Spreading the Wings

2011 2012

38th Annual Report

G.S. Auto
International
Limited

Manufacturers
of Auto Components

An
ISO/TS 16949
Company

About the Cover page

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

"Growth is a continuous process, one should move forward, whatever the circumstances or environment may be. There will be tough times; those who invest in the future will continue to reap the benefits, in all the years to comes, when the tide turns in their favour".

"In the days to come, your Company's main focus and thrust will remain to "spread its wings" in the different segment of Automobile Industry through diversifications cum expansions".

"Your Company is in the very early stage of its Growth plan, in continuation to this, the Company has already embarked a major expansion plan, with the setting up of a new manufacturing unit, with a total installed capacity of 12000 metric tonnes liquid metal per annum (in two phases) for the manufacturing of Spherodial Graphite Cast Iron Components at Jamshedpur, with a capital expenditure of Rs. 64 cr".

"There is no help for you outside of yourself; you are the creator of the universe. Like the silkworm you have built a cocoon around yourself.... Burst your own cocoon and come out aw the beautiful butterfly, as the free soul. Then alone you will see Truth".

– Swami Vivekananda

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

Strengths, Highlights & Motto

"Flowers are the sweetest things God ever made and forgot to put a soul into"

— Henry Word Beecher

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

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

i) Original Equipment Manufacturers (OEM)
ii) After Sales Market
iii) Export

The Strength of your Company lies in Consistence performance from Several years.

The Strength of your Company lies in long standing business relations with all the Original Equipments 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.

"G.S. Auto International Limited" one of the leading automotive fastening & suspension components Company in North India, has been partnering as the back bone of the Indian Automotive Industry, from the past several years. We have come a long way, since we began the journey, but it has been one worth while journey for all of us; however the way we look at it's, for "G.S.", it is just beginning and had far miles to go ahead like a back bone in any body. We are proud to be present in almost all the commercial vehicles, manufactured in India, in one or the other way. During the year under review, despite of all the inflationary pressures along with the monetary tightness, the Automotive Industry has grown 13.85% on year on year basis as compared to 27.5% in financial year 2010-2011.

Your Company during the year has registered a growth of 9.37% in net sales as compared to previous year but there was margin pressure due to continuous rise in the commodity prices along with the interest rates. However, the EBIDTA margins of your Company had grown marginally to 8.03% to total income, as compared to previous year of 7.59%, mainly due to cost reduction in different departments along with increase in other income on account of gain on foreign exchange rate fluctuations due to rupee depreciation.

The Construction of the Jamshedpur project for the total installed Capacity of 12000 metric tonnes liquid metal per annum, for a total capex of Rs. 64 Cr., for the manufacturing of Spherodial Graphite Cast Iron Components, is at full swing. The commercial production of the first phase will commence within next couple of months.

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

"The G.S. 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 "G.S." is the epitome of safety for all our valued stakeholders.

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

Vision & Priniciples of Business

Vision:

The Global Indian Auto Component Brand:

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

To build a world class Company through reliability and be a great place to work:

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

The Most preferred employers in the Auto Component Industry over a period of time:

Our Company should be the most preferred Company to work for any employee. Here he should feel like an owner, be able to live his dreams, fulfill all his professional goals and have fun while doing so, because we at "G.S." 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. "G.S." is geared to respond with utmost dedication and an undying spirit of enthusiasm that inspires and unifies while giving the customer a unique advantage. "G.S." culture encourages and enables employees to participate as a team member and take initiatives; this spirit of entrepreneurship is a key mile stone of G.S. philosophy;

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

Principles Of Business:

Sense of Urgency & Customer Centric:

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

Better relationships and better quality of products & services:

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

Reliability:

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

Continuous Improvement for excellence and consistency.

Every employee work with "G.S." 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.

> "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"
>
> —J Willard Marriott Sr.

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

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

Mr. Neeraj Tuli
Chief Financial Officer

Ms. Rashmi Sharma
Company Secretary

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

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

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

Website: **www.gsgroupindia.com**
email: **info@gsgroupindia.com**

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

Registrar & Share Transfer Agent
M/s. Skyline Financial Services Pvt. Ltd.
D-153 A, Okhla Industrial Area, Phase 1
New Delhi-110 020
Phone : 011-30857575 (10 Lines)
Fax: 011-308575762
Email : admin@skylinerta.com

Chairman's Message

Dear Shareholders,

It is my privilege to present the Thirty Eighth Annual Report of your Company. Fiscal year 2011-2012 was one of the most challenging years in the automobile industry. When everyone is expecting a turnaround in the global economy and financial crisis, the unexpected developments in the Eurozone once again dashes the hope of the recovery in the world economy. The economic situation could get worsen in Euorpe in the days to come and US recovery is also not too encouraging. But, before blaming all on the Europe and to the external markets & environment, it would make sense to see that there is a lot that can be done within India.

> "Always bear in mind that your own resolution to succeed is more important than any other"
>
> — Abraham Lincoln

After continuously growing in high growth trajectory in the past many years, the Indian economy too has run into rough weather. The continuous high inflation in Indian economy compelled the Reserve Bank of India to choose the path of continuous higher interest rate regime primarily due to lack of innovation in managing the supply side inflationary pressures. The Global economic uncertainty coupled with our Government's exclusive focus on tightening monetary policy by continuously interest rate hike throughout the years along with the lack of policy consensus for all the critical economic reforms and so on, have resulted in a decline of the country's economic growth from 8.5% in 2010-2011 to 6.5% in 2011-2012 & 5.3% in the last quarter of the fiscal year 2011-2012. It is unfortunate that we missed the opportunity to reap significant gains for our country even as we were comparatively insulated from the global slowdown. We have failed to make policy and structural reforms over the past two years to propel Indian economy towards its growth targets. As policy initiatives

continue to flounder, we have been witnessing an alarming slowdown in industry as reflected in a weakening IIP growth for the year.

This has adversely impacted capital intensive initiatives by India Inc. Besides, the surfacing of various high-level improprieties, forced the active involvement of the Indian judiciary, which diverted the policy makers' attention on managing tough situations and compulsions of coalition politics, have further resulted in a freeze on growth oriented policies. The other roadblock that severely challenged economic progress was the sharp rupee depreciation and increasing fuel prices. The depreciating rupee as compared to USD is good news for the exporters but it is not beneficial for the country like India, where we are the net Importer. The prevailing overall uncertainty and lack of optimism, bulging fiscal deficit, rising cost of funds and increased cost of living forced India Inc., and the average Indian to postpone investment and consumption respectively.

There is sheer pessimism in India Inc, which will have to be reversed; either the Reserve Bank of India or the Government of India will have to take some calibrated bold step to put the economy back on the growth track. The Inflationary pressures can be there but with the reduction in the rate of interest by the Reserve Bank of India along with some policy initiatives on key reform areas by the Government of India, there can be some confidence booster, which in turn will provide investment opportunity to the India inc, which will further leads to revival in the domestic demand, in other senses, the Indian's can feel comfortable to bear the inflationary pressures, with more disposable income in their hand.

I am confident that if the government is able to take the initiatives in certain key areas and kick-start economic reforms, the economy will turn around in this fiscal to grow at about 6.5-7%. This would provide a platform to return to 8-9% growth in the medium term. Implementation of reforms coupled with removal of bottlenecks that have stifled economic growth would restore investor confidence and revive the momentum for sustained high economic growth.

Demographically and economically, India's automotive industry is well positioned for growth, servicing both domestic and export opportunities. According to Automotives Components Manufacturers Association (ACMA) estimates in the Automotives Mission plan 2016, the total turnover of the automotive industry in India would be in the order of USD 122-159 billion in 2016, accounting for more than 10% of India's GDP. As per the Society of Indian Manufacturer Association (SIAM) estimates, the Indian passenger vehicle production is expected to grow three times to 9.7 million by 2020 from the current level of 3.3 million. The longer term growth story of the Indian economy is quite strong but we will have to take some key policy decisions on some economic reforms area at the earliest.

"Don't judge each day by the harvest you reap but by the seeds that you plant"

— Robert Louis Stevenson

The key highlights of your Company's performance during the year are:

Your company has generated revenue from operations (Net) of Rs. 13078.66 lacs as compared to previous year of Rs. 11961.86 lacs, registering a growth of 9.34% over previous year.

Total revenue increased by 9.50% to Rs. 13125.46 lacs, (other income increased to Rs. 46.80 lacs, as com-pared to previous year of Rs. 24.93 lacs, an increase of 87.73%, primarily due to exchange rate fluctuations due to depreciation of rupees vis-à-vis to USD), as compared to previous year's total revenue of Rs. 11986.79 lacs.

Earnings before interest, taxes, depreciations and amortizations (EBIDTA) grew by 15.76% to Rs. 1053.32 lacs as compared to previous year of Rs. 909.89 lacs. The EBIDTA margin was 8.03% as compared to 7.59% for the previous year.

However, profit after tax (PAT) during the year, almost remains flat at Rs. 461.23 lacs as compared to previous year of Rs. 457.34 lacs, mainly due to increase in financial cost (increase of 68.10% as compared to previous year), increase in commodity prices and increase in taxes (increase by 11.08% as compared to previous year) to some extent, clearly shows that there was margin pressure during the year.

It was a tough & challenging year particular for the manufacturing sector in the backdrop of rising interest rate & increase in the commodity prices. However, we have registered marginal growth during the current year in terms of our total revenue but due to increase in the interest cost, the profit after tax was almost remain the same. As I had already discussed with you, some of the issues with regards to lower profitability margins, in my previous year address to you. We are working on all the different aspects so to overcome all the issues, with regards to improvement in the overall margins. The continuous rise in the interest cost as well as increase in the commodity prices will remain the major issues, which will continue to create a margin pressures in the days to come.

I would like to take this opportunity to thank our Managing Director, Mr. Surinder Singh Ryait and his team for maintaining the company's performance in such a volatile cum challenging environment; and all our employees who have worked very hard to protect our top and bottom lines. I am grateful to our Directors who, as always, have been a source of guidance and incredible support for your company.

We are already working towards creating new capacity in different regions of the country apart from Jamshedpur, along with the diversification in other segment of the automotive industry by increasing its product portfolio. I am hopeful, once we commence the commercial production at Jamshedpur, it will not only give a big boost to our top line but will improve the overall profitability margins of the Company. We will continue to focus on strengthening our presence in the after-market segment and will fill the required necessary gaps in our product offering, widened our

"It is during our darkest moments that we must focus to see the light"

— Aristotle Onassis

distribution network and will continue to invest in enhancing brand visibility resulting in increased market share.

