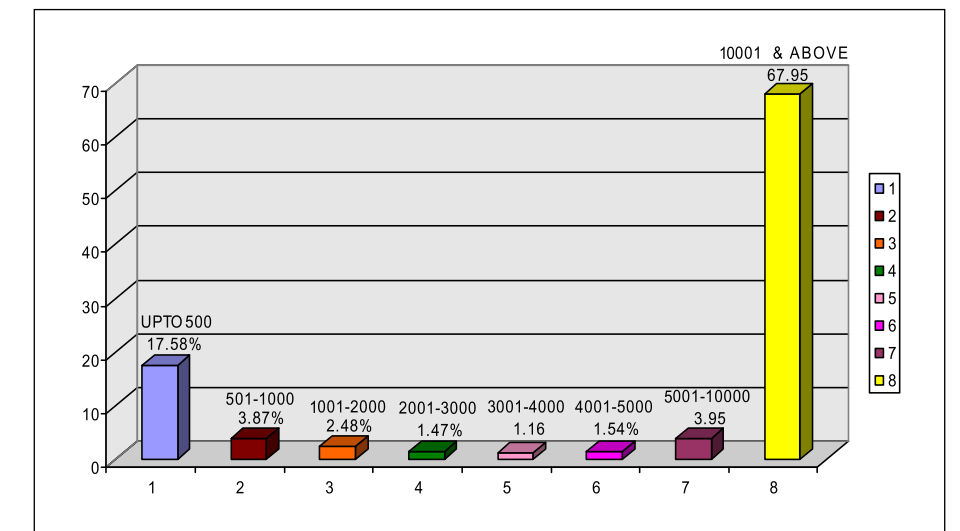
x) Share Transfer System;

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.

xi) Distribution of Shareholding (Equity) of the Company as on 31st March, 2010. (Nominal value of each share Rs. 5/-each);

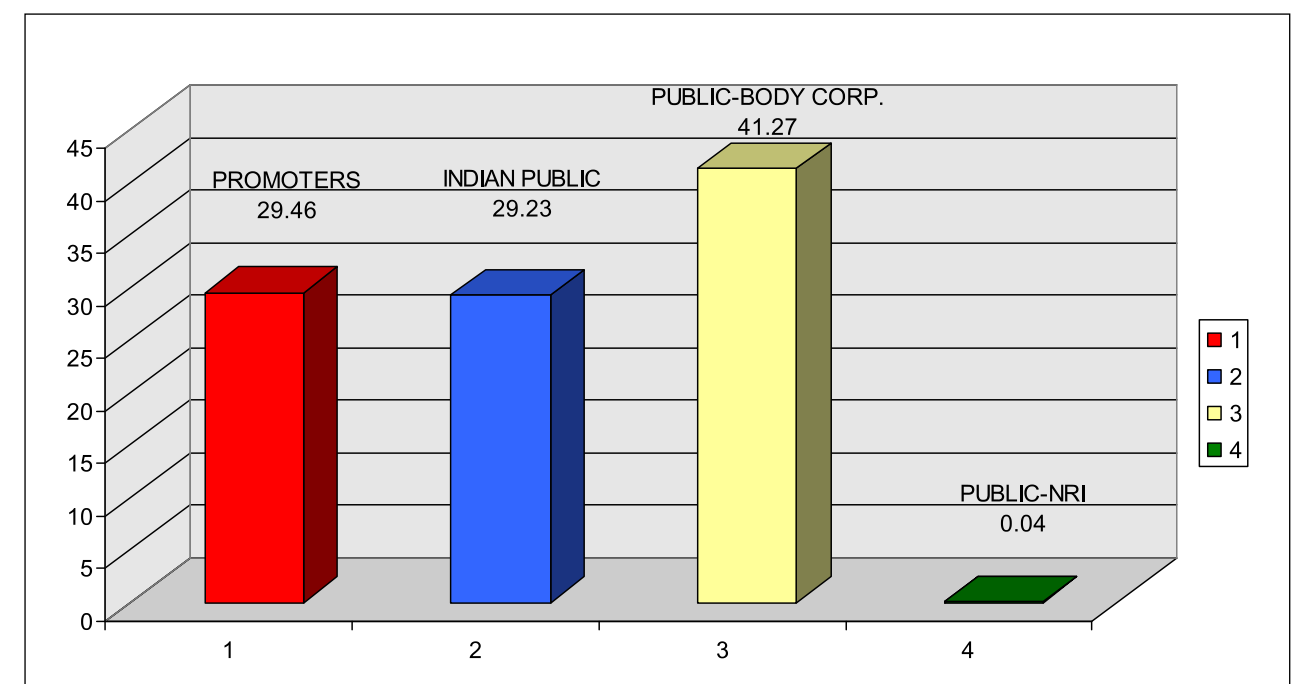
Range No. of Shares	Shareholders Number	% to Total Numbers	Total Number of Shares	% to Total No. of Shares
Up to 500	7980	92.12	1406661	17.58
501-1000	375	4.33	309712	3.87
1001-2000	127	1.47	198128	2.48
2001-3000	47	0.54	117196	1.47

3001-4000	26	0.30	92971	1.16
4001-5000	26	0.29	122769	1.54
5001-10000	43	0.50	316326	3.95
10001 & above	39	0.45	5436237	67.95
Total	8663	100.00	8000000	100.00



Distribution of Shareholding (Equity) of the Company as on 31st March, 2010

xii) Distribution of Shareholding (Equity) pattern of the Company as on 31st March, 2010;



Distribution of Shareholding (Equity) pattern of the Company as on 31st March, 2010;

Category Code	Category of Shareholders	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
(A)	Shareholding of Promoter & Promoter Group							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	5	1386660	1205120	17.33	17.33	NIL	NIL
(b)	Central Government/ State Government(s)	---	---	---	---	---	---	---
(c)	Bodied Corporate	1	970000	970000	12.13	12.13	NIL	NIL
(d)	Financial Institutions / Banks	---	---	---	---	---	---	---
(e)	Any Other (Specify)	---	---	---	---	---	---	---
	Total Shareholding of Promoter & Promoter Group	6	2356660	2175120	29.46	29.46	NIL	NIL
(B)	Public Shareholding						N.A.	N.A.
(2)	Non-Institutions						N.A.	N.A.
(a)	Body Corporate	305	3302173	3100933	41.27	41.27	---	---
(b)	Individuals							
	(i) Individual shareholders holding nominal share capital up to Rs.1 Lakh	8336	2237582	1336473	27.97	27.97	---	---
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	3	100600	71500	1.26	1.26	---	---
(c)	Any Other (Non Resident Indian)	13	2985	2985	0.04	0.04	---	---
	Total Public Shareholding	8657	5643340	4511891	70.54	70.54	N.A.	N.A.
(C)	Shares held by Custodians and against which Depository Receipts have been issued						N.A.	N.A.
	GRAND TOTAL (A)+(B)+(C)	8663	8000000	6687011	100.00	100.00	NIL	NIL

xiii) COMPANY SECRETARY;

Miss Rashmi Sharma, ACS was appointed as the Company Secretary of the Company.

xiv) CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION;

As per the requirement of Clause 49 of the Listing Agreement, a certificate duly signed by CEO and CFO of the Company was placed at the Board Meeting of the Company held on 14th Auguts,2010.

xv) POLICY FOR PROHIBITION OF INSIDER TRADING;

In Compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations,1992 (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a policy for prohibition of insider trading for Directors and its management staff, relating to dealing in the shares of the Company. This code is applicable to all the Directors and its management. The code lays down guidelines, which advises them on procedures to be made while dealing with shares of the Company and cautioning them of the consequences of violations. The Company also informs the stock exchanges(s) periodically about the shareholdings of the Directors, as per the regulations.

xvi) DEMATERIALISATION OF SHARES;

The Company has entered into agreements with both National Securities Depository Limited and Central Depository Services (India) Limited to facilitate the shareholders to Demat their equity shares with any one of the depositories. The custodial charges for the year 2009-10 have been paid to NSDL and CDSL as per Listing Agreement. As on 31st March 2010 Company has 66, 87,011 dematerialised shares with NSDL and CDSL which

is 83.59% 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.

xvii) DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS AND ITS IMPLICATIONS ON PAID UP EQUITY SHARE CAPITAL;

- The Company had gone to public with its Initial Public offer of 10,20,000 (Ten Lacs Twenty Thousand Equity Shares) of the face value of Rs. 10/- (Rs.Ten) each, at par, in December,1985, for raising funds, for its Capital expansion plans for manufacturing of Cast Auto Components at Ludhiana. The said issue was oversubscribed by 10.40 times. Further the Funds so raised through above said public offer were deployed in setting up of furnace and other related machineries, for the manufacture of Casting Auto components at Ludhiana.
- Re-issue of 24300 (Twenty Four Thousand Three Hundred) Forfeited Equity shares, of the face value of Rs. 10/- (Rs.Ten) per share, at a premium of Rs.80.25 (Rs.Eighty & paise twenty five) per equity Share, aggregating Rs.21, 93,075/- (Rs. Twenty One Lac Ninety Three Thousand Seventy Five), were allotted on 23rd May, 2008 on preferential basis.

- 23,00,000 (Twenty Three Lacs) warrant of the face value of Rs.20/- (Rs.Twenty) per warrant, for an aggregate amount of Rs.4,60,00,000/-(Rs.Four Crore Sixty Lacs) (convertible into equivalent number of Equity Shares, of the face value of Rs.10/- each, at a premium of Rs.10/- (Rs.Ten) per Equity share), was allotted on 07th Januray, 2008 on preferential basis, for raising the funds for the overall expansion plans of the Company. The above said warrant were converted into 46, 00,000 (Forty Six Lacs) Equity Shares of the face value of Rs.5/-(Rs. Five) each at a premium of Rs.5/- (Rs. Five) per Equity Share, on dated 01st July, 2009.
- 40,00,000 (Forty Lacs) warrant @ Rs.27.41 per warrant, for an aggregate amount of Rs.10,96,40,000/- (Rs.Ten Crore Nninity Six Lacs Forty Thousand) were allotted on dated 06th February,2010 on preferential basis, (to be optionally convertible, within the warrant exercise period, into equivalent number of Equity Shares of the face value of Rs.5/- (Rs.five) each, at a premium of Rs.22.41 (Rs.Twenty Two and Paise Forty One) per Equity Share, keeping in mind the expansion of the project at Jamshedpur along with modernization & capacity expansions for various auto components, presently being manufactured, at its existing manufacturing unit at Ludhiana.

