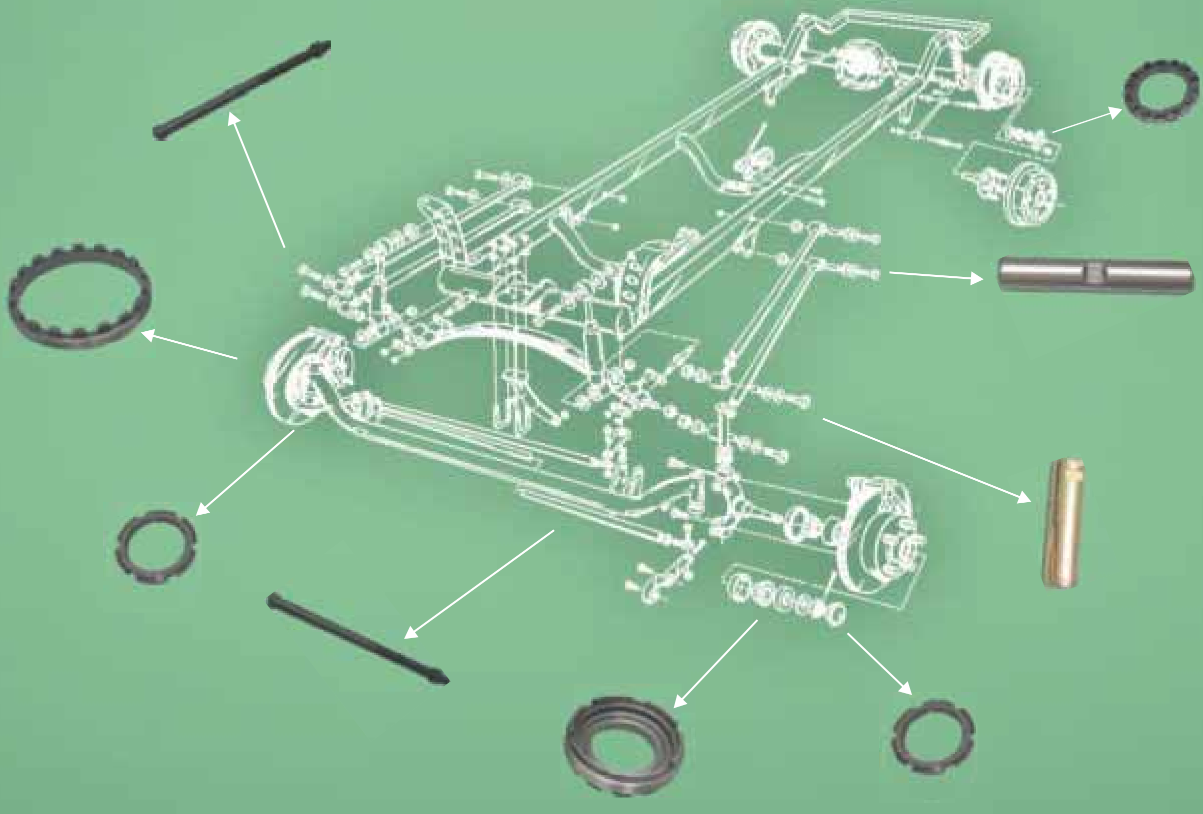
37th ANNUAL REPORT 2010-2011

G.S. INTERNATIONAL

The strength within



G.S. AUTO INTERNATIONAL LIMITED

Manufacturers of Auto Components (An ISO/TS 16949 Company)

ABOUT THE COVER

The Strength of your Company lies in a reputed and trusted Brand Name **"GS"**, in Auto Component Industry.

The Strength of your Company lies in supplying all its products in all the three verticals of Auto Components:-

- Original Equipment Manufacturers (OEM)
- After Sales Market
- Export

The Strength of your Company lies in Consistent performance from several years.

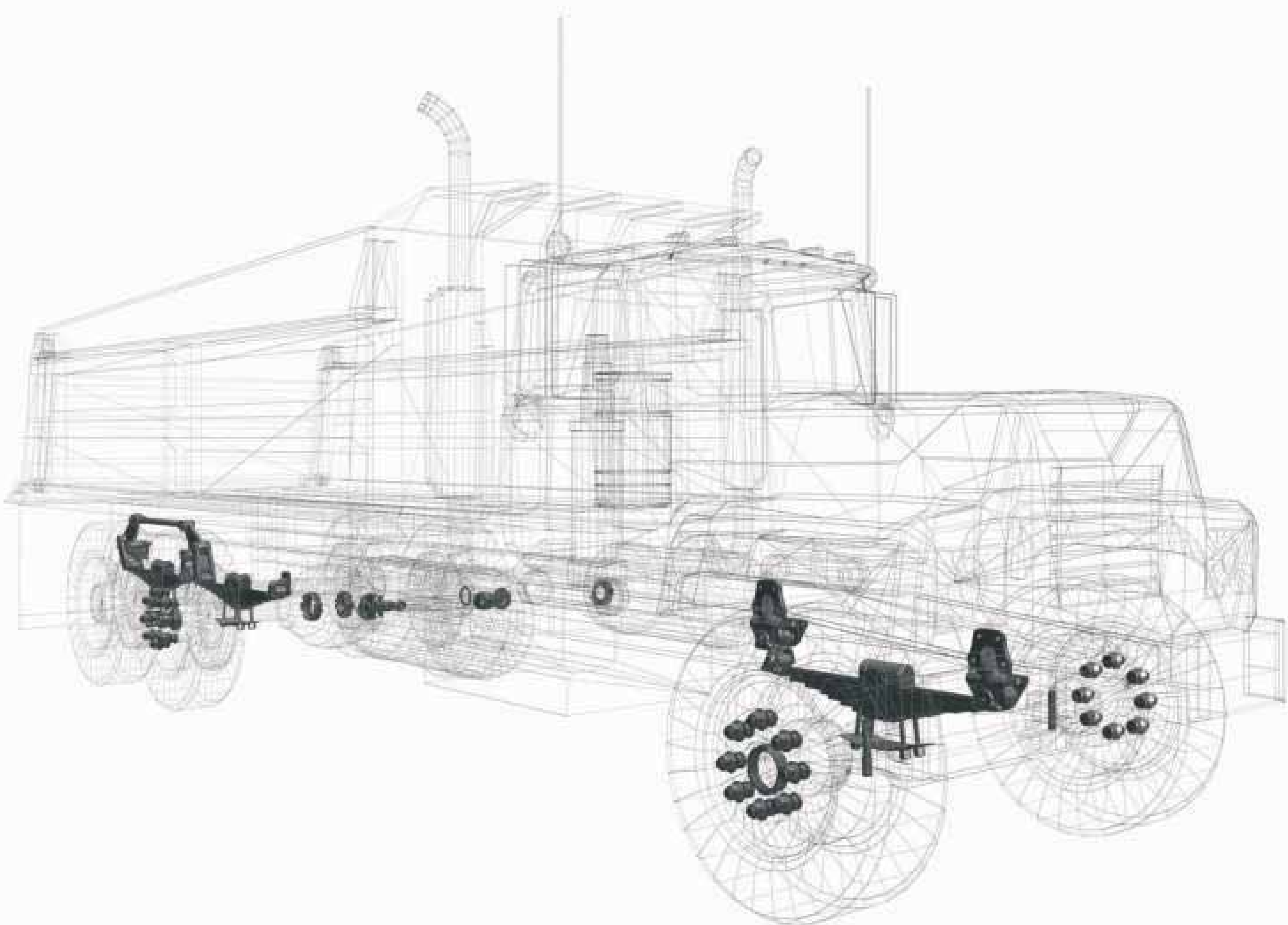
The Strength of your Company lies in long standing business relations with all the Original Equipment Manufacturers for over decades, which shows the overall future visibility in the business of your company besides Capacity Constraints.

The Strength of your Company lies in pan India network of Distributors and retailers, which shows big opportunity in ever growing after sales market.

The Strength of your Company lies in products for old, new and upcoming vehicles of Tata Motors, Ashok Leyland, Volvo, Eicher and Daimler India etc.

The Strength of your Company lies in a dedicated and committed workforce, with no labour union.

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



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, some one back at home is always eagerly waiting for your return.

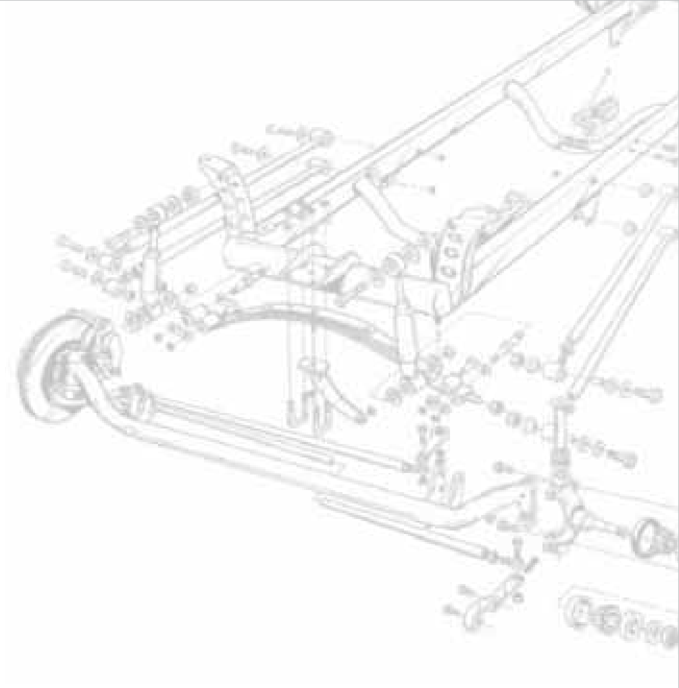


Table of Contents

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
Independent Director

Mr Sanjeev Sethi
Independent Director

Mr. Sewa Singh (Upto 17th June 2011)
Independent Director

Mr. Makhan Singh (Upto 17th June 2011)
Independent Director

Mr. Jayant Davar (w.e.f 02nd August 2011)
Independent Director

Mr. Upkar Singh Ahuja (w.e.f 12th August 2011)
Independent Director

Chief Financial Officer
Mr. Neeraj Tuli

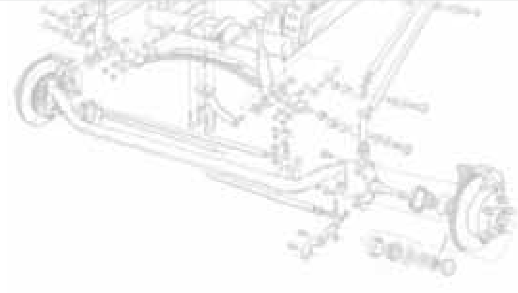
Company Secretary
Ms. Rashmi Sharma

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, GT Road,
Ludhiana - 141010. Punjab, India
Phone : 0161-2511001-05 (5 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. Ltd.
D-153 A, Okhla Industrial Area, Phase - 1,
New Delhi - 110020
Phone : 011-30857575 (10 Lines)
Fax : 011-308575762



• 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 all our stakeholders and be loved by them.

VISION STATEMENT

- **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/she should feel like an owner, be able to live his dreams, fulfill all his professional goals and have fun while doing so, because we at "**GS**" feel, we are all partners for building a reputed/trusted global Indian Auto Component Brand.
- G.S.Auto International Limited strives to achieve enhanced customer satisfaction by delivering the quality products in the safe working environment. We dedicate ourselves to continual improvements in all fields of our business.
- Growth through organic as well as through value chain & to further expand our business on a sustainable basis, by adding more products to its existing product portfolio through diversification in different sectors of the economy, as well as, to expand through multi-locations, building a team that is passionate about growth, quality, value creation and above all serving to all its stakeholders & further committed to making trust, respect & fellowship a way of life;

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

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

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

PRINCIPLES OF BUSINESS

- **Sense of Urgency & Customer Centric:**
  Customer would be the reason of our existence and continuous growth. Every decision we take should add value to our Customers and all our stakeholders. We deliver what we make promises and we will not make promises what we cannot deliver.
- **Better Relationships and better Quality of Products & Services:**
  Our endeavour shall be to create a rewarding experience, every time a customer interacts or transacts with us.
- **Reliability**
  We shall make sure that our products and services we offer and commitment we make to our stakeholders are most reliable. In all our actions and behaviors, we shall be perceived and seen as reliable and trusted Company.
- Continuous improvement for excellence and consistency.
- Every employee work with "GS" should work like an owner of that process or partner for the different processes. The success of that process (s) should create joy and pain for him personally. He should consider himself responsible for the process and do it to the best of his ability and leave mark of his efforts and dedication on it.
- We shall 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.

"I have found that luck is quite predictable, if you want more luck, take more chances, be more active, show up more often."

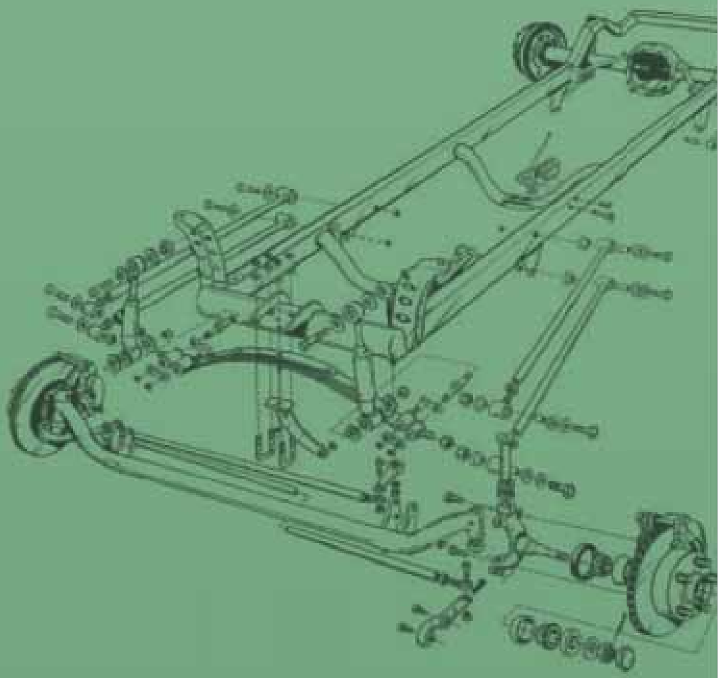
GROWING SMARTLY

"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 Backbone of the Automotive Industry, from the past several years. We have come a long way, since we began the journey, but it has been one worthwhile journey for all of us; however, the way we look at it, for **"GS"**, it is just the beginning and have far miles to go ahead like a backbone in any body. We are proud to be present in almost all the commercial vehicles, manufactured in India, in one or the other way. During the year under review, despite of all the inflationary pressures from the commodity prices side along with the monetary tightness, the Automotive Industry, in overall has done remarkably well.

Your Company during the year has registered a growth of **16.42%** in the net sales as compared to previous year but there was margin pressures due to continuous rise in the commodity prices, the EBIDTA margins of your Company has fallen by 0.83% as compared to previous year. However, we are trying, not only to maintain but even improve our margins going forward. The construction of the Jamshedpur Project is in full swing but due to delay in the receipt of some critical imported machinery, was got delayed and will commence its Commercial Production by the end of Current Calendar year.

"Whosoever desires constant success must change his conduct with the times"

"Niccolo Machiavelli"



Chairman

Mr. Jasbir Singh Ryait

"And the day came when the risk to remain tight in a bud was more painful than the risk it took to blossom"

Dear Shareholders,

It is indeed my proud privilege to present the 37th (Thirty Seventh) Annual Report of your Company. You would recall my address to yours, on the same platform, in the previous year about the recovery in the global financial crises after the economic aftermath. As the global economy continues to recover in both advanced and emerging/developing economies, the emerging/developing economies have outperformed its initial expectations. This raises some hopes for sustained though moderately paced global recovery during 2011. 2010 played out to very different for different parts of the world. In most of Europe (other than Germany) and the US, times were and continue to remain difficult. **"GS"**s, major export markets, South East Asia and the Middle East showed signs of modest growth; however, recovery remains exposed to significant short term & long term risks. The downside risk to global growth arises from oil prices and significant sovereign and banking sector default risks. Global inflation risks have risen significantly over the last year, not just in emerging markets but also in advanced economies.

CHAIRMAN'S MESSAGE

While the emerging markets are beating the forecast growth, the global economy continues to recover at a slow pace. Growth momentum in 2011-12 is likely to be moderate compared to the fast pace trend witnessed during 2010-11. This is despite predicted normal monsoon, demand conditions and positive lead indicators for services. Higher interest rates coupled with high global crude oil and other commodity prices along with the double digit inflation pose a risk to India's growth story & will further impact the momentum during 2011-12. The Indian economy continues to stride ahead with real GDP growth for the current fiscal estimated to be at 8.6% and predictions for a 9% average growth over the next few years. Backed by a rise in the domestic saving and investment rates, a revival of growth in agriculture and resilience in the manufacturing and services sector, India has staged a commendable recovery post the global slowdown and is also poised for a promising medium and longer term future.

India is witnessing excellent growth in the automobile industry & is set to become the sixth largest passenger vehicle producers, has sold 2.9 millions passenger vehicles & 750000 commercial vehicles during 2010-2011 and further is expected to be a 5 million passenger vehicle market by 2015. India is now home to all the major Global Automotive Companies, which provide the Indian Automotive Components Companies good opportunities for growth. The auto component industry will expand both due to growth in domestic demand as well as International demand for its Indian OEMs. India is most likely to be one of the fastest growing automobile markets. As per SIAM estimates, the sector is expected to grow at 15%-16% in FY-12 despite being impacted by factors like high inflation, rising raw material costs, increase in interest rates and fuel prices. Further, the Government of India's main thirst & higher spending on infrastructure along with the recovery in global demand through higher consumption will give the boost to the overall automotive industry & particularly to the auto component industry.

CHAIRMAN'S MESSAGE

Further, India is one of the cheapest regions in the case of labour cost in the manufacturing sector which leads to the shifting of the production facilities in the automobile industry from the high cost regions such as North America and European Union to low cost producing regions such as India & China. Over the next five to ten years, most of the growth in the automobile industry will come from Asian Countries such as India & China due to cost competitiveness along with the future growth in the automobiles in these countries. The auto components industry will remains the high growth sector in the years to come despite the concern of higher price of crude & commodity along with the higher interest rates.

Overall performance of your Company remains almost satisfactory in-spite of all the global challenges, be it higher crude prices, higher commodity prices or rise in the Interest rate along with the higher inflationary pressures. Even in such a difficult time, I believe in the core strength of "GS", along with the support from all my team members and all the work strength of "GS", which is & will remain committed for the overall interests of your, for the sake of your Company.

"In wisdom gathered over time I have found that every experience is a form of exploration."

Let me share some of the key highlights of your Company's performance during the current financial year;

The Total Income of the Company increased to **Rs. 11986.79 lacs** in the FY 2011 from Rs. 10304.17 lacs in FY 2010 showing an increase of **16.33%**, whereas net sales from domestic business increased by **16.35%** to **Rs.11041.26 Lacs** in FY 2011 from Rs. 9489.66 lacs in FY 2010.

Export sales constitutes to **Rs. 895.25 lacs** in FY 2011 as compared to Rs. 763.45 lacs showing an increase of **17.26%**.

The Operating profit before interest taxes depreciation & amortization **(OPBDIT)** is increased from Rs. 820.34 lacs in FY 2010 to **Rs. 884.96 lacs** in FY 2011 showing an increase of **7.88%**.However there is decrease in the **PBDIT** margins to the extent of 58 bps as compared to FY2010 due to higher Commodity prices.

The profit before tax **(PBT)** during the year increased to **Rs. 664.61 lacs** as compared to Rs. 646.99 lacs in the FY2010 showing a marginal increase in the profit.

Profit after tax **(PAT)** in FY2011 is **Rs. 457.34 lacs** as compared to FY2010 of Rs. 404.69 lacs showing an increase of 13%.

The lower than expected increase in the overall profitability margins during the year under review is mainly due to increase in the Interest rate & increase in the overall commodity prices, which I think will cool down, specially interest rate, in the days to come. However, higher volatility in the commodity prices will remain a key concern and will remain a major challenge for your company in the coming years, which can adversely affect the overall margins of your company.

One of the major reason, we are not in a position to reap the benefits of the overall growth in the automobile industry in India, is that your company has not invested significantly in the past, in creating capacities along with the expanding in other segments of automobile industry such as passenger vehicle segment, which is growing & expected to grow in future too, faster than the commercial vehicle segment.

However, the Company is already in the process of setting up a new manufacturing unit at Jamshedpur for the manufacture of Casting Components, which is more than double the capacity of its existing manufacturing unit, which will give immense opportunity to your company to expand in other regions, where earlier we are not supplying our products. The construction is in full swing after the initial delays in the receipt of some of the critical machineries, & I am hopeful that we will start commercial production of the said unit by December, 2011. Further, we are working towards entering in passenger vehicle segments along with adding more & more original equipment manufactures, so to improve the margins of the Company in the years to come.

"It doesn't matter where you are coming from. All that matters is where you are going."

It gives me pleasure to welcome Mr. Jayant Davar, on board as an Independent Director. Mr. Davar is a Mechanical Engineer and is also an alumni of Harvard Business School, is the founder and the Vice Chairman & Managing Director of "Sandhar Technologies Limited", an auto component company, having an annual turnover of app. US$ 224 million and presently is also a member of Confederation of Indian Industry (CII), National Council. I have also invited him to be a member of the Shareholders & remuneration Committee of your Company.

I also welcome Mr. Upkar Singh Ahuja, on the board as an Independent Director. Mr.Ahuja is a graduate & is the founder & Managing Partner of "New Swan Group" an auto component company, having a group turnover of more than Rs. 150 Crores and presently is the general secretary of "Chamber of Industrial and Commercial Undertakings". I also invited him to be a member of the Shareholders & remuneration Committee of your Company.

With the joining of Mr.Davar & Mr.Ahuja, in the Board of your Company, your Company will enrich with their valuable experience & guidance, in the years to come and will further strengthen the Board of your Company.

"Our thrust will remain in the years to Come, to increase the capacities of your company, through expansions in different geographical areas, so to serve all the our Customers and building a healthy relationship, along with the reduction in the overall cost of production."

We are building a performance driven and responsive management team to facilitate the future growth of the Company in the years to come. While, clearly, I am cautiously optimistic about the prospects of the Company in the medium term, there are some macro concerns in the immediate future in the shape of high inflation and interest rates & Commodity prices which are temporarily effecting the overall growth of the country and particularly of the Automobile Industry. Already, GDP growth has dropped to 7.8% in Q4, FY2011 after four consecutive quarters of well over 8% growth. Globally, while growth is back even in advanced economies, there are worries with high sovereign debt and fiscal deficits. But your Company is ready to face any challenges by continuously working on the reduction in the overall cost of production so to handle all the increase in the commodity prices and further to improve the overall margins.

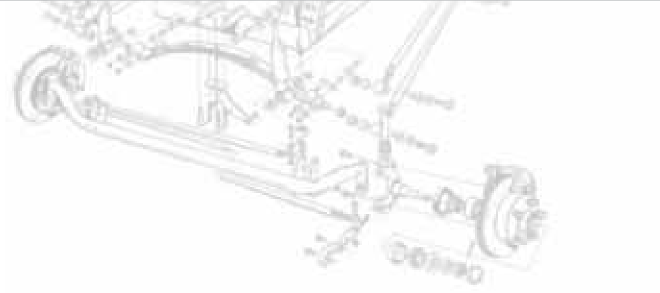
As I earlier said in my previous year address to yours that "Difficulties are the part of life, even big ones, such as, what we saw in the second half of 2009-2010 and the first half of 2010-2011, we will have to accept it as a challenge and move forward with more dedication, commitment and strength, so to come out of it, as much stronger than ever before."

I would like to thank, all of yours, for yours continued faith, support & belief in the continued growth & success in your Company. It is your confidence that inspires your Company to perform even better and surpass itself year after years. Let me conclude this, by expressing my sincere appreciations to all my colleagues and all the employees of the Company across all the ranks, for their continued dedication, support & commitment to their work and with great gratitude to our Investors, Customers, Vendors, Suppliers and all our Stakeholders; my congratulations to all of them & my heartiest thanks to yours for your continued support & faith.

With best Wishes and Warm Regards

Jasbir S. Ryait

Jasbir Singh Ryait
Chairman



Dear Shareholders,

I am pleased to present to you the 37th (Thirty Seventh) Annual Report of your Company for the financial year 2010-2011. It gives me immense satisfaction that in such a volatile market we are able to maintain a reasonable margins in such a high inflationary periods where there is continued surge in the Commodity prices be it Oil, Steel & Aluminum along with the high interest rate, which is not only reducing the overall margins of your Company but giving a negative sentiment for the future growth strategy in a shorter period of time, however, I am of the view that the higher interest rates are about to peek out in the coming quarters and Commodity prices in the near term will remain at the present level, which will improve the margins of your Company, to that extent.

As I had already discussed with yours during my first addressing to yours in the last Annual General Meeting that we are working a road map for the long term growth strategy for your Company be in the shape of diversification of our product portfolio, additions to our clientage along with the diversification in the different geographical locations so to reduce our transportation cost along with taking the advantages of that particular location. With the continued rise in the commodity prices along with the Government of India major thrust on the decontrol of the oil prices so to reduce the losses faced by oil marketing company & in the days to come with the free pricing of diesel, there will be increase in the transportation cost of the Company. Hence we will have to look for other locations a part from Jamshedpur for diversifications along with the reduction in the transportation cost keeping in mind the just in time theory with regards to all the our customers.

MANAGING DIRECTOR'S MESSAGE

I had earlier shared your company's growth strategy for setting of new unit at Indore, it is our view that the diversification in other geographical location will be considered once the Jamshedpur plant will commence its commercial production; however we are committed for the overall growth of your Company but in a phased manner.

The Board of Directors of your Company, in its significant decision, has decided to consolidate the business of one of its group company with your Company, so to reap the benefits of higher capacities along with the consolidation of its business. We are hopeful of completing all the formalities for the merger of this Company with your Company by the end of this fiscal.

In FY 2011, your Company's overall supply to Original Equipments Manufacturers (OEM) has increased by 18.58%, overall supply in after sales market (replacement market) increased by 15.46% and export has increased by 17.26%, shows a satisfaction performance of your Company, however there remains the capacity constraints so to increase the business at a higher growth rate as compared to the previous years, for which we are focusing for creating additional facilities.

"All successful people, men and women are big dreamers. They imagine what their future could be, idle in every respect, and then they work every day towards their distant vision, that goal or purpose."

MANAGING DIRECTOR'S MESSAGE

As the Cover page of the Annual Report describes the strength of our Company lies in pan India network of all the our customer base in domestic market, be it strong & healthy relationship with all the major OEM's of the world or be it in the after sales market, with such a huge after sales market net work of distributors and retailers along with a strong brand **"GS"** , which we have built with a support of yours & all our dedicated employees for over decades, will now give a healthy growth to your business once the capacity expansion will be completed, in the coming years.

The Indian Automotive Industry has shown double digit growth during FY 2011 by growing by nearly 26%. The global market too has shown robust growth with major markets like Europe & Middle East, showing positive performance, which aided our growth, as majority of our customers in overseas market is from these regions. The Indian passenger vehicles segment outperformed the sector with healthy growth of 29% on a year on year basis in the same period driven by higher spending power, easier financing and a wider choice of models in an economy growing at nearly 8%-9% annually. In the medium and long run we see a strong demand for automotive components. As per SIAM estimates, such high growth rates in the sector are expected to moderate to 15%-16% in FY12 mostly because of high inflation, rising raw material prices, increase in interest rates and fuel prices. However, one cannot expect such a huge growth in each & every years in the years to come, so correction will be there, as the base level will be higher along with the higher commodity prices & higher interest rate.

The auto sector will continue to grow at a healthy pace in FY12 driven on the back of unabated demand from tier II and tier III cities. At the same time all the big automobiles manufacturers are entering into commercial vehicle segment be its Indian OEMs or overseas, which will give the customer a better choice of product and that too at reasonable prices, with the heating up of the competitions.

Auto Component Industry is on a high growth trajectory, despite all the challenges, be it rising interest cost along with the rise on oil prices leads to rise in the transportation cost, as well as, rise in electricity charges and above all the rise in the commodity prices, but there will remains the pressure on the overall margin side due to all these factors, however, the pressures on the margin side can be eased out, by passing the increase in the prices of base metal to its customer and with the overall reduction in the cost of production, through better capacity utilization. Your Company, from past several years is dependent on one segment of the automobile industry i.e. commercial vehicle segment. This segment is not only a cyclical in nature but has a tradition of an average annual growth rate of 10-12%.

Your Company has all the capabilities, be it very good long term relations with all the major Original Equipment Manufacturers (who are present in all the segments of automobile industry), a very good brand name in the after sales market, with a strong pan India network of distributors and retailers, along with a strong customer base in the European & Middle East countries. These capabilities will have to be capitalized by your company to expand our base/product portfolio in other segment of automobile industry i.e. other than commercial vehicle segment, so to achieve a higher top line growth and better margins in the days to come. To overcome all the our above said negativities, your company had planned to set up manufacturing unit at Jamshedpur, with a total SGI Casting Capacity of 12000 tonnes , liquid metal per annum.

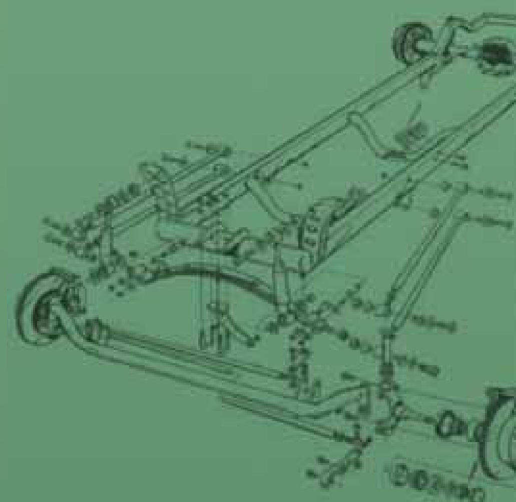
"It's the little things that make the big things possible. Only close attention to the fine details of any operation makes the operation first class"

The inner pages will give yours the inner sight & in-depth view of the Company and its performance during the FY2011 in details, market challenges & opportunities and other factors that impact your Company's business. I thank all my Management Board of the company for continued faith, support & guidance in steering the Company forward.

For us all our Stakeholders, Customers, Shareholders and employees are our partners. This approach has yielded rich dividends for the Company. We would continue to creating the values for all our stakeholders and would like to thank all of them for their continuous support extended through the years and look forward to take these valued relationships to the next level. Finally, on your behalf, please allow me to congratulate each and every Employee of your Company, for having shown resolve and determination, by having gone through the challenging environment, they eagerly look forward to the new horizons of growth, with your support, faith & confidence, for & in, the best interest of all our stakeholders.

Yours Sincerely,

Surinder Singh Ryait
Managing Director



COMPANY PROFILE

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

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

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

History:

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

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

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

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

Product Range:

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

1. Machined Parts

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

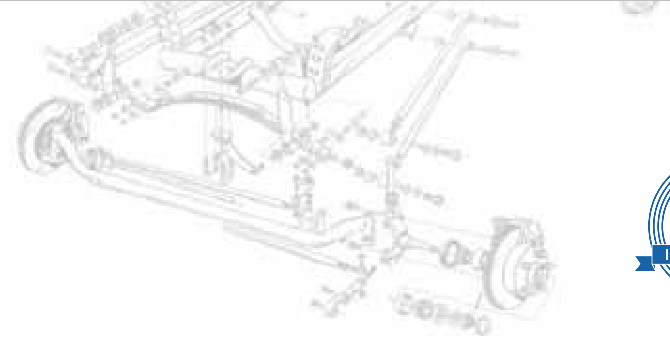
COMPANY PROFILE

2. Forged Parts

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

3. Non-Ferrous Cast Components

Customized Aluminum Bronze Parts of different sizes

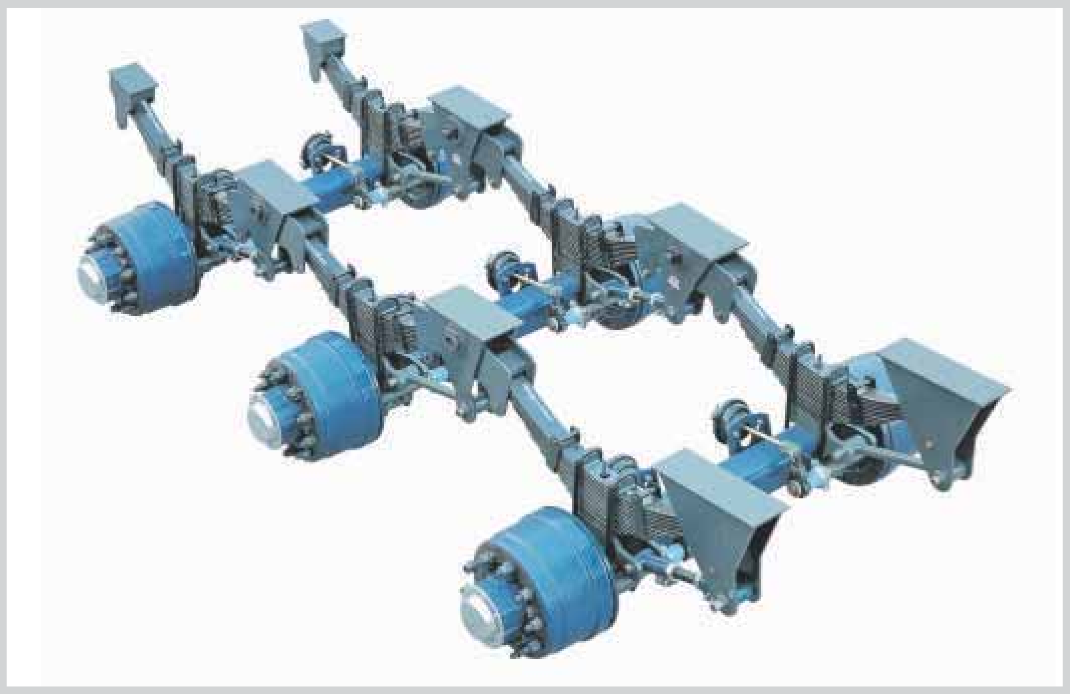


4. Ductile Iron Cast Components

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

COMPANY PROFILE

5. Trailer Parts



Full Dressed Trailer Axles

Specially Designed Leaf Spring Assemblies

Customer Base:

GS Auto has a strong presence in -

- OEM segment (Original Equipment Manufacturer)
- Replacement Market (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 Meritor etc.

Replacement Market: -

A vast network of over 500 Principal Dealers spread nation wide wise cohesively provide support system and act as 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 its dealers throughout the country.

Export Market: -

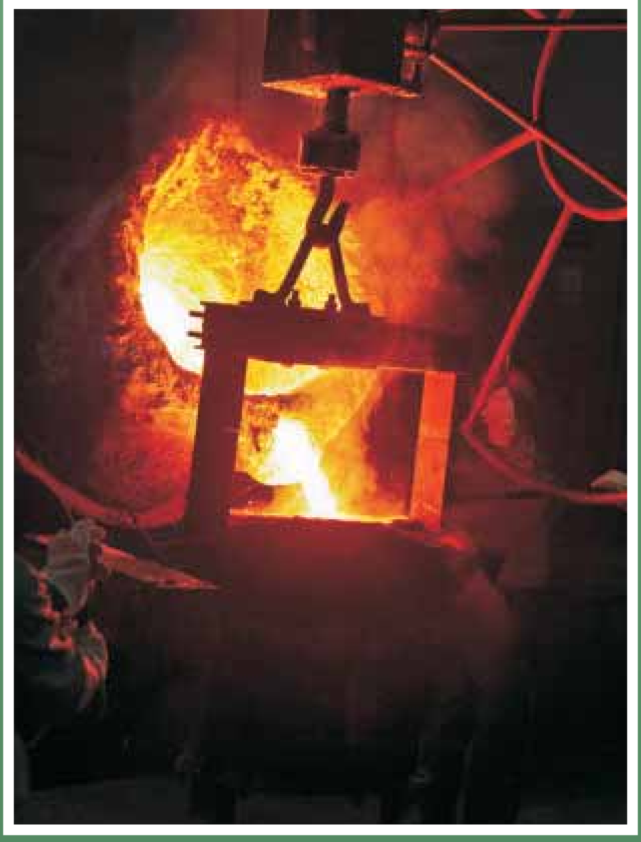
GS Auto has strongly made its presence felt in the different parts of the world. Flexible Production Run-up, Production Scheduling and of course, their ability to strictly stick to Deliver Schedule have endowed leveraging –effect in building-up strong customer base.