It gives me immense pleasure to welcome Mr. Jasbir Sing Bir (IAS (Retd.)) on board as an Independent Director. Mr. Bir is a 1989 batch Indian Administrative Service (IAS) Cadre Officer. He has served the Punjab Government as an IAS Officer from 1989 to 2010 on difference positions including Divisional Commissioner of Patiala District, Secretary to the Government of Punjab, Department of Personnel and General Administration, Director cum Secretary Cultural Affairs, Archeology and Museum and Secretary General Administration and Commissioner MC Amritsar. I also invited Mr. Bir, to be a member of the Shareholders & Investors Grievance and Audit Committee of your Company.

With the joining of Mr. Bir, on 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.

The overall market have been very competitive, one has to be extremely efficient with men, material, capital deployment, prefect execution to generate a reasonable long term profit growth. In the days to come, our main focus will remain to enhance our competitiveness along with the overall improvement in the profitability margins by all-round cost reduction, improving quality of the products, cost effective & improving our in house research & development activities. In the current fiscal, the challenges posed by an adverse external environment are expected to continue. India's economy is expected to grow at 6.5-7%. Inflation will remain high at 7.5%-plus levels. The political instability continues to withhold the passage of important growth-oriented policies. The rupee value continues to hover around Rs. 55 against the US$, making imports dearer, in the near term. As a result, the performance of India Inc. will largely remain subdued during the current fiscal. This is already reflected in low IIP growth and significant underperformance by the automobile industry.

However, in spite of all the above said issues, I am quite hopeful for the long term Indian growth story and particularly for the Indian automotive industry along with the auto component industry and am cautiously optimistic in the near term.

Let me conclude by thanking all our shareholders, business partners, our Investors, Customers, Vendors, Suppliers, all our Stakeholders, financial partners specially our new financial partners "Export Import Bank of India" & "Axis Bank Limited" & all the well wishers. I am 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; my congratulations to all of them & my heartiest thanks to yours for your continued support & faith. With your support, we are confident to sail through all the difficulties & challenging environments in the days to come.

With best Wishes
and Warm Regards

Jasbir Singh Ryait
Chairman

Letter from Managing Director

Dear Shareholders,

I am happy to share with you that we have been able to maintain a satisfactory performance in spite of the prevailing uncertainties in the economy. The financial year 2011-2012 was a year full of challenges for the automotive sector. The continuous rise in the interest rate, which more often used as a tool to curb the inflation, but unfortunately does not work in that direction, along with some other internal and external factors, leads to slowdown in the demand of automotive segment in particular and overall Indian economy at large. The economic slowdown has been caused by two disturbing developments – a crisis of confidence at the national level which is entirely an indigenous and avoidable creation and the European economic distress. However, I thank my entire team & colleagues for the satisfactory performance during the year, as without their efforts & continuous hard work, we will not able to achieve this performance, in such a difficult & challenging environment.

"Progress always involves risks. You can't steal second base and keep your foot on first"

— Frederick Wilcox

I have no intention to burden you with all the familiar figures of the last fiscal 2011-2012, which are all well known to you. Let me share with you some of your company's growth strategy going forward, as I have already discussed with you on the same platform previous year that the company is in the process of setting up a new manufacturing unit at Jamshedpur, for Spherodial Graphite Cast Iron Components, for a total installed capacity of 12000 tonnes liquid metal per annum, in two phases, with a total capital outlay of Rs. 64 Cr. The capacity to be created at Jamshedpur, after successful completion of both the phases, is almost more than three times of our existing capacity at Ludhiana, of Spherodial Graphite Cast Iron Components. Once we successful commence its commercial production, we will cater to other segment of automotive industry along with the widening of our product portfolio, which will give us better overall operating margin as compared to our existing margins. This plant will cater to the requirements of all the major original equipments manufacturers in that region along with the supply to after sales market & export market. This will further reduce our transportation, energy, labour & material cost to a great extent. I thank our new financial partners "Export Import Bank of India & Axis Bank Limited" for extending their financial assistance for the overall financial closure of the above said project. The first phase commercial production of this unit will commence within next couple of months.

As I had already discussed with you that the Board of Directors of your Company had already decided to merge one of it's our group company, G.S. Automotives Private Limited, with your company, so to consolidate the group business.

Due to some reason that merger was unfortunately could not be completed in last fiscal, but the merger will be completed by this fiscal. G.S. Automotives private limited, is a closely held company, supply all its production to your company, which is ultimately causing to addition in valued added tax (VAT) refund of app. more than Rs. 1.25 Cr. per quarter, whereas G.S. Automotives is paying to the government exchequer almost the same amount of valued added tax per quarter. As at 31st March, 2012 an amount of Rs. 738.07 lac is pending on account of vat refund, which is another way, sucking the liquidity from the system further causes to overall increase in the working capital requirements & interest cost, to that extent. Upon the completion of the merger, the pending refunds on account of vat, will almost be negligible & in other way will improve the liquidity position of the company along with the reduction in interest cost to that extent.

We are constantly innovating and enhancing our competitiveness – by reducing costs, especially wasteful expenses, better sourcing, and by finding newer applications for our products and newer markets outside India. We have supplemented waste reduction initiatives with a substantial improvement in productivity in our manufacturing unit. We are working on each & every department to reduce cost, improve quality & productivity and increase value addition, all of which would have a positive impact on our profitability, going forward. In today's competitive world, cost competitiveness is the only advantage your company can enjoy, we have laid down emphasis on the lean in all aspects of manufacturing be it lean in raw material, finished goods, production cycle etc's.

“The only man who never makes a mistake, is the man who never does anything” — Theodore Roosevelt

The inner pages of this Annual Report will give yours the inner sight & in-depth view of the Company and its performance during the Financial Year 2011-2012 in details, market challenges & opportunities and other factors that impact your Company's business. I thank all my Board Members of the company for continued faith, support & guidance in steering the Company forward.

The overall sentiment in the market place, international as well as domestic, is not pointing towards stability and a definite growth trajectory. Even if concerted efforts are initiated by the world's leadership, a reversal of the trend will be visible only in the medium term. The global macro environment is currently posing risks, the probability of a major euro zone crisis is high & rising and with no hope of any recovering from the rest of the world, there remain headwinds in our domestic economy too with the higher inflation rate, higher interest rate & continuing ballooning fiscal & current deficits. But with all the gloom & doom scenario in all over the world I am cautiously optimistic in the near term. If the Indian government will take certain key policy reforms along with the some action from the Reserve Bank of India, I am hopeful that Indian economy will return to its high growth trajectory in the years to come, which will ultimately revive the required necessary confidence to the global investors too.

"Do not go where, go instead where there is no path and leave a trial" — Ralph Waldo Emerson

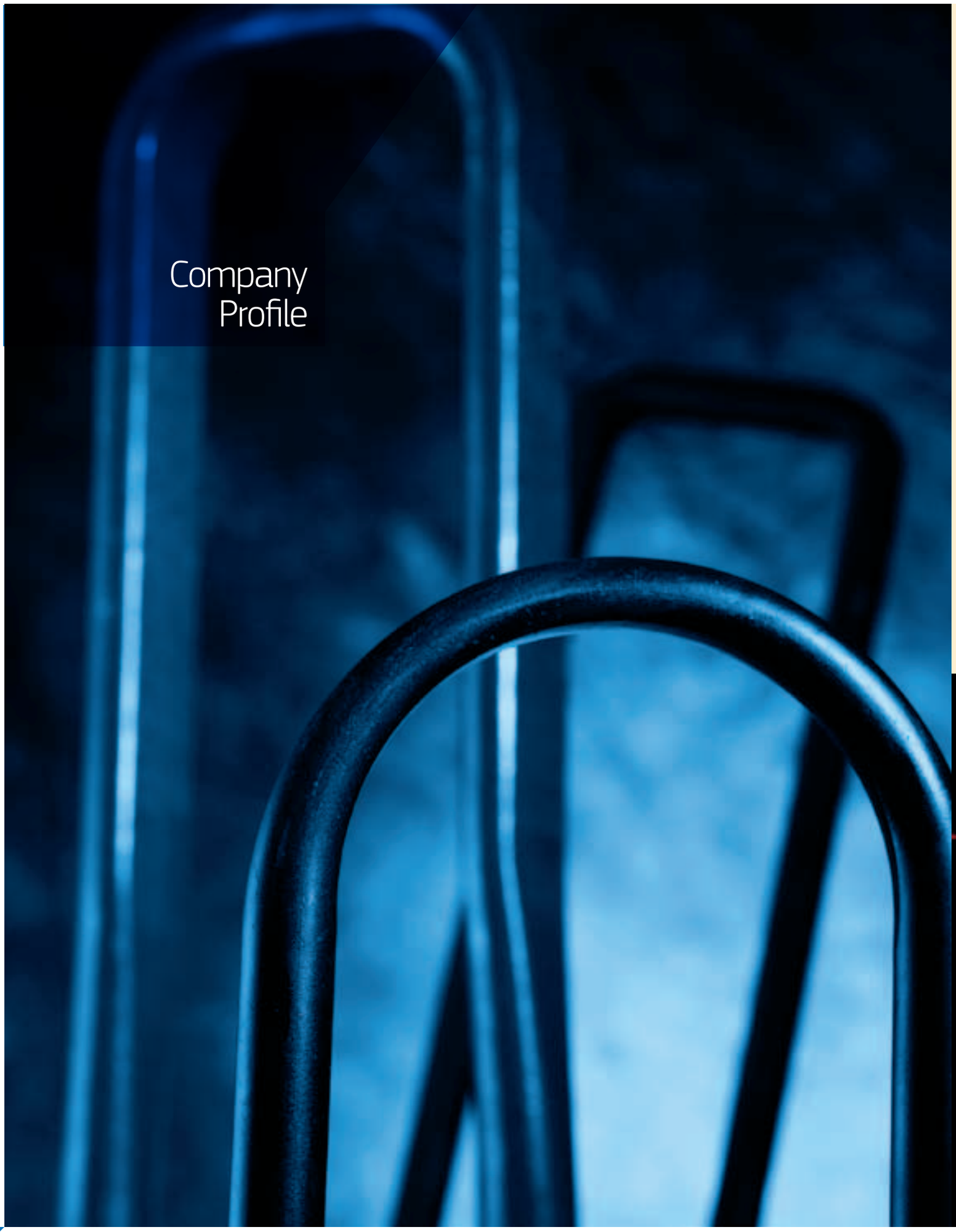
Let me conclude with thanks to all the our Stakeholders, Customers, Shareholders, Financial Partners, suppliers, Customers and above all my team members, as without their support and hard work, we cannot achieve these results, in such an economic environment.

I further assure you that we would continue to create long term value creation for all our stakeholders, shareholders & investors. I look forward to your continued support as your Company embarks on the next phase of its growth journey.

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 and constructing a new manufacturing facility spead over an area of 3 (three) acres at Jamshedpur.

We are an established leader in all our product segments. National and International Tier 1 and Automobile Majors Like Tata Motor, Ashoka Leyland, Maruti Udyog Ltd., SML ISUZU Limited, VE Commercial, Hindustan Motors Ltd., VOLVO, Mahindra & Mahindra International Pvt. Ltd, Daimler India Commercial Vehicles 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 "G.S." 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. It is our continous endavour to expand our extended family of distributors and retailes so to form a formadible team of "G.S."