(Rs.in Lacs)

Financial Year	Amount Raised through Public Funding/Preferential Allotment	Effect on paid up Equity Share Capital
2007-08	NIL	NIL
2008-09	021.93	002.43
2009-10	460.00	230.00

All the above said long term funds (in three trenches) that were raised in the financial year 2008-2009 & 2009-2010, is for setting up of a new manufacturing unit at Jamshedpur, with the installation of high pressure moulding line, for the manufacturing of cast auto components for Commercial & passenger vehicle segment, along with modernization as well as capacity expansion for its existing manufacturing unit at Ludhiana, with a total capex of Rs.45 Crores.All the orders for the high delivery periods machineries for jamshedpur plant were already placed, the required Building for the new unit at Jamshedpur is under Construction and the Company is hopeful of commencing its commercial production at jamshedpur, plant by December,2010 and the capacity expansions as well as modernization of its existing unit at Ludhiana will be Completed by June,2011.

xviii) INVESTOR SAFEGUARDS;

Investors may note the following to avoid risks, while dealing in securities.

▪ DEMATERIALIZATION OF SHARES;

Members may converts their physical holding to demat/electronic through any of the nearest Depository Participants (DP) to avoid the hassles involved in the physical shares

as possibility of loss, mutilation etc. and to ensure safe & speedy transaction in securities.

▪ NATIONAL ELECTRONIC CLEARING SERVICES (NECS)/ELECTRONIC CLEARING SERVICES (ECS) MANDATE;

NECS/ECS helps in quick remittance of dividend without possible loss/delay in postal transit. Members may register their NECS/ECS details with the Company or their DPs.

▪ ENCASH DIVIDENDS IN TIME;

Encash your dividends promptly to avoid hassles of revalidation/lossing their right to claim, owing to transfer of unclaimed dividend beyond seven years to Investor education and Protection Fund.

▪ UPDATE ADDRESS;

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

▪ CONSOLIDATE YOUR MULTIPLE FOLIOS (PHYSICAL);

Members are requested to consolidate their shareholding under multiple folios to save them from the burden of receiving multiple communications and corporate benefits.

▪ REGISTER NOMINATIONS;

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

register their nomination directly with their respective DPs.

▪ PREVENTION OF FRAUDS;

There are certain instances of fraudulent transactions observed relating to dormant folios, where the shareholders has either expired or has gone aborad. Members may thus exercise due diligence and notify of any change of address/stay abroad/ demise of any shareholders or lost or misplace of their shares, as soon as possible to the Company or to the Registrar of the Company. Do not leave the demat account dormant for long time. Periodic statements of holding should be obtained from the concerned DP and holdings should be verified.

▪ DEALING WITH REGISTERED INTERMEDIARIES;

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

xix) Plant Location; G S ESTATE, G.T. ROAD, LUDHIANA.



xx) Address for Correspondence;

Registered Office : G S ESTATE, G.T. ROAD, LUDHIANA - 141010
Telephone : 0161-2511001-05 (Five Lines)
Fax : 0161-2510885
Web. Site : www.gsgroupindia.com
E-mail ID : info@gsgroupindia.com exclusively for the redressal of investor's grievances.

NON MANDATORY REQUIREMENTS;

1. Maintaining of Chairperson's office by Non Executive Director;

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

2. Term of office of Non- Executive Directors;

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

3. Remuneration Committee;

The Company has set up remuneration committee to determine the packages for executive directors. Please refer point No. 3(C) of this report.

4. Shareholder's Rights;

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

5. Training of Board Members about Business model and Risk profile of the Company and their responsibilities as directors and the best ways to discharge them;

The Company does not have such type of training programmes.

6. Mechanism for evaluating Non- executive Directors;

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

7. Whistle Blower Policy;

The Company has formulated a Whistle Blower Policy and the same has been circulated among all the Employees of the Company in three different languages i.e. English, Hindi & Punjabi.

The employees are accessible to the senior management for any counseling or consultation.

DECLARATION

To the Shareholders of G.S. Auto International Limited.

Sub: Compliance with Code of Conduct

The Company has adopted a code of conduct which deals with governance practices expected to be followed by the Board members and senior management employees of the Company.

Pursuant to Clause 49(i) (D) (ii) of the Listing Agreement entered into with the stock exchanges, I hereby declare that all Board members and senior management personnel have affirmed compliance with the code of conduct.

For and on behalf of the Board

Surinder Singh Ryait
Managing Director

Ludhiana: 14th August, 2010

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members of

**G. S. AUTO INTERNATIONAL LIMITED,
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 31st March, 2010, 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 report that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

for & on behalf of
HARMANDAR NANDA & ASSOCIATES
COMPANY SECRETARY

HARMANDAR SINGH NANDA
FCS No.5199

Ludhiana: 14th August, 2010



CEO/CFO Certification under Clause 49 of the Listing Agreement

I, Jasbir Singh Ryait, Chief Executive Officer and Neeraj Tuli, Chief Financial Officer of G. S. AUTO INTERNATIONAL LIMITED hereby certify that;

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2010 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee that:
 - 1) there are no significant changes in internal control over financial reporting during the

year; and

- ii) there have been no significant changes in accounting policies during the year which are required to be disclosed in the notes to the financial statements; and
- iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ludhiana: 14th August, 2010.

Jasbir Singh Ryait
Chief Executive Officer

Neeraj Tuli
Chief Financial Officer



Secretarial Audit Report

For the Financial Year ended 31st March 2010

To
The Members,

G.S. Auto International Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **G.S. Auto International Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended 31st March, 2010 and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period ended on 31st March 2010, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by G.S. Auto International Limited ("the Company") for the financial year ended on 31st March 2010 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;



Secretarial Audit Report

- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed there under;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (v) The Listing Agreements entered into by the Company with four Stock Exchange(s).

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Corporate Social Responsibility Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India;

Based on my examination and verification of the books, papers, minute books, forms and returns filed and other records produced to me and according to information and explanations given to me by the Company, I report that the Company has in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made thereunder, the Memorandum and Articles of Association of the Company and also applicable provisions of the aforesaid laws, standards, guidelines, agreements etc.

I report that, during the year under review:

1. The status of the Company during the financial year has been that of a Public Listed Company.
2. The Company is neither a holding nor a subsidiary of another Company. The Company is neither a Government Company nor a financial Company.
3. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 1956. Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
4. The Company has complied with the provisions of the Companies Act and Rules made under that Act in carrying out the following changes:



Secretarial Audit Report

Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India;

(b) the Company has followed the Secretarial Standards on Meetings of Board of Directors (SS 1), Secretarial Standards on General Meetings (SS 2), Secretarial Standards on Dividend (SS-3), Secretarial Standards on Registers and Records (SS 4), Secretarial Standards on Minutes (SS 5), Secretarial Standards on Transmission of Shares (SS 6), Secretarial Standards on Affixing of Common Seal (SS 8), Secretarial Standards on Forfeiture of Shares (SS 9), Secretarial Standards on Board Report (SS 10) issued by the Institute of Company Secretaries of India;

(c) the Company has complied with the provisions of Equity listing Agreements entered into with four Stock exchanges, namely 1. The Bombay Stock Exchange Limited, 2. The Delhi Stock Exchange Ltd, 3. The Ludhiana Stock Exchange Ltd. 4. The Ahmedabad Stock Exchange Ltd.

(d) the Company has complied with the provisions of The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

(e) the Company has complied with the provisions of The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

(f) the Company has complied with the provisions of The Securities and Exchange Board

of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 with regard to allotment of 40 (Forty) Lakh Warrant to Promoters and others on 06th February, 2010;

(g) the Company has complied with the provisions of the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I further report that;

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**for & on behalf of
HARMANDAR NANDA & ASSOCIATES
COMPANY SECRETARY**

Ludhiana: 14th August, 2010

**HARMANDAR SINGH NANDA
FCS No.5199
C.P.No.4293**

- (a) Directors
- (b) Managerial Remuneration
- (c) Share Capital (authorized, issued, subscribed, paid-up)
- (d) The changes in the provisions of
 - (i) The Memorandum of Association
 - (ii) The Articles of Association
- 5. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, independence and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
- 6. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities.
- 7. The Company has given guarantees amounting to Rs. 1501 Lacs to Banks, for & on behalf of G S Autocomp Private Limited & G.S. Automotive Private Limited, Companies in which directors are interested and has complied with the provisions of the Companies Act, 1956.
- 8. The amount borrowed by the Company from its bank(s) was within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.
- 9. The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank.
- 10. The Company has created and modified charges on the assets of the Company and complied with the applicable laws.
- 11. All registrations under the various state and local laws as applicable to the Company are valid as on the date of report.
- 12. The Company has issued and allotted the securities to the persons-entitled thereto and has also issued letters, coupons, warrant and certificates thereof as applicable to the concerned persons within the stipulated time in compliance with the provisions of the Companies Act, 1956 and other relevant statutes.
- 13. The Company has declared Interim Dividend for the financial year 2009-2010, on dated 10th April, 2010 and paid the interim dividend to its shareholders as per the provisions of the Companies Act, 1956 and other relevant statutes.
- 14. The Company has credited within the stipulated time, all the above said unpaid interim dividend, as required to be so credited, to the unpaid interim dividend Account.
- 15. The Company has paid all its statutory dues.
- 16. The Company, being a listed entity, has complied with the provisions of the Listing Agreement.