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 G.S, the focus is on achieving best possible quality through stringent control on repeatability of manufacturing process. All manufacturing processes for processing of Alloy Steel Components i.e Annealing, Bar drawing, Hot Forging, Cold Forging, Precision Machining, Heat Treatment and 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, with an annual capacity of 12000 liquid metal.



Systemized Approach:

Towards Global Competitiveness

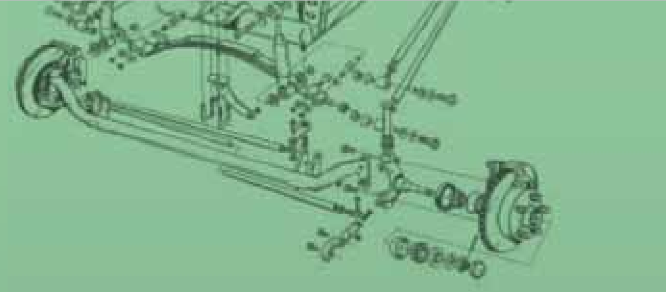
GS always strive to manage the resources using globally tested concepts and techniques. After successful implementation of 5S, 3M concepts within the organization, we are committed to work toward Total Productive Maintenance (TPM) and Total Quality Management (TQM).

Customer Support System

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

Access To Latest Technology

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



COMPANY PROFILE

Quality is a Mission:

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

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

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

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

Human Resources:

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

Key milestones since incorporation:

1938: Start of business activity.

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

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

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

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

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

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

2007: The Company 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.

COMPANY AT A GLANCE

Financial Review

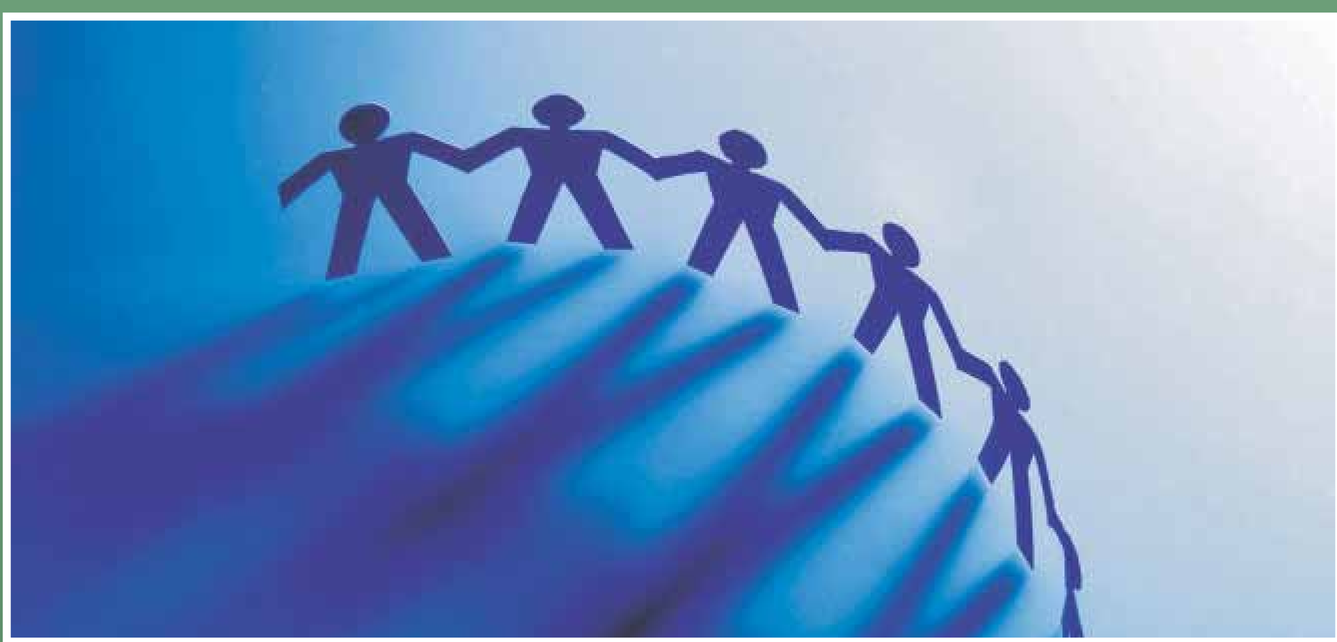
(Rs.in lacs)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Operating Results Turnover (Excl.Excise Duty)											
Domestic	11041.26	9489.66	8132.96	7591.07	6552.26	6206.82	5457.18	4458.99	3609.81	3203.62	3162.87
Export	895.25	763.45	1101.29	541.89	675.76	675.40	685.43	447.69	401.93	349.65	376.94
Total Turnover (Excl.Excise Duty)	**11936.51**	10253.11	9234.25	8132.96	7228.02	6882.22	6142.61	4906.68	4011.74	3553.27	3539.81
% of Growth	**16.42%**	11.03%	13.54%	12.52%	5.02%	12.04%	25.19%	22.31%	12.90%	0.38%	3.98%
Operating Income	25.35	21.34	30.96	12.47	7.90	7.20	16.87	34.00	36.83	35.55	31.74
Other Income	24.93	29.72	34.17	11.35	6.90	4.18	3.41	13.46	4.99	15.49	3.87
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	125.00	0.00	0.00	0.00
Total Income	**11986.79**	10304.17	9299.38	8156.78	7242.82	6893.60	6162.89	5079.14	4053.56	3604.31	3575.42
EBIDTA	**909.89**	850.07	546.93	490.42	342.65	302.26	213.42	225.26	197.88	236.53	275.76
% of Total Sales	7.62	8.29	5.92	6.03	4.74	4.39	3.47	4.59	4.93	6.66	7.79
Depreciation	96.94	88.16	77.57	75.98	69.50	64.49	56.48	47.21	40.45	36.82	30.71
PBIT	**812.95**	761.91	469.36	414.44	273.15	237.77	156.94	303.05	157.43	199.71	245.05
% of Total Sales	6.81	7.43	5.08	5.10	3.78	3.45	2.55	6.18	3.92	5.62	6.92
Financial Expenses	148.34	114.92	157.31	134.68	94.20	88.24	68.62	72.40	64.71	73.39	89.11
PBT	**664.61**	646.99	312.05	279.76	178.95	149.53	88.33	230.65	92.72	126.32	155.94
% of Total Sales	5.57	6.31	3.38	3.44	2.48	2.17	1.44	4.70	2.31	3.56	4.41
Provisions for taxes (Including Deferred Taxes)	207.27	242.30	110.15	104.04	68.07	69.39	33.14	78.15	31.46	48.24	48.80
PAT	**457.34**	404.69	201.90	175.72	110.88	80.14	55.19	152.50	61.26	78.08	107.14
% of Total Sales	3.83	3.95	2.19	2.16	1.53	1.16	0.90	3.11	1.53	2.20	3.03

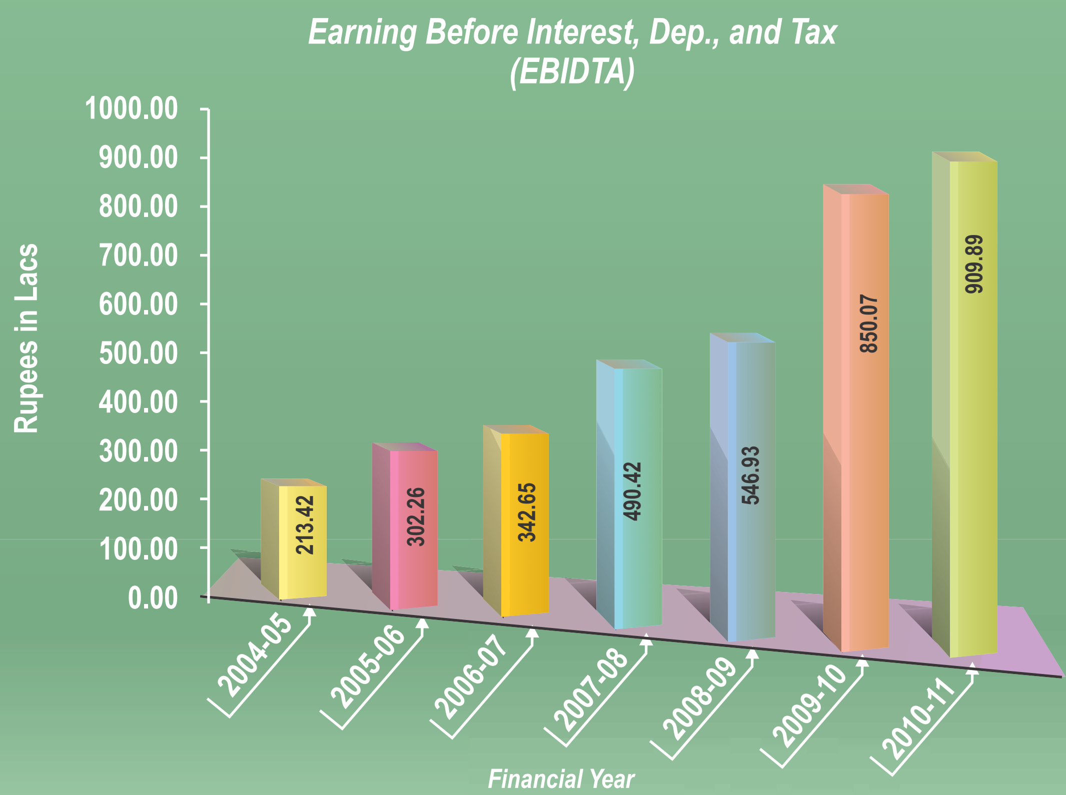
Financial Status											
Net fixed assets (Excluding CWIP)	1188.06	1106.63	932.12	862.06	652.23	667.76	600.29	600.15	420.07	324.95	308.08
Investments	35.99	338.13	15.09	0.00	0.00	0.00	0.39	0.39	0.39	0.39	0.39
Net current assets	2924.09	2097.67	1694.19	1266.71	1083.01	872.50	637.19	667.69	702.92	537.39	680.97
Share capital	400.00	400.00	170.00	167.57	167.57	167.57	167.57	167.57	167.57	167.57	168.79
Reserve and surplus (Excl. Dep. Reserve)	2680.00	2082.36	1371.59	1116.96	827.74	701.18	704.88	648.36	492.74	426.47	299.34
Net worth	3080.00	2482.36	1541.59	1284.53	995.31	868.75	872.45	815.93	660.31	594.04	468.13
Loan funds	1679.74	1039.40	1079.92	858.72	846.73	649.41	403.36	425.94	463.05	268.68	521.32
Deferred Tax Liability	97.45	94.18	59.88	52.57	52.26	48.69	41.21	26.35	0.00	0.00	0.00
Total capital employed	4857.19	3615.94	2681.39	2195.82	1894.30	1566.85	1317.02	1268.22	1123.36	862.72	989.45
Performance Parameters											
Current Ratio	1.37	1.47	1.34	1.31	1.26	1.18	1.15	1.18	1.17	1.31	1.22
Debt-Equity Ratio	0.55	0.42	0.70	0.64	0.51	0.44	0.31	0.44	1.43	2.21	0.90
Cash Earning Per Share	6.93*	7.19*	8.23*	15.02	10.76	8.63	6.66	4.46	6.07	6.86	8.17
Earning Per Share-Basic	5.72*	5.91*	5.95*	10.49	6.62	4.78	3.29	1.64	3.66	4.66	6.35
Book Value	38.50*	39.08*	45.39*	80.00	59.40	51.85	52.06	48.69	39.41	35.45	27.74
Return on Capital Employed (ROCE) (%)	16.74	21.07	17.90	19.34	14.83	15.66	12.30	14.04	14.01	23.15	33.26
Return on Equity (ROE) %	14.85	16.30	13.10	13.68	11.14	9.22	6.33	18.69	9.28	13.14	22.89
Debtor Turnover Ratio (In times)	6.35	6.77	6.60	6.09	5.88	6.44	6.52	5.42	4.98	4.59	4.67
Inventory Turnover Ratio (In times)	11.27	13.17	11.25	10.86	12.91	12.04	11.76	12.70	12.86	11.30	8.89
Dividend (Including DDT) (Rs.)	76.96	51.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Per Share	0.55*	0.55*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend (%)	11%	11%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio	9.62	9.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

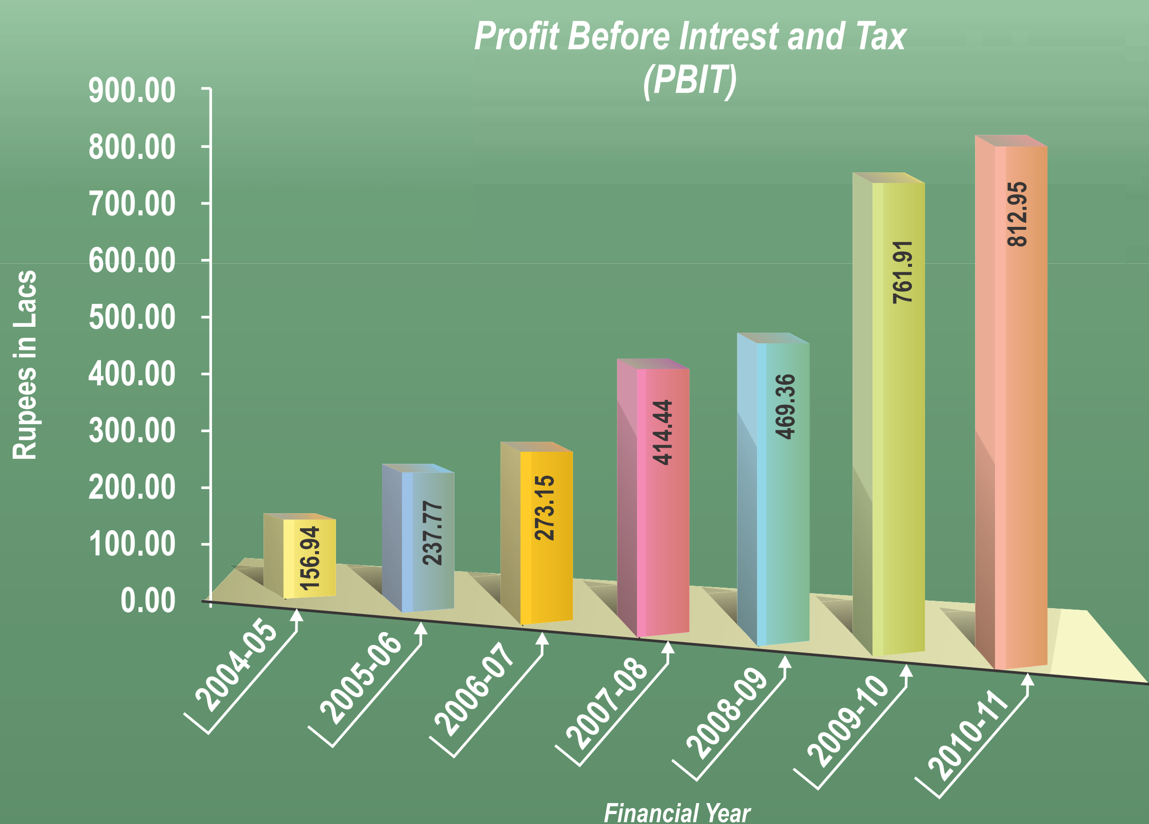
* Face Value of Rs.5/- (Rs.Five) Per Equity Share.

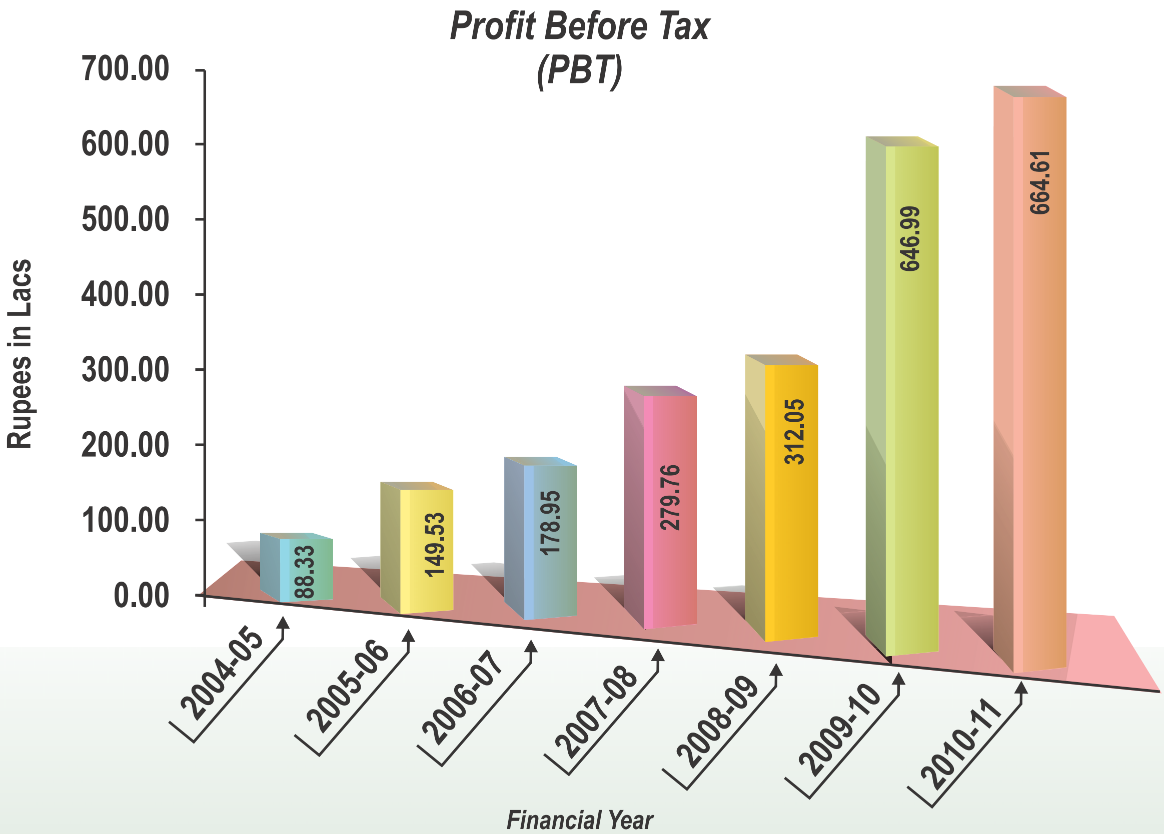
* The face value of the Equity share of the company has been sub-divided from face value of Rs. 10/- each to Rs. 5/- each w.e.f. 20/08/2008

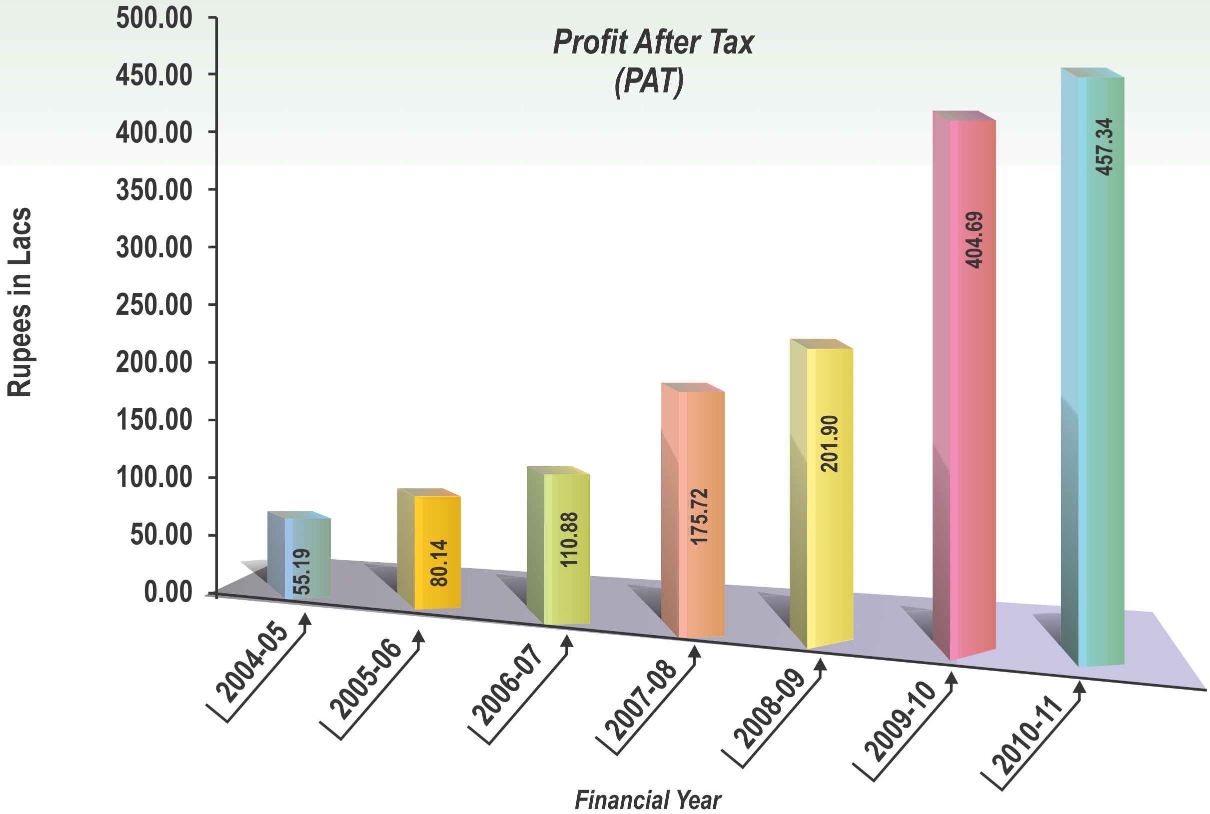


COMPANY AT A GLANCE

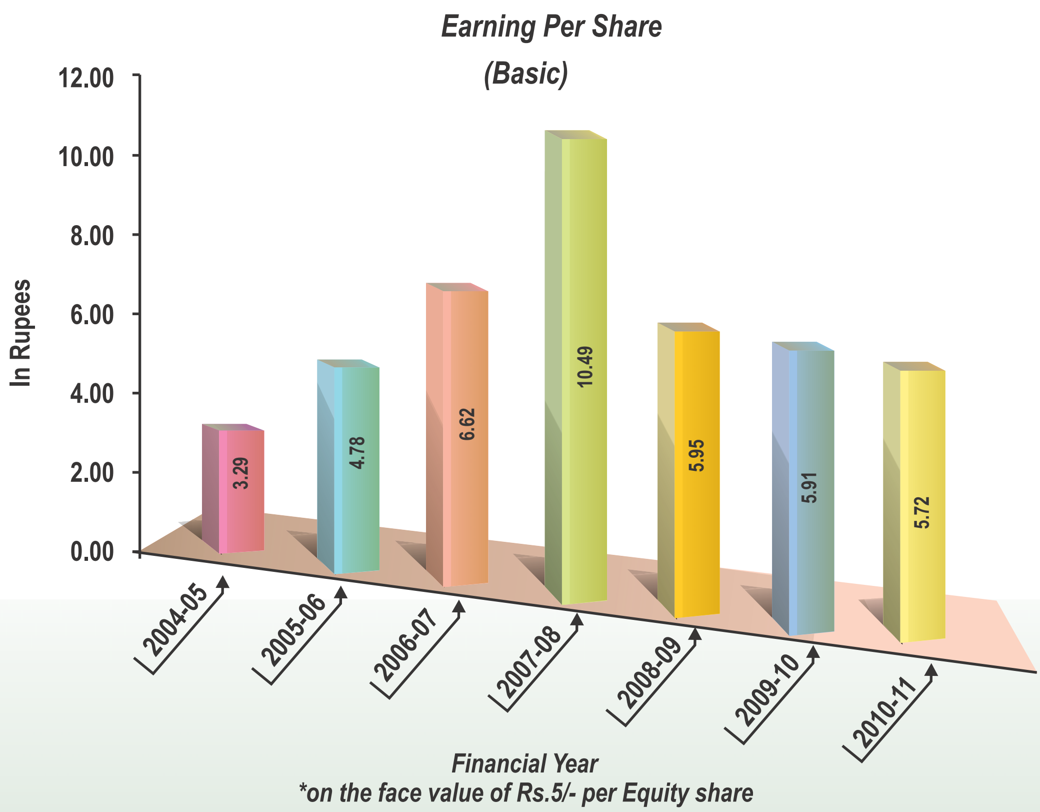


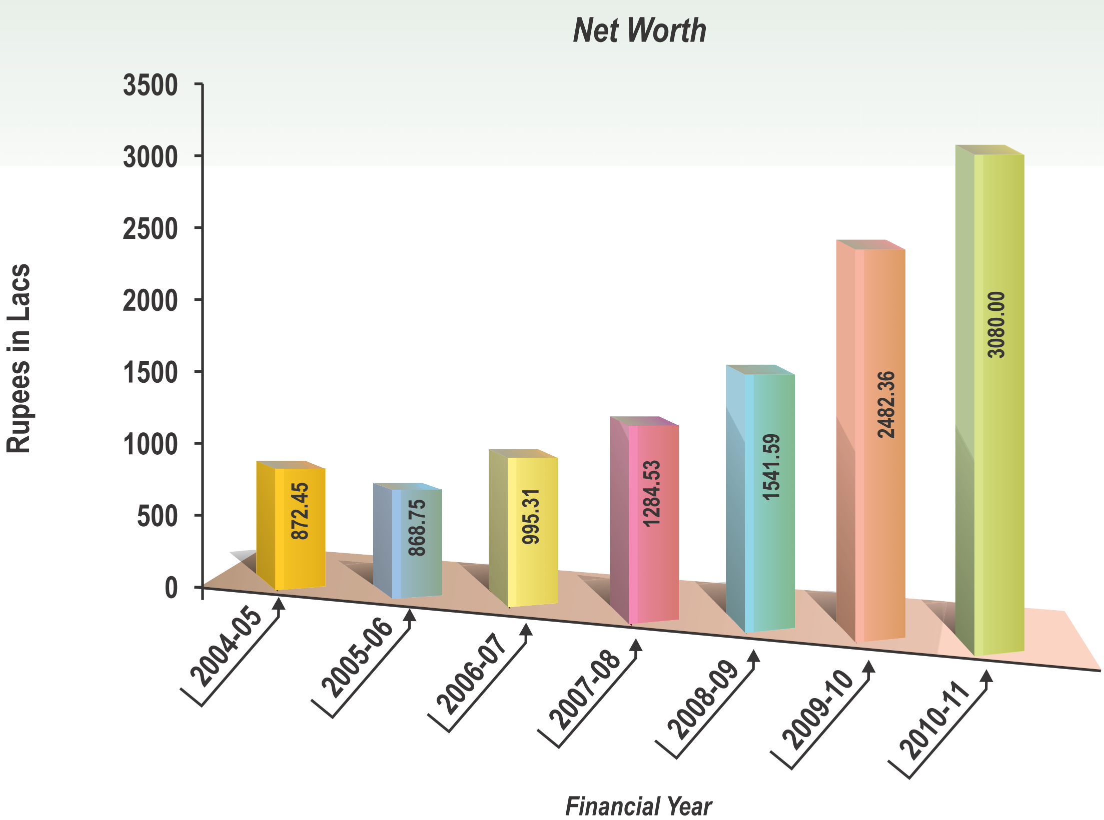


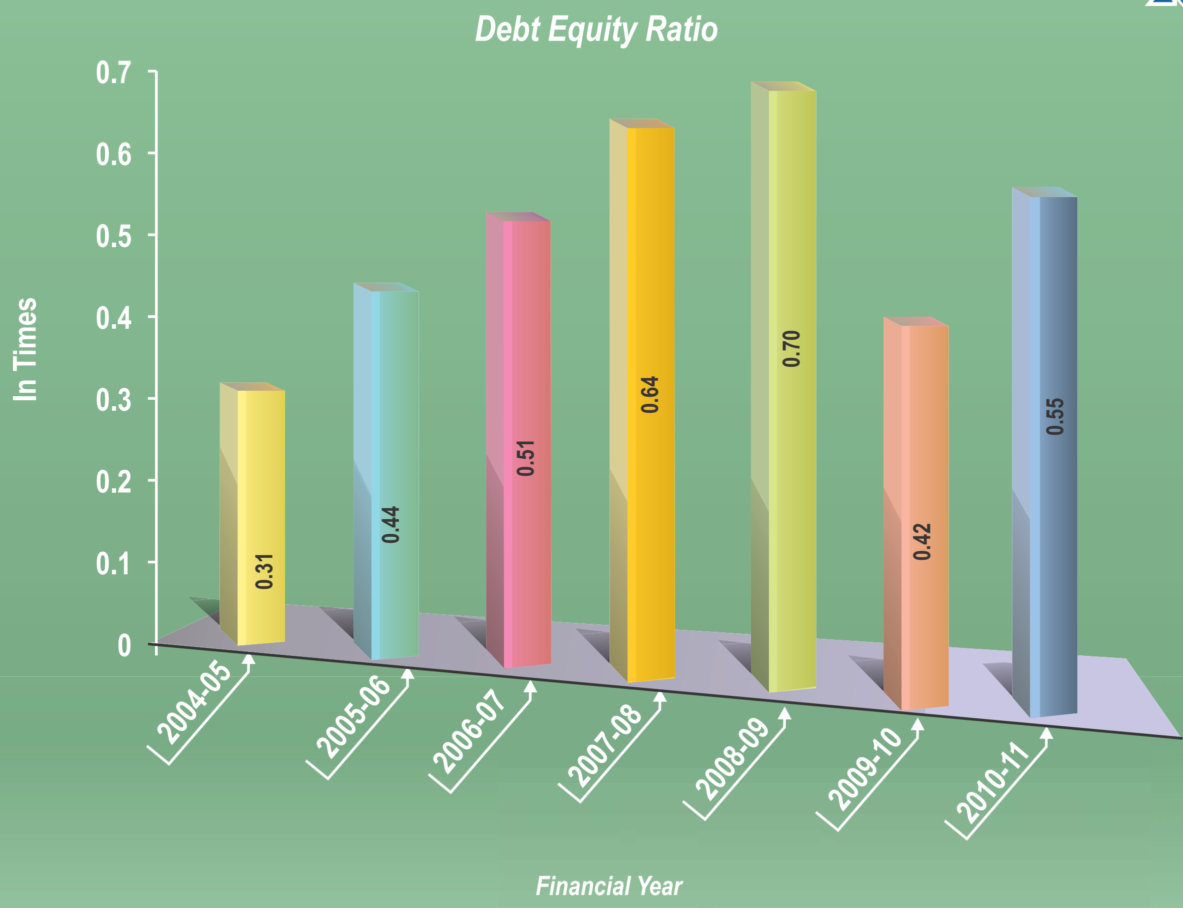

Profit Before Tax
(PBT)
Rupees in Lacs
700.00
600.00
500.00
400.00
300.00
200.00
100.00
0.00
88.33
149.53
178.95
279.76
312.05
646.99
664.61
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
Financial Year

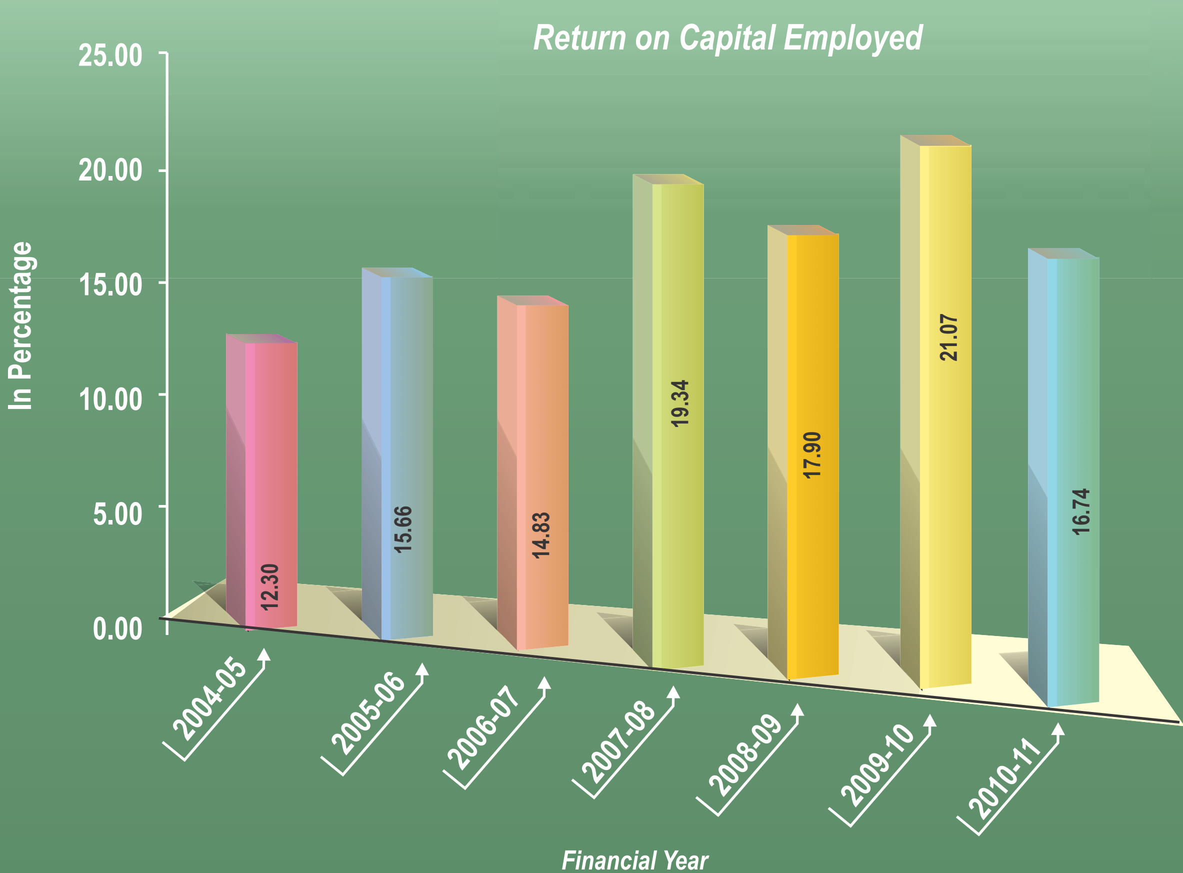

Profit After Tax
(PAT)
Rupees in Lacs
500.00
450.00
400.00
350.00
300.00
250.00
200.00
150.00
100.00
50.00
0.00
55.19
80.14
110.88
175.72
201.90
404.69
457.34
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
Financial Year