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 Company.

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 cast components.

The following is the Product Range:

< Machined Parts:

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

Ductile Iron Cast Components >

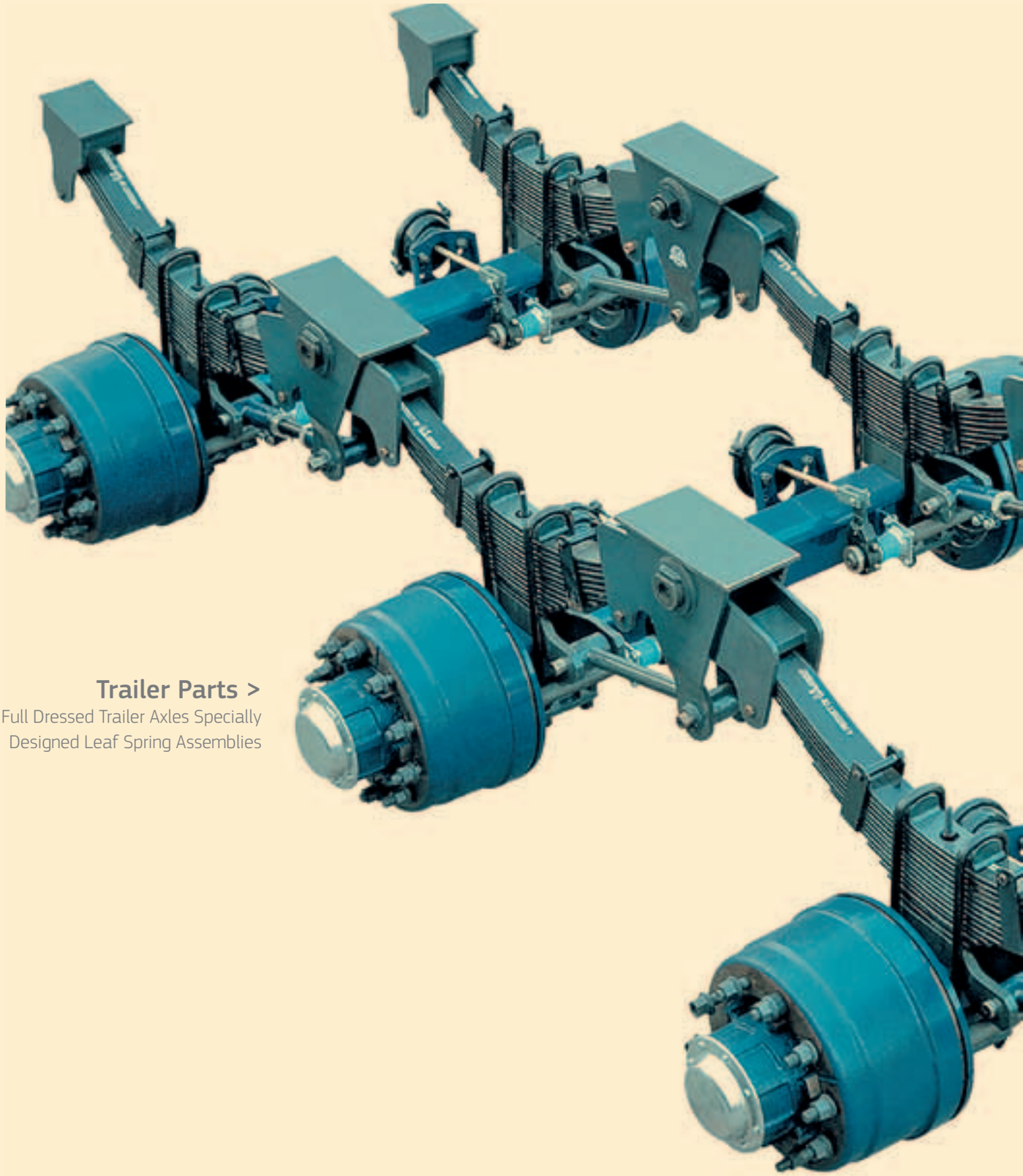
Spring Hanger Shackle/Bracket
Engine Mounting

Base Plates

Threaded Rings

Compressor Mounting Bracket

Casting in Weight Range
1-20 Kgs

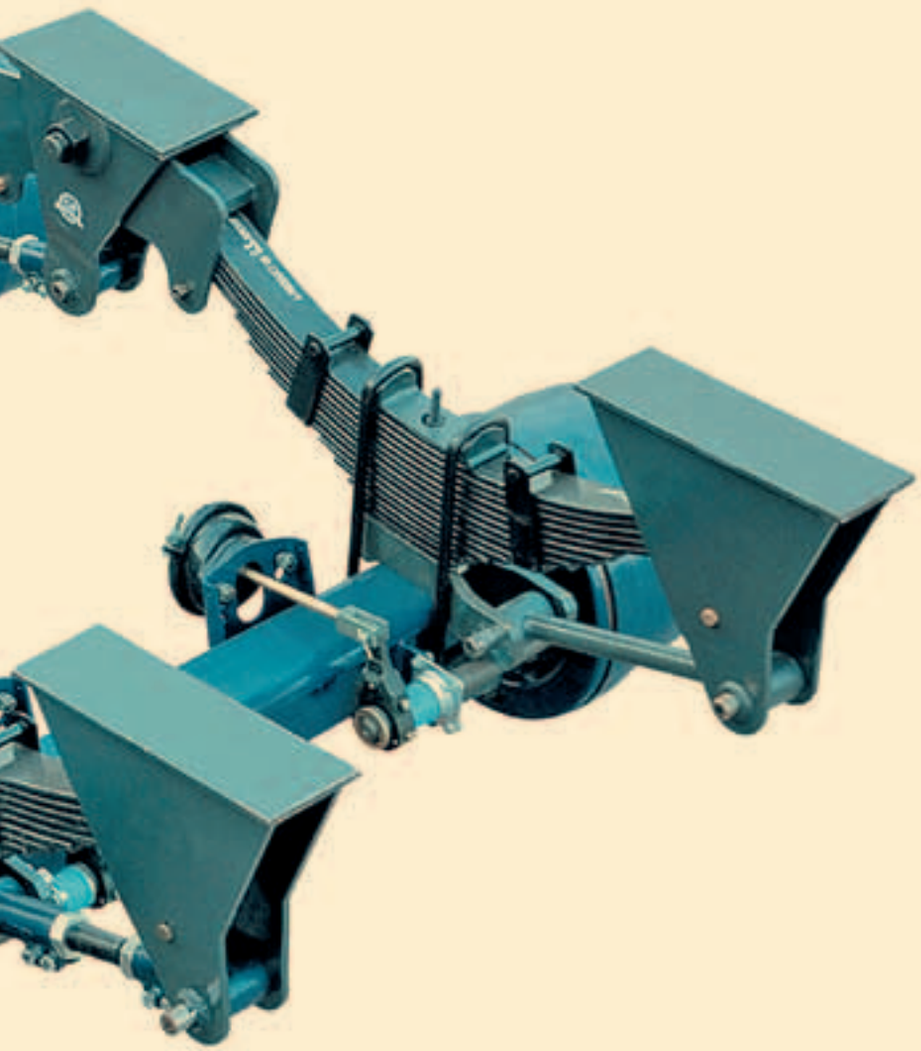


Trailer Parts >

Full Dressed Trailer Axles Specially Designed Leaf Spring Assemblies

< Non-Ferrous Cast Components:

Customized Aluminium
Bronze Parts of different sizes



^ Forged Parts:

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

Customer Base:

G.S. Auto has a strong presence in:

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

OEM segment:

The strength of G.S. 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, SML Isuzu, Daimler India Commercial Vechicles Pvt. Ltd., Volvo & ARVIN Meritor etc.

Replacement Market:

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

Export market:

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

Manufacturing Facility:

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

The Company has in house Foundry Plant with One Tonne capacity Furnace melting 900kgs metal along with Linear Moulding Machines & Mould Making Machines. As a manufacturing Company, over the years we have multiplied capiacities, built up technologies and invested in equipments that place us in a unique league. At G.S, the focus is on achieving best possible quality through stringent control on repeatability of manufacturing process. All manufacturing processes for processing of Alloy Steel Components i.e. Annealing, Bar drawing, Hot Forging, Cold Forging, Precision Machining, Heat Treatment an Induction Hardening are available under one roof and are made to perform to deliver finished goods of highest quality acceptable to valuable customers.

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

Systemized Approach:

Towards Global Competitiveness:

G.S. always strive to manage the resources using globally tested concepts and techniques. After successful implementation of 5S, 3M concepts with in 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, we have always stressed our nerves to keep our customer highly satisfied. Principal approach is cost effectiveness by reduced rejection rate and process control.

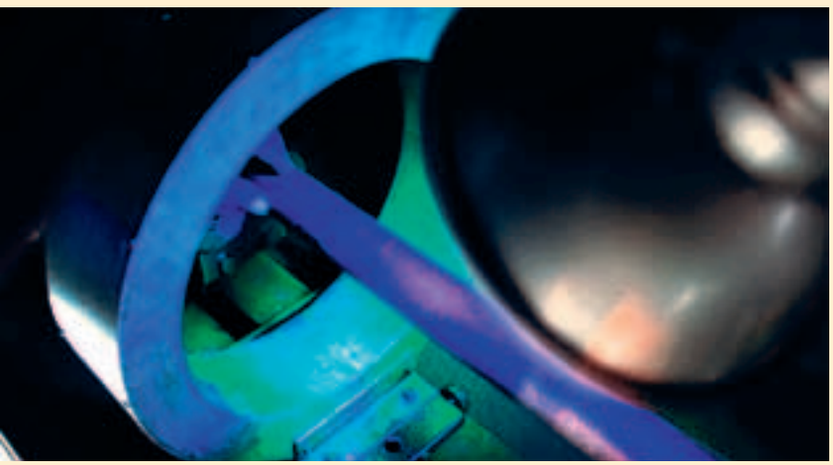
Access To Latest Technology:

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

Quality is a Mission:

From the very beginning, G.S. Auto has always shown incessant thirst for Product Quality and Customer satisfaction. At G.S. each component passes through series of stringent tests of quality from design stage to manufacturing. Conformance to Quality is 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.

APQP (Advanced Product Quality Planning)
PPAP (Production Part Approval Process)
FMEA (Failure Mode Effect Analysis)
SPC (Statistical Process Control)
MSA (Measurement System Analysis)



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

Philosophy:

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

Human Resources:

Working at G.S. means being a part of leading team in the Indian automotives suspension and fastening component industry. Sustained leadership can be maintained only by highly motivated employees. GS management always gives its top priority to total job satisfaction and job security.