I further report that;

- (a) the Company has complied with the provisions of Corporate Social Responsibility

CODE OF CONDUCT (For Directors 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 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 endure 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.
12. Ensure that the Company's Management works for & in the best interest, along with the long term value creation, for all the Shareholders of the Company at large.



Auditor's Report

Auditor's Report For The Year Ended 31st March, 2010 REPORT OF THE AUDITORS' TO THE MEMBERS

1. We have audited the attached Balance Sheet of **G.S. AUTO INTERNATIONAL LIMITED** as at 31st March, 2010, and the related Profit and Loss Account and the Cash Flow Statement of the Company, for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material 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.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the "Act"), and on the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 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 sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of the written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (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 together with the notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act, in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2010;
- (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
Firm Registration No.004342N
Chartered Accountants

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

Ludhiana : 14th August, 2010



Auditor's Report

Auditor's Report for the year ended 31st March, 2010 (Contd.)

ANNEXURE TO THE AUDITORS' REPORT:

Referred to in paragraph 3 of the Auditors' Report of even date to the members of "G.S.AUTO INTERNATIONAL LIMITED" on the financial statement for the year ended 31st March, 2010:

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets;
 b) According to the information and explanation given to us, the fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the books records and such physical verification have been noticed;
 c) In our opinion and according to the information and explanation given to us, a substantial part of fixed assets has not been disposed of by the Company during the year;
2. a) According to the information and explanations given to us, the inventories has been physically verified by the Management during the year. In our opinion the frequency of the verification is reasonable;
 b) In our opinion and according to the information and 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 inventory records, in our opinion, the Company is maintaining proper records of inventory. the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts;
3. a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
 b) The Company has not taken any loans, secured or unsecured 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 said order, are not applicable to the Company;
4. In our opinion and according to the information and explanation given to us, there is an adequate internal control system 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 on the basis of our examination of the books and records of the Company, and according to the information and explanation given to us, no major weakness in the aforesaid internal control system has been noticed or reported;
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section;



Auditor's Report

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangement and exceeding the value of Rs. five lakhs, in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices 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 exist for obtaining comparative quotation in general;

6. The Company has not accepted any deposits from the Public under the provisions of section 58A and 58AA of The Company Act, 1956 and the rules framed there under, during the year;
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business;
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India for the maintenance of Cost Records has been prescribed under clause (d) of sub-section (1) of Section 209 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 with a view to determine whether they are accurate or complete;
9. a) According to the information and explanations given to us and according to the books and records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise Duty, Cess and Other material statutory dues as applicable, with the appropriate authority. 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, 2010 for a period of more than six months from the date of become payable;
- b) As at 31st March 2010, 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:-

Name of the Statute	Nature of the dues	Year to which it relates	Amount (in Lacs)	Forum where dispute is pending
A) Excise Act 1944	Excise duty			
---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 Excise Ludhiana.
B) Service Tax	Service Tax 2006-2007 including 2007-2008 Interest & penalty		3.35	Asst. Comm. Central Excise Division-I, Ludhiana

* The Add. Comm. of Central Excise, Ludhiana has dropped the demand of Rs. 22.56 Lacs, vide their order no. V (87)15/Adj/JC/LDH/43/2009/17218 dated 29th June, 2010.

10. The Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year;
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in the repayment of dues to any financial institutions or banks, during the year;
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
13. The Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of above said order are not applicable to the Company;
14. As per the records produced for our verifications and the information and explanation given to us, in our opinion, the Company has maintained proper records of transactions and contracts entered into for investing temporarily idle funds in investments in the units of mutual funds, into which timely entries have been made. The said investments were held in the name of the Company;
15. In our opinion and according to the information and explanations given to us, 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 prejudicial to the interest of the Company;
16. In our opinion and according to the information and explanations given to us, on an overall basis, the Company has not taken any term loans during the year. Accordingly the provisions of clause 4 (xvi) of above said order are not applicable to the Company;

17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanation given to us, we report that funds raised on short term basis have not been used for long term investments;
18. According to the information and explanations given to us, during the year the Company has made preferential allotment of 12,00,000 (Twelve Lacs) warrant, convertible into equal number of Equity Shares, within a period of 18 (Eighteen) months, from the date of allotment, to parties and companies covered in the register maintained under section 301 of the Act. Further the Company, on 01st July, 2009 has allotted, on preferential basis, 970000 (Nine Lacs Seventy Thousand) Equity Shares of the face value of Rs. 5/- per share, to parties and Companies covered in the register maintained under section 301 of the Act, upon the conversion of warrant (such warrant were earlier allotted on 07th January, 2008) into Equity shares.
19. 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
20. 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;

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

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

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

Ludhiana : 14th August, 2010



Financials

Balance Sheet as at 31st March, 2010

PARTICULARS	SCHEDULE	As At 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
I SOURCES OF FUNDS :			
1. Shareholders' Funds:			
(a) Share Capital (See Note 12)	"A"	40000000.00	17000000.00
(b) Warrant Allotment Money (See Note 13)		28000000.00	16568800.00
(c) Reserves & Surplus	"B"	<u>183280583.78</u>	<u>124959876.04</u>
		251280583.78	158528676.04
2. Loan Funds:			
Secured Loans	"C"		107991677.69
3. Deferred Tax Adjustment: (See Note 11)			
(a) Deferred Tax Liabilities		10212860.00	9073060.00
(b) Deferred Tax Assets		<u>795300.00</u>	<u>3085500.00</u>
		9417560.00	5987560.00
Total Funds Employed		<u>364638396.43</u>	<u>272507913.73</u>
II APPLICATION OF FUNDS :			
1. Fixed Assets:			
(a) Gross Block (See Note 1 (d),1(s),18 & 19)	"D"	201941493.20	176568855.11
(b) Less:Depreciation		<u>91277989.23</u>	<u>83357289.62</u>
(c) Net Block		110663503.97	93211565.49
(d) Capital Work-in-Progress (See Note 15)		<u>7351142.20</u>	<u>3998578.62</u>
		118014646.17	97210144.11
2. Investments: (See Note 1 (f))			
3. Current Assets, Loans and Advances:			
(a) Inventories (See Note 1 (e))	"E"	82345951.20	73378587.77
(b) Sundry Debtors (See Note.1(g) & 6)	"F"	162677912.69	140262710.75
(c) Cash and Bank Balances		30515970.15	41237724.25
(d) Other Current Assets		4405824.66	4104304.01
(e) Loans and Advances		<u>82930638.38</u>	<u>42394648.95</u>
		362876297.08	301377975.73
Less: Current Liabilities and Provisions			
(a) Current Liabilities	"G"	137454872.24	120134564.51
(b) Provisions (See Note 1(k) & (o))		<u>15654859.00</u>	<u>11824456.00</u>
		153109731.24	131959020.51
Net Current Assets		209766565.84	169418955.22
4. Miscellaneous Expenditure:			
(To the extent not written off or adjusted)	"H"	3044278.00	4369994.00
Total Funds Applied		<u>364638396.43</u>	<u>272507913.73</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS "O"

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

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

Ludhiana : 14th August, 2010

On behalf of the Board of Directors
JASBIR SINGH RYAIT
Chairman

SURINDER SINGH RYAIT
Managing Director

NEERAJ TULI
Chief Financial Officer

RASHMI SHARMA
Company Secretary



Financials

Profit & Loss Account for the year ended 31st March, 2010

PARTICULARS	SCHEDULE	As At 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
I INCOME			
Sales, Gross (See Note 1 (c) & (g))	"I" (a)	1118802987.68	1045473589.71
Less: Excise Duty		93492562.00	122048486.00
Net Sales		1025310425.68	923425103.71
Operating Income (See Note 1(c))	"I"(b)	2133697.00	3095882.00
		1027444122.68	926520985.71
Other Income (See Note 1(c))	"I"(c)	2972391.74	3416998.80
	TOTAL	1030416514.42	929937984.51
EXPENDITURE			
Cost of Material & Purchase of Finished Goods (See Note 1 (e))	"J"	596807882.45	529668613.82
Manufacturing Expenses	"K"	114848086.56	131836096.34
Establishment, Office & Administrative Expenses	"L"	128480736.44	124037076.11
Financial Expenses (See Note 1 (q))	"M"	11491852.67	15731450.95
Selling and Distribution Expenses	"N"	105273862.95	89703146.23
Depreciation & Amortisation (See Note 1 (d) & 18)		8815605.61	7756897.82
	TOTAL	965718026.68	898733281.27
Operating Profit for the Year before Taxation.		64698487.74	31204703.24
Less: Provision for Taxation (See Note 1 (m))			
- Current Tax		20800000.00	9500000.00
- Fringe Benefit Tax		0.00	785000.00
- Deferred Tax (See Note 1(m) & 11)		3430000.00	730100.00
		24230000.00	730100.00
Net Profit After Taxation		40468487.74	20189603.24
As per Last Account		115088485.06	94701360.82
		155556972.80	114890964.06
Adjustments relating to earlier years:			
Excess/(Short) provision for taxation & tax payments		0.00	197521.00
Profit Available for Appropriation		155556972.80	115088485.06
APPROPRIATIONS:			
- General Reserve		4050000.00	0.00
- Proposed Equity Dividend		4400000.00	0.00
- Tax on Proposed Dividend		747780.00	0.00
		9197780.00	0.00
Balance Carried to Balance Sheet		146359192.80	115088485.06
Earning Per Share of Face Value of Rs.5/- each (See Note 1 (n) & 16)			
Basic		5.91	5.95
Diluted		5.38	2.52

NOTES FORMING PART OF THE FINANCIAL STATEMENTS "O"