COMPANY AT A GLANCE

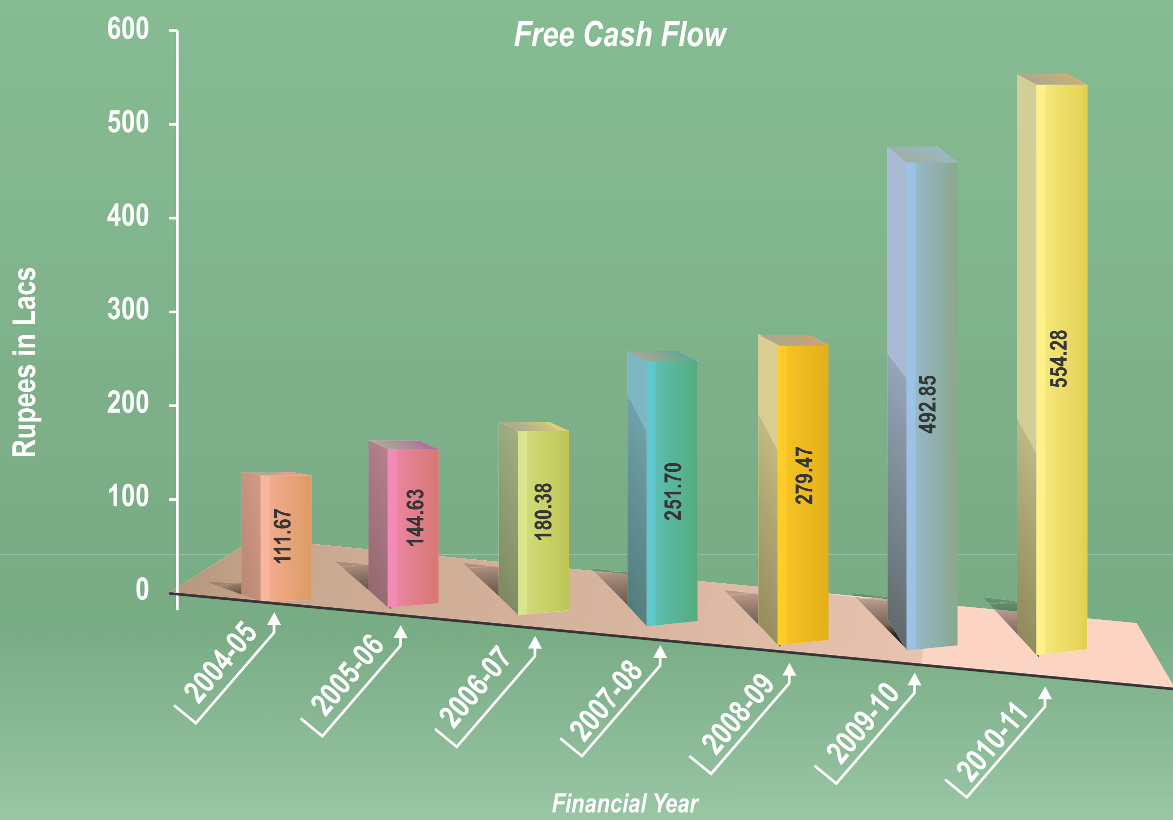


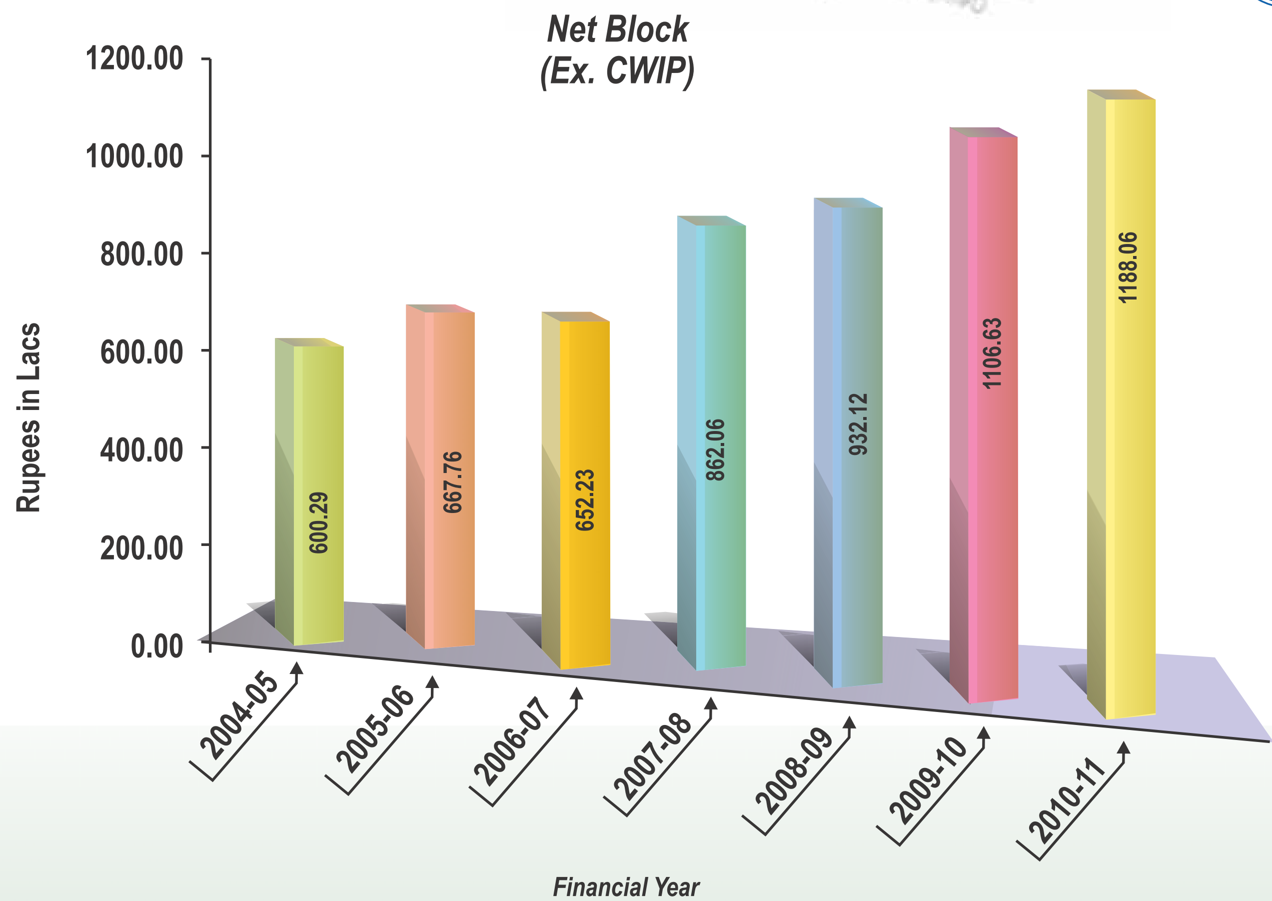


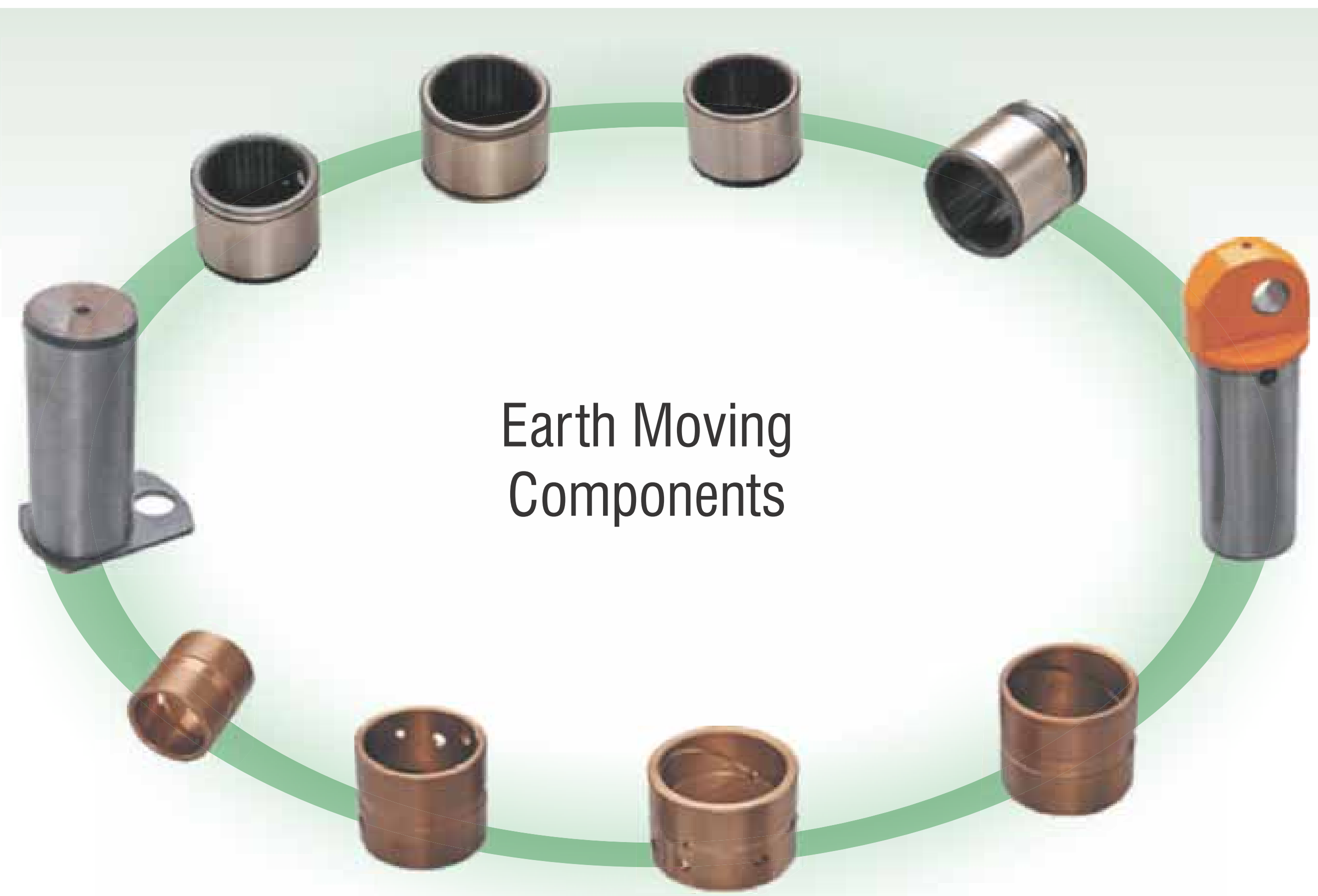

Debt Equity Ratio
In Times
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
0.31
0.44
0.51
0.64
0.70
0.42
0.55
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
Financial Year


Return on Capital Employed
In Percentage
25.00
20.00
15.00
10.00
5.00
0.00
12.30
15.66
14.83
19.34
17.90
21.07
16.74
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
Financial Year

COMPANY AT A GLANCE




Net Block
(Ex. CWIP)
Rupees in Lacs
1200.00
1000.00
800.00
600.00
400.00
200.00
0.00
600.29
667.76
652.23
862.06
932.12
1106.63
1188.06
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
Financial Year


Earth Moving
Components

NOTICE

Notice is hereby given that the 37th (Thirty Seventh) Annual General Meeting of the Members of **"G.S. AUTO INTERNATIONAL LIMITED" ("the Company")**, will be held on Friday, the 30th day of September, 2011 at 10.00 A.M. at its Registered Office of the Company at G.S. Estate, G.T. Road, Ludhiana-141010, to consider and transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the financial year ended on 31st March, 2011, the Balance Sheet as at that date, together with the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend @ 11% (i.e. Rs. 0.55 per Equity Share) on the face value of Rs. 5/- (five) per share, for the financial year 2010-11.
3. To appoint a Director in place of Mr. Surinder Singh Ryait, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Dalwinder Kaur Ryait, who retires by rotation and being eligible, offer herself 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 upto the conclusion of the Next Annual General Meeting and to authorize Audit Committee of the Board to fix their remuneration.

SPECIAL BUSINESS

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

   "**RESOLVED THAT** M/s Harmandar Nanda & Associates, Company Secretary be and is hereby appointed as Secretarial Auditors of the Company to conduct the Secretarial Audit for the financial year 2011-12."

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

   "**RESOLVED THAT** Mr. Jayant Davar, a Mechanical Engineer and is also an alumni of Harvard Business School, who was appointed as an Additional Director on 02nd August, 2011 by the Board of Directors under section 260 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting, be and is, hereby appointed as a Director of the Company, liable to retire by rotation."

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

   "RESOLVED THAT Mr. Upkar Singh Ahuja, a graduate and renowned Auto Component Industrialist, who was appointed

as an Additional Director on 12th August, 2011 by the Board of Directors under section 260 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting, be and is, hereby appointed as a Director of the Company, liable to retire by rotation."

9. **To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto and re-enactment thereof) the Articles of Association of the Company, be and is hereby altered by deleting the existing Article166 and substituting in its place and instead thereof, the following new Article 166:

   "The Company shall duly keep and maintain all the statutory registers and records, as prescribed or may be prescribed, from time to time, under various sections of the Companies Act, 1956, at the Registered Office of the Company or at any other such place in India as the Directors shall think fit. Notice shall be given to the Registrar of Companies in accordance with the provisions of Section 209 of the Companies Act, 1956, if books are kept at any place other than Registered Office."

10. **To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:**

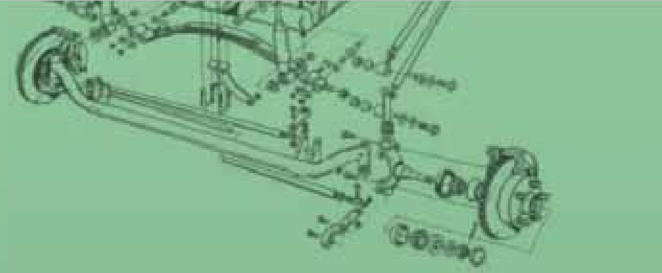
   "**RESOLVED THAT** pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto and re-enactment thereof) the Articles of Association of the Company, be and is hereby altered by deleting the existing Article167 and substituting in its place and instead thereof, the following new Article 167:

   "The Company shall comply with all the Sections of the Act, as to supplying of copies of the registers, deeds, documents, instruments, returns, certificates and books herein mentioned, to the persons, therein specified, when so required by such persons on payment of such charges, if any, prescribed under the Act."

11. **To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto and re-enactment thereof) the Articles of Association of the Company, be and is hereby altered by deleting the existing Article 94 and substituting in its place and instead thereof, the following new Article 94:

   "Subject to the provisions of the Act or all the other applicable provisions, if any, of the Companies Act,1956, a Managing Director or Director who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other and a Director, who is neither in the whole-time employment nor a Managing Director may be paid remuneration either by way of monthly, quarterly or annual payment with the approval of the Central Government: or by way of commission if the Company by a special resolution has authorized such payment. The fee payable to Directors (other than Managing or whole time Director, if any) for attending each meeting of the Board or committee thereof, shall be such sum as may be prescribed by the act or the Central Government or as the board may decide, from time to time,



subject to the overall ceiling under the Companies Act,1956. Further, the Board may allow and pay to any Director for the purpose of attending a meeting such sum either as fixed allowance and / or actual as the Board may consider, fair compensation for traveling ,boarding and lodging and incidental and /or such actual out of pocket expenses incurred by such Director in addition to his fees , for attending such meeting to and from the place at which the meeting of the Board or Committees thereof or general meeting of the Company are held from time to time or any other place at which the Director executes his duties."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to above said resolutions, the Board be and is hereby authorized or may authorize any directors of the Company, 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 aforesaid matters and further to execute all documents and writings as may be necessary, proper, desirable or expedient, for and on behalf of the Company."

By order of the Board

for G.S.Auto International Limited

sd/-

Ludhiana: September 03rd, 2011

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/herself and the proxy need not be a member of the Company. Proxy forms (enclosed herewith) duly completed, should be deposited at the Registered Office of the Company not latter than 48 (Forty-Eight) hours before the scheduled time of commencement of the Meeting. The same should be duly signed and stamped in order to be effective.
2. The Register of Members and Share transfer Books of the Company, will remain closed from Monday, the 26th September, 2011 to Friday, the 30th September, 2011 (both days inclusive).
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. In order to avoid the risk of loss/interception of dividend warrant in postal transit and/or fraudulent encashment of dividend warrants, Shareholders are advised to avail of National Electronic Clearing Services (NECS) facility whereby the dividend will be directly credited electronically to their respective Bank Accounts. This will ensure speedier credit of dividend.

   NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solution (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. In this regard, if you hold share certificates in electronic form, please furnish the New Bank Account Number to your Depository Participant (DP) at your earliest convenience. If you have not provided your new account number allotted after implementation of CBS by your Bank, to your DP, please note that ECS to your old account may either be rejected or returned.

   Shareholders holding shares in physical form with a Bank Account covered under CBS may inform the Bank account Number to the Share Department of the Company/ Share Transfer Agent to avail to benefit of NECS.

5. Members holding shares in Physical form are requested to notify the Change of Address, if any, to the Share Department of the Company/ Share Transfer Agent, the name of the Bank(s), with account number(s) for inscribing it on the face of dividend warrant (s) to avoid fraudulent encashment of the same. Members holding Shares in Electronic form should send the above information to the respective Depository Participants only.

6. In case the mailing address mentioned on this Annual Report for postal delivery, is either without Pin Code or with incorrect Pin Code, members are requested to kindly inform the Share Department of the Company/ Share Transfer Agent or the respective Depository Participant (s), as the case may be, their Pin code for speedy and proper delivery.

7. Members who are desirous to receive the notice, Annual Report and other relevant documents covered u/s 219 read with section 53, in electronic form are requested to update their email IDs to their Depository Participant(s), if shares are held in electronic mode and if the shares are held in physical mode, then the shareholders are requested to update their mail IDs to the Company or the Share Transfer Agent in form enclosed with the Annual Report.

8. Members, who are holding Shares, in Physical form, identical order of names in more than one folio, are requested to apply to the share department of the Company/ Share Transfer Agent alongwith relevant Share Certificates for consolidation of such folios in one folio.

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

10. 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 & 8 of the notice is also being annexed hereto separately and forms part of the notice.

11. 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.

12. Members are requested to 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.

13. 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.

14. Members desirous of getting any information about the accounts and operations of the Company are requested to address their query(ies) well in advance, i.e. at least 10 days before the meeting, to the Whole time Director or Secretary of the Company to enable the Management to keep the information readily available at the Meeting.

15. 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 share department of 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.

16. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

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

Item No. 6

The Ministry of Corporate Affairs, has issued the Corporate Governance Voluntary Guidelines 2009, keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance. As per these guidelines, Secretarial Audit is carried out at specific periodicity by a practising company secretary. To meet this requirement, the Board of Directors has appointed M/s Harmandar Nanda & Associates, Company Secretary in whole-time practice as Secretarial Auditor of the Company for the year 2011-12.

Item No. 7

The Board of Directors has appointed Mr. Jayant Davar , as an Additional Director on the Board of the Company in its meeting held on 02.08.2011, pursuant to the Articles of Association of the Company and section 260, of the Companies Act,1956. The Company has received his consent u/s 264(2)/266(1) (a) of the Companies Act, 1956, to act as an Independent Director of the Company. A Declaration has also been made by the Director that they have not disqualified to act as a Director under section 203, 274, 388E of the Companies Act, 1956 nor declared as proclaimed offender by Economic Offence Court or Judicial Magistrate Court, High Court or any other Court.

Mr. Jayant Davar is the founder and currently the Vice Chairman & Managing Director of Sandhar Technologies Limited. Mr. Jayant Davar is a Mechanical Engineer and also alumni of Harvard Business School. He has been actively involved in several Professional Bodies. He was the Past Chairman of Automotive Component Manufacturers Association- (ACMA) Northern Region(2004-2006), Confederation of Indian Industry (Haryana Council) (2005-2006), ACMA Centre of Technology and past president of HSCI Suppliers Club (1998-2001), Automotives Component Manufacturers Association (ACMA) (2009-10) & Rotary Club of Delhi Southend. Presently he is Executive Committee member of Confederation of Indian Industry (CII) National Council), Confederation of Indian Industry (CII) (Northern Region Council) and Executive committee Trustee of Raman Munjal Vidya Mandir & Raman Munjal Memorial Hospital.

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

None of the directors of the Company except Mr. Jayant Davar, is in any way, concerned with or interested in the proposed resolution.

Item No. 8

The Board of Directors has appointed Mr. Upkar Singh Ahuja, as an Additional Director on the Board of the Company in its meeting held on 12.08.2011 pursuant to the approval of Article of Association of the Company and section 260 of the Companies Act, 1956. The Company has received the consent u/s 264 (2) / 266(1), from Mr. Upkar Singh Ahuja to act as an Independent Director of the Company. A Declaration has also been received from Director that he has neither disqualified for being appointed as Director of Company under provisions of the Companies Act, 1956 including section 203, 274 & 388E nor declared as proclaimed offender by Economic Offence Court or Judicial Magistrate Court, High Court or any other Court.

Mr. Upkar Singh Ahuja is Managing Partner of “New Swan Group”, Manufacturer & Exporter of Automotive Components, Ludhina. He is graduate in arts and has a wide experience in automotive industry. He is also a member of Chamber of Industrial & Commercial Undertakings (CICU).

The Board of Directors accordingly recommends the resolution set out in item no. 8 of accompanying notice for the approval of the Members.

None of the directors of the Company except Mr. Upkar Singh Ahuja, is in any way, concerned with or interested in the proposed resolution.

Item No. 9 & 10

The Article 166 & 167 of the Article of Association of the Company need adequate modifications, therefore, the Company proposes to replace the existing article 166 & 167 with new articles as set out in item no. 9 & 10, of accompanying Notice.

The Board of Directors accordingly recommends the aforementioned resolutions set out in item no.9 & 10 of the accompanying notice for the approval of the Members as Special Resolutions.

None of the Directors of the Company, in any way, concerned with or interested in the proposed resolutions.

Item No. 11

Keeping in view the current inflationary trends, the Board of Directors proposed to regularize the sitting fee, traveling expenses, boarding and lodging expenses of the Directors who are not in the whole-time employment, for attending the meeting of the Board or the committees of the Board. At present, the maximum amount for payment of sitting fee prescribed is Rs. 20000/- per meeting, under the Companies Act, 1956. Therefore, keeping in mind all the above facts, the Board of Directors recommends the revision in the sitting fee, traveling expenses, boarding & lodging expenses of the Directors, as the Board may decide, from time to time, subject to the overall ceiling in the Act. The Board of Directors accordingly recommends, the resolution as set out in item no. 11 of accompanying notice for the approval of the Members as Special Resolution. The company also proposes to regularize the remuneration of the Managing Director and the Directors in whole-time employment according to the limits prescribed under the Companies Act.

All the concerned Directors of the Company, are concerned with or interested in the proposed resolutions.

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

Sd/-

Ludhiana: September 03rd, 2011

Surinder Singh Ryait
Managing Director

Details of Directors Seeking Re-Appointments/Appointments at the Annual General Meeting

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

(I)

Name of Directors	**Surinder Singh Ryait**
Date of Birth	11.04.1965
Date of Appointment	05.10.1989
Expertise in specific Functional Area	Business Management
Qualification	Diploma in Business Management
Directorship of other Companies	Four (Private Limited Companies)
Chairman/Member of the other committees of the Company	1 (Member)

(II)

Name of Directors	**Dalwinder Kaur Ryait**
Date of Birth	28.06.1963
Date of Appointment	06.03.2004
Expertise in specific Functional Area	Marketing & Personnel
Qualification	Graduate
Directorship of other Companies	Four (Private Limited Companies)
Chairman/Member of the other committees of the Company	NIL

(III)

Name of Directors	**Jayant Davar**
Date of Birth	18.10.1961
Date of Appointment	02.08.2011
Expertise in specific Functional Area	Production Management
Qualification	Mechanical Engineer
Directorship of other Companies	Three (Public Limited Companies) And Four (Private Limited Companies)
Chairman/Member of the other committees of the Company	2 (Member)

(IV)

Name of Directors	**Upkar Singh Ahuja**
Date of Birth	16.07.1961
Date of Appointment	12.08.2011
Expertise in specific Functional Area	Business Development & Strategic Investment
Qualification	Graduate
Directorship of other Companies	Three (Private Limited Companies)
Chairman/Member of the other committees of the Company	2 (Member)

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

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana: September 03rd, 2011

DIRECTOR'S REPORT

Dear Members,

Your Directors have immense pleasure in presenting their 37th (Thirty Seventh) Annual Report on the business and operations of the Company along with the accounts for the Financial Year ended 31st March, 2011.

1. Financial Highlights: (Rs. in Lacs)

	2010-11	2009-10
Gross Income	13293.62	11239.09
Less: Excise Duty on Sale	1306.83	934.92
Net Income	11986.79	10304.17
Profit Before Depreciation, Interest and Taxation (PBDIT)	**909.89**	**850.07**
Less: Depreciation and Amortization	96.94	88.16
Profit Before Interest & Taxation (PBIT)	**812.95**	**761.91**
Less: Interest and financial expenses	148.34	114.92
Profit Before Taxation (PBT)	**664.61**	**646.99**
Less: Provision for Current Tax	204.00	208.00
Less: Provision for Deferred Tax	03.27	34.30
Profit After Tax (PAT)	**457.34**	**404.69**
Balance of Profit from Previous Year	1463.60	1150.89
Excess/(short) provision for taxation and tax payments	(4.30)	0.00
Profit Available for Appropriation	**1916.64**	**1555.58**
Less: Appropriations:		
- General Reserve	46.00	40.50
- Proposed Equity Dividend	66.00	44.00
- Income Tax on Proposed Equity Dividend	10.96	07.48
Surplus retained in Profit and Loss Account	**1793.68**	**1463.60**
Earning Per Share		
- Basic	**5.72**	**5.91**
- Diluted	**3.81**	**5.38**
Dividend per share	**0.55**	**0.55**

2. Performance:

During the year under review, due to overall GDP growth rate of 8.50%, there was tremendous growth in each and every segment of Automobile Industry. However, during the year due to continuous rise in the prices of commodity all over the globe, along with the rise in crude, the inflationary pressure continuous for the whole year, causes to continuous monetary tightness' by the Central Bank of India, which further causes to increase in the overall interest rates, leads to fall in the overall margins of the Company, to some extent.

Your Company, performed satisfactorily during the year, despite challenging economic conditions. There was pressure on the margin front, due to inflationary situation prevailing during the year. The total turnover of the Company for the year under review is Rs. 11936.51 Lacs, as compared to the previous year turnover of (Rs.10253.11 Lacs) registering a satisfactory growth of 16.42%, as compared to previous year growth of 11.03%, which was mainly due to better than expected turnaround in the Indian Automobile Industry, however your Company is right now facing capacity constraints, which is being addressed through setting of new unit at Jamshedpur and we are hopeful, once the said unit commences its commercial production, there will be good growth in the top line & bottom line, going forward.

During the year under review, your Company had earned profit before depreciation, interest & tax (PBDIT) of Rs.909.89 Lacs as compared to the previous year's Net Profit before depreciation, interest & tax of (Rs.850.07 Lacs), registering a growth of 07.04 %, as compared to previous year growth of 55.42%, which is quite satisfactory keeping in mind the overall inflationary pressures along with the rise in commodity prices. After provision for depreciation and amortization of Rs. 96.94 Lacs, previous year (Rs. 88.16 Lacs), interest and financial charges of Rs. 148.34 Lacs, previous year (Rs. 114.92 Lacs), a rise in interest cost of 29.08%, mainly due to increase in interest cost along with higher working capital requirements, due to pending refunds of Value added Tax of Rs. 599.46 Lacs (Previous year Rs.492.75 Lacs) , Provision for Current Tax / Deferred Tax of Rs. 207.27 Lacs, previous year (Rs. 242.30 Lacs) and Income Tax Adjustments for earlier years (Rs.4.30 Lacs) previous year of (Rs.NIL), the net profit after tax (PAT) during the year worked out to Rs. 457.34 Lacs as compared to previous year of (Rs. 404.69 Lacs) showing an increase of 13.01 % 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.658.37 Lacs (Rs.621.23 Lacs), showing a increase of 05.98%, after taking payments of Rs.209.76 Lacs (Rs.86.48 Lacs), on account of foreign exchange outgo, on account of import of raw materials & others.

Quality:

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

3. Dividend:

Your Directors are pleased to recommend a dividend @ 11% (Rs.0.55 per equity share) (previous year interim dividend @ 11% , i.e. Rs. 0.55 per equity share) of the face value of Rs. 5/- each, for the year ended 31st March, 2011.

The final dividend, if approved by the shareholders in the Annual General Meeting, will entail a cash outflow, inclusive of dividend distribution tax of Rs.10.96 lacs (Previous year of Rs.7.48 lacs) of **Rs.76.96 lacs** (previous year Rs.51.48 lacs).

4. Management Discussion and Analysis Report:

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

5. Cash Flow Statement:

In Conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the Cash Flow Statement for the year ended 31st March, 2011, is annexed hereto;

6. Fixed Deposits:

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

7. Pledge of Shares:

None of the Equity shares of the Directors of the Company are pledged, with any banks or any other financial institutions.

8. Credit Rating:

During the year, CRISIL has re-affirmed the rating of your Company. This rating indicates above-average financial risk profile, of your Company.

Type of Credit	Rating
Cash Credit	BBB/Stable
Rupee Term Loan	BBB/Stable
Letter of Credit	P3+
Bank Guarantee	P3+

9. Share Capital:

You will be pleased to know that all the warrant holders to whom 40,00,000 (forty lacs) warrants were earlier allotted on dated 09th February,2010, to be convertible into equivalent number of equity shares, of the face value of Rs.5/- per equity shares, at a premium of Rs.22.41 per equity shares, has opted to convert all its warrant, into equivalent number of equity shares, by paying all the required allotment money, on above said warrants.

Consequent to the receipt of all the amounts due from all the warrant holders, your directors at its meeting held on 02nd

August,2011, has allotted all the 40,00,000 (forty lacs) equity shares, pursuant to the conversion of above said warrant, to all the warrant holders, in-spite of bad equity market conditions, showing a good faith in the overall business model of the Company along with all its future plans.

Consequent, to the allotment of aforesaid Equity Shares, the issued, subscribed and paid up Equity Share Capital of the Company, has increased to Rs. 6,00,00,000/- (Six Crores) comprising of 1,20,00,000 Equity Shares of Rs.5/- each.

The total amount of Rs.1096.40 lacs, raised, through issuance of above said equity shares, is being used for the setting up of manufacturing facilities at Jamshedpur for the manufacture of auto components..

10. Expansion & New Projects:

As conveyed to yourself, through previous year's Director Report, that the foundation stone for setting up of new Manufacturing unit at Jamshedpur, for manufacturing of Auto Components had been laid down and your Directors was hopeful to start commercial production for this unit by December 2010 but due to certain unavoidable delays on receipt of its main imported machinery from Denmark and heavy local violence in the Jamshedpur, the commercial production could not be started on the scheduled date.

However, the said imported machinery had already been received by your Company as of now and the work at Jamshedpur for construction and installation of machineries is at full swing. Your directors are hopeful to start the commercial production of the above said new manufacturing unit by 31st December 2011.Your Company has incurred till date Rs.1299.05 lacs, on the above said project at Jamshedpur.

11. Merger:

During the year under review, the Board of Directors has decided to merge, one of the group companies of 'GS' group, namely M/s G.S. Automotives Private Limited, by way of merging it with your Company. Your Company is hopeful of completing all the required formalities along with the merger of above said company, by the close of current financial year.

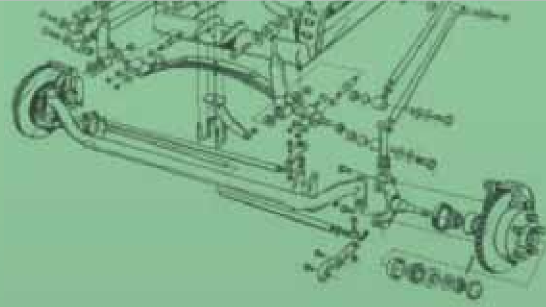
12. Directors Responsibility Statement:

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, 2011 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 Generally Accepted Accounting Principles (GAAP) of India and applicable Accounting Standards issued by The Institute of Chartered Accountants of India, have been followed.

ii) in the selection of the accounting policies, the directors have, 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 the 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) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system, its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing



basis. Periodic internal audits are conducted to provide reasonable assurance 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.

13. Directors:

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Mr. Surinder Singh Ryait and Mrs. Dalwinder Kaur Ryait, Directors of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as directors.

Your Directors, welcome on the Board, Mr.Jayant Davar & Mr.Upkar Singh Ahuja as Independent Directors of the company. Mr.Jayant Davar & Mr.Upkar Singh Ahuja, have been inducted on the Board of your company as an Additional Director with effect from 02nd August, 2011 and 12th August, 2011, respectively. They holds office till the ensuing Annual General Meeting in accordance with the provisions of Section 260 of the Companies Act, 1956 (the Act). The required resolutions appointing both of them as Directors have been set out in the notice of the ensuing Annual General Meeting for the approval of the shareholders.

Due to ill health, two of the Directors namely Mr. Sewa Singh and Mr. Makhan Singh had resigned from the Board and Committees of the Board w.e.f 18th June, 2011. The Board of your Company thanks on your behalf, the said Directors, for all their services and guidance's for the betterment of your Company along with the long term wealth creation of your Company. Your Board conveys their best wishes for their earlier well being.

None of the Directors, appointed or re-appointed, are disqualified for being appointed as the Directors as specified in section 271(1) (g) of the Companies Act, 1956.

14. Re-constitution of Remuneration Committee:

Mr. Jayant Davar and Mr. Upkar Singh Ahuja, has been appointed as members of Remuneration Committee w.e.f. 2nd August, 2011 and 12th August, 2011 respectively. and Mr. Makhan Singh resigned from the committee w.e.f 18th June 2011.

15. Re-constitution of Shareholder's/Investor Grievance Committee:

Three new members have been appointed as members, namely Mr. Satish Monga, Mr. Jayant Davar and Mr. Upkar Singh Ahuja, of Shareholder's/Investor Grievance Committee w.e.f. 21st January 2011, 02nd August, 2011 and 12th August, 2011 respectively and Mr. Sewa Singh resigned from the committee w.e.f 18th June 2011

16. Statutory Auditors:

M/s Nanda & Bhatia, Chartered Accountants, retire as Statutory Auditors of the Company and have given their consent for the re-appointment. The member's approval would be required to elect the Auditors.

As required under 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.

The observations and comments, if any, given by the Auditors in this Report read together with the notes to Accounts, are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act,1956.

17. Awards & Recognition:

As your Company striving for excellence, we are proud to receive the recognition award at supplier conference 2011 from VE Commercial Vehicles (EICHER), for outstanding contribution to Supply Chain Management – Hardware and Consumables.

18. Listing & Delisting

The existing 80,00,000 (Eighty lacs) Equity Shares of the Company are listed on four stock exchanges namely The Bombay Stock Exchange Limited (BSE), The Ludhiana Stock Exchange Limited (LSE), The Delhi Stock Exchange Limited (DSE) and 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.

During the financial year 2010-11, your Company has applied for Delisting of abovesaid Equity Shares from The Delhi Stock Exchange Limited (DSE) and The Ahmedabad Stock Exchange Limited (ASE) and is in process of getting delisting approval. Once the delisting approval will received from these two regional stock exchanges, your company will save administrative cost, going forward to this extent.

Further your Company has applied for Listing of new issuance of equity shares of 40,00,000 (Forty Lacs), issued and allotted on conversion of 40,00,000 (Forty lacs) convertible warrants as mentioned above, to The Ludhiana Stock Exchange Limited (LSE) and The Bombay Stock Exchange Limited (BSE). Your Company will receive the listing approval of the same at the earliest.

19. Employees Strength:

The total numbers of permanent employees on the roll of the Company were 1121 as on 31st March, 2011 (previous year 1018).

20. Employee Relations:

Nurturing and developing human resource has been a major source of creating competitive advantage at "GS". Over the years, your Company has maintained consistency in its efforts in training and developing its human resource with a view to face competition.

As a result of our continuous efforts, employee relations always remained cordial and harmonious throughout the year. The Management Discussion and Analysis, gives an overview of the developments in Industrial Relations, during the year.

21. Particulars required under section 217 of the Companies Act, 1956:

None of the employee falls within the category mentioned in section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975;

22. Office or Place of Profit:

Pursuant to the approval of the members at the Extra Ordinary General Meeting, held on 15th April, 2011, the Board of Directors has appointed Mr.Harkirat Singh Ryait son of Mr.Jasbir Singh Ryait, Chairman and whole time Director of the Company, as an employee of the Company, pursuant to the Section 314 of the Companies Act, 1956. He is graduate in "Production Engineering", from Guru Nanak Dev Engineering College, Ludhiana.

23. Corporate Governance

Your company has a rich legacy of ethical governance practices. Your Company is 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 the Corporate Governance as stipulated in Clause 49 of the Listing Agreements with Stock Exchanges are complied in its letter and spirit.

A report on Corporate Governance along with a certificate from Company Secretary in Practice regarding the compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of this Annual Report.

24. Secretarial Standards of ICSI:

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

25. Secretarial Audit Report:

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, 2011, which is self explanatory, is attached as a part of this Annual Report.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Listing Agreement with Stock Exchanges, Securities Contract (regulation) Act, 1956 and all Regulations and Guidelines of SEBI as applicable to Company, including the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the Securities and Exchange Board of India (Prohibition of insider Trading) Regulations, 1992.

26. Related Parties:

Note No 36 of Schedule “O”, of the financial statements, set out in the nature of transactions with the related parties. Transactions with the related parties are carried out at the arm's length. The details of such transactions are placed before the Audit Committee.

27. Cost Accounting Records:

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

28. Corporate Social Responsibility:

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

Your Company has contributed a lot for the welfare of the Society during the year, which is detailed in report of Corporate Governance annexed in this Annual Report.

29. Internal control system and their adequacy

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.