The strength of G.S. 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 enters into trailer parts segments as well as also launched Commercial vehicle "Axle"

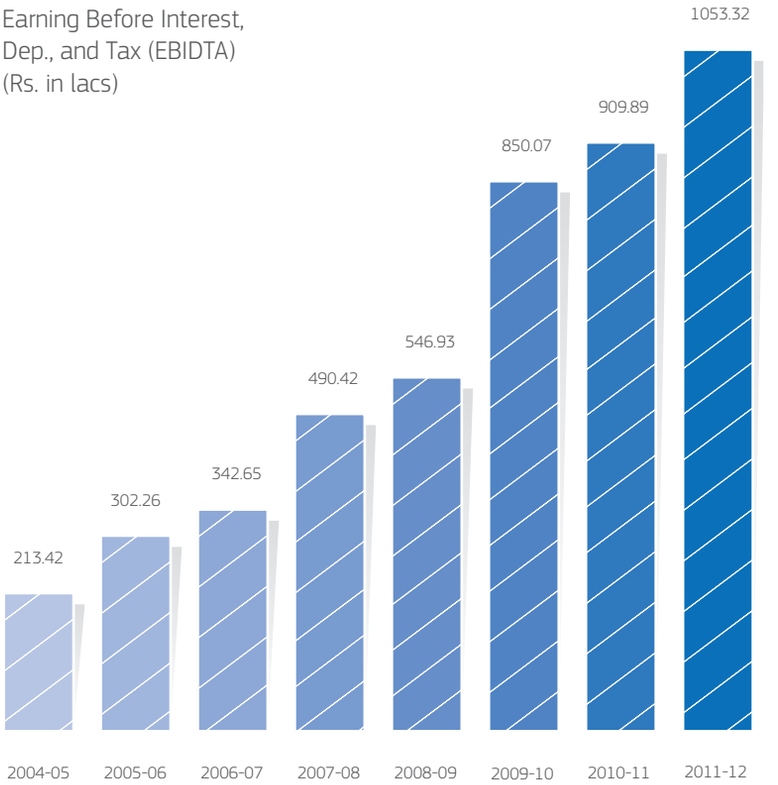
2010: The Company enters into manufacturing of parts for earth moving equipments.

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

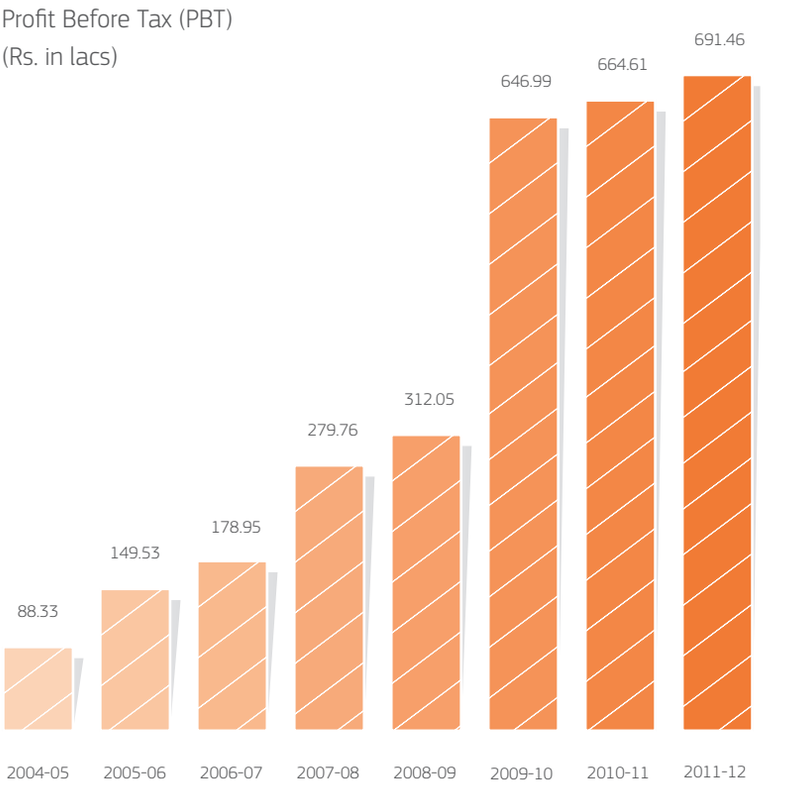
2011: Laying the foundation stone for the new manufacturing unit at Jamshedpur with a total capex of Rs. 64 Cr., with a total installed capacity of 12000 metric tonnes liquid metal per annum, for Spherodial Graphite Cast Iron auto components.

Company At Glance

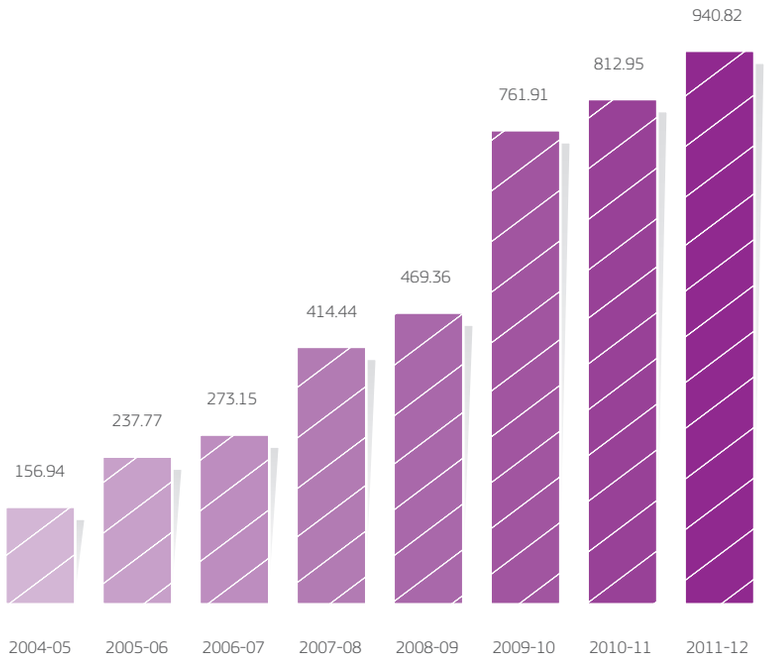
Earning Before Interest, Dep., and Tax (EBIDTA) (Rs. in lacs)



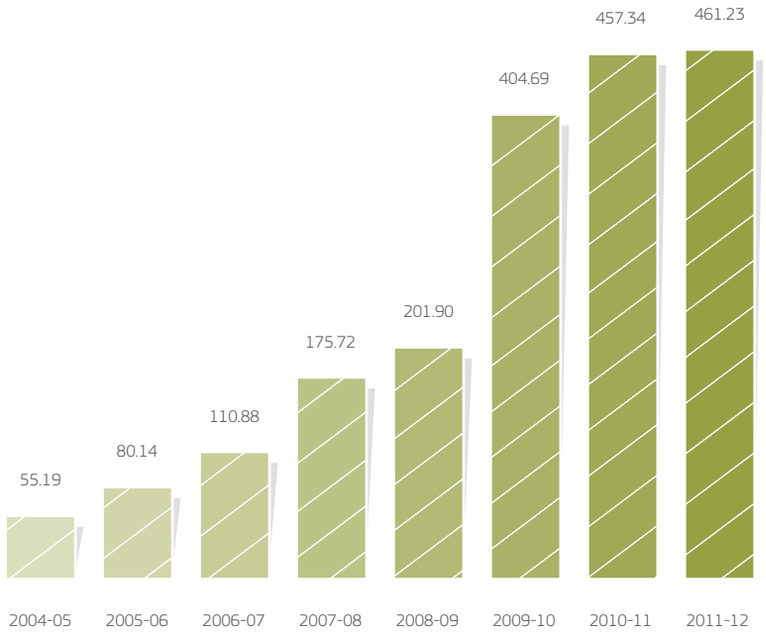
Profit Before Tax (PBT) (Rs. in lacs)



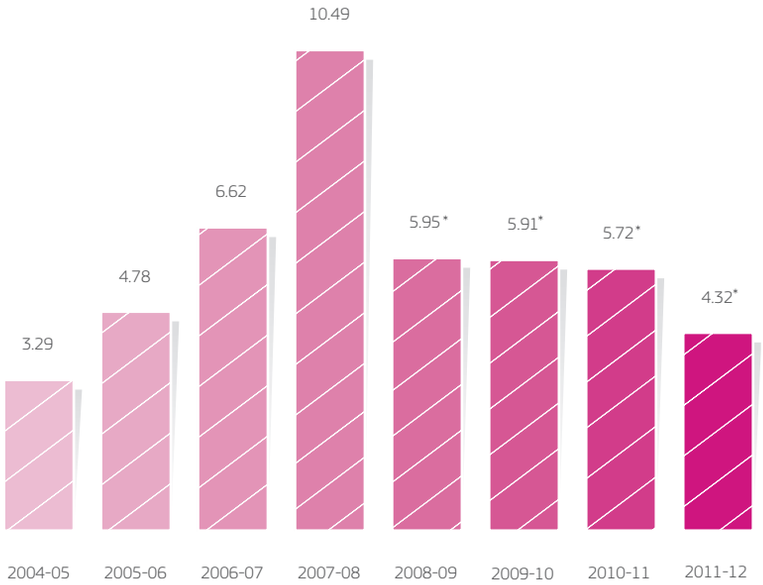
Profit Before Int. & Tax (PBIT)
(Rs. in lacs)



Profit After Tax (PAT)
(Rs. in lacs)

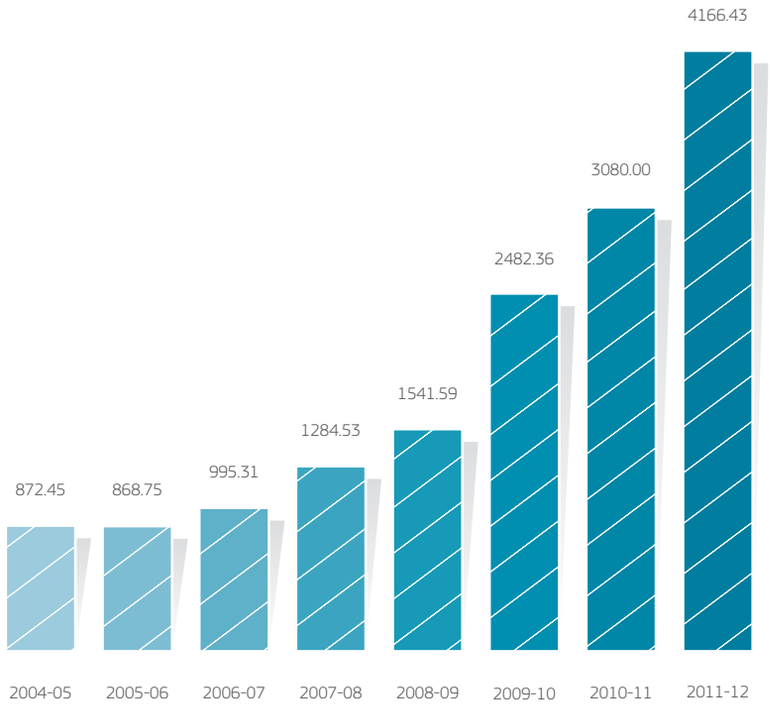


Earning Per Share (Basic)
(In Rs.)