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

On behalf of the Board of Directors
JASBIR SINGH RYAIT
Chairman

NEERAJ TULI
Chief Financial Officer

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

SURINDER SINGH RYAIT
Managing Director

RASHMI SHARMA
Company Secretary

Ludhiana : 14th August, 2010

Cash Flow Statement for the year ended 31st March, 2010

Sr. No.	PARTICULARS	As At 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES:			
	Profit before Tax	64698487.74	31204703.24
	Adjustment for :		
	Interest/Depreciation/Other Non Cash Expenses:		
i)	Depreciation and amortisation	8815605.61	7756897.82
ii)	Loss on sale of assets sold, demolished, discarded	631998.31	446705.72
iii)	Adjustment in respect of earlier years:		
	- Excess/(Short) provisions for Taxation & Tax Refunds	0.00	197521.00
iv)	Amortisation of Miscellaneous Expenditure	1325716.00	1325716.00
v)	Interest Paid	11491852.67	15731450.95
vi)	Provisions for Gratuity & Leave in Encashment	7829445.00	3263033.00
vii)	Provision for diminution in the value of Investments	297202.38	0.00
	Total	95090307.71	59926027.73
	Interest/Dividend/Other Income Adjustments:		
i)	Interest received	(1484637.02)	(381460.28)
ii)	Dividend Income	(619309.72)	(8320.40)
	Total	(2103946.74)	(389780.68)
	OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES	92986360.97	59536247.05
	Changes in Working Capital:		
	(Increase) / Decrease in Current Assets:		
i)	Inventories	(8967363.43)	17395925.18
ii)	Sundry Debtors	(22415201.94)	(889140.96)
iii)	Other Current Assets & Loans & Advances	(34248112.42)	3745106.55
		(65630677.79)	20251890.77
	Increase / (Decrease) in Current Liabilities:		
i)	Trade Payable	15075277.73	(3182799.33)
ii)	Payment for Gratuity & Leave Encashment	(9391792.00)	(4095796.00)
		5683485.73	(35923794.33)
	Total	(59947192.06)	(15671903.56)
	CASH GENERATED FROM OPERATIONS	33039168.91	43864343.49
	Direct Taxes Paid (Net of Refund)	(17685000.00)	(10066243.00)
	NET CASH FROM OPERATING ACTIVITIES (A)	15354168.91	33798100.49
B CASH FLOW FROM INVESTMENT ACTIVITIES			
i)	(Increase) / Decrease in investment in mutual funds	(32601288.40)	(1508320.40)
ii)	Advance for Capital expenditure	(612000.00)	0.00
iii)	Capital expenditure	(31075205.98)	(12945984.48)
iv)	Interest capitalised	758602.00	90775.00
v)	Non Operating income-Interest, Dividend etc	1078414.08	389780.68
vi)	Project expenses (Includes Advance Payment)	(5576865.00)	0.00



Financials

vii) Sale proceeds of assets	823100.00	444000.00
	<u>(67205243.30)</u>	<u>(13529749.20)</u>
NET CASH USED IN INVESTING ACTIVITIES (B)	<u>(67205243.30)</u>	<u>(13529749.20)</u>
C CASH FLOW FINANCING ACTIVITIES		
Increase / (Decrease) in Share Capital / Borrowings:		
i) Share Capital (Including Security Premium)	29431200.00	1342575.00
ii) Warrant Allotment Money	28000000.00	2650000.00
iii) Secured Loans	(3583520.63)	(2125278.17)
iv) Cash Credit & Other Borrowings from Banks (Net)	(467904.41)	24244914.49
Net Cash From Financing Activities Total	<u>53379774.96</u>	<u>26112211.32</u>
Interest Paid		
i) Interest paid	(11491852.67)	(15731450.95)
ii) Capitalised	(758602.00)	(90775.00)
Total	<u>(12250454.67)</u>	<u>(15822225.95)</u>
NET CASH USED IN FINANCING ACTIVITIES (C)	<u>41129320.29</u>	<u>10289985.37</u>
Net Change in Cash & Cash Equivalents (A+B+C)	<u>(10721754.10)</u>	<u>30558336.66</u>
Cash & Cash Equivalents as at 01.04.09 (Opening balance)	41237724.25	10679387.59
Cash & Cash Equivalents as at 31.03.2010 (Closing balance)	30515970.15	41237724.25

Note: Previous year figures have been grouped where ever necessary to confirm to this year's classification.

As per our attached report of even date For NANDA & BHATIA Firm Registration No. 004342N Chartered Accountants	On behalf of the Board of Directors JASBIR SINGH RYAIT Chairman	NEERAJ TULI Chief Financial Officer
P.C.S. VIRDI Partner Membership No.17056	SURINDER SINGH RYAIT Managing Director	RASHMI SHARMA Company Secretary
Ludhiana : 14th August, 2010		

Schedules "A" to "O" annexed to and forming part of the Financial Statements for the year ended 31st March, 2010

PARTICULARS	As At 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
SCHEDULE 'A' SHARE CAPITAL:		
Authorised Capital		
200,00,000 Equity shares of Rs. 5/- each	<u>100000000.00</u>	<u>100000000.00</u>
Issued Capital		
80,00,000 Equity shares of Rs. 5/- each. (See Note 12) (Previous year 34,00,000 Equity shares Rs.5/- each)	<u>40000000.00</u>	<u>17000000.00</u>
Subscribed and Paid up Capital		
80,00,000 Equity shares of Rs.5/- each, fully paid up in cash (See Note 12)	<u>40000000.00</u>	<u>17000000.00</u>
(Previous Years 34,00,000 Equity shares of Rs.5/- each, fully paid up in Cash)		
TOTAL	<u>40000000.00</u>	<u>17000000.00</u>
SCHEDULE 'B' RESERVES & SURPLUS :		
Capital Reserve		
As per last Account	120000.00	120000.00
Securities Premium Account		
As per last Account	1950075.00	1950075.00
Additions during the year (See Note 12)	<u>23000000.00</u>	<u>1950075.00</u>
Investment Allowance Reserve		
As per last Account	256315.98	256315.98
Capital Revaluation Reserve		
As per last Account	7545000.00	7545000.00
General Reserve		
Set aside from Profit & Loss Account	4050000.00	0.00
Surplus as per annexed Account :		
Surplus as per Annexed Account	<u>146359192.80</u>	<u>115088485.06</u>
TOTAL	<u>183280583.78</u>	<u>124959876.04</u>
SCHEDULE 'C' SECURED LOANS:		
From Banks		
Term Loan		
Punjab National Bank	6653456.00	12805634.00
(Secured by way of Equitable Mortgage of Fixed Assets and also guaranteed by Directors of the Company)		
ICICI Bank Ltd - Car Loan	19051.00	233948.00
HDFC Bank Ltd. Car Loan	1706643.26	1342369.89
AXIS Bank Ltd.-Car Loan	2419281.00	0.00
Working Capital Facilities	<u>93141821.39</u>	<u>93609725.80</u>
(Secured by hypothecation of entire present and future moveable assets of the company such as stock of Raw Materials, Work in Progress, Finished Goods, Goods in transit, Stores, Book Debts. Further secured by charge by way of Equitable Mortgage of Fixed Assets and also guaranteed by Directors of the Company)		
TOTAL	<u>103940252.65</u>	<u>107991677.69</u>

SCHEDULE - D FIXED ASSETS (See Note 1(d) (g) (s) & 15,18,19 & 22))

S.No	Fixed Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 31.03.2009	Additions & Adjustments during the year	Deductions during the year	As at 31.03.2010	For the year	Deductions/ Adjustments during the year	up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Land Freehold	8686662.75	0.00	0.00	8686662.75	0.00	0.00	0.00	8686662.75	8686662.75
2	Land Leasehold	2707174.00	0.00	0.00	2707174.00	0.00	0.00	0.00	2707174.00	2707174.00
3	Building	14741550.20	5121764.00	0.00	19863314.20	499039.70	0.00	7032832.99	12830481.21	8207756.91
4	Plant & Machinery	122022381.40	12951152.40	0.00	134973533.80	6138775.81	0.00	61453670.64	73519863.16	66707486.57
5	Vehicle	11669941.16	8191276.00	2350004.31	17511212.85	1575527.75	894906.00	7996028.64	9515184.21	4354534.27
6	Furniture & Fixtures	5311139.76	447814.00	0.00	5758953.76	334954.58	0.00	4083904.36	1675049.40	1562189.98
7	Office Equipments	10749367.00	510525.00	0.00	11259892.00	224139.02	0.00	10242627.75	1017264.25	730878.27
8	Other Assets	680638.84	500111.00	0.00	1180749.84	43168.75	0.00	468924.85	711824.99	254882.74
	TOTAL	176568855.11	27722642.40	2350004.31	201941493.20	8815605.61	894906.00	91277989.23	110663503.97	93211565.49
	PREVIOUS YEAR	162871442.99	15653004.84	1955592.72	176568855.11	7756897.82	1064887.00	83357289.62	93211565.49	86206164.19
	CAPITAL WORK IN PROGRESS (See Note 15)								7351142.20	3998578.62

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



Financials

PARTICULARS	As At 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
SCHEDULE ' E ' INVESTMENTS: (See Note 1 (f))		
A) Long Term Investment		
(At Cost) (Quoted, Non Trade)		
50 (Previous year 50) Equity Shares of Clutch Auto Limited of Rs.10/- each fully paid up.	(a) 500.00	500.00
B) Current Investment		
Units-Quoted but not Listed		
Liquid and Liquid Plus		
1. 1529.658 (Previous year 501.712) Units of Bharti AXA Treasury Advantage fund,Face value Rs.15,30,566/16 (Previous year Face Value Rs.5,02,133/-.)	1530566.16	502133.00
2. 238.736 (Previous Year 1005.297) units of Reliance Money Manager Fund Retail,Face Value Rs.2,38,995/94 (Previous Year Face Value Rs.10,06,187/40.)	238995.94	1006187.40
3. 251.121 (Previous Year Nil) units of Reliance Money Manager Fund Institutional,Face Value Rs.2,51,420/21(Previous Year Face Value Rs.Nil)	251420.21	0.00
4.1466337.201 (Previous Year Nil) units of Reliance Medium Term Fund Daily Dividend Plan,Face Value Rs.2,50,67,767/62 (Previous Year Face Value Rs.Nil)	25067767.62	0.00
5. 51662.769 (Previous Year Nil) units of Kotak Bond Short term Plan face value Rs.5,20,858/87 (Previous Year Face value Rs.Nil)	520858.87	0.00
6.146699.267 (Previous Year Nil) Units of Relaince Infrastructure Fund Retail-Growth Plan,face value Rs.15,00,000/-,Market value Rs.16,52,655/26 (Previous Year Nil)	1500000.00	0.00
7.250000 (Previous Year Nil) Units of Bharti Axa Infrastructure Fund Focused-Growth Plan,face value Rs.25,00,000/-,Market value Rs.25,87,500/- (Previous Year Nil)	2500000.00	0.00
	(b) 31609608.80	1508320.40
8. Others	2500000.00	0.00
Provision for diminution in the value of Investments	297202.38	0.00
	(c) 2202797.62	0.00
TOTAL	33812906.42	1508820.40