30. Quality Control and customer satisfaction:

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

The Company has been receiving continuous support from its customers like Mahindra & Mahindra, VE Commercials, Tata Motors, Ashok Leyland, Hindustan Motors, Delphi Automotives, Hindustan Motors Ltd. Etc., and in exports Hoo Leong Auto Parts SDN. BHD., Safari Auto Spare Parts, Prime P.E. Internationals Trading Co., Jalali General Trading Co. etc. The company is closely working with all customers in terms of new product development, improvement in quality level etc. to meet the expectations of the customers.

31. Investor Relations:

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

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

The particulars relating to the 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 (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report, is given as Annexure “A” of the Report.

33. Environmental 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 Compact has obtained all environmental consents such as air; water and hazardous waste authorization from respective Pollution control Boards and is in compliance with the present environmental legislation.

34. Statutory Disclosures:

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

35. Subsidiaries:

Your Company does not have any subsidiary Company.

36. 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.

37. Appreciations and Acknowledgements:

Your Directors wish to place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at forefront of the industry.

The Board places on record their appreciation for the support and co-operation your company has receiving from its Suppliers, Distributors, Retailers, Business Partners, Vendors, all the Original Equipment Manufacturers, Investors and others, associated, with the Company. Your Company looks upon them as partners in its progress and will continue to share with them, the reward of growth. Your Directors also take this opportunity to thank all the investors, clients, vendors, banks/financial partners, all the regulatory and governmental authorities, stock exchanges, 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 of Directors

Sd/-

Ludhiana: August 18th, 2011

Surinder Singh Ryait
Managing Director

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 thereto

FORM-A

A.	**Power & Fuel Consumption:-**		**(Rs.in Lacs)**
1	**Electricity**	**Current year**	**Previous year**
a)	Purchased unit	**54,37,702**	42,19,267
	Total amount (Rs)	**309.32**	221.51
	Rate/unit	**5.69**	5.25
b)	Own Generation		
i)	Through Diesel Generator (Rs.)	**103.25**	127.07
	Unit		
	Unit per ltr	**1.93**	2.47
	Cost/unit	**16.59**	12.90
ii)	Through steam Turbine/Generator		
	Unit	-------------	-------------
	Unit per ltr	-------------	-------------
	Cost/unit	-------------	-------------
2	**Coal**		
	Quantity (Tones)	**2.250**	2.221
	Total Cost (Rs)	**0.21**	0.19
	Average rate (Rs)	**9542.66**	8510.00
3	**HPS/LDO**		
	Quantity (Tonnes)	**569.110**	521.150
	Total Cost (Rs)	**159.53**	127.30
	Average rate (Rs)	28.03	24.45

4 Gas (LPG)		
Quantity (Kg)	59204	38057
Total Cost (Rs)	36.05	18.23
Average rate (Rs)	60.88	47.90
B Consumption Per Unit of Production*		
Product	-------------	--------------
Electricity	-------------	-------------
Furnace Oil	-------------	-------------
Coal	-------------	-------------
Others	-------------	-------------

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

II) Technology Absorption:

Research and Development ;

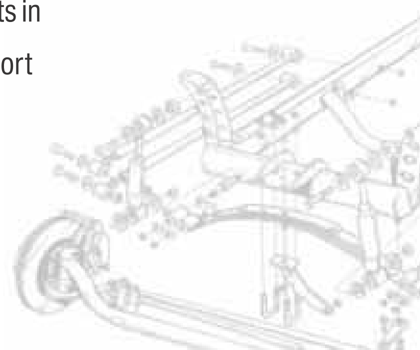
Research and Development efforts in a manufacturing Company like ours, is an ongoing process. It is not possible to determine the benefits derived as a result of above said Research & Development activities. Continuous efforts are being put in by ways of Research & Development activities in all the areas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

Technology Absorption, Adaptation and Innovations;

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

III) Foreign Exchange Earnings and outgo:-

a)	Activities relating to Exports	:	During the year ended 31st March, 2011 the Export was at **Rs.895.25 Lacs** (Previous year Rs.763.45 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 for 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)

(Rs.in Lacs)

	Current Year	Previous Year
Used	**209.76**	86.48
Earned	**868.13**	707.71

For and on behalf of the Board of Directors

Sd/-

Surinder Singh Ryait
Managing Director

Ludhiana: August 18th, 2011.

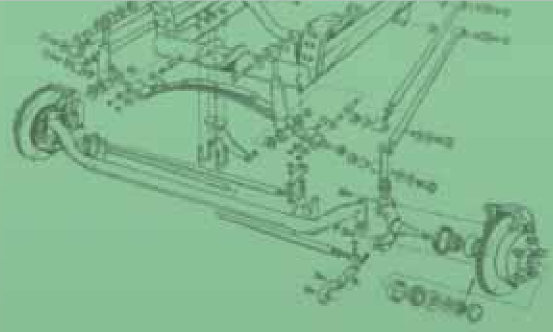
MANAGEMENT DISCUSSION & ANALYSIS

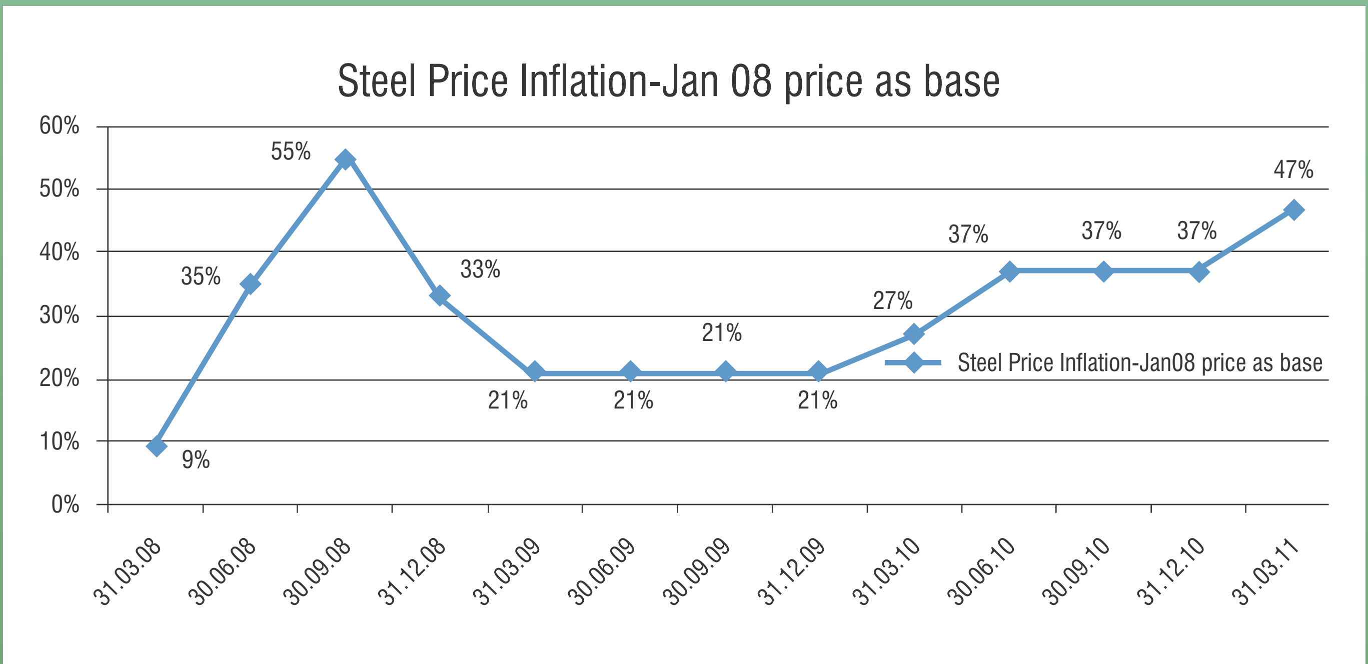
OVERVIEW

FY2011 started with an optimistic environment in the domestic economy amidst a looming uncertainty about the sate of global recovery. However, the Global economy recovers from the initial shocks of the previous years, but there is overhang of sovereign debt in some part of world, which clearly shows the overall world economy is not out of wood yet, besides growth in both advanced and emerging/developing economies. This raises some hopes for some modest global recovery in the FY2012. Inflationary pressures & uncertainties over the pace of growth with sustainability, has increased in almost all the regions of the world. The rating agencies have downgraded the rating of United State of America after enjoying a consistent number one credit rating for past several years. The world's third largest economy Japan has probably slipped back into recession, albeit temporarily. Most of the European countries are facing the financial debt crises and the increasing bailout costs is looming large causes an uncertainty on the future growth for these countries.

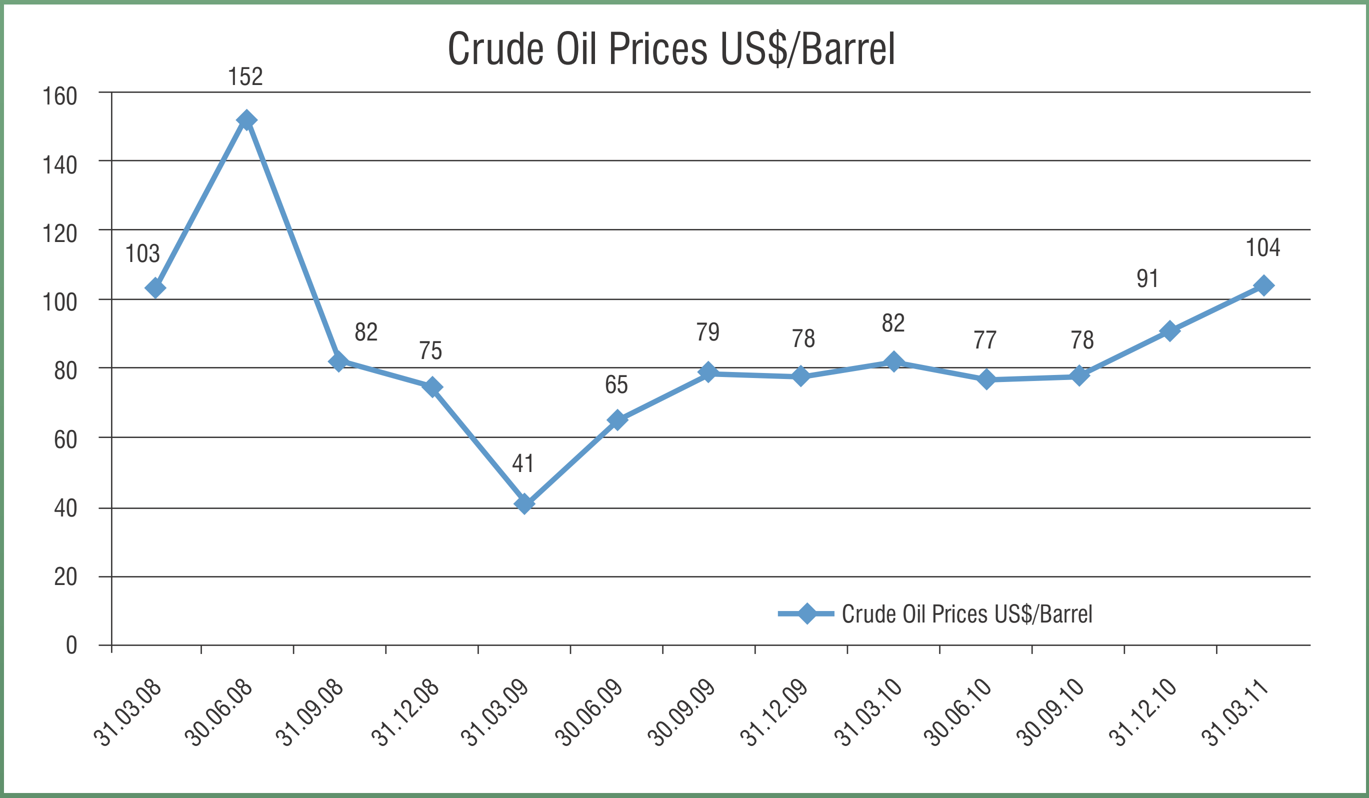
During the year under review there were lots of global uncertainties all around the globe in the shape of reduction in the manufacturing due to earthquake in the Japan, which reduced the global auto assemblies along with the disruption in the supply chain for automobiles industry, as Japanese parts is the largest imports all over in the world, causes to temporarily disruption in the automobile industry. Further, Japan is planning to substitute its nuclear power capacity with oil based generation, due to the certain damages in the Japan's nuclear power plants due to the recent earthquake, will further increase in the demand & prices of crude.

While the growth is slowly but strongly coming back on track there is some concerns in the shape of rise in the commodity prices all over the globe, continued inflationary pressure on the overall economy along with the rise in the prices of the crude. Rise in the prices of the industrial commodities was so sharp after the falls in the first half of 2009 that its impact the most to the developing countries mainly, India, which is the highest consumer of all the industrial commodities after China. Steel price inflation has almost double within this year from 27% in the March 2010 to 47% in March, 2011 along with rise in non ferrous metal aluminum from Rs.100575 per Metric Ton in March,2010 to Rs.114970 in March,2011, the price of Copper from US$ 7467 per tones in March,2010 to US$9503 per tones in March,2011.The Brent crude price surged from an average of US$75 a barrel in May-Septemeber,2010 to US$ 123 per barrel in April,2011.The prices of oil have further come under pressure due to political development in the Middle East Region and North America.





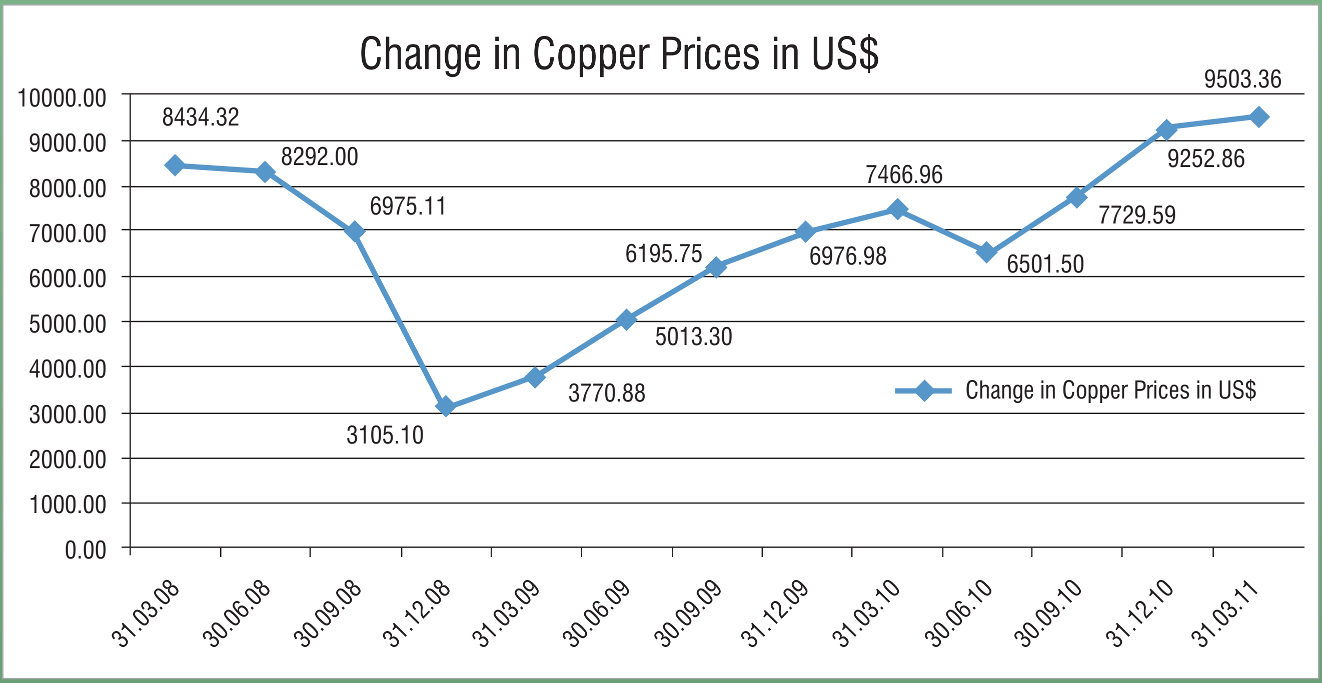
Steel Price Inflation-Jan 08 price as base
60%
50%
40%
30%
20%
10%
0%
9%
35%
55%
33%
21%
21%
21%
21%
27%
37%
37%
37%
47%
Steel Price Inflation-Jan08 price as base
31.03.08
30.06.08
30.09.08
31.12.08
31.03.09
30.06.09
30.09.09
31.12.09
31.03.10
30.06.10
30.09.10
31.12.10
31.03.11



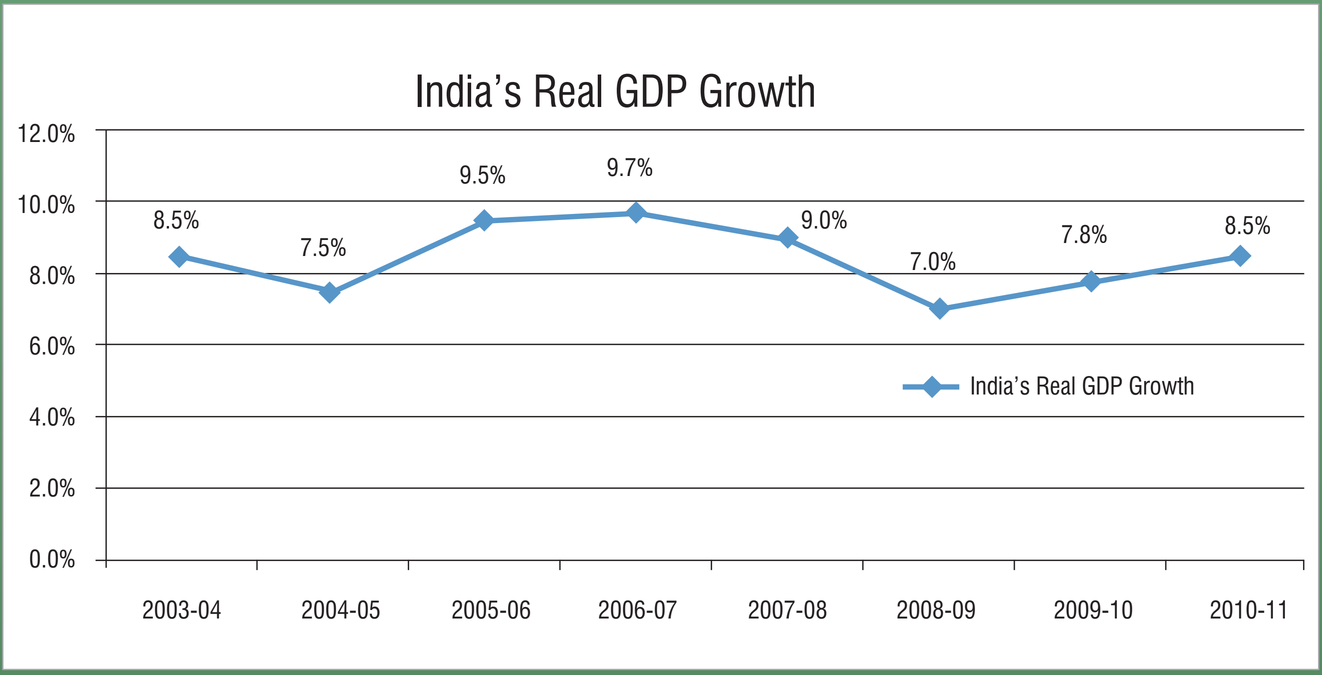
Crude Oil Prices US$/Barrel
160
140
120
100
80
60
40
20
0
103
152
82
75
41
65
79
78
82
77
78
91
104
Crude Oil Prices US$/Barrel
31.03.08
30.06.08
31.09.08
31.12.08
31.03.09
30.06.09
30.09.09
31.12.09
31.03.10
30.06.10
30.09.10
31.12.10
31.03.11

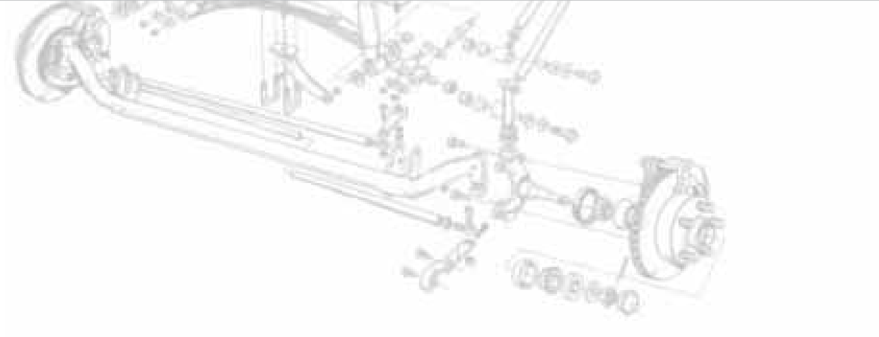
MANAGEMENT DISCUSSION & ANALYSIS

An environment of continued rise in the commodity prices along the globe has caused to continuous inflationary pressure which further leads to tightness in monetary policies cause to overall increase in the interest rates. With higher consumer and producer price inflation in all key the emerging markets, especially India and China, it is not surprising that the central banks have raised interest rates and tightened money supply to curtail excess demand. This development carries two risks. First, is that the higher cost of finance may affect consumer demand. Second, is that it might impede future investments leading to slowing down of economic growth. In addition to these issues, higher input costs are exerting pressure on profit margins.



The Indian Economy is the worst affected with the increase in Commodity prices particularly crude prices, which cause the Central Bank of India for the continuous tightness in the monetary policy so to cool down the supply side inflation. However the Central Bank of India's stance on the monetary policy was to nurture the recovery in the economy amidst all the global

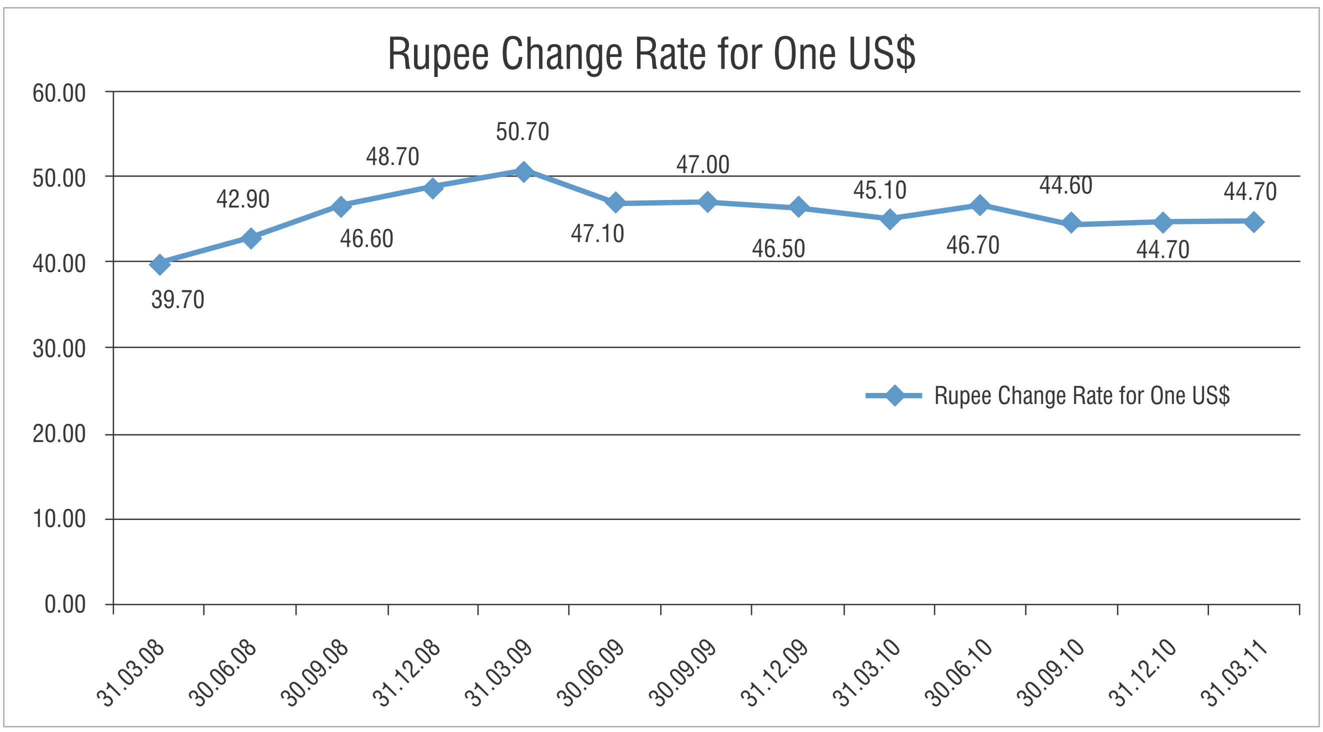




uncertainties while trying to contain the supply side inflation. As 8.5-9.0 per cent average annual GDP growth has now become a new benchmark for India to assess its growth performance, it would require special efforts to achieve the same in view of current scenario. As per CRISIL estimates, the GDP is expected to grow at 8.3 per cent in 2011-12, as the rising cost of credit along with the rise in the industrial commodities and keeping in mind the overall economy of the world it would slow industrial growth to 8.2 per cent and agriculture growth despite a normal monsoon, would decline due to a higher base. However keeping all the above said factors in mind and with the stand the Central Bank of India is adopting, we are reasonably doing well.

However, India has staged a commendable recovery post the global slowdown and is also poised for a promising medium to longer term future. Growth momentum in 2011-12 is likely to be moderate compared to the fast pace trend witnessed during 2010-11. This is despite predicted normal monsoon, demand conditions and positive lead indicators for services. Higher interest rates will impact growth momentum during 2011-12. High global crude oil and other commodity prices coupled with double digit inflation pose a risk to India's growth story.

After a brief period in the mid 2010, when the Rupee depreciated against US$ due to European debt crises, there was pressure on the rupee cause to appreciation vis-à-vis to US$.The pressure on the Rupee going forwards will remain there due to capital flows due to muted global recovery as compared to developing economy, rising interest rate differentials as compared to other region & week US$ due to lowest rates in America.



During the FY 2011, the Company has incurred losses on account of foreign exchange fluctuations, on account of its export business of Rs.2.75 lacs (previous year Rs.20.19 lacs), further, your Company is not doing any hedging, for all its export as well as import business.

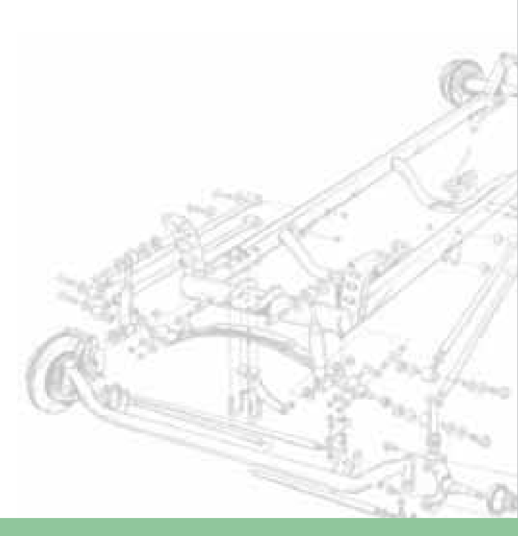
The Indian economy continued on a robust growth path despite several challenges on the global macroeconomic front. Almost all the Sectors of the Indian economy showed accelerated growth until the third quarter of Financial Year 2010-11. A normal monsoon supported a very strong rebound in agricultural growth during the year, thus providing further impetus to economic growth by raising rural income levels. However, there were signs of slowing down in some sectors, especially in manufacturing in the fourth quarter. The Reserve Bank of India continued with its monetary policy action of rate increases to contain inflation, which translated into significant hikes in wholesale and consumer financing costs, particularly for automobile industry as a whole.

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Automotives Industry in India plays a prominent place in the overall Indian economy and has a strong effect on the overall growth driver of the economy. The overall growth story of India is measured by growth in the automobile industry as a whole along with the growth in the overall infrastructure development in the Country. With India being growing automotive market, the automotive sector is one of the prime drivers of the Indian economy. India has emerged as one of the favorite investment destinations for all the world class automotive manufacturers in recent times. Global auto majors are investing to tap the growing demand in India. Despite the economic downturn, two years back, the Indian economy has managed to remain stable.

The Global Automobile Industry production was up by nearly 26% in 2010 (Sources: OICA) as compared two years of consecutive decline in the production of the global automotive industry, was primarily shows a remarkable recovery due to robust growth in emerging markets such as India and China. Further China has surpassed the United States of America by becoming the number one vehicle market, which further reassures and gives us immense confidence that the next decade belong to the emerging markets like India & China.

The Indian automobile sector has seen strong demand across segments in 2010-11, resulting in 27% volume growth where as passenger vehicle segment outperformed the overall sector with a healthy growth of 29% on a year on year basis. This was mainly due to higher spending power of the young Indians, easy availability of funding although on the higher rates as compared to previous years, along with the available choices of the models by the introduction of new models by almost each and every automobile manufactures and growing consumer confidence, in an economy which is growing nearly 8-9% annually. According to OICA, India was the seventh largest vehicle manufacture country in the world. However, for 2011-12, in the backdrop of rising commodity prices and higher interest rates, growth could be down to 12-15%. The increasing degree of affordability of popular cars is an early signal of a structural demand shift. According to SIAM, the annual car sales are projected to increase up to 5 million vehicles by 2015 and more than 9 million by 2020. Hence, this is an attraction for global players to come to India. This shift could lead to a sustained market growth but a pressure from higher input material costs remains an overhang.

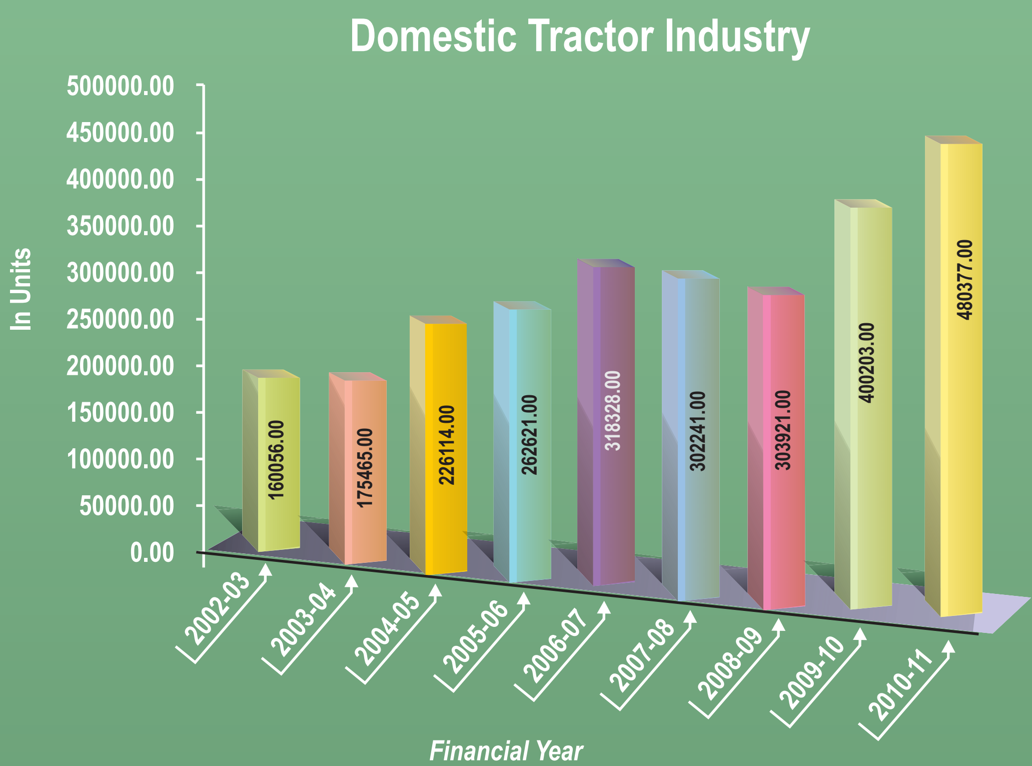


	Vehicle Classifications	Financial Year 2009	Financial Year 2010 Volumes	Financial Year 2011 Volumes	Financial Year 2010 Volumes	Financial Year 2011 Percentage Growth	Percentage Growth
Passenger Vehicles			**15,52,713**	**19,51,334**	**25,20,393**	**25.70%**	**29.20%**
	Cars		**12,20,463**	**15,28,337**	**19,82,990**	**25.20%**	**29.70%**
		*A1:Mini	49,383	63,378	96,917	28.30%	52.90%
		*A2:Compact	8,85,639	11,28,977	14,49,361	27.50%	28.40%
		*A3:Mid Size	2,41,683	2,76,294	3,66,474	14.30%	32.60%
		*A4:Executive	33,636	46,437	52,143	38.10%	12.30%
		*A5:Premium	9,034	11,898	16,172	31.70%	35.90%
		*A6:Luxury	1,088	1,353	1,923	24.40%	42.10%
	MPVs		**1,06,607**	**1,50,256**	**2,13,507**	**40.90%**	**42.10%**
	UVs		**2,25,643**	**2,72,741**	**3,23,896**	**20.90%**	**18.80%**
Commercial Vehicles			**3,84,952**	**5,32,721**	**6,76,370**	**38.40%**	**27.00%**
	LCVs		**2,00,699**	**2,87,777**	**3,53,621**	**43.40%**	**22.90%**
		A:Passenger	26,952	34,413	37,481	27.70%	8.90%
		B:Goods	1,73,747	2,53,364	3,26,140	45.80%	24.80%
	M&HCVs		**1,84,253**	**2,44,944**	**3,22,749**	**32.90%**	**31.80%**
		A:Passenger	34,892	43,083	47,512	23.50%	10.30%
		B:Goods	1,49,361	2,01,861	2,75,237	35.10%	36.30%
3 Wheelers			**3,49,727**	**4,40,392**	**5,26,022**	**25.90%**	**19.40%**
		A:Passenger	2,68,463	3,49,732	4,28,979	30.30%	22.70%
		B:Goods	81,264	90,660	97,043	11.60%	7.00%
2 Wheelers			**74,37,670**	**93,71,231**	**1,17,90,305**	**26.00%**	**25.80%**
	Scooters		11,45,798	14,62,507	20,73,797	27.60%	41.80%
	Motorcycles		58,35,145	73,41,139	90,19,090	25.80%	22.90%
	Mopeds		4,31,214	5,64,584	6,97,418	30.90%	23.50%
	Electric Two Wheelers		25,513	3,001	-----	(88.20%)	—
Grand Total			**97,25,062**	**1,22,95,678**	**1,55,13,090**	**26.40%**	**26.20%**

Source: Society of Indian Automobile Manufacturers (SIAM)
* Classification of A1, A2, etc as per SIAM.

During the year, the Government of India introduced Bharat Stage (BS) IV emission norms for 13 major cities and BSIII norms 28 for the rest of the country for passenger vehicles. The transition was smooth despite a phased introduction, due to the cooperative approach of both the Government and the Industry. The growth in the tractor industry continued its high growth pace with a growth of 20% as compared to the previous year due to better rural liquidity, better crop realization and with a normal monsoon and above all Government of India's continued thrust on agriculture & rural India. However this growth of 20% was in-spite of higher base effect of growth of 32% in the corresponding period last year.

MANAGEMENT DISCUSSION & ANALYSIS

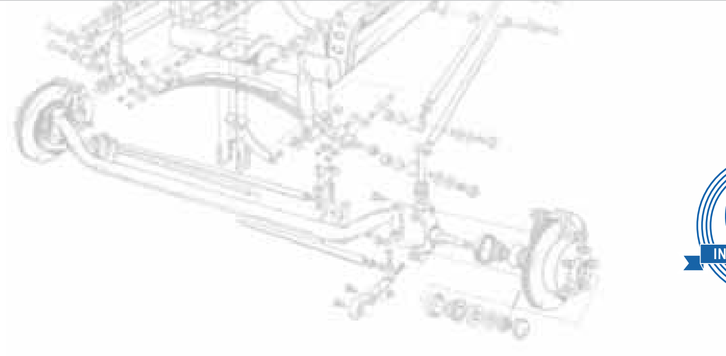


As per CRISIL Research, India is most likely to be one of the fastest growing automobile markets, and perhaps the third largest, in terms of domestic market volumes, by 2020. The growth trajectory in automobiles in India was high, in double digits, during the past decade partly because of the acceleration in economic growth, and partly, because of favorable factors such as increasing finance penetration and rising consumer aspirations. The same factors are likely to continue to drive more than 10 per cent growth in cars, utility vehicles, light commercial vehicles, and scooters over the next 10 years. As per SIAM estimates, the sector is expected to grow at 15%-16% in FY-12 despite being impacted by factors like high inflation, rising raw material, increase in interest rates and fuel prices.