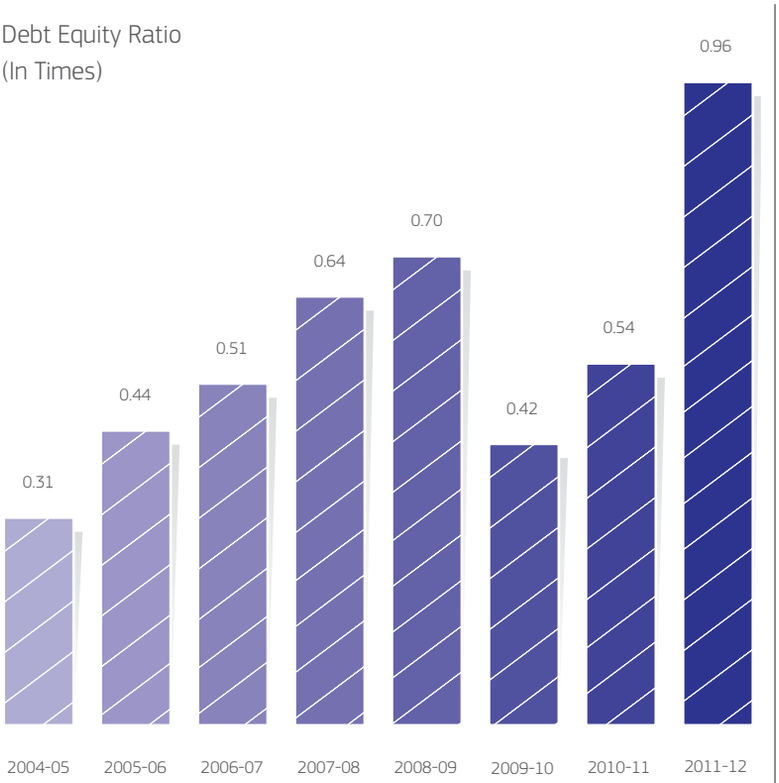


*(on the face value of Rs.5/- per Equity share

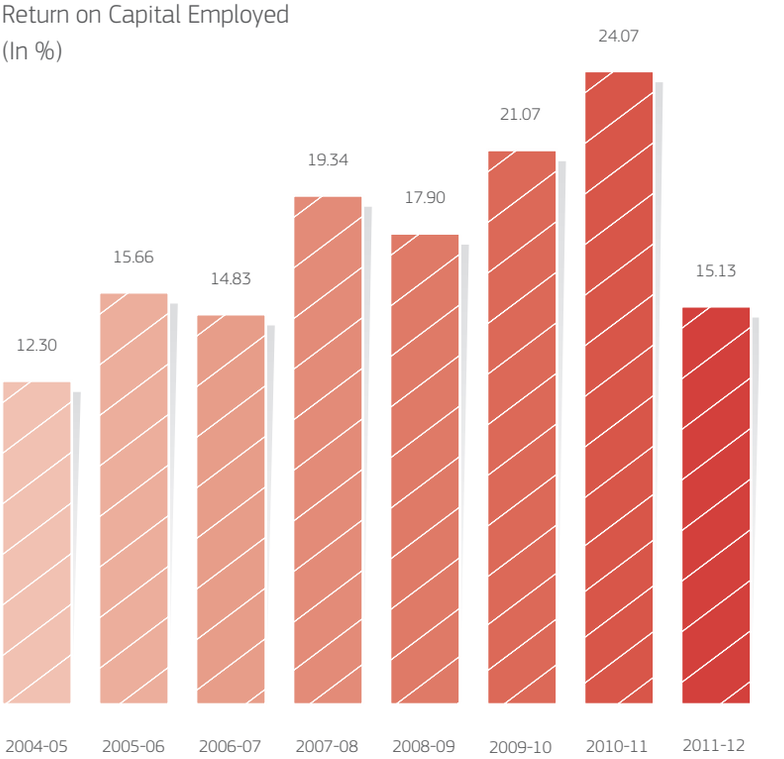
Net Worth
(Rs. in lacs)



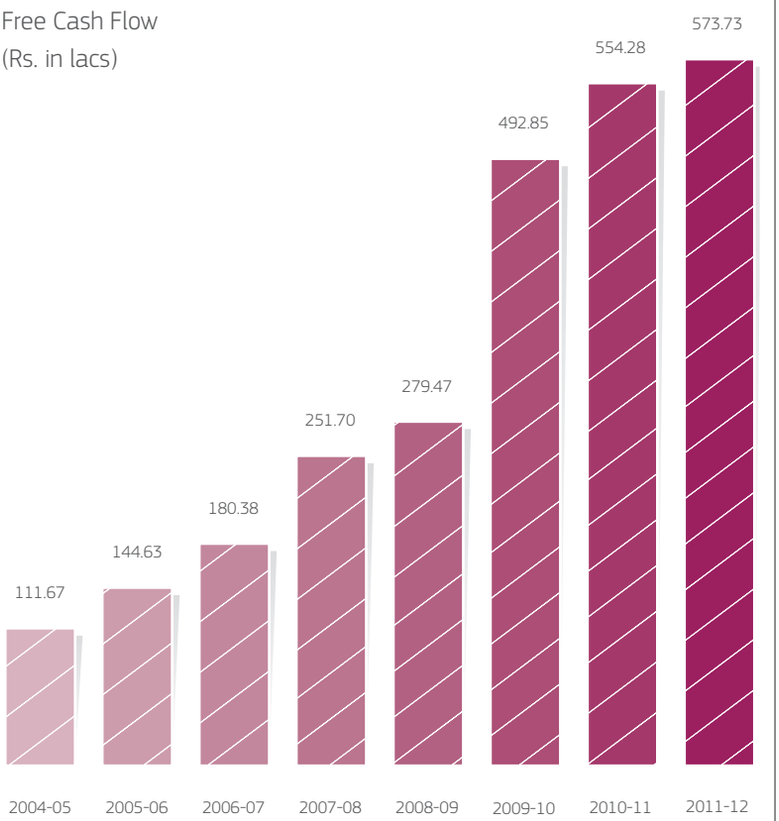
Debt Equity Ratio
(In Times)



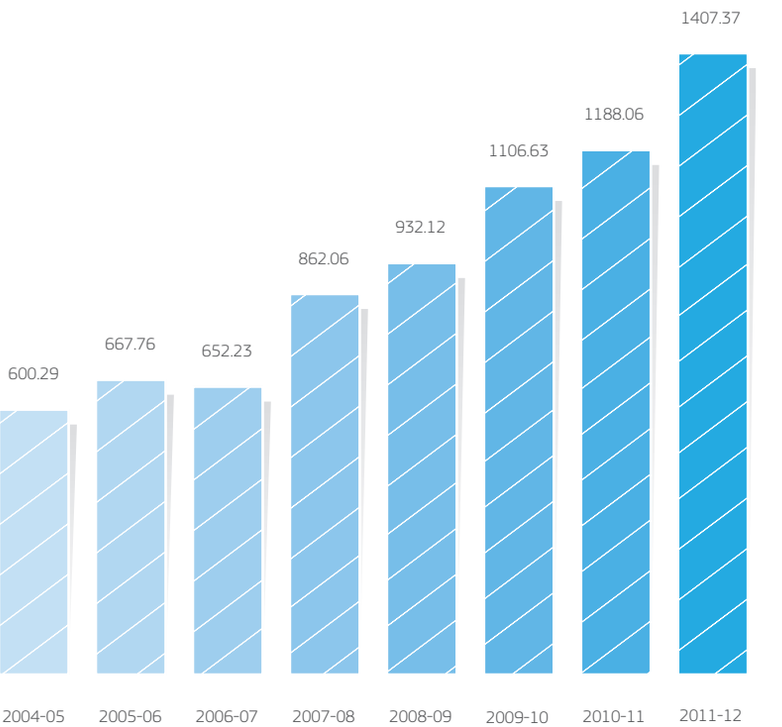
Return on Capital Employed
(In %)



Free Cash Flow
(Rs. in lacs)



Net Block (Excl. CWIP)
(Rs. in lacs)