Aggregate amount of Quoted Investments (a)	500.00	500.00
Aggregate market value of Quoted Investments (a)	31400.00	800.00
Current Investments		
Aggregate amount of quoted Investments, but not listed-Liquid & Liquid Plus (b)	31609608.80	1508320.40
Aggregate Market Value of quoted Investments, but not listed-Liquid & liquid Plus (b)	31849764.06	1508320.40
Aggregate amount of unquoted Investments-Others (c)	2202797.62	0.00
Aggregate Market value of unquoted Investments-Others (c)	2202797.62	0.00

Following Investments were purchased & sold during the year.

Name	No. of Units	Face Value	Cost of Acquisition
HDFC Cash Management Fund-Treasury Advantage Plan-Daily Dividend Reinvestment Plan	1993719.783	20000000.00	20000000.00
Reliance Floating Rate Fund-Short Term Plan-Daily Dividend Reinvestment Plan	8987358.114	90500000.00	90500000.00
Reliance Medium Term Fund-Daily Dividend Reinvestment Plan	1166115.148	19935321.51	19935321.51
Reliance Money Manager Fund-Retail Plan-Daily Dividend Reinvestment Plan (Face Value Rs.1000/-)	36743.405	36775900.51	36775900.51
Reliance Money Manager Fund-Institutional Plan-Daily Dividend Reinvestment Plan (Face Value Rs.1000/-)	29409.694	29443100.56	29443100.56
Reliance Short Term Fund-Retail Plan-Monthly Dividend Reinvestment Plan	2079153.167	22208070.68	22208070.68

SCHEDULE- "F" CURRENT ASSETS, LOANS AND ADVANCES

(a) Inventories: (See Note 1(e))

(As valued & certified by the Management)

(i) Raw Material & Components	43383755.66	37244251.22
(ii) Work in Progress	10687279.94	5908279.34
(iii) Finished Goods	19669289.07	23060832.09
(iv) Stores, Spares & Consumables	8605626.53	7165225.12
TOTAL	82345951.20	73378587.77

(b) Sundry Debtors:

(unsecured- considered good unless otherwise stated) (See Note 6)

i) Over Six Months	4751582.30	2551189.30
ii) Other Debts	157926330.39	137711521.45
TOTAL	162677912.69	140262710.75

(c) Cash & Bank Balances:

i) Cash on hand including imprest	983615.22	673262.02
ii) Bank Balances with Scheduled Banks:		
- in Current Accounts	5177354.93	27334462.23
- in Fixed Deposits	24355000.00	13230000.00
TOTAL	30515970.15	41237724.25

(d) Other Current Assets: (See Note 1 (C))

Export Incentives Receivable	3365292.00	3892853.00
Interest Receivable	1025532.66	211451.01
Insurance Claim receivable	15000.00	0.00
TOTAL	4405824.66	4104304.01

(e) Loans and Advances:

(Unsecured, considered good, unless otherwise stated)

Advances recoverable in cash or in kind or value to be received (See Note 28)	13525931.21	14980737.10
Advances for Capital Expenditure	8998116.00	1867682.00
Security Deposits	1745658.00	1578183.00
Balance with Central Excise & Other Revenue Authorities	58010114.17	22595856.71
Advance Payment against Income Tax (Net of Provisions of Previous year Rs. 163.75 Lacs)	0.00	721371.14
Advance Payment against Fringe Benefit Tax (Net of Provisions of Rs.22.45 Lacs) (Previous year Rs. 22.45 Lacs)	650819.00	650819.00
TOTAL	82930638.38	42394648.95

SCHEDULE ' G ' CURRENT LIABILITIES & PROVISIONS:

(a) Current Liabilities:

Sundry Creditors (See Note 9)	82846624.74	71279420.36
Other Liabilities	51174563.66	45863241.00
Advance against orders	1144160.00	689129.31
Trade Deposits	2289523.84	2302773.84
TOTAL	137454872.24	120134564.51

(b) Provisions:

a) Provision for Proposed Equity dividend	4400000.00	0.00
b) Provision for Tax on Proposed Dividend	747780.00	0.00
c) Provision for Long term Employee Benefits (See Note 1 (k) (o) &10))	8017079.00	11824456.00
d) Provision for Taxation (See Note 1(m))	2490000.00	0.00
TOTAL	15654859.00	11824456.00

SCHEDULE "H" MISCELLANEOUS EXPENDITURE:

(To the extent not written off or adjusted)

Deferred Revenue Expenditure	3044278.00	4369994.00
TOTAL	3044278.00	4369994.00



PARTICULARS	As At 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
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SCHEDULE 'I' SALES, OPERATING & OTHER INCOME : (See Note 1(c)(i) & (g))

(a) Sales:

Domestic (Net of Returns)	941745397.27	813295607.55
Export	76345218.29	110129496.16
Job work receipts	7219810.12	0.00
TOTAL	1025310425.68	923425103.71

(b) Operating Income:

Export Incentives (See Note 1©))	2133697.00	3095882.00
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(c) Other Income: (See Note 1©))

Rental income	392000.00	320400.00
Interest on deposits etc; (Gross Tax Deducted Rs. 2.08 Lacs Previous year Rs. 0.47 Lacs)	1484637.02	381460.28
Exchange Difference Income (See Note 1(g) & 23 & 24))	0.00	2354661.12
Dividend Income from Investments in Mutual funds, Current Investments	619309.72	8320.40
Miscellaneous Receipts	476445.00	352157.00
TOTAL	2972391.74	3416998.80
TOTAL	5106088.74	6512880.80

SCHEDULE 'J' COST OF MATERIAL CONSUMED & PURCHASE OF FINISHED GOODS

Opening Stock of Raw Material:	37244251.22	45913281.06
Add: Purchases		
Raw Material	271928448.61	337751113.58
Semi-Finished Goods	327702827.96	171429120.76
	599631276.57	509180234.34
Less : Closing stocks		
Raw Material (See Note 1(e))	43383755.66	37244251.22
(A)	593491772.13	517849264.18
(Increase)/Decrease in Stocks;		
Stocks at Close:		
Finished Goods	19669289.07	23060832.09
Work-in-Progress	10687279.94	5908279.34
	30356569.01	28969111.43
Less:Stocks at Commencement:		
Finished Goods (See Note 1(e))	23060832.09	15742326.99
Work-in-Progress (See Note 1(e))	5908279.34	20787723.08
	28969111.43	36530050.07
(B)	(1387457.58)	7560938.64
Purchase of Finished goods	4703567.90	4258411.00
(C)	4703567.90	4258411.00
TOTAL (A+B+C)	596807882.45	529668613.82

PARTICULARS

	As At 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
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SCHEDULE 'K' MANUFACTURING EXPENSES

Power & Fuel Consumed

Stock at the Commencement	721239.36	618672.09
Add: Expenses during the year	49316814.34	50925884.32
	50038053.70	51544556.41
Less: Stock at the Close	607550.50	721239.36
	49430503.20	50823317.05

Consumable stores consumed	26456603.40	41643241.18
Lubricants consumed	5396936.01	5458820.86
Packing material consumed	20054484.83	17968835.16
Machinery Repairs	10241461.26	10772308.11
Research & Development Expenses (See Note 1(i) & 21)	3268097.86	5169573.98
TOTAL	114848086.56	131836096.34

SCHEDULE 'L' ESTABLISHMENT & OFFICE ADMINISTRATIVE EXPENSES

Establishment Expenses

Remuneration to Directors (See Note 14)	4704000.00	3516000.00
Salary to staff	10365833.00	9338937.00
Wages	57064885.50	48240869.50
Labour Charges	2901170.11	19081921.37
Employees Deposit Linked Insurance Scheme	176304.00	199220.00
Workers welfare	1605156.40	1405487.00
Contribution to Provident & other Funds and Schemes (See Note 1(k) & 10)	17078437.00	11396892.00
Compensation & Notice Pay	0.00	21375.00
House rent Allowance	4499617.00	3964710.00
Medical Expenses	1175946.00	1135900.00
Leave Travel Allowance	507579.00	607831.00
City Compensatory Allowance	252459.00	190301.00
Recruitment expenses	1223.00	146463.00
Stipend	61395.00	25965.00
Bonus	3684621.00	3612759.00
TOTAL	104078626.01	102884630.87

Office & Administrative Expenses

Travelling & Conveyance:		
Directors	72381.05	714698.20
Others	10551318.00	9642033.78
Printing & Stationary	1323311.37	1099082.38
Vehicle Expenses	1803403.31	1548509.72
Subscription & Membership fees	326004.75	274029.00
Donation	181125.00	59500.00