The domestic market witnessed a slew of new launches by almost all the OEM's. 'Cruze' by General Motors, 'Aria' by Tata Motors, 'Alto K-10' by Maruti Suzuki and the much awaited and acclaimed 'Etios' from Toyota to name a few, apart from launches in small commercial vehicles. Tata 'Nano', the small car wonder which could not live up to the market expectations due to the safety issues saw the volumes zoom to levels of 10,000 cars in Mar 2011 on the back of renewed marketing efforts by the company. Hence, all the above factors lead to an attraction for global players to come to India. This shift could lead to a sustained market growth but pressures from higher input material costs remain an overhang. We believe that having adequate Foundry capacity is critical to facilitate this explosive growth. The challenge lies, in not only meeting the demand, but equally, in sustaining the growth, given the depressing cyclicality of this sector.

ABOUT THE COMPANY:

"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, hence, we are discussing here only Commercial Vehicle Business, in this segment. Going forward, your Company is working to increase its share in the other segments of automobile market, other than Commercial vehicles, so to improve its overall growth rate.

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

(1) Casting Auto Components
  (a) Ferrous Casting
  (b) Non-Ferrous Casting
(2) Machined Auto Components
(3) Forged Auto Components

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

1. Original Equipment Manufacturers (OEM)
2. After Sales Market (Replacement Market)
3. Exports

COMPANY'S PERFORMANCE HIGHLIGHTS

During the year under review, your Company's overall turnover has grown by over 16.42 % as compared to the previous year growth of over 11.03 %, which seems to be satisfactory. The Growth in the overall turnover of your company, from the past several years are growing by not more than 10-15% due to capacity constraints, so even such a phenomenal growth in the automobile industry we was not able to replicate in our overall turnover beside we have such a strong business model and a huge brand value "GS" in after sales market. However to overcome all the problems related to our capacity constraints the company had already started to set up a new manufacturing unit at Jamshedpur with a total project cost of Rs.64 (Sixty four) Crores, the project was internally conceived for a total project cost of Rs.45 crores which was further increased to Rs.64 crore, however, we will discuss about this project in detail going forward in this subject in the next pages.

However, despite the increase in the overall turnover of the Company, the EBIDTA margins, during the years, were remain under pressure due to continued increase in the prices of all the industrial commodities, be its Copper, Aluminum or steel , along with the continued rise in the crude prices, which leads to the continued inflationary pressure all over the world. However the inflationary pressure is India, is mainly due to supply side inflation, the Central Bank of India, so to remain the inflation under check, had to increase the rate of interest on continuous basis. The Interest Cost during the year under review has increased from Rs.114.92 Lacs to Rs.148.34 lacs , clearly shows the impact of rise in the interest cost on the overall profitability of the Company. Further Continuous increase in the Commodity & crude prices leads to uncertainty in the prices of raw material which on an overall basis effects the margins too.

RESULTS OF OPERATIONS

Income: **(Rs. in Lacs)**

Particulars	Financial Year -2011		Financial Year -2010		Inc/(Dec)
	Amount	%	Amount	%	%
Gross Sales	13243.34	110.71	11473.59	111.67	15.42
Income from Operations	25.35	00.21	21.34	00.21	18.79
Gross Sales & Income from Operations	13268.69	110.92	11494.93	111.88	15.43
Less; Excise Duty on Sales	1306.83	10.92	1220.48	11.88	07.08
Net Sales & Income from Operations	11961.86	100.00	10274.45	100.00	16.42
Other Income	24.93	00.21	29.72	00.29	(16.12)

MANAGEMENT DISCUSSION & ANALYSIS

The Automotive industry, during the year shows a healthy growth as compared to the previous year, results in the overall growth in the gross turnover of the company during the year, by 15.42% as compared to its previous year. Due to increase in the export turnover of the Company, the income from operations has also grown by 18.79% during the year.

The decline in the other income by 16.12%, during the year as compared to the previous year was mainly due to decrease in the income from investments such as interest & dividend, as the idle funds, are being used for the setting up of a new manufacturing unit at Jamshedpur, for creating additional capacity.

Expenditure **(Rs. in Lacs)**

Particulars	Financial Year -2011		Financial Year -2010		Inc/(Dec)
	Amount	% to Net Sales & Income from Operations	Amount	% to Net Sales Sales & Income from Operation	%
Cost of Raw Material, Finished & Semi Finished Products	6969.45	58.26	5968.08	58.08	16.78
Manufacturing Expenses	1450.23	12.12	1156.01	11.25	25.45
Estb, Office & Admin Expenses	1467.19	12.27	1277.26	12.43	14.87
Financial Expenses	148.34	01.24	114.92	01.12	29.08
Selling & Distribution Expenses	1190.03	09.95	1052.75	10.25	13.04
Depreciation & Amortization	96.94	00.81	88.16	00.86	09.93
Total Expenditure	**11322.18**	**94.65**	**9657.18**	**93.99**	**17.24**

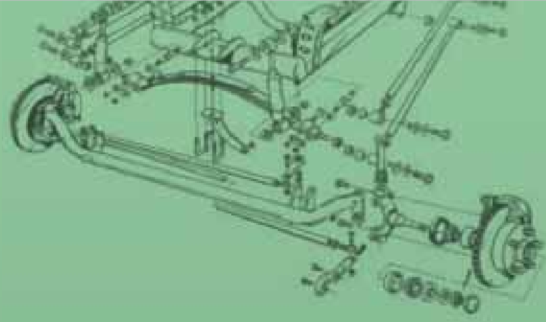
The total expenditure as a percentage to the total sales & income from operations during the year, has increased by 17.24% to 94.65%, as compared to the previous year expenses ratio of 93.99%, clearly shows that in spite of pressures on margins on account of rise in commodity prices along with the rise in crude prices & interest cost, the Company was able to pass on the prices to its ultimate consumer in each & every vertical of its business along with the change in the products mix and better capacity utilization, however as we explained earlier, the year gone by was one of the best year in the overall automotive industry & the results is clearly evident in auto components industry too.

Raw Material Cost

The Cost of Raw Material during the year as compared to previous year has increased to 58.26% as a percentage to net sales & other expenses from 58.08%, showing a increase of 16.78% as compared to previous year, mainly due to rise in the Commodity & crude prices during the year, as clearly evident, from the graphs of steel & Crude Oil at the beginning of this discussion, however, as 64.10% of the total net sales constitutes the turnover from after sales market, the Company is passing on each & every hike in the raw material prices along with other prices to its direct consumer from almost the day one. However, the prices increase in the raw material from the OEM customer, has a time lag effect of one month but that too will be passed on with retrospective effect.

Manufacturing Expenses.

Major part of the manufacturing expenses is the cost of electricity which includes power generated through self generation i.e through generator and cost of Consumables & packing material. During the year under review, the cost of power has been increased to 5.09%, as percentage to the net sales & other income as compared to the previous year of 4.81%, showing a increase of 23.07% as compared to the previous years, mainly due to increased in the tariff rates by Punjab State Power Corporation Limited & increase in the prices of diesel due to rise in the crude prices in the international market. However,



Punjab is one of the most deficient power state, where the regular power cuts are being imposed on the furnaces, forces your company to self generate power, which is quite expensive as compared to government power tariffs.

However, due to rise in all the commodity prices be it paper or any industrial commodity, during the year, the cost of packing material & consumable has increased to 4.86% as a percentage to net sales & other income as compared to previous year of 4.52% showing a increase of 24.99%, as compared to the overall increase of 16.42%, in the net sales & income from operations, causes to overall increase in the manufacturing expenses by 25.45% as compared to the previous year.

However, the impact of these was partially offset through increase in the selling prices and continued cost reduction initiatives taken by your Company.

Establishment, Office and Administrative Expenses

In spite of increase in the personnel expenses on account of minimum wage revision along with the annual increments, the overall establishment, office & administrative expenses shows a decrease as compared to its previous years as a percentage to net sales & income from operations. However, on year on year basis there was increase of 14.87% as compared to the previous year, which is lower than the increase in the net sales & income from operations as compared to the previous year.

Financial Expenses

As at 31st March, 2011, your Company has Valued Added Tax (VAT) refund pending for recovery from Punjab Sales Tax Authorities amounted to Rs. Rs.599.46 Lacs (Previous year Rs.492.75 Lacs), causes to tightness in the overall working capital facilities of the Company along with the continued Increase in Interest rates by the Central Bank of India, the overall interest cost during the year was increased by 29.08% as compared to the previous year. However, during the year the Company has collected/received Rs.357.99 lacs from Punjab Sales Tax authorities, on account of pending vat refund & this is an ongoing process.

The Board of Directors of the company has approved the merger of one of its group company, with your Company by the end of FY2012, will offset all/any value added tax (VAT) refund & in the longer run will help to ease out these type of liquidity crunch which ultimately had caused to increase in the working capital facilities, causes to increase in Interest cost by not contributing anything to the productivity of the Company.

Selling & Distribution Expenses

During the year the selling & distribution expenses has shown a decrease over previous year as a percentage to net sales & operating income, however there is year on year increase of 13.04%. The Main components of selling & distribution expenses is cost of freight, advertisement expenses and year end incentives given to dealers. The total freight cost constitute to 2.51% of the net sales & operating income as compared to 2.48% of the previous year, showing an increase of 17.77% ,due to increase in freight cost as a consequent to increase in the prices of diesel in the domestic market.

As the Company is supplying all its products to all its OEM & After Sales Market Customer from its existing manufacturing unit at Ludhiana, the cost of freight is higher as your Company is selling all its products to far end location to all its Customers. With the commencement of commercial production of its new manufacturing unit at Jamshedpur, the Company will utilize its Capacity of Jamshedpur plant for selling goods to after sales market & OEM customers to the nearby locations which will ultimately reduce its freight cost, once the commercial production will start, to that extent.

Depreciation and Amortization

The cost of depreciation & amortization during the year has come down as a percentage to net sales & operating income, due to better capacity utilization and higher net sales & operating income.

MANAGEMENT DISCUSSION & ANALYSIS

The performance highlights of "GSAIL" for the year 2010-2011 (in brief) are: -

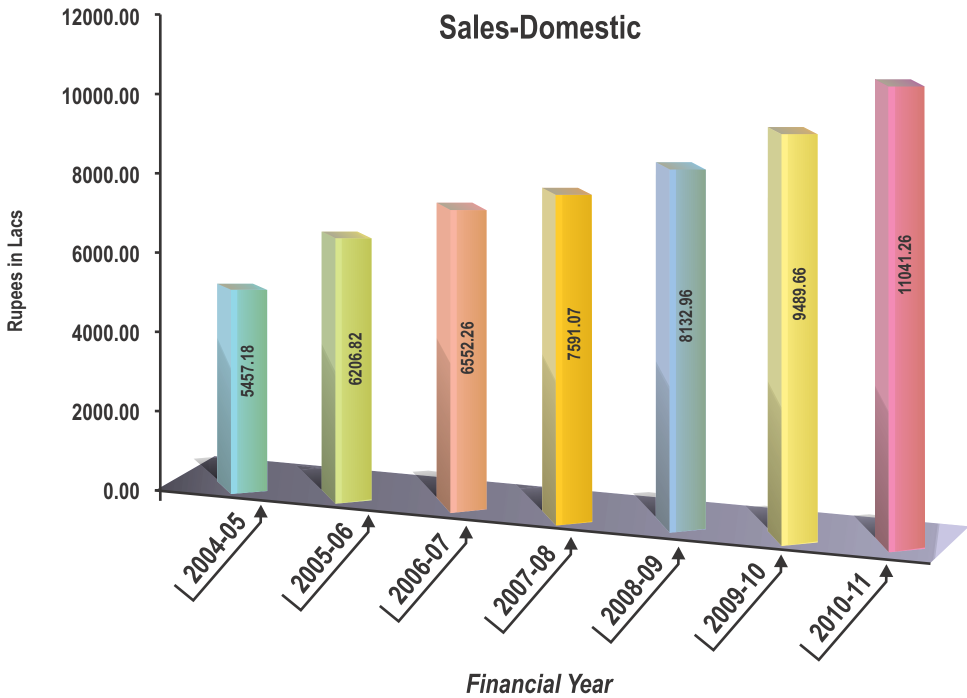
- The overall growth of the Company shows a satisfactory performance of 16.42% in the net sales (excluding excise duty), from Rs.10253.11 lacs to **Rs.11936.51 lacs.**
- The Raw Material Consumption during the year constitutes **58.26%** to the net sales & operating income vis-à-vis to 58.08% as compared to the previous year.
- Depreciation and amortization during the years stand at **Rs.96.94 Lacs** as compared to previous year of Rs.88.16 Lacs, shows the Company is continuously building its capacities and investing for the future, a part from setting of new manufacturing unit at Jamshedpur.
- During the year under review the Company has incurred foreign exchange Loss of **Rs.02.75 Lacs**, as against foreign exchange loss of Rs.20.19 Lacs, of the previous year. During the year, your Company has not used hedging as tools, for all its normal foreign exchange transactions such as export & import of finished goods & raw material, respectively.
- Interest cost of the Company has increased to **Rs.148.34 Lacs** from, the previous year expenses of Rs.114.92 Lacs, mainly due to increase in the working capital requirements of the Company due to pending refund orders of Value Added Tax (VAT) from Punjab Sales Tax Authorities and increase in the Commodity prices all over the globe along with the hardening of the Interest rate by the Central Bank.
- Profit before depreciation, interest and tax **(PBDIT)** during the year has grown by **07.03 %** to **Rs.909.89 Lacs**, from the previous year of Rs.850.07 Lacs, however there is decline in the overall all EBIDTA margins as a percentage to net sales to **7.62%** in the current year, as compared to 8.29%, in the previous year, due to rise in commodity prices.
- During the year under review the Company has paid Current Tax of **Rs.204.00 Lacs**, as compared to previous year Current Tax expenses of Rs.208.00 Lacs.
- Profit after tax **(PAT)** of "the Company" have grown by **13.01 %** to **Rs.457.34 Lacs**, after considering **Rs.207.27 lacs** (Previous year of Rs.242.30 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 (excluding capital work in progress) of "the Company" increased from Rs.2019.42 lacs in 2009-2010 to **Rs.2180.96 lacs** during the year under review.

(Rs In Lacs)

Turnover	2010-2011	2009-2010	Growth Rate (%)
Domestic			
OEM	**3207.28**	2704.82	18.58
Replacement Mkt.	**7650.86**	6656.14	14.94
Others (Includes Sale against Job Work & Trading Sales)	**183.12**	128.70	42.28
Total	**11041.26**	**9489.66**	**16.35**
Export	**895.25**	763.45	17.26
EBIDTA	**909.89**	850.07	07.04
PAT	**457.34**	404.69	13.01
Gross Fixed Assets (Excl.CWIP)	**2180.96**	2019.42	08.00

Domestic-

Your Company's total Domestic turnover includes Sales to Original Equipment Manufacturers, Sales from After Sales Market, Job Work Receipts & Trading Sales etc.

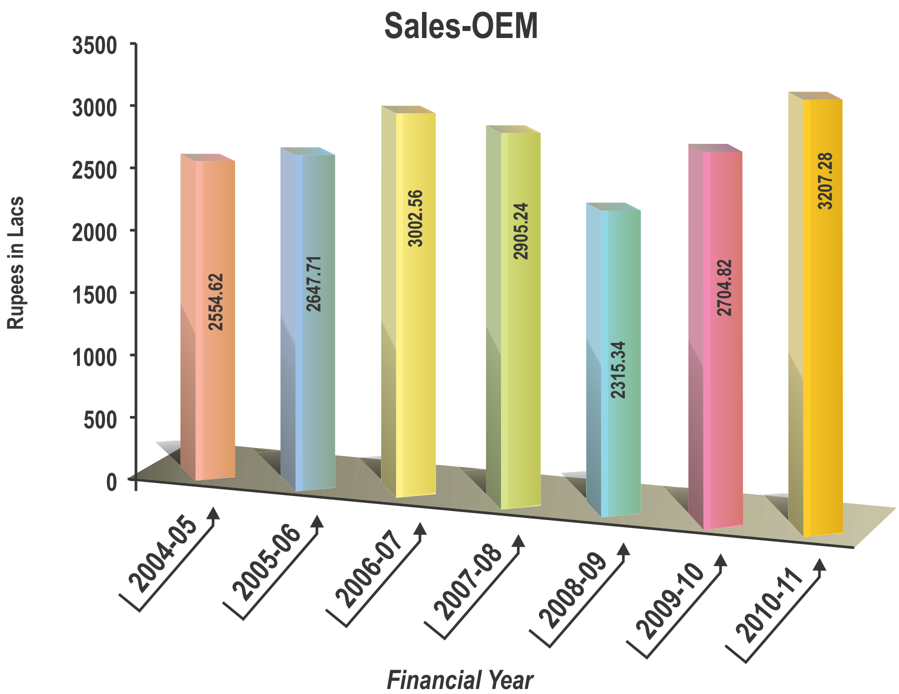


(i) Original Equipment Suppliers (OEM's)

The Strength of **"GS"** lies in with long standing relations with all the OEMs. During the year under review, the total turnover from all the OEM's, contributes to **Rs.3207.28 Lacs**, being the **26.87%** share of the total net sales of **"GSAIL"**, as compared to Rs.2704.82 Lacs, in the previous years, which was contributing a share of 26.38% of the total net sales, of the previous years. This clearly shows we are maintaining a healthy share of all the OEM, compared to its previous years, inspite of no major increase in the capacity of the company during the year. The Financial year 2010-2011, was one of the best years in the overall Automobile Industry, as a whole, where each & every segment of Automobile Industry shows a growth of more than 25% as compared to the previous year. However, this percentage of growth was highest due to lower base in financial year 2009-2010 due to overall financial crises in the world and we expect this type of growth rate of more than 25% will not be there in future. However, with the increase in the Government Spending on the Infrastructure along with the introduction of new products by all the major OEMs as well as with the emergence of new world class players in automobile Industry, there will be growth of 12-15% in the years to come, keeping in mind the buoyancy in the Indian economy.

Your Company mainly supplying Auto Components for Commercial Vehicles, which shows a health growth of 27% as compared to previous year. Some of the Company's products, for much talked world truck, launched by Tata Motors, have been passed its early test and we will shortly start dispatch of these products.

The Company, is in the process to increase its share in the Original Equipment Manufacturers segment, in the overall turnover of the Company, with the setting of its new unit at Jamshedpur so that your Company can fulfill all the requirements of Casting Components of Tata Motors Jamshedpur, Tata Motors Lucknow & Tata Motors Pune, after sales market & export market, for which we are, till date, not supplying the required material to the Tata Motors or other customers, due to our Capacity Constraints .



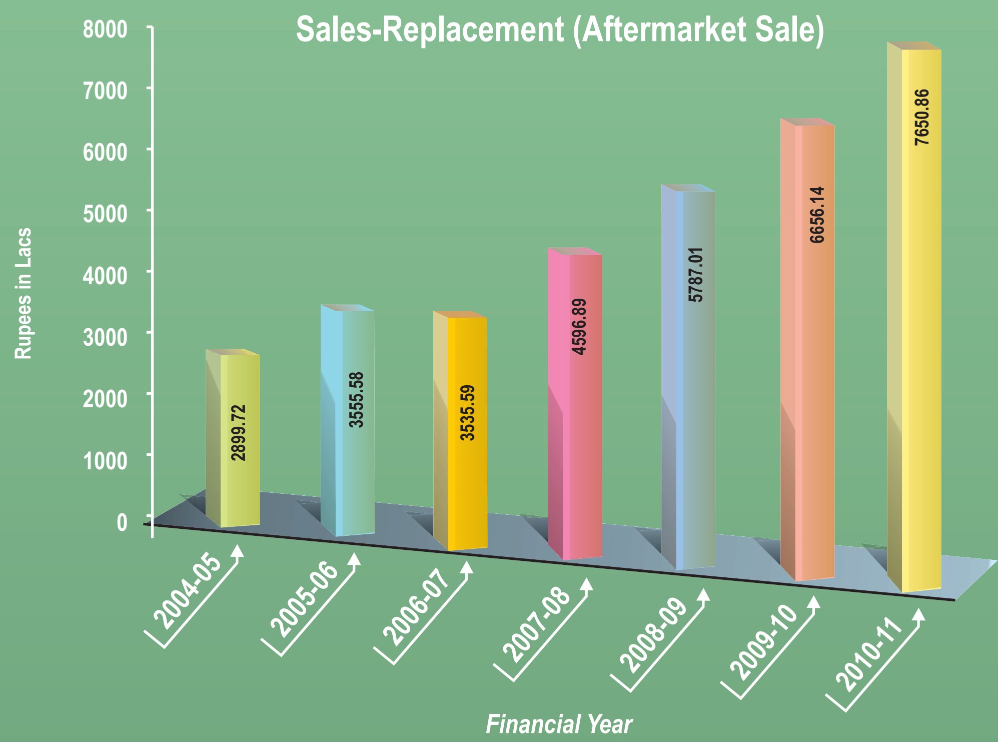
The Company is working right now, for supplying some of its casting components to Daimler's new project for manufacturing Commercial vehicles, which will start commercial production in 2013, from the Jamshedpur plant, once that plant will start its commercial production. The working is right now at very initial stage and further development in this regards will be suitably informed to our worthy shareholders as & when any material developments will take place.

We feel a growth of **18.58%** as compared to previous year, in the overall business, from Original Equipment Manufacturers, is quite satisfactory. However as we are supplying almost all our product range of Cast Components & Machined Components to all our OEM's and are in the process of further increasing our share of business, with them, in the coming years, but we will make a proper mix between After Sale Market, Original Equipment Manufacturers and Export Market so that going forward, our EBIDTA margins will improve from the current level.

(ii) After Sales Market (Replacement Market):-

The Strength of **"GS"** lies in the After Sales Market i.e Replacement Market, with its strong brand name along with a pan India network of over 500 Distributors and over 10000 retailers, which **"GS"** has established with strong & dedicated team work, more than three to four decade strong relations, along with the trust & faith **"GS"**, is enjoying with each & every distributor & retailer.

After Sales Market, is bigger than the market of Original Equipment Manufacturers and even least impacted, from any shocks of the global turmoil. Further the margins in the after sales market is better as compared to Original Equipments Manufacturers, but volume remain a concern vis-à-vis to original equipments manufacturers. 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 aftermarket business stood at **Rs.7650.86 Lacs** as compared to Rs. 6656.14 Lacs during the previous year, showing a year on year growth of **14.94%**, during the year by contributing a 64.10% of the total net sales of the Current year, as compared to 64.92% of the previous year.



(iii) Export:-

The Strength of your Company lies in a broad base clientage, all over the globe, by not centric to any one location or to a few big customer in the export market. **"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 Arvin Meritors. The total export business of the Company is evenly spread out in different part of the world's and Company is working for increase its export share in the overall total turnover of the Company by expanding in other Countries such as Sri Lanka, Malaysia Bangladesh & Singapore. However there will be pressure on the export front due to Euro zone financial crises but we believe that the same can be covered by entering other export markets where right now we are not supplying any material so to de risk our business along with the growth in export turnover of the company. The turnover during the year from the export business was **Rs.895.25** lacs, as compared to Rs.763.45 lacs, showing a growth of **17.26%**. The total turnover from export business as percentage of the total net sale of the Company during the year comes to 7.50% as compared to 7.45% of the previous year.

MANAGEMENT DISCUSSION & ANALYSIS

OPPORTUNITIES:

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

Automotive industry occupies a prominent place in the overall Indian economy & one of the main drivers for the Indian economy along with the infrastructure industry. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and is capable of being the driver of economic growth. A sound transportation system plays a pivotal role in the country's rapid economic and industrial development. The well-developed Indian automotive industry fulfils this catalytic role by producing a wide variety of vehicles: passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles, tractors etc.

Automotive Industry comprises of automobile and auto component sectors and is one of the key drivers of the national economy as it provides large-scale employment, having a strong multiplier effect. Being one of the largest industries in India, this industry has been witnessing impressive growth during the last two decades. It has been able to restructure itself, absorb newer technology, align itself to the global developments and realize its potential. This has significantly increased automotive industry's contribution to overall industrial growth in the country.

The Automotive Industry in India is one of the largest in the world and one of the fastest growing globally. India manufactures over 17.5 million vehicles (including 2 wheeler and 4 wheeler) and exports about 2.33 million every year. It is the world's second largest manufacturer of motorcycles, with annual sales exceeding 8.5 million in 2009. India's passenger car and commercial vehicle manufacturing industry is the seventh largest in the world, with an annual production of more than 3.7 million units in 2010. According to recent reports, India is set to overtake Brazil to become the sixth largest passenger vehicle producer in the world, growing at 16-18 per cent to sell around three million units in the course of 2011-12. In 2009, India emerged as Asia's fourth largest exporter of passenger cars, behind Japan, South Korea, and Thailand.

As of 2010, India is the home to 40 million passenger vehicles and more than 3.7 million automotive vehicles were produced in India in 2010 (an increase of 33.9%), making the country the second fastest growing automobile market in the world. According to the Society of Indian Automobile Manufacturers (SIAM), annual car sales are projected to increase up to 5 million vehicles by 2015 and more than 9 million by 2020. By 2050, the country is expected to top the world in car volumes with approximately 611 million vehicles on the nation's roads.

As the Indian Economy is growing at the rate of 7.5%-8.50% per annum and even further expected to grow more than 9 % in the coming years, the main beneficiary of this rebound in the Indian Economy as well as in the International Economy, is the Indian Automobile Industry, which is growing at the rate of app.20% per annum. However, to further categorizing the growth in Indian Automobiles Industry, Commercial Vehicle Industry (Includes LCVs; MCV; & HCV;) is growing app. at the rate of 12-15%, where as the passenger vehicle segment, is showing tremendous growth rate of 30% per annum. However, one cannot anticipate such type of growth rate in the Passenger Vehicle Segment to continue, in the years to come, but there is tremendous growth opportunities in the Commercial Vehicle Segment, which has yet to achieve its previous annually growth rate, prior to the major slow down in the Indian, as well as, in the World Economy.

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

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

Automotive Mission Plan 2016

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

AUTO COMPONENTS INDUSTRY:-

The main beneficiary of the growing Indian automobile industry is Auto Component industry in India. Surge in Indian Automobile Industry since the nineties has led to robust growth of the auto component sector in the country. With the industry trends, the Indian component sector has shown great advances in recent years in terms of growth, spread, absorption of new technologies and flexibility. Indian auto component industry has seen major growth with the arrival of world vehicle manufacturers from Japan, Korea, US and Europe. Today, India is emerging as one of the key auto components center in Asia and is expected to play a significant role in the global automotive supply chain in the near future. India has also emerged as an outsourcing hub for auto parts for international companies such as Ford, General Motors, Daimler Chrysler, Fiat, Volkswagen, Toyota, Caterpillar, Citroen, Nissan, Man, Bosh, Continental, Delphi, Denso, Cummins, Arvin Meritor etc.

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

Growth Drivers of Auto Component Industry:

In Original Equipment Manufacturers:

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

After Sales Market (Replacement Market)

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

Export

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

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

THE COMPANY (GSAIL):

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

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

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

Company is expanding its capacities by setting up new unit at Jamshedpur, for its Casting Auto Components for Original Equipment Manufacturers, After Sales Market & Export Market. Your Company is exploring other export market and is in the process of adding new customer so to increase its export turnover in the days to come. Above all, we anticipate, the long term growth rate of the economy is much more encouraging in the next ten to fifteen years.

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

COMPANY FUTURE PLAN:

New Manufacturing Facilities:

Jamshedpur:

The new manufacturing unit which was earlier planned to start its commercial production by December,2010 was got delayed due to delay in the receipt of some of the critical imported machinery & the said unit will now commence its commercial production by 31st December,2011. All the major Critical Machinery which has high delivery period has already been received by the Company along with the High Pressure Moulding Line Machine from Denmark for the manufacturing of Cast Auto Components with a total capex of Rs.64 (Sixty four) crores, to be installed in two phases. The first phase will start its commercial production by December, 2011 & the second phase will commence its commercial production by June, 2013. As at 31st March, 2011 the Company has incurred Rs.930.86 Lacs for the purchase of machinery & equipment, Construction of building along with the advance payments for the purchase of machinery & construction of building.

The Ferrous Casting Auto Component unit at Jamshedpur is being set up with a total installed capacity of 12000 tones liquid metal per annum for both phases.

CASTING & ITS FUTURE:

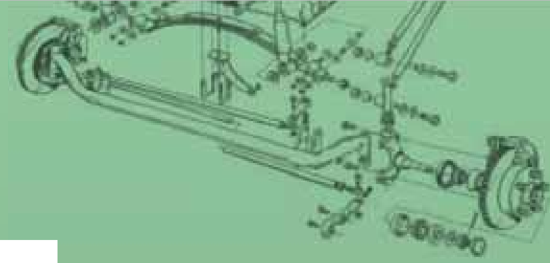
Casting can be defined as a process of manufacturing, which implies pouring of a 'liquid' material into 'A Mold' containing a desired shaped hollow cavity and then made to solidify. The ejection or breaking out of the casting then takes place to get the process completed. The use of casting is 'forming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

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

India has achieved the position of becoming the second largest casting manufacturer in the world producing 7.4 million MT per annum of castings overtaking US and Russia. China, at 35 million MT, continues to dominate the market contributing a whopping 43% to the global production. Almost 90% of castings produced in China are consumed in Asia itself. The industry in the USA is still in the downsizing phase brought about by non-availability of skilled labour and high input prices. Europe records a mixed story of growth and weakness with countries like Germany and France showing growth and expect to regain the output levels of 2008 by the year 2012. However, like USA, high input costs and lack of skilled labour continue to be the cause of shutting down several foundries. In India, there are approx. 4500 units out of which 80% can be classified as small scale units and 10% each as Medium and Large Scale units.

Automotive Mission Plan 2006-2016 & Manufacturing Sector:

The automotive mission plan of GOI envisages manufacture of auto & auto components output reaching a level of USD 145 Billion by 2016 from 38 Billion in 2006. Accordingly the casting requirement for auto/auto components will also go up 4 fold. As per reports the auto industry has lined up an investment of Rs 80,000 crores in fresh capacity & auto components Rs 54,000 crores up to 2016. All major global auto players has set up their manufacturing & outsourcing facilities in India for their global operations. This is a fourfold increase in capacity. The realization of Automotive mission plan in full measure is possible only by corresponding growth in the key feeder industry such as foundry industry producing metal castings, finished & assembled cast components such as engine blocks, cylinder heads, piston assemblies, brake drums to name a few. It is imperative that foundry industry also achieves fourfold growth to meet the GDP related growth of downstream industry. Already the auto industry is facing shortages of these key castings to meet its ambitious growth plans & it may be difficult to sustain growth if key upstream Foundry industry is not adequately strengthened. As per calculations, the current output of Foundry industry is USD 8 Billions (Approx 7 Million MT by weight) .Considering the share of auto consumption as 32%,the casting requirement for auto industry alone is 2.5 Billion USD (approx 2.18Million MT by Weight) approx which will have to go up to USD 10 Billion by 2016 at current price levels only to cater to Auto industry, besides other sectors .Assuming 10% growth



in other sectors, casting industry is projected to be 19.2 Billion Industry by 2016 at current prices & will have to produce 17-18 Million MT of castings to meet the demand of downstream manufacturing industry requiring India to be 2nd largest casting producer globally.

Exports:-

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

It is seen in past two years that the industry is trying to build capacity by adding balancing equipments & no fresh Greenfield projects are coming up. As such there is need to stimulate fresh investments in the sector to ensure & sustain the growth of the economy as the foundry industry is key feeder industry to all sectors. At present the average productivity in foundry industry varies from 15 -20 MT/man/year although there are a few world class units also in India which can match world's best productivity such as in Germany where it is 100MT/man/year .This is mainly due to obsolete equipments & very low levels of mechanization & very limited access to world class manufacturing /design tools & technology being used by large cross section of foundry industry in India. It is therefore possible to enhance capacity by investments in more productive units which use modern manufacturing/design tools & energy efficient technology with reasonable level of mechanization. Considering that the new investments will come in more productive units with average productivity of say 60-70 MT/man/Year, it is estimated to generate additional employment for 300000-350000 people directly.

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

Challenges:-

- Higher cost of inputs such as power, raw materials. Higher import duties on raw materials such as pig iron as compared to in the competing countries.
- Lower productivity due to manual operations & low level of mechanization & old equipments.
- Non availability of access to modern manufacturing techniques, design & in process quality techniques due to high capital cost & non availability of capital at Competitive cost as available in competing countries.
- Poor & erratic power availability & low energy efficiency of SME units.
- Lack of foundry specific training facilities & exposure to modern foundry manufacturing techniques & therefore unavailability of skilled manpower, cumbersome Environmental Clearance Procedures.

  (Source: Indian Foundry Industry)

The Company **(GSAIL)** is setting up the new manufacturing unit at Jamshedpur with the latest state of the art technology at 3 (Three) acres plot, taken on thirty years lease basis from Adityapur Industrial Development Authority (AIDA), Jamshedpur. The required power for the above said unit will be made available from "JUSCO" a Tata Power, unit with the assured regular power supply, further the Company has made enough arrangement for its power back up, by proposing to purchase required capacity generators.

Indore:

The Company has, as of date, put on hold, any new expansion plans, up to the date of commencement of commercial production of Jamshedpur unit; however your Company is committed for all the future expansions, at different geographical location.

Capacity Expansion & Modernization:

The above said modernization, as well as capacity expansions, at our existing manufacturing unit at Ludhiana, will be considered, once the Jamshedpur plant will commence its commercial production, due to increase in the capex of Jamshedpur plant.

THREATS:

Any delay in the recovery of the world economy or even fear of double dip recession, along with the slowdown of Indian economy, adversely affect the commercial vehicle segment, as commercial vehicle segment is a face of revival in the economy. Further any increase in the prices of commodities be it rise in the steel prices, rise in crude prices along with the rise in the interest rate in the domestic market further cause to slow down in the Indian economy as well as in the World economy. Rise in the crude prices coupled with the rise in the interest cost ultimately will affect the demand of commercial vehicles as financing will not be easy for the purchase of new vehicles. Further, as the entire major auto component manufacturer are now tapping the untapped after sale market, there will increase in the competition which will ultimately reduce the margin in the after sale market in the days to come. However your Company is well positioned in the after sale market and has a huge network of distributors and retailers along with a reputed brand name **"GS"**, which will counter any increase in the competition in the aftermarket sale segment. The Continued power cuts imposed during 2010-2011 due to gaps in demand & supply can impact the running of the foundry too along with any increase in the tariff rates, will further impact the overall margins of the Company.

Challenges

(1) Any Increase in Excise Rate along with the Increase in Commodity prices & Interest Rates.
(2) Infrastructure Bottlenecks.
(3) Trained drivers for sophisticated vehicles and planned maintenance.
(4) Increased competition and expansion in capacity would pressure on margins leading to just a volume driven model.
(5) Remaining Cost Competitiveness.
(6) Access to and availability of cost effective capital.
(7) Trade Policies.
(8) Access to world class technology and quality practices.
(9) Scaling up the Industry.

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.

AWARDS AND RECOGNITION:

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

HUMAN RESOURCE DEVELOPMENT:

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

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

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

- Workmen trainees who have successfully completed their training with us are being absorbed on Company rolls.
- To attract and retain talent, Graduate engineer trainees recruited from engineering colleges and also from campuses of premier educational institutions across Punjab, which have completed their training, have been absorbed as Engineers and have also tied up with the colleges from where it is recruiting entry level employees.
- Employee satisfaction survey was carried out and based on the feedback received, corrective actions have been

- initiated which ultimately effect the morale booster of the employee.
- Communication meeting is being organized every month to appraise all the employees on the major development on various fronts such as market, supply chain as well as feedback cum suggestions etc. and also for any new suggestion as well as new initiatives.
- Near- misses / incidents reporting has been encouraged and investigation for each of these occurrences are carried out to deploy preventive measures. The ratio of near misses to accidents has improved considerably over the last year. Structured problem-solving technique is adopted to investigate accidents. Lessons learnt are shared with all the divisions for implementation.
- Internal and external safety audits and inspections are carried out regularly and the compliance of audit action points is monitored.