Company At Glance

Financial review										(Rs. in lacs)
	2011-2012	2010-2011	2009-2010	2008-2009	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Operating Results										
Turnover (Excl.Excise Duty)										
Domestic	12225.32	11041.26	9489.66	8132.96	7591.07	6552.26	6206.82	5457.18	4458.99	3609.81
Export	830.17	895.25	763.45	1101.29	541.89	675.76	675.40	685.43	447.69	401.93
Total Turnover (Excl.Excise Duty)	**13055.49**	**11936.51**	**10253.11**	**9234.25**	**8132.96**	**7228.02**	**6882.22**	**6142.61**	**4906.68**	**4011.74**
% of Growth	9.37	16.42%	11.03%	13.54%	12.52%	5.02%	12.04%	25.19%	22.31%	12.90%
Operating Income	23.17	25.35	21.34	30.96	12.47	7.90	7.20	16.87	34.00	36.83
Other Income	46.80	24.93	29.72	34.17	11.35	6.90	4.18	3.41	13.46	4.99
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	125.00	0.00
Total Income	**13125.46**	**11986.79**	**10304.17**	**9299.38**	**8156.78**	**7242.82**	**6893.60**	**6162.89**	**5079.14**	**4053.56**
EBIDTA	**1053.32**	**909.89**	**850.07**	**546.93**	**490.42**	**342.65**	**302.26**	**213.42**	**225.26**	**197.88**
% of Total Income	8.03%	7.59%	8.25%	5.88%	6.01%	4.73%	4.38%	3.46%	4.44%	4.88%
Depreciation & Amortisation	112.50	96.94	88.16	77.57	75.98	69.50	64.49	56.48	47.21	40.45
PBIT	**940.82**	**812.95**	**761.91**	**469.36**	**414.44**	**273.15**	**237.77**	**156.94**	**303.05**	**157.43**
% of Total Income	7.17	6.78	7.39	5.05	5.08	3.77	3.45	2.55	5.97	3.88
Financial Expenses	249.36	148.34	114.92	157.31	134.68	94.20	88.24	68.62	72.40	64.71
PBT	**691.46**	**664.61**	**646.99**	**312.05**	**279.76**	**178.95**	**149.53**	**88.33**	**230.65**	**92.72**
% of Total Income	5.27	5.54	6.28	3.36	3.43	2.47	2.17	1.43	4.54	2.29
Provisions for taxes (Including Deferred Taxes)	230.23	207.27	242.30	110.15	104.04	68.07	69.39	33.14	78.15	31.46
PAT (before exceptional items)	**461.23**	**457.34**	**404.69**	**201.90**	**175.72**	**110.88**	**80.14**	**55.19**	**27.50**	**61.26**
% of Total Income	3.51	3.82	3.93	2.17	2.15	1.53	1.16	0.90	0.54	1.51
PAT (after exceptional items)	**461.23**	**457.34**	**404.69**	**201.90**	**175.72**	**110.88**	**80.14**	**55.19**	**152.50**	**61.26**
% of Total Income	3.51	3.82	3.93	2.17	2.15	1.53	1.16	0.90	3.00	1.51
Financial Status										
Net fixed assets (Excluding CWIP)	1407.37	1188.06	1106.64	932.12	862.06	652.23	667.76	600.29	600.15	420.07
Investments	12.23	35.99	338.13	15.09	0.00	0.00	0.00	0.39	0.39	0.39
Net current assets	3110.55	1219.87	2097.67	1694.19	1266.71	1083.01	872.50	637.19	667.69	702.92
Share capital	600.00	400.00	400.00	170.00	167.57	167.57	167.57	167.57	167.57	167.57
Reserve and surplus	3566.43	2680.00	2082.36	1371.59	1116.96	827.74	701.18	704.88	648.36	492.74
Net worth	4166.43	3080.00	2482.36	1541.59	1284.53	995.31	868.75	872.45	815.93	660.31
Loan funds	3993.93	1679.74	1039.40	1079.92	858.72	846.73	649.41	403.36	425.94	463.05
Deferred Tax Liability	128.68	97.45	94.18	59.88	52.57	52.26	48.69	41.21	26.35	0.00
Total capital employed	6217.17	3377.66	3615.94	2681.39	2195.82	1894.30	1566.85	1317.02	1268.22	1123.36
Performance Parameters										
Current Ratio	1.73	1.35	1.47	1.34	1.31	1.26	1.18	1.15	1.18	1.17
Debt-Equity Ratio	0.96	0.54	0.42	0.70	0.64	0.51	0.44	0.31	0.44	1.43
Cash Earning Per Share	5.38	6.93	7.19*	8.23*	15.02	10.76	8.63	6.66	4.46	6.07
Earning Per Share-Basic	4.32	5.72	5.91*	5.95*	10.49	6.62	4.78	3.29	1.64	3.66
Book Value	34.72	38.50	39.08*	45.39*	80.00	59.40	51.85	52.06	48.69	39.41
Return on Capital Employed (ROCE) (%)	15.13	24.07	21.07	17.90	19.34	14.83	15.66	12.30	14.04	14.01
Return on Equity (ROE) %	11.07	14.85	16.30	13.10	13.68	11.14	9.22	6.33	18.69	9.28
Debtor Turnover Ratio (In times)	4.82	6.35	6.77	6.60	6.09	5.88	6.44	6.52	5.42	4.98
Inventory Turnover Ratio (In times)	9.69	11.27	13.17	11.25	10.86	12.91	12.04	11.76	12.70	12.86
Dividend (Including DDT) (Rs.)	0.00	76.96	51.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Per Share	0.00	0.55*	0.55*	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend (%)	0%	11%	11%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio	0.00	9.31	9.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* on the face value of Rs. 5/- per Equity Share

Notice

"We are responsible for what we are, and whatever we wish ourselves to be, we have the power to make ourselves.
If what we are now has been the result of our own past actions, it certainly follows that whatever we wish to be in future can be produced by our present actions; so we have to know how to act"

— Swami Vivekananda

Notice is hereby given that the 38th (Thirty Eight) Annual General Meeting of the Members of "G.S. Auto International Limited" ("the Company"), will be held on Saturday, the 29th day of September, 2012 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 Balance Sheet as at 31st March, 2012, the Statement of Profit and Loss for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Jasbir Singh Ryait, who retires by rotation, and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mrs. Amarjeet Kaur Ryait, who retires by rotation, and being eligible, offer herself for re-appointment.

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

Resolved That M/s. Nanda & Bhatia, Chartered Accountants, Ludhiana, be and is hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.

Special Business:

5. Appointment of Mr. Jasbir Singh Bir as Director of the Company:

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

"Resolved That Mr. Jasbir Singh Bir, a retired IAS Officer, who was appointed by the Board of Directors, as an Additional Director of the Company with effect from 21st July, 2012 and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act 1956, and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

6. Resolution under Section 81 (1A) of the Companies Act, 1956:

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

"Resolved That Pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof, for the time being in force), listing agreement(s) entered into with the stock exchanges where the company's Equity Shares are listed and subject to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended ("SEBI ICDR Regulations") and subject to all other applicable rules, regulations, notifications and guidelines issued by the Securities and Exchange Board of India ("SEBI") and the applicable provisions of the Foreign Exchange Management Act 1999, as amended ("FEMA"), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulation, 2000, as amended, the issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (including any amendments thereto or re-enactment thereof, for time being in force) and the Memorandum and Articles of the Company, as amended and subject to provisions of all other applicable statutes, guidelines, regulations, approvals, consents, permissions and sanctions, if any of the Government of India, the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), the Foreign Investment Promotion Board ("FIPB"), the Stock Exchanges, the concerned Registrar of Companies and other appropriate authorities, institutions or bodies as may be required and subject to such conditions and modifications as may be prescribed by them while granting such approvals consents permissions and sanctions ("Requisite Approvals") which may be agreed to by the Board of Directors of the Company subject to such terms and conditions as may be determined by them (hereinafter called the "the Board" which term shall be deemed to include any other committee of the Board, which the Board may have constituted for the aforementioned purpose or hereinafter constitute for time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution or any person(s) authorized by the Board or its committee for such purposes), the consent and approval of the Company be and are hereby accorded to Board of the company, at its absolute discretion, to issue, offer and allot rights, public and/or private offerings in

domestic and/or international Markets, including by way of public issue, right issue, preferential issue(s), private placement(s), qualified institutional placement under the ICDR Regulations ("QIP") or any combination thereof, such number of equity shares and/or any securities linked to, convertible into or exchangeable for equity shares, including but without limitation through Global Depository Receipts ("GDRs") and/ or American Depository Receipt ("ADRs") and/or Convertible Preference Shares/ debentures (Compulsorily and/or optionally, fully and/or partly) and/or non-convertible debentures(or other securities) with warrants and/or warrants with right exercisable by the warrant holder to exchange or convert such warrants with equity shares of the Company at a later date simultaneously or separately with the issue of non-convertible debentures and/or Foreign Currency Convertible Bonds ("FCCBs") and /or Foreign Currency Exchangeable Bonds ("FCEBs") and/or any other permitted fully and /or partly paid securities/ instruments/warrants, convertible into or exchangeable for equity shares at the option of the Company and/or the holder(s) of the security(ies), and/or securities linked to equity shares (hereinafter collectively referred to as the "Securities") at such time or times in one or more tranch or tranches whether rupee-denominated or denominated in foreign currency, to such investors who are eligible to acquire such securities in accordance with all applicable laws, rules, regulations, guidelines and approvals, through public issue(s), right issue(s), preferential issue(s), private placement(s) or any combination thereof, through any prospectus, offer document, offer letter, offer circular, placement document or otherwise, at such time or times and at such price or prices subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, at a discount or premium to market price or prices in such manner and on such terms and conditions including as regards security, rate of interest etc., as may be deemed appropriate by the Board, in its absolute discretion subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, for an aggregate amount in one or more offering(s) and/ or in one or more tranches not exceeding Rs. 50,00 00, 000/- (Rupees Fifty crores only) or equivalent thereto in any currency (inclusive of any green shoe and overallotment option) either by way of offer for sale or sponsored issue of securities (by one or more existing members of the Company) or through a fresh issue of securities or in any combination thereof and the Board shall have the discretion to determine the categories of eligible investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of investors at the time of such offer, issue and allotment considering the prevailing market conditions and all relevant factors and whenever necessary in consultation with advisor(s) Lead Manager(s) and Underwriter(s) appointed by the Company.

"Resolved Further That the "relevant date" for the purpose of pricing of securities by way of GDRs/ADRs/FCCBs/FCEBs or by way of any preferential issue(s), shall be the date as specified under the applicable law or regulation".

"Resolved Further That the "relevant date" for the purpose of pricing of Securities issued and allotted by way of QIP, in accordance with the provisions of chapter VIII of the SEBI ICDR regulations shall mean the date of meeting in which the Board of Directors or the committee of Directors duly authorized by the Board of Directors of the Company decides to open the proposed issue.

"Resolved Further That the allotment of securities under any Qualified Institutional Placement shall only be to qualified institutional buyer within the meaning of regulation 2(1) (zd) of the ICDR Regulations, such securities shall be fully paid up and the allotment of such securities shall be completed within 12 months from the date of this resolution or such other times as may be allowed by SEBI Regulations from time to time.

"Resolved Further That in case of issue and allotment of securities by way of QIP, a minimum of 10% of the shares issued pursuant to SEBI ICDR Regulation shall be allotted to the mutual funds and if no mutual funds is agreeable to take up the minimum portion or part thereof, then such minimum portion or part thereof may be allotted to other Qualified Institutional Buyer".

"Resolved Further That for the purpose of giving effect to any issue or allotment of the Securities, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may at its discretion, deemed necessary or desirable for such purpose, including without limitation, appointment of Lead Manager(s) in accordance with the SEBI ICDR regulations guarantors, financial and/or legal advisors, depositories, custodians, registrars, trustees, bankers, underwriters and any other advisors and professionals and intermediaries, as may be required and the payment of such fees, commission and other expenses to such intermediaries on such terms as it deems fit and entering into or execution of all such agreements/arrangement(s) / MOU(s) / placement agreement(s) / underwriting agreement(s / deposit/escrow agreement, syndicate agreement, agreement(s)/trust deed(s)/subscription agreement /payment and conversion agency agreement/ any other agreement(s)/ document(s) with any such agencies, listing of equity shares, Securities and the equity shares to be issued on conversion of the said securities in domestic and/or international stock exchanges, as the Board may in its absolute discretion deem fit".

"Resolved Further That the Board be and is hereby authorized to make all fillings including the requisite listing application/prospectus/offer document/ registration statement or any draft (s) thereof or any amendments or supplements thereof and of any other relevant documents with the stock exchanges (in India or abroad), the RBI, the FIPB, The SEBI, the Registrar of Companies and other intermediaries, authorities or institutions in India and/or abroad for this purpose and to do all such acts, deeds, things as may be necessary or incidental to give effect to the above resolution and the Common Seal of the Company be affixed wherever necessary as per the provisions of the Articles of Association of the Company.