PARTICULARS	As At 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
Light, Electricity & Water expenses	244435.00	370765.00
Postage & Telephone Expenses	1385417.00	1439258.14
Legal & Professional Charges	759240.00	1090473.00
Seminar Expenses	265103.00	43500.00
Payment to Auditors for:		
Statutory Audit fees	55000.00	60665.00
Audit Expenses	1890.00	7776.00
Rent, Rates & Taxes	1797205.40	365240.10
General Expenses	1626881.60	1351630.83
Insurance	1678965.76	1714484.87
Entertainment Expenses	2432.00	10985.00
Building Repairs	753587.75	437271.00
Electricity and General Repairs	558724.75	475837.50
Loss of sale of Vehicles	631998.31	446705.72
Provision for diminution in the Value of Current Investment (See Note 1(f))	297202.38	0.00
Waste Removal Charges	68984.00	0.00
Wealth Tax	17500.00	0.00
TOTAL	24402110.43	21152445.24
TOTAL	128480736.44	124037076.11

SCHEDULE 'M' FINANCIAL EXPENSES

Bank Interest & Commission (See Note 1 (q) & 26)	11183335.30	15569486.12
Interest to others/Hire Charges	308517.37	161964.83
TOTAL	11491852.67	15731450.95

SCHEDULE 'N' SELLING & DISTRIBUTION EXPENSES

Freight & Cartage	25487717.00	20427891.50
Shipping charges	3679524.73	4922878.00
Advertisement	1593543.00	1771011.00
Commission to agents	2221284.00	2605576.00
Turnover discounts	32927090.00	27414141.18
Samples	20712.00	113660.00
Discount & Rebates	25134327.67	22104866.36
Sales promotion expenses	1737094.28	249998.23
Loss of Excise duty on Goods Return	100276.85	311970.09
Trade discount	10343876.89	9698088.63
Exchange rate fluctuation (See Note 1(g), 23 & 24))	2018651.84	0.00
Sales tax Adjustment/Losses	9764.69	83065.24
TOTAL	105273862.95	89703146.23

SCHEDULE – "O"

Notes forming Part of the Financial Statements:

1. Significant Accounting Policies:

a) Accounting Convention:

The financial statements have been prepared on accrual basis under the historical cost convention in accordance with the applicable Accounting Standards referred to in section 211 (3C) and other relevant provisions of the Companies Act, 1956.

b) Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets & liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

c) Revenue Recognition:

i) Sales:

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

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

ii) Interest:

Interest income 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 claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

v) Dividend:

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

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

d) Fixed Assets (Tangible & Intangible) and Depreciation

(i) Fixed Assets-Tangible & Intangible Assets:

Tangible Fixed assets are stated at historical cost of acquisition or construction (net of refundable taxes or levies), less accumulated depreciation. Historical cost includes all incidental costs related to the acquisition, installation, erection/commissioning of the concerned assets, including interest and financial charges on borrowings, if any, attributable to the concerned Asset, up to the date of the assets are put into use/assets is ready for its intend use.

The Fixed Cost manufactured by the Company are stated at manufacturing cost plus all the incidental expenses related thereto.

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.

Expenditure on New Projects and Expenditure during Construction etc.:

In case of new projects and in the case of substantial modernization or expansion at the existing units of the Company, expenditure incurred including interest on borrowing and financing cost of specific loans, prior to the commencement of commercial production is capitalized to the cost of specific assets. Trial Run expenditure is also capitalized.

Expenditure incurred on acquisition or development of software, Video Advertisement, and such other Intangible Assets are recognized as Intangible Assets, if it is expected that such assets will generate sufficient future economic benefits, under the heading "Other Assets" in the Schedule "D" of Fixed Assets.

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

(ii) Depreciation:

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

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

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

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

Intangible Assets are amortized by straight line method over the estimated useful life of such assets. The useful life is estimated based on the evaluation of future economic benefits expected of such assets.

e) Inventory Valuation:

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

- a) Raw material & Components : at lower of cost or estimated net Realizable value.
- b) Work-in-Progress : at raw material cost-plus conversion cost depending upon the stage of completion.
- 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.

f) Investments:

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

Current Investments are valued at cost of acquisition less provision for diminution, as necessary, if any, determined on an individual investment basis. Long-term investments are carried at their acquisition cost.

g) Foreign Currency Transactions:

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

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

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

The above said accounting policies have been consistently followed in terms with the Accounting standard-11, the policy has

been overridden by an amendment to the aforementioned accounting standard for limited period of time as stated on No.22 in Schedule "O".

h) Hedge Accounting:

The Company till date are not using the booking of forward contract as hedging instrument for covering its risk against currency fluctuations for its all the import and export business carried on during the year, except for Foreign Exchange Term Loan availed from financial institutions for their normal working capital requirements. Further in terms of risk management strategy, the Company does not use forward cover contracts for trading & speculative purposes.

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

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 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 is recognized in accordance with the Cenvat Credit Rules, 2004.

k) Employee Benefits:

a) Post Employment Benefits:

Defined Contribution Plans:

Provident Fund:

Benefits in the form of Provident Fund and Pension Schemes whether in pursuance of any law or otherwise, which are defined contributions is made in accordance with the provisions of the Employee Provident Fund and Miscellaneous Provision Act 1952, is accounted for on accrual basis and charged to the 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. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and the shortfall in the fair value of the plan Assets is recognized as an obligation.

Leave Encashment:

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

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

Short term employee's benefits are recognized as an expense on an undiscounted basis in the Profit and Loss Account of the year in which the related service is rendered.



Financial Statements

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) Taxation:

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

Deferred Tax is recognized, subject to the consideration of prudence, in respect of deferred tax assets, on timing differences, being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

n) 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 Shares into Equity Shares.

o) Provision:

A Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits is expected to settle the obligation, in respect of which a reliable estimate can be made. Necessary Provisions are made for present obligations that arise of past events prior to the Balance Sheet date entailing future outflow of economic resources

p) 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.

q) Borrowing cost:

Interest on borrowings is recognized in the Profit & Loss Account except interest incurred on borrowings, specially raised for acquisition/construction 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.

r) 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.

s) Impairment of Assets:

The Company tests for impairments at the close of the accounting period if and only if there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value of an Asset i.e. the net realizable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the Assets the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount become higher than the then carrying value the provision to the extent of then differences is reversed, but not higher than the amount provided for.

t) Others

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

2. Contingent Liabilities

As at 31.03.2010

(Rs. in Lacs)

As at 31.03.2009

a) Guarantee given to PSIDC (for & on behalf of G.S Radiators Ltd), and bank to G.S. Automotive (P) Ltd & G.S Autocomp (P) Ltd.

Balance Outstanding	875.44	803.99
(Maximum Amount)	1766.00	1355.00

b) Others

---	3.20
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c) Claims against the Company not acknowledged as debt on account of

(i) Excise Duty	---	23.07
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(ii) Service Tax	03.35	03.35
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(iii) Income Tax (Matters in Appeal)	---	31.68
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3. The Company has contested the additional demand raised in respect of service tax etc amounting to **Rs.3.35 lacs** (Previous year Rs.3.35 Lacs). Against this, a sum of **Rs.3.35 lacs** (Previous year Nil) has been deposited under protest along with penalty & interest of **Rs.2.10 lacs** (Previous year Nil) and the total amount **Rs.5.45 lacs** (Previous year Nil) stands included under the head "Advances recoverable in cash or kind". The Company has filed an appeal with the Appellate Authority and is advised that the demand is not in accordance with Law. No provision therefore, has been made in accounts in respect thereof.

4. 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.

5. 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.

6. Book Debts include Customer amounting to **Rs.2.81 Lacs** (Previous year Rs.8.91 Lacs), which are considered as doubtful for recovery, and legal suit against these customers has already been filed. No provision is made by the Company, for the same, in the books of the accounts, for the financial year 2009-2010.

7. Previous financial year's figures have been regrouped, rearranged and reclassified wherever necessary to make them comparable with those of the current year.

8. Figures in bracket indicate deductions.

9. 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. This has been relied upon by the auditors.



Financial Statements

Sundry Creditors include following amount due to MSMED parties:

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	31st March, 2010 (Rs. in Lacs)	31st March, 2009 (Rs. in Lacs)
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Principal-42.63 Interest-Nil	Principal-27.29 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	0.00	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	0.00	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	0.00	0.00

10. Defined Benefit Plans for Employees (AS-15):

Liability for employee benefit (post retirement funded gratuity plan and leaves, which is unfunded) has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard-15 (revised), the details are as under:

	As At 31st March, 2010 (Rs. in Lacs)		As At 31st March, 2009 (Rs. in Lacs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
i) Amount to be recognized in Balance Sheet				
a. Present value of Defined Benefits Obligations				
(i) Funded	140.03	----	104.32	----
(ii) Unfunded	----	25.59	----	14.44
b. Fair value of Plan assets	125.88	----	31.74	----
c. Net Liability/ (Assets) recognized in the Balance Sheet	14.14	25.59	72.58	14.44
ii) Amount to be recognized in the Statement of Profit & Loss A/c.				
a) Current Service Cost	22.25	15.41	13.65	9.32

b) Interest on Defined Benefit Obligations	7.83	0.68	7.87	0.45
c) Expected return on plan Assets	(6.93)	----	(2.67)	----
d) Net Actuarial (Gain)/Loss recognized in the year	30.98	8.08	(2.26)	6.27
e) Expenses recognized during the year	54.13	24.17	16.59	16.04
iii) Change in Defined Benefit Obligations and reconciliation thereof				
a) Present value of Defined Obligations at the beginning of the year	104.32	14.44	111.67	12.86
b) Interest Cost	7.83	0.68	7.87	0.45
c) Current Service Cost	22.25	15.41	13.65	9.32
d) Benefits paid	(24.39)	(13.02)	(26.59)	(14.46)
e) Actuarial (Gain)/Loss	30.02	8.08	(2.28)	6.27
f) Present Value of Defined Benefit Obligations at the Close of the year	140.03	25.59	104.32	14.44
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	31.74	----	29.18	----
b) Expected return on Plan assets	6.93	----	2.67	----
c) Actuarial Gain/(Loss)	(0.96)	----	(0.02)	----
d) Contribution by Employer	112.56	----	26.50	----
e) Benefits paid	(24.39)	(13.02)	(26.59)	(14.46)
f) Fair value of Plan assets at the close of the year	125.88	----	31.74	----
v) Summary of Actuarial Assumption				
a) Discount Rate (per annum)	8.50%	8.50%	8.00%	8.00%
b) Expected rate of return on Plan Assets (per annum)	9.15%	----	9.15%	----
c) Rate of escalation in salary	6.50%	6.50%	3.00%	3.00%