PEOPLE:

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

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

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

KAIZENS:

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

INDUSTRIAL RELATIONS:

The total number of employees as at 31st March,2011 was 1121 (Previous year 1018).Your Company had maintained its excellent industrial relations records of not losing even a single day due to industrial action since its inception, which further shows the relation of the Company with its workmen. This facilitated the following:

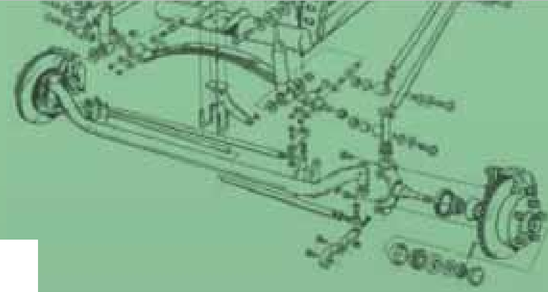
- Leadership development programme planned for office bearers at each and every level of the organization and for Executive committee members.

EMPLOYEE WELFARE:

On April 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 of the statutory guidelines.

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

- Basic safety training was imparted to all the factory employees including temporary workers. Safety and technical competency development programmes were carried out to improve competencies of employees for safety critical jobs.
- Work place inspections were carried out by executives and managers at all level. Senior management team members demonstrated leadership commitment through work place inspections.
- Reduced waste generation and improved waste management by collecting and disposing all the waste in an environment friendly manner.
- Tree plantation across premises and factories.
- Reduced level of sound pollution by providing acoustic enclosures on certain set of machinery and DG/ compressor sets.
- When risk assessment is carried out, proactive 'accident control measures' are factored into the scope in order to mitigate human accident and damage to property.
- Safety Equipments (e.g. safety helmets safety shoes etc) for **"GSAIL"** employees and subcontractors have been standardized and are in place.
- Comprehensive training programs were regularly conducted to ensure strict adherences to safety procedures. These are conducted by both in-house trainers as well as by outsides "HSE" experts.
- Safety handbooks are also given i.e. on the safety oath, emergency preparedness, instruction to fight against fire, emergency phone numbers etc.
- Reported near miss safety incidents are being investigated and immediate corrective and preventive actions are being initiated.
- Work permit system is followed strictly for hazardous work in nature, both for internal and sub contract works.
- External & Internal periodical safety audit is being carried and the corrective and preventive actions are being initiated on the observations made.
- Periodical general health check up was carried out for all the employees and particularly, audiometric tests, pulmonary function test, eye check up were also conducted by the Company doctors, employed by the company.
- Employees working in canteen have been medically examined periodically for the hygiene.
- During the year, **"GSAIL"** had no fatal accidents.

INFORMATION TECHNOLOGY:

"**GSAIL**" has been adapting IT, to pay an increasingly strategic role in business 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 sustainability of its various businesses compliances and enhanced information security systems. The major initiatives can be grouped under the following categories.

- Leveraging Technology: - Major initiatives in this have been launched across the Company, focusing on creating value through business process re-engineering. The objective is to seamlessly synchronize system to best-in-class business process, thereby improving controllership and data quality.
- Consolidation: - As a step forward in consolidating group IT infrastructure, Data center resources of all the entities are being aggregated at one place. Storage Area Network (SAN) has been implemented across group offices to consolidate corporate and project data into a central repository. This will link up with the ongoing knowledge management initiatives. Newer Technologies like virtualization for desktops and servers are being piloted to identify efficiencies to move toward a green data centre' environment.
- Disaster Recovery: - the group has a comprehensive disaster recovery plan closely linked with a business continuity plan.
- Security: - "**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. "**GSAIL**" believes that it is not only accountable to its shareholders but it is also accountable to the society in which it operates. With a true corporate vision, the Company embraces a wider community rather than just its shareholders, customers and suppliers.

Educational Initiatives:

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

- "Guru Nanak Public school at Ludhiana (Punjab) having overall strength of more than 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 practices more environmentally and socially responsible. This is affected by (i) assessing and mitigating the environmental & social impacts and (ii) Minimizing the environmental impact and carbon footprints of our operations though resource of efficiency & conservation. CSR also includes an active volunteering programe 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.

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 & any religion, for each & every years, for the required education of the particular students.

"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 the long term value creation 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.

ANALYSIS AND COMMENTS ON KEY BUSINESS RISKS

Risk and Concerns:

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

Risk Management:

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

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

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

i) Auto sector Risk

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

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

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

ii) Global Competition Risk:

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

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

iii) Procurement and Supply Chain Risks:

During the year, the prices of commodity and base metal remained on the higher side along with the prices of crude. This poses serious risk of profits erosion in case of inadequate compensation from its 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 type 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 very volatile along with the prices of Crude & power. With the Government of India's policy to partly decontrol the Oil prices, there was continuous pressure in the prices of Oil, further causes to increase in the power cost.

However any further rise in the price of Commodity along with price in Crude prices, will adversely impact the overall margins of the company. What poses even greater challenges from the risk management perspective is the sharp volatility in prices."GSAIL" addresses it by sharing the prices with its ultimate customers beyond certain rate of increase, along with buying the material in bulk when there is considerable reduction in the prices.

vi) Talent and Attrition Risk

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

vii) Interest Rate Risk

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

QUALITY MANAGEMENT SYSTEM:

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

INTERNAL CONTROL SYSTEM:

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

FINANCIALS:-

TABLE 1 gives the summarized financial performance for financial year 2010-2011 and financial year 2009-10

Abridged Profit & Loss Statement

(Rs In Lacs)

	2010-11	**2009-10**
Net Sales	11936.51	10253.11
Operating Income	25.35	21.34
Total Expenditure	11076.90	9454.10
(a) Consumption of Raw Material	6969.45	5968.08
(b) Manufacturing Cost	1450.23	1156.01
(c) Staff Cost	1189.90	1040.79
(d) Other Expenditure	1467.32	1289.22
OPBDIT	**884.96**	**820.35**
Depreciation & Amortization	96.94	88.16

OPBIT	**788.02**	**732.19**
Finance Charges	148.34	114.92
OPBT	**639.68**	**617.27**
Other Income	24.93	29.72
PBT	**664.61**	**646.99**
Current Tax	204.00	208.00
Deferred Tax	3.27	34.30
PAT	**457.34**	**404.69**
Tax Adjustment related to Previous Years	(4.30)	-
EPS (Rs.) :- - Basic (on the face value of Rs.5/- each)	5.72	05.91
- Diluted (on the face value of Rs.5/- each)	3.81	05.38

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

The following table list out the key financial ratios for financial year 2010-11 and Financial Year 2009-10

TABLE 2 Indicators of Profitability

	2010-2011(%)	2009-2010(%)
PBDIT/Total Revenue	7.62	8.29
PBIT/Total Revenue	6.81	7.43
PBT/Total Revenue	5.57	6.31
PAT/Total Revenue	3.83	3.95
Return on Capital Employed	16.74	21.07
Return on Net Worth	14.85	16.30
EPS (Rs.) :- - Basic (on the face value of Rs.5/- each)	5.72	5.91

TABLE 3 Capital Structure Ratio

	2010-11	2009-10
Debt Equity Ratio	0.55:1	0.42:1

Cautionary Statement:

Certain Statements in this Management Discussion and Analysis 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 realize. Actual results could differ substantially or materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Important developments that could affect your Company's operations include a downtrend in the Automobile Industry- global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest rate and other costs including commodity prices.

CORPORATE GOVERNANCE REPORT

Corporate governance is a set of processes, customs, policies and laws by which companies are directed and controlled by the management in the larger interests of the stakeholders. Corporate governance is critical for enhancing long-term shareholder value and retaining investor trust. Sound corporate governance goes beyond the working results and financial position and it is pre-requisite for retaining and maintaining overall excellent performance. To conclude, it is a step towards protecting the shareholders' wealth, enhancing it through proper utilisation of resources, maintaining the wealth created and thereby safeguarding the interests of the shareholders. This is reflected in the Company's philosophy on Corporate Governance as stated below.

Company's Philosophy on Code of Governance:

Your Company believes that the management acts as the trustee of the shareholders at large. It preserves the investor's capital and is under an obligation to maximize the shareholders value over the long term including safeguarding the interests of all its stakeholders such as employees, customers, suppliers, business partners and the society at large.

Your Company lays its emphasis on Qualitative improvement 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.

Your Company has established systems and procedures to comply with the provisions of the 'Code of Corporate Governance' and is complying with the same by maintaining a high degree of transparency through regular disclosures and adequate control systems.

A report in compliance with the SEBI's code of corporate governance and as per listing agreement is placed below for your consideration:

COMPLIANCE OF CORPORATE GOVERNANCE

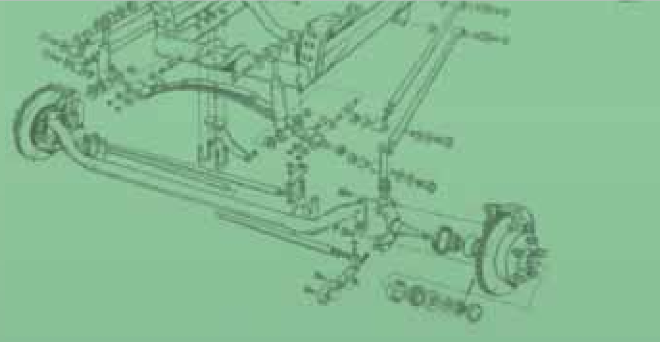
1. BOARD OF DIRECTORS

Yours Company's concept:

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

A. Composition: As on 31st March, 2011, G.S.Auto's Board of Directors comprises eight directors. Out of which two are Executive Directors including a Chairman and a Managing Director, who are also the Promoter Directors 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 2010-2011, the Board of Directors met thirty one times on the following dates:



03rd April 2010	03rd July 2010	21st October 2010
10th April 2010	07th July 2010	22nd November 2010
12th April 2010	20th July 2010	09th December 2010
14th April 2010	21st July 2010	20th December 2010
16th April 2010	09th August 2010	21st January 2011
03rd May 2010	14th August 2010	17th March 2011
27th May 2010	16th August 2010	21st March 2011
31st May 2010	04th September 2010	24th March 2011
14th June 2010	17th September 2010	28th March 2011
17th June 2010	20th September 2010	
26th June 2010	24th September 2010	

The information regarding the meetings attended by the Directors is given below: **(Amount in Rs.)**

Name of Directors/ Category of Directors	**No. of Meetings Attended**	**Total No. of Directorship in other Public Ltd****	**Attendance at last AGM**	**Committee Membership**	**Committee Chairmanship**	**Total remuneration (including commission)**
Jasbir Singh Ryait Executive Director (Promoter)	31	Nil	Yes	1	Nil	33,56000/-
Surinder Singh Ryait Executive Director (Promoter)	31	Nil	Yes	1	Nil	33,56000/-
Dalvinder Kaur Ryait Non- Executive Director (Promoter)	29	Nil	Yes	Nil	Nil	Nil
Amarjit Kaur Ryait Non-Executive Director (Promoter)	29	Nil	Yes	Nil	Nil	Nil
Sewa Singh Non-Executive Director Independent	26	Nil	Yes	1	Nil	Nil
Makhan Singh Non-Executive Director Independent	26	Nil	Yes	1	Nil	Nil
Satish Monga* Non-Executive Director Independent	14	2	Yes	3	2	Nil
Sanjeev Sethi* Non-Executive Director Independent	14	Nil	Yes	3	1	Nil

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

** Excludes private companies and Section 25 companies.

C. Board Agenda

Agenda & notes thereon, of the Board meeting, are circulated well in advance to the members. All the material information is incorporated in the agenda for facilitating meaningful and focused discussion at the meeting.

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 of your 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 your Company or substantial non payment for goods sold by your 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 your Company or taken any adverse view regarding another enterprise that can have negative implications on your Company.
- To review and monitor existing expansion plans of your Company, as well as, the future plans.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

D. CODE OF CONDUCT

The Code has been laid down by the Board, which has been circulated to all the concerned and the same is also hosted on the website of the Company www.gsgroupindia.com and further is also form the part of this Annual Report. 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 your company's code of conduct for the financial year ended 31st March, 2011.

2. COMMITTEES OF THE BOARD

A. Audit Committee

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

Composition

As on 31st March 2011, the Audit Committee comprises of three Directors. Audit Committee is headed by an independent Director, Mr. Satish Monga who was appointed as a member and Chairman of the Audit Committee w.e.f. 09th August 2010, while Smt. Amarjit Kaur Ryait resigned from the Chairpersonship of the Committee w.e.f. 09th August 2010. The detail of the members of the Committee along with their attendance is given below.

The Terms of reference of the Audit Committee includes:

- 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 annual financial reporting process and its financial statements before submission to the Board.
- Reviewing the related party disclosures and transactions.
- To approve unaudited quarterly financial results and publish the same as per Listing Agreement.
- Reviewing the Company's financial and risk management policies and practices.
- Recommending the appointment and removal of statutory 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 Five times during the financial year 2010-11 on the following dates:

10th April 2010, 21st July 2010, 14th August 2010, 21st October 2010 and 21st January 2011.

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

Committee Member	Category	No. of Meetings attended
Amarjit Kaur Ryait*	Non Executive Director	2
Jasbir Singh Ryait	Executive Director	5
Sewa Singh**	Non Executive Independent Director	2
Satish Monga@	Non Executive Independent Director	3
Sanjeev Sethi #	Non Executive Independent Director	3

* Resigned as chairperson w.e.f. 9th August 2010.
**Resigned as member w.e.f. 9th August 2010.
@ Appointed as member and chairman w.e.f. 9th August 2010.
# 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

As on 31st March 2011, the Committee comprises of four Directors. The Committee is headed by an Independent Director, Mr. Sanjeev Sethi who was appointed as a member and chairman w.e.f. 09th August 2010 while Smt. Dalvinder Kaur Ryait resigned from the Chairperson of the Committee w.e.f. 09th August 2010. The detail of the members of the Committee along with their attendance is given below.

Meeting and Attendance

The Committee met four times during the financial year 2010-11 on the following dates:

20th April 2010, 21st July 2010, 21st October 2010, and 21st January 2011.

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

Committee Member	Category	No. of Meetings Attended
Dalvinder Kaur Ryait*	Non Executive Director	2
Surinder Singh Ryait	Executive Director	4
Sewa Singh	Non Executive Independent Director	4
Makhan Singh**	Non Executive Independent Director	2
Sanjeev Sethi @	Non Executive Independent Director	2
Satish Monga#	Non Executive Independent Director	1

*Resigned as chairperson w.e.f. 9th August 2010.

** Resigned as member w.e.f. 9th August 2010.

@ Appointed as the member and chairman of committee w.e.f. 9th August 2010.

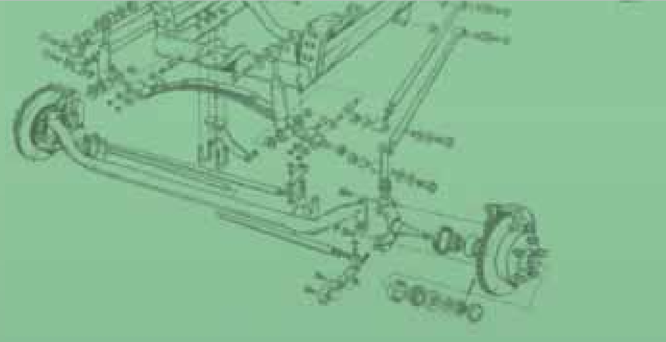
Appointed as the member of committee w.e.f. 21st January, 2011.

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.

Detail of Queries/grievances/requests, received and redressed by the Shareholder's Grievance Committee during 2010-2011.

Nature	Received	Resolved	Pending
Transfer/ Transmission	91	91	NIL
Issuance of Duplicate Share Certificate	9	9	NIL
Non - receipt of Split Share Certificates	287	287	NIL
Non - receipt of Dividend	6	6	NIL
Others	4	4	NIL



C. REMUNERATION COMMITTEE

Your 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, Managing Director and other Executive Directors are recommended by the committee and approved by Board of Directors, subject to shareholders' approval. The committee determines the remuneration payable to the Executive Directors. Non executive Directors are not paid any remuneration.

Composition

As on 31st March 2011, the Committee comprises of three Directors. Mr. Satish Monga is the Chairperson of the Committee. Remuneration Committee was formed by your company w.e.f. 09th August 2010. The detail of the members of the Committee along with their attendance is given below.

Meeting and Attendance

The Committee met three times during the financial year 2010-11 on the following dates:
14th August 2010, 21st October 2010, and 21st January 2011.
The attendance of present members of the Committee is given as below:

Committee Member	Category	No. of Meetings Attended
Satish Monga	Non Executive Independent Director	3
Sanjeev Sethi	Non Executive Independent Director	3
Mr. Makhan Singh	Non Executive Independent Director	3

3. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as follows:

Financial Year	Meeting	Date	Time	Venue	No. of Special Resolutions Passed
2007-08	34th	30.09.08	2.30 P.M.	Regd. Off., G.S. Estate, G.T. Road, Ludhiana.	4
2008-09	35th	30.09.09	10.00 A.M.	Regd. Off., G.S. Estate, G.T. Road, Ludhiana.	Nil
2009-10	36th	30.09.10	10.00 A.M.	Regd. Off., G.S. Estate, G.T. Road, Ludhiana.	2

- At the last AGM held on 30.09.2010, two special resolutions were passed approving the revision in the salary grade of Mr. Jasbir Singh Ryait, Chairman and Whole time Director and revision in the salary grade of Mr. Surinder Singh Ryait, Managing Director of the Company.
- All the resolutions including Special Resolution set out in the respective notice were passed by the requisite majority of shareholders.
- No ordinary resolution or special resolution was passed by way of postal ballot and there was no resolution proposed to be conducted by way of postal ballot.
- No Extra Ordinary General meeting was held during the financial year 2010-2011.

4. DISCLOSURES

Related Party Transactions:

During the year, there was no related party transaction i.e. transactions of the Company of material nature entered into 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.

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.

Whistle Blower Policy:

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

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

5. MANAGEMENT

(a) Management Discussion and Analysis:

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

(b) Disclosure by Management to the Board:

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors do not participate in the discussion nor do they vote on such matters.

(c) Disclosure of Accounting treatment in preparation of Financial Statement:

The Company has followed the accounting standards laid down under Companies (Accounting Standard) Rules, 2006 in preparation of its Financial Statements

(d) Code for Prevention of Insider Trading:

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

(e) CEO/CFO Certification:

As per the requirement of Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have placed the certificate before the Board in its meeting held on 18.08.2011 for the financial year ended 31st March, 2011.

6. SUBSIDIARIES COMPANIES:

The Company is not a subsidiary of any company /body corporate and also the company has no subsidiaries.

7. MEANS OF COMMUNICATION

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

- Business Standard (English)
- Rozana Ajit (Punjabi)

- In compliance with the sub-clause IV (F) of clause 49 of the Listing Agreement, the company provides the Management Discussion and Analysis detailing the overview of the Industry, its business and its financials etc. as a part of the Annual Report.
- In pursuance of the Investors Grievance re-dressal measure and clause 47(f) of the Listing Agreement with the Stock Exchanges, the investors can lodge their complaints and grievances in the company's exclusive e-mail id info@gsgroupindia.com.

8. GENERAL SHAREHOLDERS INFORMATION

A. 37 th Annual General Meeting;

Date and Time : 30.09.2011 at 10.00 A.M

Venue : Registered Office - G. S. Estate, G.T. Road, Ludhiana-141010

B. FINANCIAL CALENDAR

The unaudited financial results for the Financial Year 2010-11 were announced on:

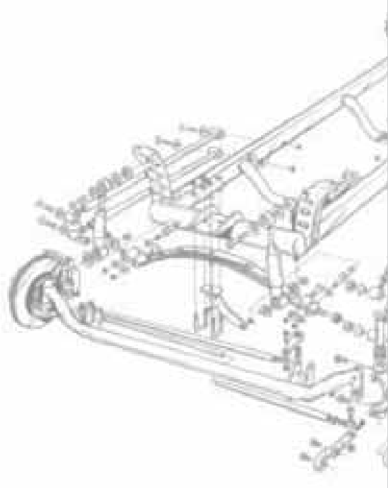
Period	Actual Date
1st Quarter ended June 2010	21.07.2010
2nd Quarter ended September 2010	21.10.2010
3rd Quarter ended December 2010	21.01.2011
4th Quarter ended March 2011	21.04.2011

* Audited results for the financial year 2010-11 announced on 18.08.2011.

For the year 2011-12 the indicative announcement dates for unaudited financial results are:

Period	Actual Date
1st Quarter ended June 2011	21.07.2011
2nd Quarter ended September 2011	21.10.2011
3rd Quarter ended December 2011	21.01.2012
4th Quarter ended March 2012	21.04.2012

* Audited results will be announced by August 2012.



C. BOOK CLOSURE DATE

The Company's Share Transfer Books and Register of members of equity shares shall remain closed from 26.09.11 to 30.09.11 (both days inclusive) to determine the shareholders entitled to receive dividend for the year ended 31st March 2011.

D. LISTING

The Company's shares are listed on four Stock Exchanges i.e.

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

*The Company at its Board Meeting held on 21st March 2011 applied for delisting of securities from the Delhi Stock Exchange Limited and the Ahmadabad Stock Exchange Limited and approval from the said exchanges is awaited.

Listing fees: In line with the provisions of the Listing Agreement with the Stock Exchanges the listing fees for the financial year 2010-11 have been paid to the Stock Exchanges, where Company's Shares are listed.

E. STOCK CODES

1. The Mumbai Stock Exchange Limited	:	513059
2. The Delhi Stock Exchange Limited	:	005073
3. The Ahmedabad Stock Exchange Limited	:	019910
4. The Ludhiana Stock Exchange Limited	:	GATO

F. 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.

(a) National Securities Depository Limited (NSDL)
Address: 4th floor, Kamala Mills Compound Senapathi Bapat Marg. Lower Parel, Mumbai-400013

b) Central Depository Services (India) Limited (CDSL)
Address: 28th Floor, Phiroze Jheejeebhoy Towers, Dalal Street, Mumbai-400001

G. CORPORATE IDENTITY NUMBER

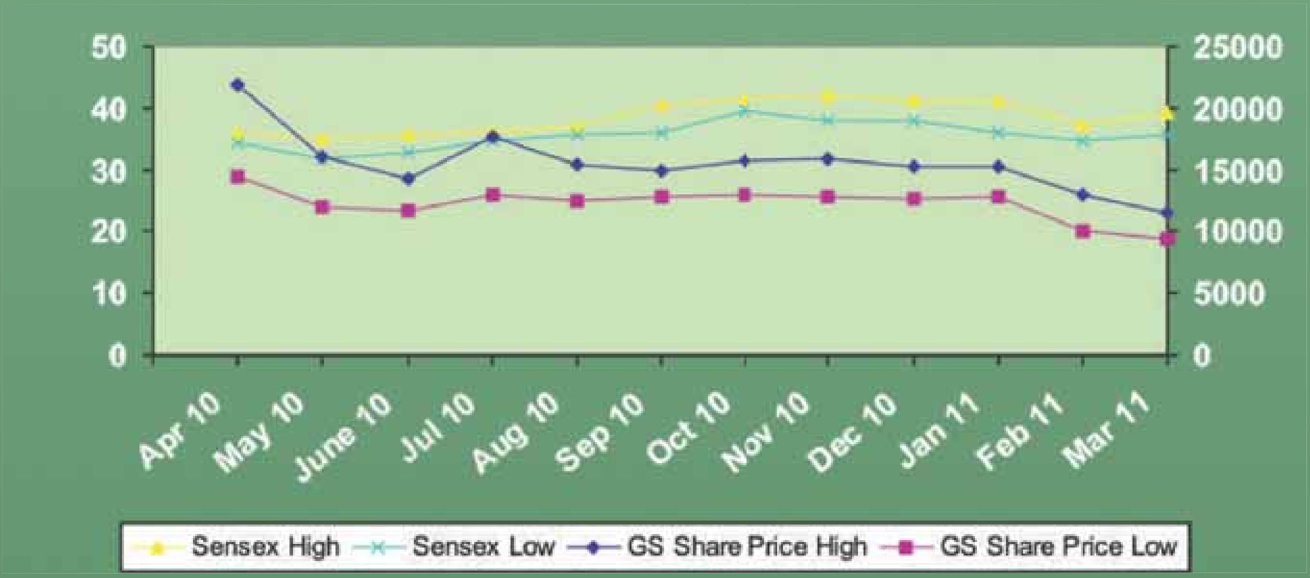
The Corporate Identity Number (CIN) allotted by the Ministry of Corporate Affairs, Government of India is L34300PB1973PLC003301.

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.

H. STOCK MARKET DATA

High and Low Prices and Trading Volumes of Company's Share at BSE along with Sensex Comparison is herein given below.

Month	BSE Sensex		Company's Share		
	High (Rs.)	Low (Rs.)	High Price (Rs.)	Low Price (Rs.)	Volume (No. of Shares)
Apr 2010	18047.86	17276.80	43.90	29.05	42,08,125
May 2010	17536.86	15960.15	32.30	24.05	7,54,398
Jun 2010	17919.62	16318.39	28.50	23.50	4,56,734
Jul 2010	18237.56	17395.58	35.30	25.90	13,49,476
Aug 2010	18475.27	17819.99	30.90	25.10	4,27,388
Sep 2010	20267.98	18027.12	29.85	25.60	3,87,355
Oct 2010	20854.55	19768.96	31.65	25.95	6,07,645
Nov 2010	21108.64	18954.82	31.95	25.55	7,46,397
Dec 2010	20552.03	19074.57	30.45	25.35	3,13,055
Jan 2011	20664.80	18038.48	30.55	25.50	1,66,686
Feb 2011	18690.97	17295.62	26.00	20.00	1,25,322
Mar 2011	19575.16	17792.17	23.00	18.95	1,59,627



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

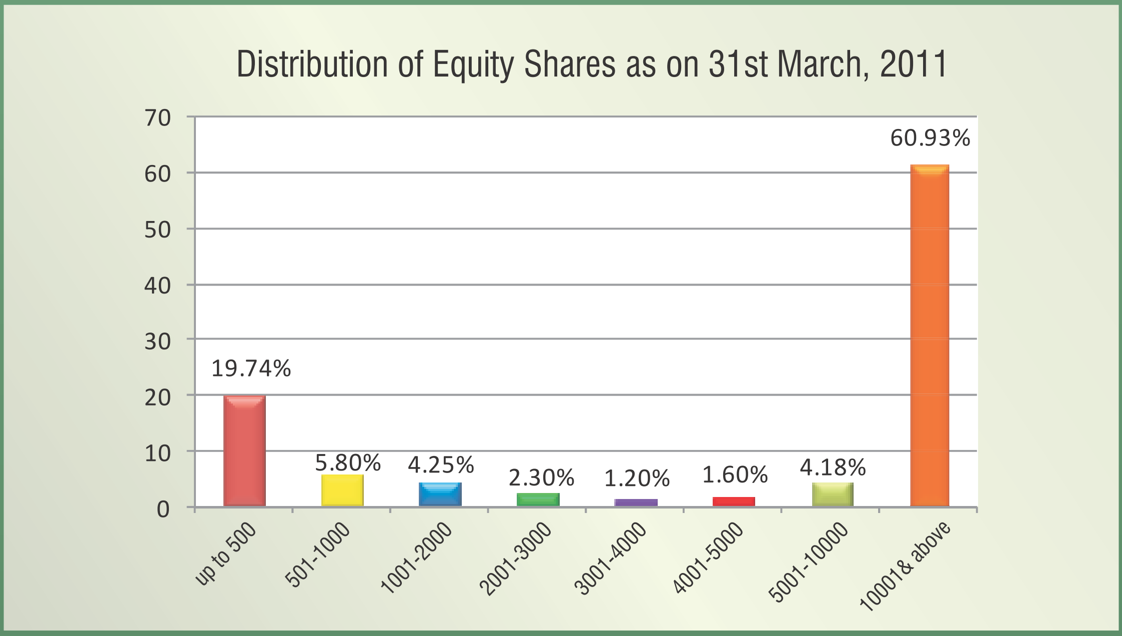
J. SHARE TRANSFER SYSTEM:

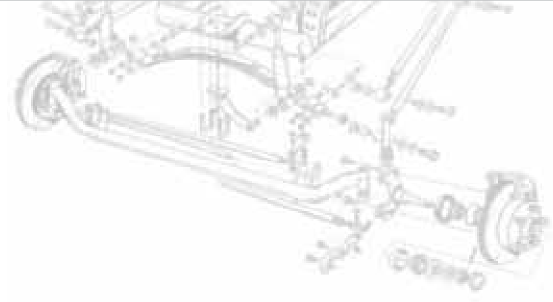
The Company processes the Share Transfer and other related Shareholders services through Registrar and Share Transfer Agent (RTA) on a fortnight basis. The share transfer in physical form is registered within 15 days from the date of receipt, provided the documents are complete in all respects. The Company 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.

K. DISTRIBUTION OF SHAREHOLDING (EQUITY) OF THE COMPANY AS ON 31ST MARCH, 2011. (Nominal value of each share Rs. 5/-)

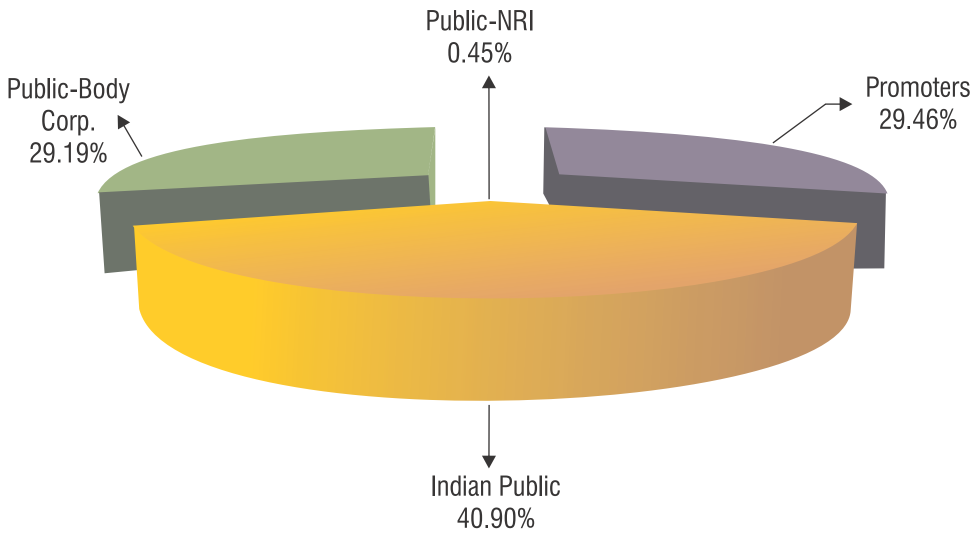
Range No. of Shares	Shareholders Number	% to Total Numbers	Total Number Of Shares	% to Total Number of Shares
Up to 500	8589	89.60	1579446	19.74
501-1000	567	5.91	464128	5.80
1001-2000	219	2.29	339887	4.25
2001-3000	71	0.74	183797	2.30
3001-4000	27	0.28	95857	1.20
4001-5000	27	0.28	128072	1.60
5001-10000	45	0.47	334331	4.18
10001 & above	41	0.43	4874482	60.93
Total	**9586**	**100.00**	**8000000**	**100.00**

Distribution of Shareholding (Equity) of the Company as on 31st March 2011



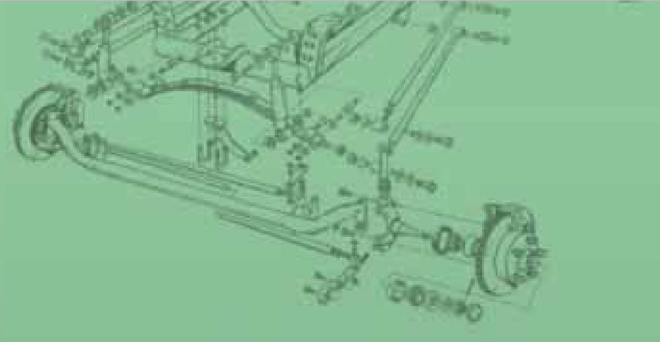


L. Distribution of Shareholding pattern of the Company as on 31st March, 2011



Category Code/shareholder	Number of Shareholder	Total number of shares	Number of shares held in demate-rialised form	Total shareholding as a percentage of total number of shares As a % of(A+B)	Total shareholding as a percentage of total number of shares As a % of(A+B+C)	Shares Pledged or otherwise Encumbered No. of Shares	%
1. Shareholding of Promoter and Promoter Group							
(1) Indian							
a) Individual/Hindu Undivided Family	5	1386660	1205120	17.33	17.33	Nil	Nil
b) Central Government/ State Government(s)	----	----	----	----	----	----	----
c) Bodies Corporate	1	970000	970000	12.13	12.13	Nil	Nil
d) Financial Institutions/Banks	----	----	----	----	----	----	----
e) Any other (specify)	----	----	----	----	----	----	----
Sub Total (A)(1)	**6**	**2356660**	**2175120**	**29.46**	**29.46**	**Nil**	**Nil**
(2) Foreign							
a) Individual(Non Resident Indiv./Foreign Indiv.	----	----	----	----	----	----	----
b) Bodies Corporate	----	----	----	----	----	----	----
c) Institutions	----	----	----	----	----	----	----

Category Code/shareholder	Number of Shareholder	Total number of shares	Number of shares held in demate-rialised form	Total shareholding as a percentage of total number of shares As a % of(A+B)	Total shareholding as a percentage of total number of shares As a % of(A+B+C)	Shares Pledged or otherwise Encumbered No. of Shares	%
d)Any other (specify)	----	---	----	----	----	----	----
Sub Total (A)(2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total Shareholding of Promoter and Promoter Group (A)=(A1)+(A2)	**6**	**2356660**	**2175120**	**29.46**	**29.46**	**Nil**	**Nil**
B.Public Shareholding						**NA**	**NA**
1) Institutions						**NA**	**NA**
a) Mutual Funds/UTI	---	----	---	----	----	----	----
b) Financial Institutions/Banks	---	---	---	---	---	---	---
c) Central Government/State Government(s)	---	---	---	---	---	---	---
d) Venture Capital Funds	---	---	---	---	---	---	---
e) Insurance Companies	---	---	---	---	---	---	---
f) Foreign Institutional Investors	---	---	---	---	---	---	---
g) Foreign Venture Capital Investors	---	---	---	---	---	---	---
h) Any other (specify)	---	---	---	---	---	---	---
Sub Total (B)(1)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
2) Non Institutions						**NA**	**NA**
a) Body Corporate	216	2335156	2333916	29.19	29.19	---	---
b) Individuals 1.Individual shareholders holding nominal share capital upto to Rs.1 Lakh	9343	3015615	2169906	37.70	37.70	---	---
2. Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	6	256225	215525	3.20	3.20	---	---



C. Any other (Non Resident Indian)	15	36344	36344	0.45	0.45	---	---
Sub Total (B)(2)	**9580**	**5643340**	**4755691**	**70.54**	**70.54**	---	---
Total Public Shareholding (B)=(B)(1)+(B)(2)	**9580**	**5643340**	**4755691**	**70.54**	**70.54**	**NA**	**NA**
Total(A)+(B)	**9586**	**8000000**	**6930811**	**100.00**	**100.00**	**Nil**	**Nil**
(C) Shares held by custodians & against which Depository Receipts have been issued	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
GRAND TOTAL (A)+(B)+(C)	**9586**	**8000000**	**6930811**	**100.00**	**100.00**	**Nil**	**Nil**

M. DETAIL OF INTERIM DIVIDEND PAID AND UNCLAIMED FOR THE FINANCIAL YEAR 2009-10

The details of the interim dividend declared, paid and unclaimed for the financial year 2009-10 is shown in the table below:

Financial year	Dividend	Date of declaration	Total dividend amount (Rs.)	Unclaimed Dividend as on March 31, 2011 (Rs.)	Due for transfer to IEPF on
2009-10	Interim	10.04.2010	4400000	357847.05	15.05.2017

9. RECONCILATION OF SHARE CAPITAL AUDIT

As stipulated by SEBI, a qualified practicing company secretary carries out share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and report thereon is submitted to the Stock Exchanges. The audit confirms that:

1. The total of the shares held in NSDL, CDSL and in the physical form tally with the issued / paid-up capital.
2. The Register of Members is updated.
3. The dematerialisation requests have been confirmed within 21 days and there has been no delay beyond the stipulated time-frame.
4. There has been no change in the share capital of the Company during the year.

10. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

The Ministry of Corporate Affairs, Government of India, has issued the Corporate Governance Voluntary Guidelines 2009 keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance.