"Resolved Further That the Board be and is hereby authorized to create, offer, issue and allot, from time to time, such number of equity share

at such price that may be decided by the Board in accordance with the terms of offerings of any of the aforesaid shares; and

i) All such additional equity shares shall rank pari-passu in all respects, with the existing respective shares, as case may be, of the Company as provided in the terms of issue and in the placement document(s);

ii) The shares so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

"Resolved Further That in case of offer/issue/allotment of shares in Indian and/or international market under the respective guidelines of the SEBI, RBI or other appropriate authorities as the case may be, the price (inclusive of premium) of shares shall not be less than the price arrived in accordance with the provisions of respective applicable guidelines, rules, regulations or directions.

"Resolved Further That the Company through its Board or any of its committee and/or agency or body authorized by the Company, may issue receipts/Certificates or other requisite documents representing the underlying shares issued/to be issued by the Company with such features and attributes as are prevalent in Indian/International Capital Markets, for instruments of this nature and provide for the free tradability or transferability thereof as per laws, rules, regulations and guidelines under the forms and practices prevalent in Indian/International Market.

"Resolved Further That the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any committee of the Board or any executive director(s) or Directors or any other officer of the company and also authorized to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolutions.

"Resolved Further That the Board be and is hereby authorized to open one or more bank accounts in the name of the Company in Indian currency or foreign currency(ies) with such bank or banks in India as may be required in connection with the aforesaid issue, subject to the requisite approvals from Reserve Bank Bank of India, if any, and the director or Directors of the Company or other officer or officers of the Company authorized by the Board be and is or are hereby authorized to sign and execute the application form and other documents required for opening the account, to operate the said account and to give such instructions including closure thereof as may be required and deemed appropriate by these signatories and that the said Bank/s be and is/are hereby authorized to honour all cheques and other negotiable instruments drawn, accepted or endorsed and instructions given by the aforesaid signatories on behalf of the Company.

"Resolved Further That the Board be and is hereby authorized to delegate all or any of its power to any committee of Directors or Managing Director/Whole Time Director(s) or any Director(s) or Company Secretary or other officers/ authorized representative of the Company or to any intermediary or agent of the Company or to such person(s) as the Board may think fit and necessary to give effect to the aforesaid resolutions and to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit, and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of equity shares including but not limited to:

i) Finalization of the allotment of the securities on the basis of the bids/applications received;

ii) Finalization of and arrangement for the submission of the preliminary and final offer document(s) and any amendments supplement thereto, with any applicable statutory and/or regulatory authorities, institutions or bodies, as may be required;

iii) Approval of the preliminary and final offer document (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead manager(s), underwriter(s)/advisor(s), in accordance with all applicable statutory and/or regulatory requirements;

iv) Decide the date for opening and closure of issue of Equity Shares;

v) Finalization of the basis of allotment in the event of over-subscription.

vi) Acceptance and appropriation of the proceeds of the issue of securities;

vii) Authorization of the maintenance of register of holders of the securities;

viii) Authorization of any Director or Directors of the Company and other officer or officers of the Company, including by the grant of power of attorneys, to do all such acts, deeds and things as authorized person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of securities;

ix) Seeking, if required, the consent of the Company's lenders parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India and any other consents that may be required in connection with the issue and allotment of securities;

x) Seeking the listing of the securities on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;

xi) Giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be

required from time to time; and

xii) Deciding the pricing and terms of securities and all other related matters,

"Resolved Further That any Whole Time Director(s) and/or Managing Director and/or Company Secretary of the Company be and are hereby severally/ jointly authorized to do all such acts, deeds, things as may be necessary for giving effect to this resolution, whether incidental or ancillary thereto.

"Resolved Further That all actions taken by the Board in connection with any matter referred to and contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects".

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

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana: 03rd September, 2012

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, at annual general meeting of the company and such proxy need not be a member of the company. A blank Proxy form is enclosed and intended to be used. Proxies, in order to be effective, must reach at the Registered Office of the Company at least 48 (Forty-Eight) hours before the scheduled time of the commencement of the Meeting. The same should be duly signed and stamped in order to be effective.

2. 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.

3. Corporate Members are requested to send duly certified copy of Board Resolution, pursuant to section 187 of the Act, authorizing their representatives to attend and vote at Annual General Meeting.

4. The Register of Members and Share transfer Books of the Company, will remain close from Tuesday, the 25th September, 2012 to Saturday, the 29th September, 2012 (both days inclusive).

5. Members/Proxies are requested to bring the Attendance Slip duly completed in all respects for attending the meeting. Signature on Attendance Slip should match the specimen signature registered with the company. Member holding shares in dematerialized form are requested to bring their client ID and DP ID details for identification.

6. In order to communicate the important and relevant information and events to the members in a cost efficient manner, including quarterly results, members are encouraged to register their email addresses with the Registrar & Share Transfer Agent in case of shares held in physical form and with their respective DP in case of Dematerialized holdings.

7. Members are requested to write to the Company their queries, if any, on the accounts at least 10 days before the meeting to enable the management to keep the required information available.

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

9. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliance by the Companies through electronic mode. Further, in line with recent circulars issued by the Securities and Exchange Board of India (SEBI) and consequent

changes in the Listing Agreement, Companies can send Annual Report in electronic mode to members who have registered their email addresses for the purpose. Members who have not registered their email IDs with the Company can now Register the same by submitting, 'E-communication Registration form' attached at the end of this report, to M/s. Skyline Financial Services Private Limited/Secretarial Department of the Company. The members of the Company, who have registered their email addresses, are entitled to receive such communication in physical form upon request.

10. Members are requested to note that dividend not encashed/unpaid within seven years from the date of declaration of dividend will, be transferred to the Investor Education and Protection Fund (IEPF), under Section 205A of the Companies Act, 1956. After transfer of said amount to IEPF, no claims in this respect shall lie against IEPF or the Company. The status of the dividends remaining unclaimed and unpaid with the respective due dates to transfer to IEPF is provided in the Corporate Governance Report of this Annual Report. Members are requested to contact either to the Registrar or the Secretarial Department of the Company, for the encashment of their dividends.

11. The Register of Directors' Shareholding maintained under section 307 of the Companies Act, 1956 will be made available for inspection by the members on all working days during business hours during the period beginning fourteen days before the date of Annual General Meeting and ending with the conclusion of Annual General Meeting.

12. Shareholders are requested to intimate the change of address, if any, immediately for updating of records, to the RTA.

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

14. 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. 2, 3, & 5 of the notice is also being annexed hereto separately and forms part of the notice.

15. 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.

16. Pursuant to the approval of the Shareholders at the Extraordinary General Meeting, the Equity Shares of the Company have been sub-divided from one Equity Shares of the Face value of Rs. 10/- (Ten) each to two Equity Shares of the Face value of Rs. 5/- (Five) each. The members who are still holding Equity Shares of the Face value of Rs. 10/- (Ten) each, are requested to surrender the respective Share Certificates to the Company or to its Registrar & Transfer Agent viz. M/s. Skyline Financial Services Private Limited, to enable the Company to issue fresh Share Certificate pertaining to Equity Shares of the Face value of Rs. 5/- (Five) each.

Explanatory Statement Pursuant to Section 173(2) of The Companies Act, 1956.

Item No. 5: Mr. Jasbir Singh Bir was appointed as an Additional Director of the Company, by the Board of Directors of the Company, with effect from 21st July, 2012. In accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Jasbir Singh Bir will hold office as a director upto date of the forthcoming Annual General Meeting.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company.

Mr. Jasbir Singh Bir is a 1989 batch Indian Administrative Service (IAS) Cadre Officer. He served the Punjab Government as an IAS Officer from 1989 to 2010 on different positions and handled various important assignments as M.D. of Chandigarh Industrial & Tourism Developments Corporation (CITCO), Chandigarh, Secretary to the Government of Punjab, Department of Personnel, Secretary to the Government of Punjab, General Administration, Divisional Commissioner of Patiala District, Divisional Commissioner PTA and Commissioner MC PTA, Amritsar, Director cum Secretary Cultural Affairs Archeology and Museum and Secretary General Administration, from time to time during his tenure of service with the Punjab Government. During his tenure he contributed a lot for the society at large.

The Directors are of the view that the company would be immensely benefited by his wealth of experience and expertise in various fields and therefore, commends the resolution as set out at Item No.5 of the Notice for the approval of the Members.

None of the Directors of the Company except Mr. Jasbir Singh Bir is in any way, concerned with or interested in the proposed resolution.

Item No. 6: Your Company proposes to tap the capital Market to raise additional long term resources for the capital expenditure related to the Company's business, import of Capital Goods, up gradation and expansion, investment in joint ventures/whole owned subsidiary company, acquisition, working capital, new business activities, general corporate purposes and for such other purposes as may be permitted by applicable regulations, at such time and in one or more tranches as the Board of Directors of the Company my determine, subject however, to the overall limit of Rs. 50,00,00,000/- (Rupees Fifty crores only).

The Company is establishing a Greenfield project in Jamshedpur and/or at other places, where the Board of Directors of the Company may deem fit, in the best interest of the Company, to manufacture casting components or such other new components/ products, as Board may decide, to meet the increasing demand from both domestic as well as international Customers.

In this regard, the Company proposes to issue, offer and allot rights, public and/or private offerings in domestic and/or international markets including by way of public issue, right issue, preferential issue(s), private placement(s),

qualified institutional placement under the ICDR Regulations ("QIP") or any combination thereof, such number of equity shares and/or any securities linked to, convertible into or exchangeable for equity shares, including but without limitation through Global Depository Receipts (GDRs) and/ or American Depository Receipt(ADRs) and/or Convertible Prefrence Shares/ debentures (Compulsory and/or optionally, fully and/or partly) and/or convertible debentures (or other securities) with warrants and/or warrants with right exercisable by the warrant holder to exchange or convert such warrants with equity shares of the Company at a later date simultaneously or separately with the issue of non-convertible debentures and/or Foreign Currency Convertible Bonds ("FCCBs") and /or Foreign Currency Exchangeable bonds ("FECBs")and/or other permitted fully and /or partly paid up securities/ instruments/warrants, convertible into or exchangeable for equity shares at the option of the Company and/or the holder(s) of the security(ies), and/or security linked to equity shares, whether rupee-denominated or denominated in foreign currency, which shall be listed on the stock Exchange(s).

The said issue, allotment, offer of the shares/securities as referred above by the Company shall be subject to the provisions of the Section 81(1A) and all other applicable provisions of the Companies Act, 1956, provisions of the listing agreement(s) entered into with the stock exchanges, where the Company's equity shares are listed subject to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2009, as amended ("SEBI ICDR Regulation") and subject to all other applicable rules, regulations, notifications and guidelines issued by Securities and Exchange Board of India ("SEBI") and the applicable provisions of Foreign Exchange Management Act 1999, as amended ("FEMA"), the Foreign Exchange Management (Transfer or Issue of security by person Resident Outside India) Regulation, 2000, as amended, the issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (including any amendments thereto or re-enactment thereof, for time being in force) and Memorandum and Articles of Association of the Company, as amended and subject to provisions of all other applicable statutes, guidelines, regulations, approvals, consents, permissions and sanctions, if any of the Government of India, the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI").