11. The Company has recognized Deferred Taxes, which results from timing differences between Book Profits and Tax Profit for the year aggregating Rs.34.30 lacs (previous year Rs.07.30 Lacs), in the Profit and Loss Account, the detail of which is as under:

Particulars	(Rs.in lacs)	
	2009-2010	2008-2009
Major Components of Deferred Tax Liability:		
i Depreciation & Amortization	97.97	87.37
ii Others	04.16	03.36
Total (A)	102.13	90.73
Major Components of Deferred Tax Assets		
i Gratuity & unfunded Leave Encashment	00.00	29.57
ii Others	07.95	01.28
Total (B)	07.95	30.85
Net Deferred (Tax Assets)/Liability (A-B)	94.18	59.88



Financial Statements

12. Share Capital

Issued, Subscribed & Paid up Equity Share Capital, includes 46,00,000 (Forty Six Lacs) Equity Shares, of the face value of Rs.5/- (Rs.Five) each, at a premium of Rs.5/-(Rs.Five) per equity share, allotted on dated 01st July,2009, consequent to the conversion of 23,00,000 (Twenty three lacs) warrant into Equity shares, warrant earlier issued/allotted on dated 07th January,2008 of the face value of Rs.20/-(Twenty) per warrant, (to be converted into equivalent number of Equity Shares of the face value of Rs.10/-(Ten)) each, at a premium of Rs.10/-(Ten) per Equity Share to the promoters & others, on preferential basis, pursuant to the provisions of section 81(1A) and other applicable provisions of the Companies Act, 1956, for raising long term funds for the setting up of new manufacturing unit, for the manufacture of auto component at Jamshedpur.

13. Pursuant to the approval from the Members of the Company at the Extra Ordinary General Meeting held on 26th December,2009, the Company had allotted 40,00,000(Forty lacs) warrant @ Rs.27.41 per warrant, to the promoter and others on dated 06th February,2010, 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.5/- (Rs.Five) each, at a premium of Rs.22.41 (Rs.Twenty Two and paise Forty One) per Equity Share, keeping in mind the expansion of the project at Jamshedpur along with modernization & capacity expansions for various auto components, presently being manufactured, at its existing manufacturing unit at Ludhiana . As at 31st July, 2010 the Company has received **Rs.488.31 lacs**, being a part of the total amount, due from the above said warrant holders.

14. Computation of Net profit in accordance with Section 198 read with section 349 of the Companies Act, 1956, for the purpose of remuneration payable to the Chairman and Managing director.

Particulars		(Rs. in lacs)	
		2009-2010	2008-2009
Profit Before Tax	(i)	646.98	312.05
Add: -			
i) Managerial remuneration		47.04	35.16
ii) Loss on sale of assets		06.32	04.47
iii) Provision for diminution in investments.		02.97	00.00
iv) Wealth Tax Paid		00.18	00.00
		-----	-----
Sub Total	(ii)	56.51	39.63
		-----	-----
Net Profit u/s 198 of the Companies Act, 1956 for the year.	(i+ii)	703.49	351.68
Maximum Remuneration which can be paid for the year @ 10% on Rs.703.49 Lacs (Previous year Rs. 351.68 lacs)		70.35	35.17
Managerial Remuneration paid during the year.		47.04	35.16
(Within the limits specified by Schedule XIII of the Companies Act, 1956)			

15. Capital work in progress includes amount of **Rs.59.21 Lacs** (Previous year Rs. 39.99 Lacs) on account of machinery under installation, **Rs.14.30 Lacs** (Previous year Rs. NIL Lacs) on account of Building under construction.

16. Computation of Earning Per Share (EPS):

Earning per Share (EPS) calculated in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India.

		(Rs. in Lacs)	
		As At 31st March, 2010	As At 31st March, 2009
Computation of Profit (Numerator)		404.68	201.90
Net Profit attributable to Shareholders as at 31st March	(A)	404.68	201.90
Computation of Weighted Average Number of Shares (Denominator)		Nos.	Nos.
Number of Shares outstanding at the beginning of the year		3400000	3351400

of Rs.5/- (five) each.

Weighted Average number of Re-issue of Forfeited Equity Shares of the face value of Rs.5/- each. ----- 44550

Weighted Average number of Equity Shares of Rs.5/- (five) each, issued pursuant to the Conversion of warrant. 3450000 -----

Weighted Average number of Equity Shares (B) 6850000 3395950

Weighted average number of Equity Shares, which would be issued on conversion of warrant. 666667 4600000

Adjusted Weighted Average number of Equity Shares (C) 7516667 7995950

Computation of EPS-Basic (in Rs.) As At 31st March (A/B) 5.91 5.95

EPS-Diluted- (in Rs.) As At 31st March (A/C) 5.38 2.52

Computation of EPS-Basic (in Rs.) As At 31st March After exceptional/extraordinary items 5.91 6.00

Computation of EPS-Diluted (in Rs.) As At 31st March After exceptional/extraordinary items. 5.38 2.55

17. Information required in terms of part IV of Schedule VI of the Companies Act, 1956, is attached.

18. Intangible Assets which comprises of Acquisition of computer Software & Video Advertisement have been Amortized @ 25% on Straight line basis, as the useful life thereof has been estimated to be not more than four years.

19. In accordance with the Accounting Standard (AS-28) on Impairment of Assets, the Company has assessed as on the Balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to the impairment of any of the Assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly, no impairment loss has been recognized in the books of account.

20. There are no amounts due & outstanding to be credited to Investor Education Protection Fund.

21. The Company has already filed 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 Research & Development centre. The Company at present, developing machineries (Special purpose Machines), for its specific purposes, according to its production process requirements, for its in house requirements along with for the requirements of its group Companies. Further, the Company is in the process to strengthen its Research & Development cell.

Expenditure incurred on Research & Development:

	(Rs.in Lacs)	
	As At 31st March, 2010	As At 31st March, 2009
Capital Expenditure (Includes Work in Progress)	10.86	19.39
Capital Expenditure (Sale of Machinery)	05.56	06.00
Revenue Expenses	32.68	51.70

22. The Accounting Standard (AS-11) "The effects of changes in Foreign Exchange Rates" prescribed by Companies (Accounting



Financial Statements

standard) Rules, 2006 was amended on 31st March, 2009, vide notification dated 31st March, 2009, by the Ministry of Corporate Affairs. The said amendment offered an option to companies to recognize Foreign Exchange Gains and Losses arising on translation of all long term monetary assets and liabilities acquired up to 31st March, 2009 retrospectively from accounting periods commencing after 07th December, 2006 up to March, 2011, as Capital Cost of acquisition of the particular assets where they relate to the acquisition of assets or to a Translation Reserve i.e. 'Foreign Currency Monetary Item Translation Difference Account'. The amount so recognized as capital cost of acquisition of assets is to be depreciated over the balance life of the relevant assets and in case of the amount recognized in the "Foreign Currency Monetary Item Translation Difference Account" is to be amortized over the balance term of the monetary assets or liability, but not beyond 31st March, 2011.

The Company has chosen to exercise this option in preparation of its financial statements from the year ended 31st March, 2009, accordingly the foreign exchange differences adjusted against the cost of particular assets. Further during the year, the Company has no foreign currency exposure against long term assets or liabilities.

23. The Exchange difference Gain/ (Loss) on account of fluctuations in foreign currency rates:

	(Rs.in Lacs)	
	As At 31st March, 2010	As At 31st March, 2009
(i) Relating to Exports during the year recognized in the Profit & Loss Account.	(12.03)	15.34
(ii) Recognized in the Profit and Loss Account		
(a) on reinstatement of Current Assets	(07.92)	08.21
(b) on reinstatement of Current Liability	(00.24)	----
(c) to the extent regarded as an adjustment to interest cost on account of forward contract premium under Financial Expenses.	(03.46)	----

24. 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.Lacs	Amount in foreign currency
Export of Goods	199.28	USD 441465.140
Export of Goods	71.66	EURO 118233.800
Export of Goods (Advance Recd.)	02.30	EURO 3800.00
Export of Goods (Advance Recd.)	06.39	USD 14179.727
Import of Goods	01.81	USD 4000.00

25. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for **Rs.77.87 Lacs** (Previous year Rs.2.22 Lacs).

26. Capitalization of Expenses:

Bank Interest & Labour Charges, in respect of Plant & Machinery & other Tangible Fixed Assets **Rs.9.22 Lacs** (Previous year Rs.1.49 Lacs)

27. Miscellaneous Receipts consists of Insurance Claim received of **Rs.4.76 Lacs** (Previous year Rs.3.52 Lacs).

28. Advances recoverable in cash or in kind or for value to be received, under the heading Loan and Advances includes **Rs.4.83 lacs** (Previous year Rs.7.69 lacs) due from various employees of the Company. Maximum balance outstanding during the year **Rs.9.16 Lacs** (Previous year Rs.12.75 Lacs)

29. Disclosure required by Clause-32 of the Listing Agreement:

The Company has not made, during the year, any Loans & Advances in the nature of Loans to its Associates/ Firms/Companies, in which directors are interested.

30. Expenditure incurred on Projects during Construction period at Jamshedpur (Including amounts grouped under Capital work in progress):

	(Rs.in Lacs)	
	As At 31st March, 2010	As At 31st March, 2009
Land	27.07	27.07
Advance for Capital Goods	79.68	11.50
Building under Construction	14.30	----
Traveling, Conveyance & Other Expenses	04.18	01.99

31. 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. Amarjeet Kaur Ryait	- Director

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

- (a) G.S.Automotives Private Limited.
- (b) G.S.Autocomp Private Limited.
- (c) G.J.Holdings Private Limited.*
- (d) G.S.Consumer Products Private Limited.
- (e) Ryait Exports*
- (f) G.S.Sales Corporation.