Your Company has been pioneer in adopting Corporate Governance Voluntary Guidelines 2009. To comply with these guidelines, the Secretarial Audit of the company is conducted every year on quarterly basis by the Practising Company Secretary. The Secretarial Audit Report on annual basis forms part of this Annual Report which is furnished to the investors for their perusal.

11. OBSERVANCE OF THE SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

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

12. DEMATERIALISATION OF SHARES

The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the shareholders to Demat their equity shares with any one of the depositories. The custodial charges for the year 2010-11 have been paid to NSDL and CDSL as per Listing Agreement. As on 31st March 2011, the Company has 69,30,811 dematerialised shares with NSDL and CDSL which is 86.64% 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.

13. OUTSTANDING GDR/ADR/WARRANTS AND ANY OTHER CONVERTIBLE INSTRUMENT, CONVERSION DATES AND ITS LIKELY IMPACT ON THE EQUITY

1. No GDR/ ADR are outstanding as on 31st March, 2011.
2. The 40, 00,000 (Forty Lacs) convertible warrants to be converted into equivalent number of equity shares are outstanding as at 31st March, 2011.

The above said 40,00,000 (forty lacs) convertible warrants will be due for conversion on or before dated 09th August, 2011 i.e. within 18 (eighteen) months from the date of allotment which was 09th February, 2010, into equivalent number of Equity Shares, of the face value of Rs.5/- (five) per equity shares, at a premium of Rs.22.41 per equity shares. Consequent to the Conversion of the above said warrants into equity shares, the equity share capital of the Company, will increase from Rs.400 (Four hundred) lacs to Rs.600 (Six hundred) lacs.

14. CORPORATE FILLING AND DISSEMINATION SYSTEM (CFDS)

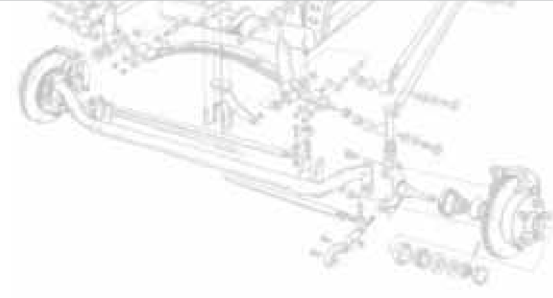
The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communication to BSE are filled electronically through the CFDS portal and hard copies of the said disclosures and corresponding are also filled with the Stock Exchanges.

15. DETAILS OF NON-COMPLIANCE ETC.

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.

16. DETAIL OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS AND ITS IMPLICATIONS ON PAID UP EQUITY SHARE CPITAL AND ITS UTALISATION

Date	Particulars	No. of equity shares	Amount per equity share	Premium per equity share	Aggregate funds raised
December 1985	IPO made for capital Expansion for Manufacturing of Cast Auto Components at Ludhiana	10,20,000	10/-	NIL	1,02,00,000/-
*The paid up capital raised upto Rs. 1,70,00,000 divided into 17,00,000 Equity Shares@ Rs. 10/- each.					
#23.05.2008	Reissue of forfeited Equity Shares of the face value of Rs. 10/- per equity share, issued on preferential Basis	24,300	10/-	80.25/-	21,93,075/-



*Out of total 17,00,000 Equity shares, 24300 equity shares was forfeited and the same was reissued on dated 23.05.2008 so the Paid up equity share capital had been raised from Rs. 1,67,57,000 divided into 16, 75,700 equity shares of Rs. 10/- each, to Rs. 1,70,00,000 divided into 17,00,000 Equity shares @ Rs. 10/- each.					
#07.01.2008	23,00,000 Convertible Warrants were issued on preferential Basis of the face value of Rs. 20/- per warrant , convertible into equivalent number of Equity Shares of the face value of Rs. 10/- each at a premium of Rs. 10/- per equity share. On 01.07.2009, the said warrants were converted into 46,00,000 Equity Shares of face value of Rs. 5/- each at a premium of Rs. 5/- per equity share.	46,00,000	5/-	5/-	4,60,00,000/-
*After Conversion on dated. 01st July,2009 the paid up equity share capital had been raised from Rs. 1,70,00,000 divided into 34,00,000 Equity Shares of the face value of Rs. 5/- each to Rs. 4,00,00,000 divided into 80,00,000 Equity Shares @ Rs. 5/- per share.					
#09.02.2010	40,00,000 Convertible Warrants were issued on preferential Basis, convertible into equivalent number of Equity Shares of the face value of Rs.5/- per share at a premium of Rs. 22.41/- per equity share. The said warrants were converted into equivalent number of equity shares on 02.08.2011, pursuant to the receipt of all the money from all the warrant holders.	40,00,000	5/-	22.41/-	10,96,40,000/-
* After Conversion on 02.08.2011, the paid up equity share capital was raised from Rs. 4,00,00,000 divided into 80,00,000 Equity Shares of Rs. 5/- per share to Rs. 6,00,00,000 divided into 1,20,00,000 Equity Shares @ Rs. 5/- per Share.					
# All the above said funds were raised for the setting up of new manufacturing unit at Jamshedpur, for a total capex of Rs. 64 crores, for the manufacturing of auto component. *Implication on paid up capital.					

17. INVESTOR SAFEGUARDS:

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

- Permanent Account Number

  SEBI has made it mandatory for every participant in the securities /capital market to furnish his/her Permanent Account Number (PAN) issued by the Income Tax dept. Accordingly all shareholders are required to submit their PAN along with a photocopy of both sides of the Pan card duly attested.

- Shareholders with shareholding in physical form are requested to send a copy of the PAN card of all holders (including joint holders) duly attested, by Notary Public/Gazetted Officer/ Bank manager under their official seal and stating their full name and address, folio no. to the company or its Registrar and STA.

- Shareholders holding shares in electronic form are required to furnish their PAN details to their Depository Participant with whom they maintain their account along with the documents as required by them.
- Encash Dividends in Time:

  Members are requested to encash their dividends promptly to avoid hassles of revalidation/losing 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 hassles, the members may register their nomination. Member(s) desirous of availing this facility may submit their nomination in form 2B which can be obtained from Skyline Financial Services Private Limited (Registrar Cum Share Transfer Agent) at the address mentioned above. Members holding shares in Dematerialized form are requested to register their nomination directly with their respective DPs.
- 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.

18. COMPANY SECRETARY

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

19. PLANT LOCATION: G S Estate, G.T. Road, Ludhiana-141010

20. ADDRESS FOR CORRESPONDENCE:

Registered Office	: G. S. Estate, G.T. Road, Ludhiana – 141010
Telephone	: 0161-2511001-05
Fax	: 0161-2511085
Web. Site	: www.gsgroupindia.com
E-mail ID	: info@gsgroupindia.com 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 Chairperson.
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 a remuneration committee to determine the packages for executive directors. Please refer point No. 2(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.

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

Ludhiana: August 18th, 2011

sd/-
Managing Director

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

The Members of
G S Auto International Limited,
Regd. Off. G S Estate, G T Road,
Ludhiana.

We have reviewed the implementation of Corporate Governance procedures by M/s. G S Auto International Limited, during the year ended March 31, 2011, 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

Harmandar Singh Nanda
(Company Secretary)
FCS Number 5199

Ludhiana: August 18th, 2011

CEO/CFO Certification under Clause 49 of the Listing Agreement

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

a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2011 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:

i) there are no significant changes in internal control over financial reporting during the year; and

ii) there have been no significant changes in accounting policies during the year which are required to be disclosed in the notes to the financial statements; and

iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ludhiana: August 18th, 2011

Jasbir Singh Ryait
Chief Executive Officer

Neeraj Tuli
Chief Financial Officer

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2011

The Members,
G.S. Auto International Limited, Ludhiana

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 (name of the company)'s books, papers, minute books, forms and returns filed and other records maintained by the company 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 covering the financial year ended 31st March 2011 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 31st March 2011 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;

(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).

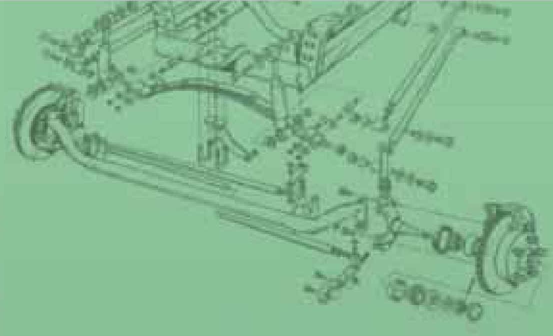
*The Company at its Board Meeting held on 21st March 2011, applied for delisting of securities from the Delhi Stock Exchange Limited and the Ahmadabad Stock Exchange Limited.

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 (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 Listed Public 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 atleast 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:

   (a) Directors

   (b) Managerial Remuneration

   (c) Appointment of Company Secretary

   (d) The changes in the provisions of 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. 1756 Lacs to Banks for and on behalf of G. S. Auto comp Private Limited and 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 the 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, warrants 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 at its Board meeting held on 21st April 2011 has recommended a dividend of 11 % i.e. Rs. 0. 55 per equity share of the face value of Rs. 5/- each, for the financial year ended 31st March 2011, subject to the approval of the shareholders at the Annual General Meeting.

14. The Company has only recommended the final dividend for the financial year ended 31st March 2011 which is subject to the approval of shareholders at the Annual General Meeting therefore the payment of dividend and credit of unpaid dividend to the unpaid dividend account shall be pursued after the declaration of dividend at the Annual General Meeting.

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 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 Limited, 3. The Ludhiana Stock Exchange Limited. 4. The Ahmedabad Stock Exchange Limited.

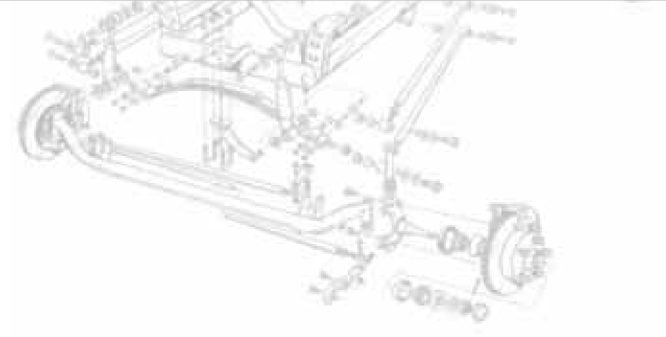
* The Company at its Board Meeting held on 21st March, 2011 applied for delisting of securities from the Delhi Stock Exchange Limited and the Ahmedabad Stock Exchange Limited.

(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 the conversion of 40 (Forty) Lakh Warrants 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 paisa forty one) per Equity Share, which was approved in the Board meeting held on 2nd August 2011.

(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

Harmandar Singh Nanda
FCS Number 5199
CP Number.4293

Ludhiana: August 18th, 2011

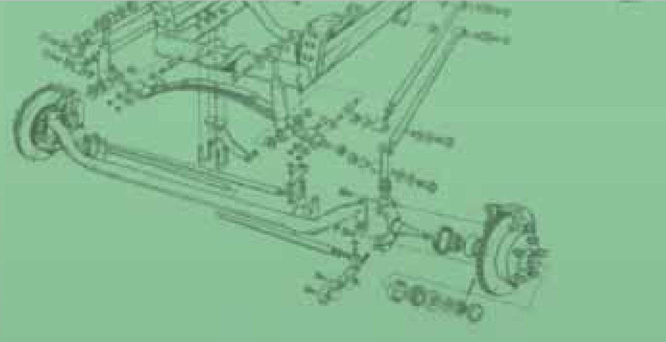
CODE OF CONDUCT

(For Director and Senior Management of the Company)

1. Perform functions of the office with integrity, honesty, fairly, ethically, professionalism, and exercise powers attached thereto in good faith and with due care and diligence, without the influence of personal interest.
2. 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. Comply with the terms of the Code of Conduct for Prohibition of Insider Trading approved by the Board of Directors as well as Companies policy on Disclosure and internal procedures for prevention of insider trading under SEBI Regulations and any other code that may be formulated from time to time, as applicable.
4. Treat employees with dignity, respect and justice, taking into consideration their different cultural sensitivities. Non-discrimination against employees on the grounds of religion, age, nationality, sex or any other personal or social condition, different from the conditions of merit and capacity.
5. Act in a manner to enhance and maintain the reputation of the Company.
6. Conduct themselves in a professional, courteous and respectful manner and not take improper advantage of their position.
7. 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.
8. Immediately notify the administrative body as to any event or situation which would represent or could give rise to a conflict between the interests of the Company and the individual interests of the director or manager and abstain from intervening in the resolution.
9. 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.
10. 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.
11. Help in creating and maintaining the culture of commitment to compliance with all applicable laws, rules, and regulations, confidentiality obligations and corporate policies of the company. Encourage reporting of a material violation of any laws, rules or regulations applicable to the company or the operation of its business and ensure that the person reporting such violation is not aggrieved in any manner.
12. Promote effective participation by shareholders at General Meetings, especially by facilitating the exercise of information and voting right.
13. 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

14. 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.

15. 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.

16. Ensure that the Company's Management works for & in the best interest, along with the long term value creation, for all the stakeholders of the Company, at large.

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

18. Aspire to excellence in the goods and services of the company in such a way that clients and consumers obtain the satisfaction expected there from.

19. Maintain elicit and respectful relationships with public authorities and institutions, not accepting or offering gifts, commissions in cash or in kind.

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

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

AUDITOR'S REPORT

Auditors' Report for the year ended 31st March, 2011:

REPORT OF THE AUDITORS' TO THE MEMBERS

1. We have audited the attached Balance Sheet of **G.S. AUTO INTERNATIONAL LIMITED** (the "Company") as at 31st March, 2011, and the related Profit and Loss Account and the Cash Flow Statement of the Company, for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 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 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, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the 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 together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of the affairs of the company as at 31st March, 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the company, for the year ended on that date; and

(iii) In the case of the Cash Flow Statement, of the cash flows of the company, for the year ended on that date.

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

(P.C.S. VIRDI)
Partner
Membership Number.17056

Ludhiana: August 18th, 2011

Auditors' Report for the year ended 31st March, 2011 (Contd.)

ANNEXURE TO 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 statements for the year ended 31st March, 2011:

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 explanations 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 have been physically verified by the Management during the year. In our opinion the frequency of the verification is reasonable.

   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of 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 explanations 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 explanations 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.

   (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 Rupees 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 Companies Act, 1956 and the rules framed there under.

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 authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.

   (b) As at 31st March 2011, according to the records of the Company and the information and explanations given to us, the following is the particular of disputed statutory dues, that have not been deposited on account of a dispute:

Name of the Statute	Nature of the dues	Year to which it relates	Amount (Rs. in Lacs)	Forum where dispute is pending
Service Tax (Finance Act, 1994)	Service Tax including Interest & penalty as Applicable.	2006-2007 2007-2008	3.35	Customs, Excise & service Tax Appellate Tribunal, New Delhi.

10. The Company has no accumulated losses as at 31st March, 2011.The latter part of the question relating to net worth is thus not applicable to the company. Further the Company 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 explanations given to us, the Company has not defaulted in the repayment of dues to any 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 provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/societies are not applicable to the Company.

14. In our opinion and according to the information and explanations give to us, the Company is not a dealer or trader in securities. However, as per the records produced to us for our verification and the information and explanations given to us, in our opinion, the Company has maintained proper records of transactions and contracts entered into for investing temporarily idle funds as investments in the units of Mutual Funds, into which timely entries have been made. The said investments have been held by the Company in its own name.

15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees/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.

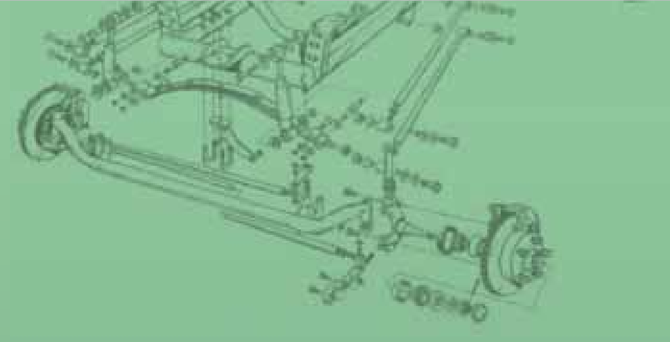
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, we report that funds raised on short term basis have not been used for long term investments.

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

19. According to the information and explanations given to us, the Company has not issued debentures during the year.

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. However, the money raised, in the previous years or money received during the year, through issuance/from warrants holder, of convertible warrants to be convertible into equivalent number of equity shares, through preferential allotments, to the promoters and others, have been/ are being, utilized for the purposes its was raised. The Management has disclosed the end use of money, raised by way of issuance of above said preferential convertible warrants, detailed in "**Note No.15 & 16 in Schedule "O" and Foot Note (ii) to Schedule "A"** to the Financial Statements respectively, which have been verified by us.



21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, 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 Number 004342N
Chartered Accountants

(P.C.S. VIRDI)
Partner
Membership Number 17056

Ludhiana: August 18th, 2011

FINANCIALS

Balance Sheet as at 31st March,2011:

(Rs.in Lacs)

Particulars	Schedule	As At 31st March,2011		As At 31st March,2010
I SOURCES OF FUNDS:				
1. Shareholders' Funds:				
(a) Share Capital	"A"	400.00		400.00
(b) Reserves & Surplus	"B"	2208.88		1832.80
(c) Warrant Allotment Money (See Note 16)		488.31		280.00
			3097.19	2512.80
2. Loan Funds:				
Secured Loans	"C"		1679.74	1039.40
3. Deferred Tax Adjustment: (See Note 1(m),14)				
(a) Deferred Tax Liabilities		108.11		102.13
(b) Deferred Tax Assets		(10.66)		(7.95)
			97.45	94.18
Total Funds Employed			**4874.38**	**3646.38**
II APPLICATION OF FUNDS:				
1. Fixed Assets:				
(a) Gross Block		2180.96		2019.42
(b) Less: Depreciation		992.90		912.79
(c) Net Block	"D"	1188.06		1106.63
(d) Capital Work-in-Progress		709.05		73.52
			1897.11	1180.15
2. Investments	"E"		35.99	338.13
3. Current Assets, Loans and Advances:	"F"			
(a) Inventories		1294.70		823.46
(b) Sundry Debtors		2134.79		1626.78
(c) Cash and Bank Balances		115.29		305.16
(d) Other Current Assets		39.38		44.06
(e) Loans and Advances		1353.14		829.31
		4937.30		3628.77
Less: Current Liabilities and Provisions:	"G"			
(a) Liabilities		1837.44		1374.56
(b) Provisions		175.77		156.55
		2013.21		1531.11
Net Current Assets			2924.09	2097.66
4 .Miscellaneous Expenditure (To the extent not written off or adjusted)	"H"		17.19	30.44
Total Funds Applied			**4874.38**	**3646.38**
NOTES FORMING PART OF 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: August 18th, 2011

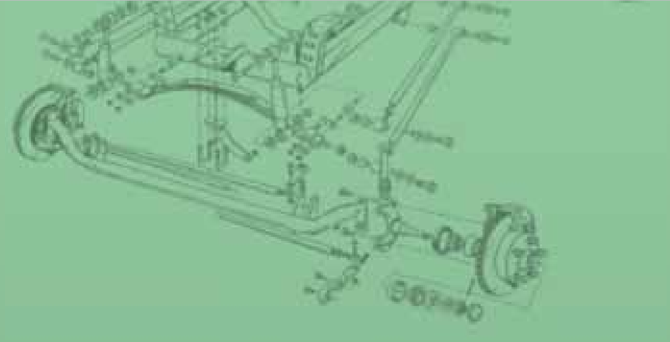
On behalf of the Board of Directors
JASBIR SINGH RYAIT
Chairman

SURINDER SINGH RYAIT
Managing Director

NEERAJ TULI
Chief Financial Officer

RASHMI SHARMA
Company Secretary

Ludhiana: August 18th, 2011



Profit and Loss Account for the year ended 31st March,2011

(Rs.in Lacs)

Particulars	Schedule	Year ended 31st March,2011		Year ended 31st March,2010
INCOME:				
Sales, Gross	"I"(a)	13243.34		11188.03
Less: Excise Duty		1306.83		934.92
Net Sales		11936.51		10253.11
Operating Income	"I"(b)	25.35		21.34
			11961.86	10274.45
Other Income	"I"(c)		24.93	29.72
Total			**11986.79**	**10304.17**
EXPENDITURE:				
Cost of Material & Purchase of Finished Goods	"J"	6969.45		5968.08
Manufacturing Expenses	"K"	1450.23		1156.01
Establishment, Office & Administrative Expenses	"L"	1467.19		1277.26
Financial Expenses	"M"	148.34		114.92
Selling and Distribution Expenses	"N"	1190.03		1052.75
Depreciation & Amortisation (See Note 1(d),21)		96.94		88.16
Total			11322.18	9657.18
Operating Profit for the Year before taxation			**664.61**	646.99
Provision for Taxation (See Note 1(m))				
- Current Tax		204.00		208.00
- Deferred Tax (See Note 1(m) ,14)		3.27		34.30
			207.27	242.30
Net Profit After taxation			**457.34**	**404.69**
As per Last Account			1463.60	1150.89
			1920.94	1555.58
Adjustments relating to earlier years:				
Excess/(Short) provision for taxation			(4.30)	0.00
Profit available for Appropriation			**1916.64**	**1555.58**
APPROPRIATIONS:				
General Reserve			46.00	40.50
Proposed Equity Dividend (See Note 34)		66.00		44.00
Tax on Proposed Dividend		10.96		7.48
			76.96	91.98
Balance Carried to Balance Sheet			**1793.68**	**1463.60**
Earning Per Share (Face Value of Rs.5/- each) (See Note-1(n),19)				
Basic			**5.72**	5.91
Diluted			**3.81**	5.38
NOTES FORMING PART OF 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: August 18th, 2011

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

Ludhiana: August 18th, 2011

Statement of Cash Flow for the Year ended 31st March, 2011

(Rs.in Lacs)

	Particulars		Year Ended 31st March, 2011	Year Ended 31st March, 2010
A	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Profit before Tax		664.61	646.99
	Adjustment for :			
	Interest/Depreciation/Other Non Cash Expenses:			
	i) Depreciation and Amortisation		96.94	88.16
	ii) Loss on sale of assets sold, demolished, discarded		2.74	6.32
	iii) Adjustment in respect of earlier years:			
	- Excess/(Short) provisions for Taxation		(4.30)	0.00
	iv) Amortisation of Miscellaneous Expenditure		13.25	13.25
	v) Interest Paid		148.34	114.92
	vi) Provisions for Gratuity & Leave in Encashment		36.77	78.29
	vii) Provision for dimiunation in the value of Investments.		1.05	2.97
		Total	**959.40**	950.90
	Interest/Dividend/Other Income Adjustments:			
	i) Interest received		(7.43)	(14.85)
	ii) Dividend		(4.30)	(6.19)
	iii) Profit on sale of assets		(1.64)	0.00
	iv) Profit on sale on investments (Short term and long term)		(3.76)	0.00
		Total	**(17.13)**	(21.04)
	OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES		**942.27**	**929.86**
	Changes in Working Capital:			
	(Increase) / Decrease in Current Assets:			
	i) Inventories		(471.24)	(89.67)
	ii) Sundry Debtors		(508.01)	(224.15)
	iii) Other Current Assets & Loans & Advances		(447.31)	(342.48)
			(1426.56)	(656.30)
	Increase / (Decrease) in Current Liabilities:			
	i) Trade Payable		354.29	150.75
	ii) Payment for Gratuity & Leave Encashment		54.19	(93.92)
			408.48	56.83
		Total	**(1018.08)**	(599.47)
CASH GENERATED FROM OPERATIONS			**(75.81)**	**330.39**
	Direct Taxes Paid (Net of Refund)		(203.00)	(176.85)
	NET CASH FROM OPERATING ACTIVITIES	**(A)**	**(278.81)**	**153.54**
B	**CASH FLOW FROM INVESTMENT ACTIVITIES:**			
	i) (Increase) / Decrease in investment in mutual funds		304.85	(326.02)
	ii) Advance for Capital expenditure		0.00	(6.12)
	iii) Capital expenditure		(821.47)	(310.75)

	iv) Interest capitalised		6.23	7.59
	v) Non Operating income-Interest,Dividend,etc		10.18	10.78
	vi) Project expenses (Includes Advance Payment)		(63.49)	(55.76)
	vii)Sale proceeds of assets		6.46	8.23
	NET CASH USED IN INVESTING ACTIVITIES	**(B)**	**(557.24)**	**(672.05)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**			
	Increase / (Decrease) in Share Capital / Borrowings:			
	i) Share Capital (Including Security Premium)		0.00	294.32
	ii) Warrant Allotment Money		208.31	280.00
	iii) Secured Loans		(16.41)	(35.84)
	iv) Cash Credit & Other Borrowings from Banks		656.75	(4.68)
	v) Dividend paid & Tax thereon		(47.90)	0.00
	Net Cash From Financing Activities	Total	800.75	533.80
	Interest Paid/Capitalised			
	i) Interest paid		(148.34)	(114.92)
	ii) Interest Capitalised		(6.23)	(7.59)
		Total	(154.57)	(122.51)
	NET CASH USED IN FINANCING ACTIVITIES	**(C)**	**646.18**	**411.29**
	Net Change in Cash & Cash Equivalents	**(A+B+C)**	**(189.87)**	**(107.22)**
	Cash & Cash Equivalents as at 01.04.10 (Opening balance)		**305.16**	**412.38**
	Cash & Cash Equivalents as at 31.03.2011 (Closing balance)		**115.29**	**305.16**

Note: Previous year figures have been regrouped/rearranged wherever 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

P.C.S.VIRDI
Partner
Membership No.17056
Ludhiana: August 18th, 2011

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

Ludhiana: August 18th, 2011

Schedule "A" to "N" annexed to and forming part of the Financial Statements for the Year ended 31st March,2011

Schedule ' A ' Share Capital:

(Rs.in Lacs)

		As At 31st March,2011	As At 31st March,2010
Authorised 200,00,000 Equity shares of Rs. 5/- each		1000.00	1000.00
		1000.00	1000.00
Issued ,Subscribed & Paid Up 80,00,000 Equity shares of Rs. 5/- each, fully paid up in cash		400.00	400.00
	Total	**400.00**	**400.00**

Notes of the above Shares:

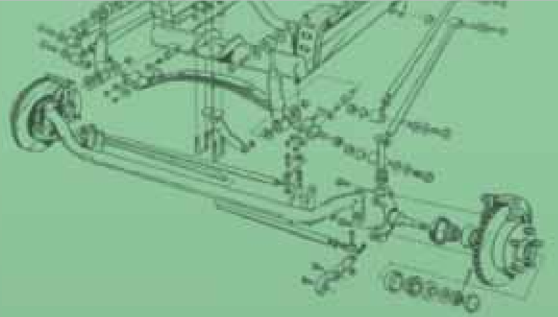
(i) The Company had re-issued 24300 forfeited equity shares of the face value of Rs.10/- (Rs.ten) each at a premium of Rs.80.25 per equity shares on dated.23rd May,2008 .The funds raised has been utilised towards the object of the issue.

(ii) The Company had allotted 46,00,000 (Forty Six Lacs) Equity shares on dated 01st July,2009 of the face value of Rs.5/- (Rs. five) each at a premium of Rs.5/- (Rs. five) per equity shares, pursuant to the conversion of warrants. The funds raised has been utilised towards the object of the issue.

Schedule ' B ' Reserve and Surplus

(Rs.in Lacs)

		As At 31st March,2011	As At 31st March,2010
Capital Reserve As per last Account		1.20	1.20
Securities Premium Account As per last Account		249.50	19.50
On allotment of 46,00,000 Equity Shares on Conversion of Warrants (See Note 15)		0.00	230.00
		249.50	249.50
Capital Revaluation Reserve As per last Account		75.44	75.44
Investment Allowance Reserve As per last Account		2.56	2.56
General Reserve As per last Account		40.50	0.00
Add:- Set aside from Profit & Loss Account		46.00	40.50
		86.50	40.50
Surplus as per Annexed Account: Surplus as per Annexed Account		1793.68	1463.60
	Total	**2208.88**	**1832.80**



Schedule 'C ' Secured Loans:

(Rs.in Lacs)

		As At 31st March,2011	As At 31st March,2010
Rupee Term Loan			
From Punjab National Bank (See Note 33)		25.17	66.53
ICICI Bank Ltd - Car Loan		0.00	0.19
HDFC Bank Ltd. Car Loan		52.16	17.07
AXIS Bank Ltd.-Car Loan		14.24	24.19
Borrowing from Banks for Working Capital (Including Cash Credit, Packing Credit & Working Capital Demand Loan) (See Note 33)		1588.17	931.42
Total		**1679.74**	**1039.40**

Schedule- "D" Fixed Assets (See Note 1 {(d) (i) (ii),(g),(s),21,22,25,28)

(Rs.in Lacs)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
S. No	Particulars	As at 31/03/2010	Additions & Adj. during the year	Deductions during the year	As at 31/03/2011	Up to 31/03/2010	For the Year	Deductions /Adj. during the year	Up to 31/03/2011	As At 31/03/2011	As At 30/03/2010
1	Land Freehold (a)	86.87	0.00	0.00	**86.87**	0.00	0.00	0.00	**0.00**	**86.87**	86.87
2	Land Leasehold (b)	27.07	3.97	0.00	**31.04**	0.00	0.00	0.00	**0.00**	**31.04**	27.07
3	Buildings	198.63	34.61	0.00	**233.24**	70.33	6.57	0.00	**76.90**	**156.34**	128.30
4	Plant & Machinery	1349.74	68.03	0.00	**1417.77**	614.54	65.02	0.00	**679.56**	**738.21**	735.20
5	Vehicle	175.11	64.06	24.39	**214.78**	79.96	15.49	16.83	**78.62**	**136.16**	95.15
6	Furniture & Fixtures	57.59	4.77	0.00	**62.36**	40.84	5.44	0.00	**46.28**	**16.08**	16.75
7	Office Equipments	112.60	8.67	0.00	**121.27**	102.43	2.78	0.00	**105.21**	**16.06**	10.17
8	Other Assets	11.81	1.82	0.00	**13.63**	4.69	1.64	0.00	**6.33**	**7.30**	7.12
	Total	**2019.42**	**185.93**	**24.39**	**2180.96**	**912.79**	**96.94**	**16.83**	**992.90**	**1188.06**	**1106.63**
	Previous year's	1765.69	277.23	23.50	**2019.42**	833.57	88.16	8.95	**912.78**	1106.63	932.12
	Total Capital work in Progress (See Note 18)									**709.05**	73.52

NOTES:

(a) Includes 11264 sq.yards land given on lease to group company.

(b) Land taken on leasehold basis at Jamshedpur, for the setting up of new manufacturing unit.

Schedule- "E' Investments at Cost: (See Note 1(f)

(Rs.in Lacs)

		As At 31st March,2011	As At 31st March,2010
A) Long Term Investment in Equity Shares (Quoted,Non Trade)			
50 (Previous year 50) Equity Shares of Clutch Auto Limited of Rs.10/- each, fully paid up.	**(a)**	0.01	0.01
B) Current Investment In Mutual Funds (Liquid and Liquid Plus) (i) Units-Quoted but not Listed			
---- (1529.658) Units of Bharti AXA Treasury Advantage fund Retail face value NIL (previous year Rs.15.30 lacs)		0.00	15.30
---- (238.736) Units of Reliance Money Manager Fund Retail face value NIL (previous year Rs.2.39 lacs)		0.00	2.39
---- (251.121) Units of Reliance Money Manager Fund Institutional face value NIL (previous year Rs.2.51 lacs)		0.00	2.51
---- (1466337.201) Units of Reliance Medium Term Fund Daily Dividend Plan, face value NIL (previous year Rs.250.68 lacs)		0.00	250.68
---- (51662.769) Units of Kotak Bond Short Term Plan, face value NIL (Previous year Rs.5.21 lacs)		0.00	5.21
---- (146699.267) Units of Reliance Infrastructure Fund Retail-Growth Plan, face value NIL (previous year Rs.15 lacs)		0.00	15.00
---- (250000) Units of Bharti Axa Infrastructure Fund Focused Growth Plan, face value NIL (previous year Rs.25 lacs)		0.00	25.00
(ii) Units-Quoted & Listed			
1,00,000 (----) Units of Baroda Pioneer PSU Equity Fund-Growth Plan, face value Rs.10.00 lacs (Previous year NIL) face value Rs.10/- per unit		10.00	0.00
50,000 (---) Units of Principal Smart Equity Fund-Growth, face value Rs.5.00 lacs (Previous year NIL), face value Rs.10/- per unit		5.00	0.00
Provision for diminution in the value of investments		(1.05)	0.00
	(b)	13.95	316.09
Others-Unquoted		22.03	25.00
Provision for diminution in the value of Investments		0.00	(2.97)
	(c)	22.03	22.03
	Total	**35.99**	**338.13**

(Rs.in Lacs)

	Cost* As At 31st March		Market Vale As At 31st March	
	2011	2010	2011	2010
Quoted -Listed - Equity Shares	00.01	0.01	0.03	0.03
Quoted-but not listed	00.00	316.09	0.00	318.50
Un-Quoted	25.00	25.00	22.13	22.03
Quoted -Listed-Units	15.00	0.00	13.95	0.00
Total	**40.01**	**341.10**	**36.11**	**340.56**

* Cost is before provision for diminution in the value of Investment.

NOTES:

Mutual Funds Units Purchased and Sold during the year ended 31st March,2011

	Units Purchased	Purchase Value (Rs.in Lacs)
Reliance Monthly Interval Fund-Series I-Institutional Dividend pay out Plan	999750.062	100.00
Reliance Floating Rate Fund-Short Term Plan-Daily Dividend Reinvestment plan	2035749.752	205.00
Reliance Money manager Fund-Institutional Plan-Daily dividend Plan	20473.982	205.02

Schedule- "F' Current Assets, Loans and Advances

(Rs.in Lacs)

		As At 31st March,2011	As At 31st March,2010
(a) **Inventories:** (See Note 1 (e))			
(As valued and Certified by the Management)			
(i) Raw Material & Components		584.75	433.84
(ii) Work in Progress		172.86	106.87
(iii) Finished Goods		433.35	196.69
(iv) Stores, Spares & Consumables		103.74	86.06
	Total	**1294.70**	**823.46**
(b) **Sundry Debtors:** (See Note 1 (g),7,8)			
(Unsecured- considered good unless otherwise stated)			
(i) Over Six Months		31.71	47.52
(ii) Other Debts		2103.08	1579.26
	Total	**2134.79**	**1626.78**
(c) **Cash & Bank Balances:**			
(i) Cash on hand including imprest		9.63	9.84
(ii) Bank Balances with Scheduled Banks:			
- in Current Accounts (See Note 10)		70.31	51.77
- in Fixed Deposits (See Note 10)		35.35	243.55
	Total	**115.29**	**305.16**

(d) **Other Current Assets:** (See Note 1 (c))			
Export Incentives Receivable		37.83	33.65
Interest Receivable		1.55	10.26
Insurance Claim receivable		0.00	0.15
	Total	**39.38**	**44.06**
(e) **Loans and Advances:**			
(Unsecured, considered good ,unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received (See Note 3,7 & 30)		336.73	135.26
Advance for Capital Expenditure		153.47	89.98
Security Deposits		53.09	17.46
Balance with Central Excise & Other Revenue Authorities (See Note 23)		803.90	580.10
Advance Payment against Income Tax/Fringe Benefit Tax (Net of Provision Rs.204 lacs) (Previous year Rs.22.45 lacs)		5.95	6.51
	Total	**1353.14**	**829.31**

Schedule ' G ' Current Liabilities and Provisions:

(Rs.in Lacs)

		As At 31st March,2011	**As At 31st March,2010**
(a) Liabilities:			
Sundry Creditors (See Note 7,12)		1137.63	828.47
Advance against orders		14.82	11.44
Other Liabilities (See Note 35)		660.07	511.75
Trade Deposits		24.92	22.90
	Total	**1837.44**	**1374.56**
(b) Provisions: (See Note 1 (o))			
a) For Long term Employee Benefits (See Note 1(k),13)		98.81	80.17
b) For Taxation (Net of Advance Tax) (See Note 1(m))		0.00	24.90
c) For Proposed Equity dividend (See Note 34)		66.00	44.00
d) For Tax on Proposed Dividend		10.96	7.48
	Total	**175.77**	**156.55**

Schedule' "H" Miscellaneous Expenditure:

(Rs.in Lacs)

		As At 31st March,2011	**As At 31st March,2010**
(To the extent not written off or adjusted)			
Deferred Revenue Expenditure		17.19	30.44
	Total	**17.19**	**30.44**

Schedule 'I' Sales,Operating & Other Income :

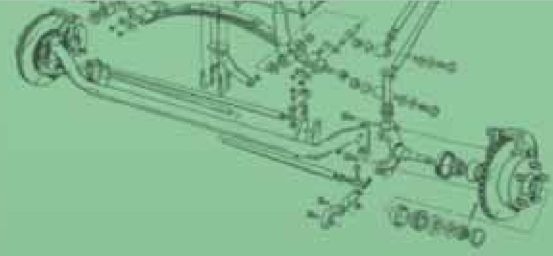
(Rs.in Lacs)

		As At 31st March, 2011	As At 31st March, 2010
(a) Sales:			
Domestic (Net of Returns) (See Note 1(c)),(g) (j),5,)	11041.26		9489.66
Export (See Note 1(c)) (g))	895.25		763.45
		11936.51	
	Total	**11936.51**	**10253.11**
(b) Operating Income: (See Note(1 (c) (iii))			
Export Incentives		**25.35**	**21.34**
(c) Other Income: (See Note 1 {c (ii) (iv) (v) &(vi)}			
Rental income		3.90	3.92
Interest on deposits etc;		7.43	14.85
{(Gross, Tax Deducted Rs.0.84 lacs (Previous year Rs.2.08 lacs)}			
Dividend Income from investments in Mutual Funds & Current Investments.		4.30	6.19
Profit on sale of Assets		1.64	0.00
Profit on Sale of Investments			
Short Term Capital Gain on Current Investments		1.31	0.00
Long Term Capital Gain on Current Investments		2.45	0.00
Miscellaneous Receipts (See Note 29)		3.90	4.76
		24.93	29.72
	Total	**50.28**	**51.06**

Schedule 'J' Cost Of Material Consumed & Purchase of Finished Goods: (See Note 1(e))

(Rs.in Lacs)

		As At 31st March,2011	As At 31st March,2010
Consumption of Raw Materials and Components			
Opening Stocks:	433.84		372.44
Add: Purchases			
Raw Material	3346.29		2719.28
Semi-Finished Goods	4063.87		3277.03
	7410.16		5996.31
Less:Closing stocks			
Raw Material	584.75		433.84
(A)		**7259.25**	**5934.91**



(Increase)/Decrease in Stocks:			
Stocks at Close:			
Work-in-Progress	172.86		106.87
Finished Goods	433.35		196.69
	606.21		303.56
Less:Stocks at Commencement:			
Work-in-Progress	106.87		59.08
Finished Goods	196.69		230.61
	303.56		289.69
(B)		(302.65)	(13.87)
Purchase of Finished goods (C)		12.85	47.04
(A+B+C)	**Total**	**6969.45**	**5968.08**

Schedule 'K' Manufacturing Expenses:

(Rs.in Lacs)

		As At 31st March,2011	As At 31st March,2010
Power & Fuel Consumed:			
Stock at the Commencement	6.08		7.21
Add: Expenses during the year	617.75		493.17
	623.83		500.38
Less: Stock at the Close	15.46		6.08
		608.37	**494.30**
Consumable stores consumed		331.07	264.57
Lubricants consumed		56.26	53.97
Packing material consumed		250.32	200.54
Building Repairs		9.11	7.54
Machinery Repairs		112.96	102.41
Research & Development Expenses (See Note 1(i),24 & 28)		82.14	32.68
	Total	**1450.23**	**1156.01**

Schedule 'L' Establishment and Office Administrative Expenses:

(Rs.in Lacs)

		As At 31st March,2011	As At 31st March,2010
Payments to & Provisions for Employees:			
Salaries, Wages, Bonus, Allowances etc. (See Note 1(k),17)		1003.08	840.42
Contribution to Provident & other Funds and Schemes (See Note 1(k),13)		152.12	172.55
Welfare Expenses		33.57	27.81
Recruitment Expenses		1.13	0.01
	Total	**1189.90**	**1040.79**

Office & Administrative Expenses:			
Traveling & Conveyance:			
Directors		3.30	0.72
Others		125.54	105.51
Printing & Stationary		21.71	13.23
Vehicle Expenses		15.00	18.03
Subscription & Membership fees		3.18	3.26
Donation		2.41	1.81
Light, Electricity & Water expenses		3.13	2.44
Postage & Telephone Expenses		18.61	13.85
Legal & Professional Charges		10.28	7.59
Seminar Expenses		0.92	2.65
Payment to Auditors for:			
Statutory Audit fees		0.55	0.55
Audit Expenses		0.02	0.02
Rates & Taxes		18.87	17.98
General Expenses		17.61	16.27
Insurance (Including key man insurance)		17.98	16.79
Entertainment Expenses		0.08	0.02
Electricity and General Repairs		14.31	5.59
Loss of sale of Assets		2.74	6.32
Provision for diminution in the Value of Current Investment (See Note 1 (f))		1.05	2.97
Waste Removal Charges		0.00	0.69
Wealth Tax		0.00	0.18
	Total	**277.29**	**236.47**
	Total	**1467.19**	**1277.26**

Schedule 'M' Financial Expenses (See Note 1(q) & 28)

(Rs.in Lacs)

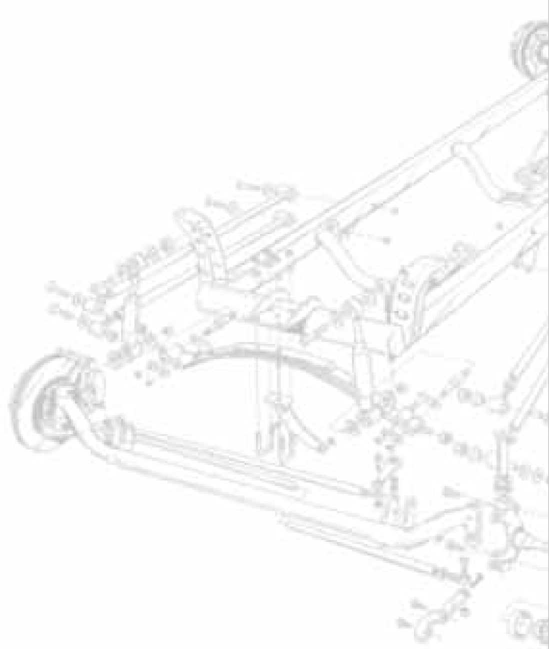
		As At 31st March,2011	As At 31st March,2010
Bank Interest & Commission		143.12	111.83
Interest to others/Hire Charges		5.22	3.09
	Total	**148.34**	**114.92**

Schedule 'N' Selling and Distribution Expenses

(Rs.in Lacs)

		As At 31st March,2011	As At 31st March,2010
Freight & Cartage		300.17	254.88
Shipping charges		47.81	36.80

Advertisement		28.98	15.94
Commission to agents		25.32	22.21
Turnover discounts		372.95	329.27
Samples		0.60	0.21
Discount & Rebates		293.50	251.34
Sales promotion expenses		12.00	17.37
Loss of Excise duty on Goods Return		0.25	1.00
Trade discount		105.70	103.44
Loss on Foreign Exchange fluctuations (See Note 1 (g),(h),26)		2.75	20.19
Sales tax Adjustment		0.00	0.10
	Total	**1190.03**	**1052.75**



Schedule "O" Notes forming Part of the Financial Statements:

1. Significant Accounting Policies:

(a) Basis for Preparation of Financial Statements:

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:

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

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

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

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

ii) Interest:

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

iii) Benefit under Duty Entitlement Pass Book 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 from investments is recognized when the Company's right to receive the payment is established.

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

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 (except freehold land). Historical cost includes all incidental costs related to the acquisition, installation, erection/commissioning of the concerned assets, including interest and financial charges on borrowings, if any, attributable to the concerned Asset, up to the date of the assets are put into use/assets is ready for its intended use.

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

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

Expenditure on New Projects and Expenditure during Construction etc.:

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

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

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

Leasehold land, acquired on 30 (Thirty) years lease basis, from “Adityapur Industrial Development Authority (“AIDA”) for setting of new unit at Jamshedpur and all the related expenses, up to the date & incidental to the, acquisition of the leasehold land, is capitalized.

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

(ii) Depreciation and Amortization:

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

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

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

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

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

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

(e) Inventories:

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

(a) Raw material & Components	:	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.
(e) Scrap	:	at estimated realizable value.

(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 valued 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.25 in Schedule “O”.

(h) Hedge Accounting:

The Company till date is not using the booking of forward contract as hedging instrument for covering its risk against currency fluctuations for it's all the import and export business carried on during the year, 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 is planning to use forward contract as hedging instrument, going forward, for all its import and export business, so to cover against currency fluctuations risk, as its overall business strategy.

(i) Research & Development:

Revenue expenses incurred for Research and Development for its existing products are charged to the Profit & Loss Account of the year. However Capital Expenditure for Research and Development is treated in the same way as other fixed assets and is capitalized in the year of acquisition/installation and are accounted for in the manner stated in clause 1 (d) above.

(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:

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.

Gratuity:

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

Leave Encashment:

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

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

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

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

(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, using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

(n) Earning Per Share:

Annualized Earning per Share (Basic) is computed by dividing the net profit or loss (after taxation) for the period, attributable to Equity shareholders, by the weighted average number of Equity Shares, outstanding during the period. Diluted 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.

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

(r) Expenses:

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

(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) Operating Leases:

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

(u) 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.

(Rs. In Lacs)

2. Contingent Liabilities	**As at 31.03.2011**	**As at 31.03.2010**
a) Guarantee given to PSIDC (for & on behalf of G.S. Radiators Ltd.), and bank for G.S. Automotive (P) Ltd. & G.S. Autocomp (P) Ltd.		
Balance Outstanding	**1270.35**	875.44
(Maximum Amount)	**1914.26**	1766.00
b) Claims against the Company not acknowledged as debt on account of Service Tax	**03.35**	03.35

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.NIL** (Previous year Rs.3.35 Lacs) has been deposited under protest along with penalty & interest of **Rs.NIL** (Previous year Rs.2.10 Lacs) and the total amount **Rs.5.45 lacs** (Previous year 5.45 Lacs) stands included under the head "Advances recoverable in cash or kind". The matter was decided in favour of the Company but the concerned authority has moved an application with the higher authority "Customs, Excise & Service Tax Appellate Tribunal, New Delhi" and is advised that the demand is not in accordance with Law. No provision therefore, has been made in accounts in respect thereof.

4. Estimated amount of contracts remaining to be executed on capital account (net of advances), not provided for **Rs.440.81 Lacs** (Previous year Rs. 77.87 Lacs).

5. Domestic Sales includes **Rs.114.40 Lacs** (Previous Year Rs.72.20 Lacs) on account of Job Work receipts.

6. 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.

7. 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.

8. Book Debts include a customer amounting to **Rs.2.81 Lacs** (Previous year Rs.2.81 Lacs), for which a legal case for recovery was filled by the company against the customer & the judicial authority has passed an order in favour of the Company for the Collection of the fullest amount from the concerned customer. However, the amount from the customer is still awaited. Except the above said amount, no other amount from debtors is considered as doubtful, for the current year.

9. No amount is due, as on balance sheet date, from other officers, except in the form of loan to employees or from directors or any of them either severally or jointly, with any other persons nor any debts due by firms or private companies, in which any of the directors is a partner or a director or a member.

10. Cash & Bank balances as per schedule "F", includes balance with "HDFC Bank Limited-Unclaimed Dividend account" **Rs.3.58 Lacs** (previous year Rs.Nil) as at balance sheet date & **Rs.14.54 lacs** (previous year Rs.13.55 Lacs), are held as margin money, as on balance sheet date. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary to make them comparable with those of the current year.

11. Figures in bracket indicate deductions.

12. **Micro & Small Enterprises:-Information in terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

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.

Sundry Creditors include following amount due to MSMED parties:-

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	**March 31, 2011 (Rs. Lacs)**	**March 31, 2010 (Rs. Lacs)**
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	**Principal - 70.31 Interest- Nil**	Principal - 42.63 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

13. Defined Benefit Plans for Employees (AS-15);

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

(Rs. in Lacs)

	As At 31st March 2011		As At 31st March 2010	
	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	141.30	-------	140.03	-------
(ii) Unfunded	-------	29.99	-------	25.59
b) Fair value of Plan assets	149.10	-------	125.88	-------
c) Net Liability/ (Assets) recognized in the Balance Sheet	(07.80)	29.99	14.14	25.59
ii) Amount to be recognized in the Statement of Profit & Loss A/c.				
a) Current Service Cost	20.14	15.89	22.25	15.41
b) Interest on Defined Benefit Obligation	10.71	1.54	7.83	0.68
c) Expected return on plan Assets	(12.17)	-------	(6.93)	-------
d) Net Actuarial (Gain)/Loss recognized in the year	(01.24)	1.89	30.98	8.08
Expenses recognized during the year	17.45	19.32	54.13	24.17
iii) Change in Defined Benefit Obligations and reconciliation thereof				
a) Present value of Defined Obligations at the beginning of the year	140.03	25.59	104.32	14.44
b) Interest Cost	10.71	1.54	7.83	0.68
c) Current Service Cost	20.14	15.89	22.25	15.41
d) Benefits paid	(28.07)	(14.92)	(24.39)	(13.02)
e) Actuarial (Gain)/Loss	(01.50)	01.89	30.02	08.08
f) Present Value of Defined Benefit Obligations at the Close of the year	141.30	29.99	140.03	25.59
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	125.88	-------	31.74	-------
b) Expected return on Plan assets	12.17	-------	6.93	-------
c) Actuarial Gain/(Loss)	(0.26)	-------	(0.96)	-------
d) Contribution by Employer	39.38	-------	112.56	-------
e) Benefits paid	(28.07)	(14.92)	(24.39)	(13.02)
f) Fair value of Plan assets at the close of the year	149.10	-------	125.88	-------

v) Summary of Actuarial Assumption				
a) Discount Rate (p.a.)	8.50%	8.50%	8.50%	8.50%
b) Expected rate of return on Plan Assets (p.a.)	9.25%	-------	9.15%	-------
c) Rate of escalation in salary (p.a.)	3.00%	3.00%	6.50%	6.50%

14. The Company has recognized Deferred Taxes , which results from timing differences between Book Profits and Tax Profit for the year aggregating **Rs.3.27 lacs** (previous year Rs.34.30 Lacs), in the Profit and Loss Account, the detail of which is as under:

(Rs. in Lacs)

	2010-2011	2009-2010
Major Components of Deferred Tax Liability:		
i Depreciation & Amortization	**105.51**	97.97
ii Others	**02.60**	04.16
Total (A)	**108.11**	**102.13**
Major Components of Deferred Tax Assets		
i Gratuity & unfunded Leave Encashment	**10.00**	00.00
ii Others	**00.66**	07.95
Total (B)	**10.66**	**07.95**
Net Deferred (Tax Assets)/Liability (A-B)	**97.45**	**94.18**

15. **Securities Premium Account:**

Securities Premium includes, premium on the re-issue of 24300 forfeited equity shares, allotted to others on the preferential basis on dated. 23rd May, 2008, of the face value of Rs.10/- per equity shares at a premium of Rs.80.25 per equity shares. The funds have been utilized towards the object of the issue.

Securities Premium Includes, premium on the issuance of 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. The funds have been utilized towards the object of the issue.

16. 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 09th 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 setting up of a new unit at Jamshedpur. As at 31st March, 2011, the Company has received **Rs.488.31 lacs** (previous year Rs.280.00 lacs), being a part of the total amount, due from the above said warrant holders.

17. 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.

(Rs. in Lacs)

Particulars	**2010-2011**	2009-2010
Profit Before Tax	**664.61**	646.99
Add: -		
i) Managerial remuneration	**67.12**	47.04
ii) Loss on sale of assets	**02.74**	06.32
iii) Provision for diminution in investments.	**01.05**	02.97
iv) Wealth Tax Paid	**00.00**	00.17
Sub Total	**735.52**	**703.49**
Less:-		
i) Profit on Sale of assets	**01.64**	00.00
ii) Profit on Sale of Investments	**03.76**	00.00
Net Profit u/s 198 of the Companies Act, 1956 for the year.	**730.12**	703.49
Maximum Remuneration which can be paid for the year @ 10%. on **Rs.730.12 Lacs** (Previous year Rs. 703.49 lacs)	**73.01**	70.35
Managerial Remuneration paid during the year. (Within the limits specified by Schedule XIII of the Companies Act, 1956)	**67.12**	47.04

18. Capital work in progress includes amount of **Rs.633.87 Lacs** (**Rs.27.27 lacs** included in Note no.24) (Previous year Rs. 59.22 Lacs) on account of machinery under installation, **Rs.68.98 Lacs** (Previous year Rs. 14.30 Lacs) on account of Building under construction, on account of electric fitting **Rs.0.60 Lacs** (Previous year Rs.NIL) and other assets **Rs.5.60 Lacs** (Previous year Rs.NIL).

19. Computation of Earnings per Share (EPS):

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

(Rs. in Lacs)

Particulars		As At 31st March, 2011	As At 31st March, 2010
Computation of Profit (Numerator)		**457.34**	404.69
Net Profit attributable to Shareholders as at 31st March	**(A)**	**457.34**	**404.69**
Computation of Weighted Average Number of Shares (Denominator) Number of Shares outstanding at the beginning of the year Of Rs.5/- (five) each. Weighted Average number of Equity Shares of Rs.5/- (five) each, issued pursuant to the Conversion of warrant.		**Nos.** **8000000** ------	Nos. 3400000 3450000
Weighted Average number of Equity Shares	**(B)**	**8000000**	**6850000**
Weighted average number of Equity Shares, which would be issued on conversion of warrant.		**4000000**	666667
Adjusted Weighted Average number of Equity Shares	**(C)**	**12000000**	7516667
Computation of EPS-Basic (in Rs.) As At 31st March	**(A/B)**	**5.72**	5 .91
EPS-Diluted- (in Rs.) As At 31st March	**(A/C)**	**3.81**	5.38

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

21. 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.

22. 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.

23. Balance with Central Excise & Revenue Authorities in schedule "F", under the heading "Loans & Advances", includes **Rs.599.46 Lacs** (Previous year Rs.492.75 Lacs) on account of pending Value Added Tax (VAT) refunds, due from the Sales Tax Authorities, Government of Punjab.

24. 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. The Company has a Research & Development Centre (Not approved by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India) on which following expenditure is incurred. Further, the Company is in the process of strengthening its Research & Development cell.

Expenditure incurred on Research & Development: **(Rs. in Lacs)**

	As At 31st March, 2011	As At 31st March, 2010
Capital Expenditure (Includes Work in Progress) (Includes in Note no.18)	27.27	10.86
Capital Expenditure (Sale of Machinery)	11.35	05.56
Revenue Expenses	70.79	27.12

25. The Accounting Standard (AS-11) “The effects of changes in Foreign Exchange Rates” prescribed by Companies (Accounting 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 “in other cases. 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 had 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.

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

(Rs. in Lacs)

	As At 31st March, 2011	As At 31st March, 2010
(i) Relating to Exports during the year recognized in the Profit & Loss Account.	(04.89)	(12.03)
(ii) Recognized in the Profit and Loss Account		
(a) on reinstate of Current Assets	01.26	(07.92)
(b) on reinstate of Current Liability	00.88	(00.24)
(c) to the extent regarded as an adjustment to interest cost on account of forward contract premium under Financial expenses.	(09.58)	(03.46)

27. **Un-hedged Foreign Currencies Exposures:**

    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(Rs. in Lacs)	Amount in foreign currency
Export of Goods	162.16	USD 363760.744
Export of Goods	117.35	EURO 185840.020
Export of Goods (Advance Recd.)	08.26	EURO 13084.530
Import of Goods (Advance Paid)	30.14	USD 67600.000

28. **Capitalization of Expenses**

Bank Interest & Labour Charges, in respect of Plant & Machinery & other Tangible Fixed Assets **Rs.10.19 Lacs** (Previous year Rs. 9.22 Lacs).

29. Miscellaneous Receipts consists of Insurance Claim received of **Rs.3.33 Lacs** (Previous year Rs.4.76 Lacs).

30. Advances recoverable in cash or in kind or for value to be received in schedule "F", under the heading Loan and Advances includes **Rs.8.98 lacs** (Previous year Rs.4.83 lacs) due from various employees of the Company. Maximum balance outstanding during the year **Rs.11.17 Lacs** (Previous year Rs. 9.16 Lacs).

31. **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.

32. **Expenditure incurred on Projects during Construction period at Jamshedpur (Including amounts grouped under Capital work in progress & preoperative expenses):**

(Rs. in Lacs)

	As At 31st March, 2011	**As At 31st March, 2010**
Land	31.04	27.07
Advance for Capital Goods	153.47	79.68
Building under Construction	68.98	14.30
Machinery under Installations	585.89	00.00
Other Assets	06.20	00.00
Traveling, Conveyance & Other Expenses	28.34	04.18

The Company has taken the above said land at Jamshedpur, for Jamshedpur plant, on a lease basis, as the commercial production of the Jamshedpur plant, has not commenced during the year , all the lease rent paid for the said land during the year, has been transferred to pre-operative expenses / expenses pending capitalization account.

33. **Secured Loans:**

Term Loans from bank is secured by way of Equitable Mortgage of all the Fixed Assets (Moveable's and immoveable) of the Company and also guaranteed by all the Directors of the Company. Working Capital Facilities (packing credit, cash credits & demand loan) from bank are secured by hypothecation of present and future stock of raw materials, work in progress, Finished Goods, semi finished goods, goods in transit, consumable stores, book debts and also guaranteed by all the Directors of the Company.

Amount of term loan includes, amount due for repayment, within one year, out of above said term loans, **Rs. 48.71 lacs** (previous year Rs. 59.82 lacs)

Vehicle Loans referred in schedule "C" are secured by way of charge of respective vehicles financed.

34. The 40,00,000 (forty lacs) equity shares allotted on dated 02nd August,2011(before record date/book closure of dividend), of the face value of Rs.5/- (five) each, at a premium of Rs.22.41 per equity shares, consequent to the conversion of 40,00,000 (Forty lacs) convertible warrants, into equivalent number of equity shares, earlier allotted on dated 09th February,2010, to the promoters & other on preferential basis, pursuant to the approval of the shareholders at the Extra Ordinary General Meeting, held on dated 26th December,2009, would rank pari passu with the existing

equity share capital, in all respect, including dividend declared for the year. Accordingly, Dividend has been provided for on 1,20,00,000 equity shares (after taking into consideration the above said 40,00,000 equity shares) of Rs.0.55 per equity shares, at the rate, recommended by the Board of Directors on the basis of shares issued & allotted up to 18th August,2011.

35. Other Liabilities

Other Liabilities include following amount, which will be credited to Investor Education and Protection Fund (on the expiry of the specified period, if the amount remains unclaimed at that time):-

(Rs.in Lacs)

	As At 31st March 2011	As At 31st March 2011
Unclaimed Interim Dividend on Equity	3.58	Nil

36. 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.

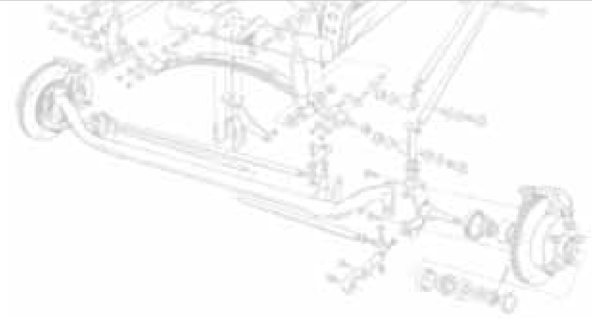
B. Description of the nature of transactions with the related parties: **(Rs.in Lacs)**

Related Persons	G.S.Automotives Pvt.Ltd.	G S Autocomp Pvt. Ltd.	G S Consumer Products Pvt. Ltd.
Purchases			
-Semi Finished Goods	4290.71	---	---
Labour Charges paid	5.34	---	---
Sales			
-Raw Material	129.93	---	---
-Labour Charges Received	118.33	---	---
-Machinery	13.21	---	---
Rent Received	3.00	0.72	0.12

Key Management Personnel:

(Managerial Remuneration) **(Rs.in Lacs)**

	As At 31st March, 2011	As At 31st March, 2010
Mr.Jasbir Singh Ryait & Mr.Surinder Singh Ryait	**As Disclosed in Note. 17 of Schedule "O"**	



37. a) Particulars In respect of the licensed Capacity and Actual Production:

		Licensed Capacity		Installed Capacity			Actual Production	
Class of Goods	**Unit**	**Current Year**	**Previous Year**	**Current**	**Previous Year**	**Unit**	**Current Year**	**Previous Year**
(A) MOTOR PARTS								
1. U - Bolts	MT	*	*	--	--	Pcs	1841773	1765635
2. H - Bolts	MT	*	*	--	--	Pcs	1690040	1585290
3. Centre Bolts	MT	*	*	--	--	Pcs	5803440	4944840
4. Shackle bolts	MT	*	*	--	--	Pcs	408807	430854
5. Spring Pin	MT	*	*	--	--	Pcs	1471837	1273418
6. King Pin	MT	*	*	--	--	Pcs	444628	328302
7. Axle Studs	MT	*	*	--	--	Pcs	1585660	1452910
8. Hanger Brackets	MT	*	*	--	--	Pcs	1336332	1186923
9. Bushes	MT	*	*	--	--	Pcs	768870	763706
10. Nuts	MT	*	*	--	--	Pcs	2606991	2723673
11. Miscellaneous	MT	N.A	N.A	N.A	N.A	Pcs	190750	100850
12. Axle & Acc.						Pcs	1413	661
13. Earth Moving						Pcs	1497	0
Total		***10000MT**	***10000MT**				**18152038**	**16557062**

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

37. b) Consumption of Raw Material & Components:

For the year ended 31.3.2011				For the year ended 31.3.2010			
Particulars	**Quantity (MT's)**	**Quantity (Pcs)**	**Value (Rs. in Lacs)**	**Particulars**	**Quantity (MT's)**	**Quantity (Pcs)**	**Value (Rs. in Lacs)**
1.Mild Steel	1256.205	--	420.17	1.Mild Steel	1224.37	--	371.50
2.EN Steel	6934.578	--	2517.55	2.EN Steel	6150.941	--	2125.37
3.M.S Scrap	30.14	--	5.60	3.M.S Scrap	101.025	--	18.75
4.Others	0.000	--	0.00	4.Others	0.000	--	0.00
5.Components	N.A	--	4063.87	5.Components	N.A	--	3277.03
6.a) Axle Tube	--	805	92.59	6.(a) Axle Tube	--	449	42.45
b) Axle Parts	--	130721	159.47	(b) Axle Parts	--	55493	99.81
Grand Total	**8220.923**	**131526**	**7259.25**	**Grand Total**	**7476.336**	**55942.00**	**5934.91**

37. c) Particulars regarding Opening Stock, Closing Stock and Sales of finished Goods:

AS ON 31.3.2011

CLASS OF GOODS	OPENING STOCK		SALES		CLOSING STOCKS	
	Qty [Pcs]	Amount (Rs. in Lacs)	Qty [Pcs]	Amount (Rs. in Lacs)	Qty [Pcs]	Amount (Rs. in Lacs)
A.MOTOR PARTS						
1.U - Bolts	30436	28.00	1801857	2381.03	70352	71.80
2.H - Bolts	62046	12.56	1702630	593.27	49456	10.42
3.Centre Bolts	59438	7.22	5676422	1339.76	186456	40.21
4.Shackle bolts	58850	6.96	397676	255.15	69981	14.48
5.Spring Pin	27021	12.75	1470976	1179.75	27882	15.90
6.King Pin	11120	9.10	438124	453.12	17624	6.99
7.Axle Studs	81960	4.94	1538060	82.17	129560	6.87
8.Hanger Brackets	21545	43.84	1310201	3186.27	47676	138.91
9.Bushes	7363	6.09	749861	1241.45	26372	52.69
10.Nuts	242263	19.31	2663251	663.39	186003	18.28
11.Miscellaneous	11230	0.22	183800	4.47	18180	0.21
12.Axle& Acc.	58	0.56	1240	283.46	231	42.15
13. Earth Moving			556	1.08	941	1.73
	613330	**151.55**	**17934654**	**11664.37**	**830714**	**420.64**
B.Wheel Rim& Acc.	1029	35.59	2319	44.35	1747	11.81
C.Scrap		9.55		113.39		0.90
D.Job Work Receipt				114.40		
Total	**614359**	**196.69**	**17936973**	**11936.51**	**832461**	**433.35**

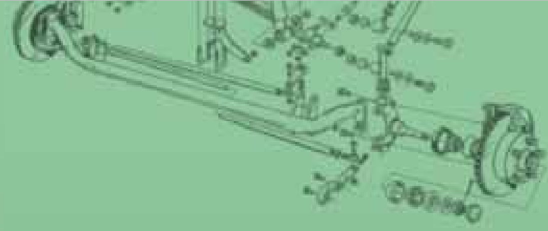
AS ON 31.3.2010

CLASS OF GOODS	OPENING STOCK		SALES		CLOSING STOCKS	
	Qty [Pcs]	Amount (Rs. in Lacs)	Qty [Pcs]	Amount (Rs. in Lacs)	Qty [Pcs]	Amount (Rs. in Lacs)
(A) MOTOR PARTS						
1.U - Bolts	69991	50.56	1805190	2160.20	30436	28.00
2.H - Bolts	94852	15.61	1618096	503.43	62046	12.56
3.Centre Bolts	175634	14.82	5061036	1196.69	59438	7.22
4.Shackle bolts	56530	6.59	428534	225.68	58850	6.96

CLASS OF GOODS	OPENING STOCK		SALES		CLOSING STOCKS	
	Qty [Pcs]	Amount (Rs. in Lacs)	Qty [Pcs]	Amount (Rs. in Lacs)	Qty [Pcs]	Amount (Rs. in Lacs)
(A) MOTOR PARTS						
5.Spring Pin	49024	28.97	1295421	965.68	27021	12.75
6.King Pin	22560	7.76	339742	318.48	11120	9.10
7.Axle Studs	225400	8.82	1596350	83.18	81960	4.94
8.Hanger Brackets	17490	33.74	1182868	2713.08	21545	43.84
9.Bushes	25715	25.24	782058	1163.33	7363	6.09
10.Nuts	362478	22.74	2843888	618.60	242263	19.31
11.Miscellaneous	6025	0.32	95645	2.82	11230	0.22
12.Axle& Acc.	45	1.05	648	186.69	58	0.56
	1105744	**216.22**	**17049476**	**10137.86**	**613330**	**151.55**
B. Wheel Rim (Trading)	350	12.89	2864	43.05	1029	35.59
C. Scrap		1.50				9.55
D. Job Work Receipt				72.20		
Total	**1106094**	**230.61**	**17052340**	**10253.11**	**614359**	**196.69**

(Rs. in Lacs)

	For the year ended 31.3.2011	For the year ended 31.3.2010
37. d) Value of Imported & Indigenous Raw Material, Spare Parts Components consumed and percentage of each to the total consumption:		
i) Raw Material		
- Imported	186.00	61.20
- Indigenous	3009.38	2596.68
ii) Spare Parts & Components		
- Imported	0.00	0.00
- Indigenous	4063.87	3277.03
37. e) Earnings in Foreign Exchange (On cash basis)		
- Export of goods calculated on FOB Value	868.13	707.71
37. f) Expenditure in Foreign currency (On cash basis) on account of :		
i) Traveling	5.01	1.13
ii) Commission on Export Goods	9.41	8.84
iii) Purchase of Finished Goods	6.22	8.09
iv) Purchase of spare parts for Machinery Repair	5.14	6.52
v) Purchase of Raw Material	148.87	61.90
vi) Others	4.51	0.00
vii) Advance to Suppliers	30.60	0.00



38. **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. L34300PB1973PLC003301 State Code 16

Balance Sheet Date 31-03-2011

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

Public Issue: NIL	Share Application Money: NIL
Warrant Allotment Money: 20831	*Preferential Allotment: NIL

*Excluding Securities Premium

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

Total Liabilities: 487438	Total Assets: 487438

SOURCES OF FUNDS

Paid-up Equity Share Capital: 40000	Share Application Money: NIL
Warrant Allotment Money: 48831	*Reserve & Surplus: 230633
Secured Loans: 167974	Unsecured Loans: NIL

APPLICATION OF FUNDS

Net Fixed Assets (Including Capital WIP): 189711	Investments: 3599
Net Current Assets: 292409	Misc. Expenditure: 1719

* Including Deferred Tax Liability Amounting to Rs. 9745 Thousands

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

Turnover (Including Other Income): 1198679	Total Expenditure: 1132218
Profit Before Tax: 66461	Profit After Tax: 45734

Earning Per Share in Rs.
Basic 5-72 Diluted 3-81

Dividend Rate % : --11

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No. (ITC Code) 87089900

Product NON-THREADED

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: August 18th, 2011**	**SURINDER SINGH RYAIT** **Managing Director**	**RASHMI SHARMA** **Company Secretary** **Ludhiana: August 18th, 2011**

Green Initiative

E-Communication Registration form

(In terms of circular No. 17/2011 dated 21.04.2011 issued by Ministry of Corporate Affairs)

Folio No. / DP ID & Client ID : ....

Name of 1st Registered Holder: : ....

Name of Joint Holder (s) : ....

Registered Address : ....

....

....

E-Mail ID (to be registered) : ....

I/We shareholders of G.S. Auto International Limited agree to receive communication from Company in electronic form. Please register my above e-mail ID in your records for sending the Communication, through e-mail.

Date: Signature: ....

Place: (First Holder)

Note: Shareholders are requested to keep the Company informed, as and when, there is any change in e-mail address.

Dear Shareholders,

The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' for promoting paperless compliances by companies. According to the circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011, companies can send notices /documents to its shareholders through electronic mode.

This move by MCA is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. Your Company hails the spirit of this green initiative, towards facilitating paperless communication, which incidentally underlines your company's focus as well on eco-friendly and sustainable products and services.

The Company therefore intimated to its shareholders through mail on dated 17.05.2011, to send the annual report comprising notice calling the annual general meeting, audited financial statements, directors' report, auditors' report etc. for the year ended March 31, 2011 and other documents/communications which may, henceforth, be issued by the company, in electronic form, to the email address provided by the shareholders and made available to the Company by the Depositories.

Further in this regards, we once again request to all the our shareholders, who have not registered their email IDs with the Company or their Depositories, to register the same by filling the Registration form attached herewith.

Members can apply to change their email IDs registered with the Company by sending a mail at sharedept@gsgroupindia.com through the registered email IDs only with the Company.

Please note that as a member of the Company you will be entitled to receive all such communication in physical form, upon request.

We are sure, you will appreciate this green initiative and will co-operate wholeheartedly in its implementation.

G.S. Auto International Limited

Registered Office : G.S. Estate, G.T. Road, Ludhiana - 141010

FORM OF PROXY

Folio/Client ID No.	
No. of Shares	

I/We .... R/o .... being a member/members of above named company, hereby appoint .... R/o .... or failing him/her .... R/o .... as my/ our proxy to vote for me/us on behalf, at Thirty Seventh Annual General Meeting of the Company to be held on 30th September, 2011 and at any adjournment thereof.

Signed this .... day of .... 2011.

Affix revenue stamp

Notes: a) This form should be signed across the stamp as per specimen signature registered with the Company.
b) The form should be deposited at the Registered Office of the Company forty eight hours before the time for holding the meeting.

G.S. Auto International Limited

Registered Office : G.S. Estate, G.T. Road, Ludhiana - 141010

ATTENDANCE SLIP

ANNUAL GENERAL MEETING
to be held on 30th day of September, 2011
at 10.00 A.M. at Registered Office of the Company
at G.S. Estate, G.T. Road, Ludhiana - 141 010

NAME OF THE ATTENDING MEMBER
(IN BLOCK LETTERS)

Folio No/Client ID

No. of Shares held

NAME OF PROXY
(IN BLOCK LETTERS, TO BE FILLED IN
IF PROXY ATTENDS INSTEAD OF THE MEMBER)

Signature of Member/Proxy

I HEREBY RECORD MY PRESENCE AT THE Thirty Seventh Annual General Meeting held on 30th September, 2011.

THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Notes

Notes

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

G.S. AUTO INTERNATIONAL LIMITED

G.S Estate, G.T. Road, Ludhiana - 141 010 (INDIA) Tel.: +91-161-2511001- 5 (5 Lines)

Fax: +91-161-2510885, E-mail: info@gsgroupindia.com