* No transaction has taken place during the year.



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

Related Persons	G.S. Automotives Pvt. Ltd.	G. S. Sales Corporation	G. S. Auto comp Pvt. Ltd	G. S. Consumer Products Pvt. Ltd.
PURCHASES				
-Semi Finished Goods	27,35,63,057.11	—	—	—
-Others	--	---	---	52482.00
-Labour Charges	5,44,218.08	—	—	—
SALES				
-Raw Material	47,19,823.68	—	—	---
-Labour Charges	72,19,810.12	—	—	---
-Machinery	5,55,821.00	—	—	---
-Rent Received	3,00,000.00	2000.00	72000.00	12000.00

Key Management Personnel: (Managerial Remuneration)

	As At 31st March, 2010	(Rs.in Lacs) As At 31st March, 2009
Mr. Jasbir Singh Ryait & Mr. Surinder Singh Ryait	47.04	35.16

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

Class of Goods	Unit Year	LICENSED CAPACITY		INSTALLED CAPACITY		ACTUAL PRODUCTION		
		Current Year	Previous Year	Current Year	Previous Year	Unit Year	Current Year	Previous Year
MOTOR PARTS								
1.U - Bolts	MT	*	*	--	--	Pcs	1765635	1638999
2.H - Bolts	MT	*	*	--	--	Pcs	1585290	995339
3.Centre Bolts	MT	*	*	--	--	Pcs	4944840	4197420
4.Shackle bolts	MT	*	*	--	--	Pcs	430854	531592
5.Spring Pin	MT	*	*	--	--	Pcs	1273418	1026540
6.King Pin	MT	*	*	--	--	Pcs	328302	368837
7.Axle Studs	MT	*	*	--	--	Pcs	1452910	1086950
8.Hanger Brackets	MT	*	*	--	--	Pcs	1186923	981771
9.Bushes	MT	*	*	--	--	Pcs	763706	705816
10.Nuts	MT	*	*	--	--	Pcs	2723673	3125597
11.Miscellaneous	MT	N.A	N.A	N.A	N.A	Pcs	100850	140225
12.Axle & Acces.						Pcs	661	738
		*10000MT	*10000MT				16557062	14799824

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

32 b). Consumption of Raw Material & Components;

Particulars	For the year ended 31st March, 2010			For the year ended 31st March, 2009		
	Quantity (MT's)	Quantity (Pcs)	Value Rs.	Quantity (MT's)	Quantity (Pcs)	Value Rs.
1.Mild Steel	1224.370	---	37150228.01	1129.910	---	41409287.83
2.EN Steel	6150.941	---	212537144.31	5249.414	---	216732939.15
3.M.S Scrap	101.025	---	1875110.99	1538.627	---	47681227.92
4.Others	00.000	---	0.00	92.970	---	30365976.98
5.Components	N.A	---	327702827.96	N.A	---	171429120.76
6. a) Axle Tube	---	449	4244864.06	---	345	3154688.72
b) Axle Parts	---	55493	9981596.80	---	51347	7076022.82
Grand Total	7476.336	55942	593491772.13	8010.921	51692	517849264.18

32 C). PARTICULARS REGARDING OPENING STOCK, CLOSING STOCK AND SALES OF FINISHED GOODS;

CLASS OF GOODS	As On 31st March, 2010		SALES		CLOSING STOCKS	
	Qty [Pcs]	Amount	Qty [Pcs]	Amount [Pcs]	Qty	Amount
(A) MOTOR PARTS						
1.U - Bolts	69991	5055908.00	1805190	216020194.50	30436	2799793.86
2.H - Bolts	94852	1560954.00	1618096	50343033.27	62046	1255531.38
3.Centre Bolts	175634	1481690.77	5061036	119668501.80	59438	721871.73
4.Shackle bolts	56530	658900.55	428534	22568073.32	58850	696126.99
5.Spring Pin	49024	2897119.95	1295421	96568394.77	27021	1275643.15
6.King Pin	22560	776070.44	339742	31848488.78	11120	910223.90
7.Axle Studs	225400	882053.76	1596350	8318001.36	81960	494037.17
8.Hanger Brackets	17490	3373864.75	1182868	271307659.74	21545	4384301.68
9.Bushes	25715	2524063.96	782058	116333433.60	7363	609359.21
10.Nuts	362478	2274357.74	2843888	61859559.51	242263	1930755.08
11.Miscellaneous	6025	31734.46	95645	282265.60	11230	22267.92
12.Axle & Acces.	45	104812.20	648	18668869.31	58	55957.90
	1105744	21621530.58	17049476	1013786475.56	613330	15155870.07
(B) Wheel Rim (Trading)	350	1289196.00	2864	4304140.00	1029	3558856.00
(C) Scrap		150105.51				954563.00
(D) Job Work Receipt	—	—	—	7219810.12	—	---
TOTAL	1106094	23060832.09	17052340	1025310425.68	614359	19669289.07



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CLASS OF GOODS	As On 31st March, 2009		SALES		CLOSING STOCKS	
	Qty [Pcs]	Amount	Qty [Pcs]	Amount	Qty [Pcs]	Amount
(A) MOTOR PARTS						
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) Wheel Rim (Trading)	6	15956.67	736	2756561.00	350	1289196.00
(C) Scrap	0	0.00	0	0.00		150105.51
TOTAL	998832	15742326.99	14693642	923425103.71	1106094	23060832.09

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

	For The Year Ended 31st March, 2010 Value	For The Year Ended 31st March, 2009 Value
i) Raw Material		
- Imported	6119974.94	3154688.72
- Indigenous	259668969.23	343265454.70
ii) Spare Parts & Components		
- Imported	0.00	0.00
- Indigenous	327702827.96	171429120.76

32 e) Earnings in Foreign Exchange; (On cash basis)

- Export of goods calculated on FOB Value	70771468.46	93607933.72
---	-------------	-------------

32 f) Expenditure in Foreign currency on account of; (On cash basis)

	For The Year Ended 31st March, 2010 Value	For The Year Ended 31st March, 2009 Value
i) Traveling	113400.00	361506.00
ii) Commission on Export Goods	883590.00	955997.00
iii) Purchase of Finished Goods	809118.00	1131012.00
iv) Purchase of spare parts for Machinery Repair	652143.00	438245.00
v) Purchase of Raw Material	6189761.00	4134173.00
vi) Others	0.00	29213.00

33. 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. State Code
Balance Sheet Date

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

Public Issue Share Application Money
Warrant Allotment Money *Preferential Allotment

*Excluding Securities Premium

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

Total Liabilities	<input type="text" value="364638"/>	Total Assets	<input type="text" value="364638"/>
SOURCES OF FUNDS		Share Application Money	<input type="text" value="NIL"/>
Paid-up Equity Share Capital	<input type="text" value="40000"/>	Reserve & Surplus*	<input type="text" value="192698"/>
Warrant Allotment Money	<input type="text" value="28000"/>	Unsecured Loans	<input type="text" value="NIL"/>
Secured Loan	<input type="text" value="103940"/>	Investments	<input type="text" value="33813"/>
APPLICATION OF FUNDS		Misc. Expenditure	<input type="text" value="3044"/>
Net Fixed Assets (Including Capital WIP)	<input type="text" value="118015"/>		
Net Current Assets	<input type="text" value="209766"/>		

* Including Deferred Tax Liability Amounting to Rs. 9418 Thousands

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

Turnover (Including Other Income)	<input type="text" value="10304117"/>	Total Expenditure	<input type="text" value="9657118"/>
Profit Before Tax	<input type="text" value="64699"/>	Profit After Tax	<input type="text" value="40468"/>
Earning Per Share in Rs.		Earning Per Share in Rs.	
Basic	<input type="text" value="05-91"/>	Diluted	<input type="text" value="05-38"/>

Dividend Rate %:

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

Item Code No. (ITC Code)
Product

As per our attached report of even date For NANDA & BHATIA Firm Registration No. 004342N Chartered Accountants	On behalf of the Board of Directors JASBIR SINGH RYAIT Chairman	NEERAJ TULI Chief Financial Officer
P.C.S.VIRDI Partner Membership No. 17056 Ludhiana : 14th August, 2010	SURINDER SINGH RYAIT Managing Director	RASHMI SHARMA Company Secretary

G.S. Auto International Limited
Registered Office : G.S.Estate, G.T.Road, Ludhiana-141010
36TH ANNUAL GENERAL MEETING
ATTENDANCE SLIP

I hereby record my presence at the THIRTY SIXTH ANNUAL GENERAL MEETING of the Company at G.S. Estate, G.T.Road, Ludhiana-141010 on Thursday, 30th September 2010 at 10.00 A.M.

Signature _____
 Attending Member/Proxy

Note: Member/Proxyholder wishing to attend the Meeting must bring the Attendance Slip duly signed to the Meeting and hand it over at the entrance.

G.S. Auto International Limited
Registered Office : G.S.Estate, G.T.Road, Ludhiana-141010
PROXY

I/We.....of.....in the district of.....being a member of G.S. Auto International Limited hereby appointofin the district of.....or failing him/her.....ofin the district of.....as my/ our Proxy to attend and vote for me/ us and on my/ our behalf at the Thirty Sixth Annual General Meeting of the Company to be held on Thursday, 30th September, 2010.

Folio No.

Physical Holding

Electronic Holding :

DP ID

Client ID

No. of Share

Signed this.....day of2010

Note: The Proxies must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

Signature Affix
Revenue
Stamp

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Notes

Lined writing area for notes.



Plant Location; G.S. Estate, G.T. Road, Ludhiana-141010 Punjab (India)