For the reasons aforesaid, an enabling resolution is, therefore, proposed to be passed to give adequate flexibility and discretion to the board to finalize the terms of issue.

The Shareholders had accorded their approval for this issue on dated 30th September, 2008. However, due to the volatile market conditions, the Board had decided to defer the issue.

The proposed issue is in the interest of the Company and your Directors recommend the resolution set out in item no 6 of accompanying notice for the approval of the Members as Special Resolution.

None of the Directors of the Company is, in anyway, concerned or interested in the said resolution, except to the extent of their shareholding.

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

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana : 03rd September, 2012

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

(Pursuant to Clause 49 (iv) (g) of the listing agreement)

Name of the Director	Jasbir Singh Ryait	Amarjeet Kaur Ryait	Jasbir Sing Bir
Date of Birth	15.06.1962	02.03.1966	10.09.1950
Date of Appoinment	20.07.1987	06.03.2004	21.07.2012
Expertise in specific Functional area	Production	Human Resource Management	Administration
Qualification	B.E (Industrial Engeering)	Graduate	IAS (Retired)
Director of other Companies as of 31st March, 2012	4 (Private Limited Companies)	4 (Private Limited Companies)	Nil
Chairman /Member of the other committees of the Company as on 31st March, 2012	1 (Member)	Nil	Nil

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

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana: 03rd September, 2012

Director's Report

for the Year Ended 31st March, 2012:

Dear Members,

Your Directors have immense pleasure in presenting the Thirty Eighth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2012.

1. Financial Results:

(Rs. In lacs)

	2011-12	2010-11
Gross Income	14600.82	13293.62
Less: Excise duty on sale	1475.36	1306.83
Net Income	13125.46	11986.79
Profit before Depreciation, Interest & Tax (PBDIT)	**1053.32**	**909.89**
Less: Depreciation & Amortization	112.50	96.94
Profit before Interest and Taxes (PBIT)	**940.82**	**812.95**
Interest & Financial expenses	249.36	148.34
Profit before Tax (PBT)	**691.46**	**664.61**
Less: - Provision for Tax		
- Current	198.50	204.00
- Deferred Tax	31.23	03.27
- Wealth Tax	0.50	—
Profit after Tax (PAT)	**461.23**	**457.34**
Balance of Profit from Previous Year	1793.68	1463.60
(Excess)/Short provision for taxation and Tax Payment	0.08	4.30
Profit Available for Appropriation	**2254.83**	**1916.64**
Less: Appropriation		
- General Reserve	—	46.00
- Proposed Dividend	—	66.00
- Tax Dividend	—	10.96
Surplus retained in Profit & Loss Account	**2254.83**	**1793.68**
Earnings per Share (Rs.)		
- Basic	4.32	5.72
- Diluted	4.32	3.81
Dividend per Share (Rs)	—	0.55

2. Performance: During the year under review, the overall economic growth of the Country has declined to 6.5% as compared to the GDP growth rate of 8.5% of the previous year. Continuous rise in the inflation has forced the Reserve Bank of India to adopt a tight monetary policy which causes to steep increase in the Interest cost of the Company. Further due to rise in the commodity prices coupled with the higher interest rate of financing for the vehicle, the overall Indian automotive industry (excluding two wheelers) had registered a marginal growth of 6.2%.

With the increase in the overall interest rates along with the increase in the commodity prices, there were margin pressures during the years, which was clearly evident in the profit after tax (PAT) of the company.

Your company has registered revenue from operations (net) of Rs. 13078.66 lacs, a marginal growth of 9.34% over the last year's revenue from operations (net) of Rs. 11961.86 lacs, this performance seems quite satisfactory in the overall backdrop of lower growth rate of Indian economy & particularly of the Indian automotive industry.

However, the other income during the year shows a healthy growth of 87.73% to Rs. 46.80 lacs, as compared to previous year's other income of Rs. 24.93 lacs, which was mainly due to depreciation of Indian rupee as compared to USD. Other income includes, gain on foreign exchange rate fluctuations, of Rs. 32.41 lacs, as compared to previous year's, loss on foreign exchange rate fluctuations of Rs. 2.75 lacs.

During the year, your company has earned profit before depreciation & amortization, Interest & taxes (PBDIT) of Rs. 1053.32 lacs as compared to previous year's profit before depreciation & amortization, Interest & taxes (PBDIT) of Rs. 909.89 lacs, showing a healthy growth of 15.76%, which is quite satisfactory. After provision for depreciation and amortization of Rs. 112.50 lacs (previous year of Rs. 96.94 lacs), Interest & financial expenses of Rs. 249.36 lacs (previous year of Rs. 148.34 lacs), the profit before taxes (PBT) for the year was Rs. 691.46 lacs (previous year Rs. 664.61 lacs), registering a marginal growth of 4.04% as compared to previous year. The lower than expected growth in the profit before taxes was also due to increase in the interest & finance charges of Rs. 249.36 lacs (previous year Rs. 148.34 lacs) showing an increase of 68.10% as compared to previous year, the rise in the interest cost was mainly due to increase in the continues monetary tightening by the Reserve Bank of India, increase in the working capital facilities, which was mainly due to pending value added tax (VAT) refund of Rs. 738.07 lacs (Previous year Rs. 599.46 lacs) which had caused to increase in the overall working capital requirement of the Company.

After providing a provision for taxation, deferred tax & wealth tax of Rs. 230.23 lacs (previous year Rs. 207.27 lacs) the profit after tax (PAT)

for the year was Rs. 461.23 lacs (previous year Rs. 457.34 lacs), showing almost nil growth due to above said reasons, which in spite of all the above said challenges, is quite satisfactory performance.

Foreign Exchange Earnings: During the year, your company is the net Foreign Exchange Earner and earned net foreign exchange of Rs. 741.76 lacs (previous year Rs. 447.96 lacs,), showing increase of Rs. 293.80 lacs, after taking foreign exchange payments of Rs. 67.11 lacs (previous year Rs. 420.17 lacs, including Rs. 210.42 lacs on account of import of Machinery for the new manufacturing unit at Jamshedpur), on account of foreign exchange outgo, for import of material & others.

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

3. Dividend: During the period under review, the Board has decided not to recommend any dividend for the financial year 2011-2012, keeping in mind, the long term funds requirement of the Company, for the ongoing major expansion at Jamshedpur.

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

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

5. Cash flow Statement: In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the Cash Flow Statement for the year ended 31st March, 2012, is annexed hereto.

6. Fixed Deposits: During the year, the Company has not invited any deposits from the public.

7. Pledge of Shares: None of the Equity Shares of the Directors of the Company or the Promoters group company, are pledged, with any banks or any other Financial institutions.

8. Credit Rating: During the year under review, the CRISIL has reaffirmed its ratings on Company's long term credit facilities as CRISIL BBB/Stable and on company's short term credit facilities as CRISIL A3+, which indicates above average financial risk profile of your Company, in spite of increase in the overall total credit facilities of the company to Rs. 746.30 Million (previous year Rs. 119.20 Millions), which is mainly due to increase in the long term debts for Jamshedpur project.

9. Conversion of Warrants: You are pleased to know that during the year under review, your Company has received the balance amount from all the warrant holders of 40,00,000 (Forty lacs) warrants, amounted to Rs. 608.09 lacs, which were earlier issued, for the long term fund raising for the Jamshedpur plant.

Consequent to the receipt of all the payment on all the above said warrants, the above said warrants were converted on 02nd August, 2011, into equivalent number of equity shares of the face value of Rs. 5/- each at a premium of Rs. 22.41 per equity share. Consequently, the paid up Equity Share Capital of the Company, has increased to Rs. 6,00,00,000/- (Rs. Six Hundred lacs) (previous year Rs. 4,00,00,000/- (Rs. Four hundred lacs) comprising of 1,20,00,000 (One Crore Twenty lacs) (previous year 80,00,000 (eighty lacs) equity shares of the face value of Rs. 5/- (Rs. five) each. The Securities premium account has been increased by Rs. 896.40 lacs. The above said money raised through preferential allotment, have been used for setting up of above said manufacturing facility for the manufacture of Auto Components at Jamshedpur.

The above said forty lacs equity shares were duly admitted for trading in both the stock exchanges, where the equity shares of the Company are listed i.e. The Bombay Stock Exchange Limited and The Ludhiana Stock Exchange Limited.

10. Manufacturing unit at Jamshedpur: The construction of the new manufacturing unit at Jamshedpur, for the manufacturing of ferrous casting components, is already in the process and the Company has already incurred as of date, a sum of Rs. 2352.33 lacs, for the purchase of various machinery, electrical equipment, installation of pre fabricated building sheds along with the advance payment to contractors of building & suppliers of various machineries & other equipments etc.

The Company has already made the necessary financial closure, to the extent of Rs. 49 Cr., for the above said manufacturing unit, with a total capex of Rs. 64 Cr., through Axis Bank Limited a rupee term loan of Rs. 25 Cr. and a foreign currency term loan of Rs. 24 Cr. from Export Import Bank of India. We once again thank all our financial partners, for providing us all the necessary financial assistance, for the above said unit, along with for other manufacturing units.

We further wish to inform you that the major machineries have already been purchased for the above said unit and construction work of the building along with the commercial production of the first phase will be commenced within a couple of month and the second phase will be completed by 30th June, 2013. We hereby regret the for delay in the commencement of the commercial production of the above said unit.

11. Merger: As conveyed to you earlier in our last year annual report that the Board of the Directors of your Company had already approved in principal, the merger of one of its group company "G.S. Automotives Private Limited" with your Company. In this regards it is hereby further submitted that due to some reasons, the said merger could not take place in the previous year, but the management is very much hopeful for the completion of the above said merger along with all the required necessary formalities, by the end of this fiscal. After the above said merger, there will not be major value added taxes refunds with the Punjab Government, which will reduce the working capital requirement of the company to that extent.

12. Director's Responsibility Statement: Pursuant to the requirements under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them with respect to the statement of Profit and Loss for the

financial year ended 31st March, 2012 and the Balance Sheet as at that date ("financial statements") confirm that:

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

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

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

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

13. Directors: During the year under review, Mr. Makhan Singh & Mr. Sewa Singh, independent Directors of the company, stepped down, due to their ill health, from the Board of the Company w.e.f. 18th June, 2011. The Board acknowledges and places on record its deep appreciation for the contribution made by both the Directors of the Company.

The members at their preceding Annual General Meeting had accorded their approval to appoint Mr. Jayant Davar and Mr. Upkar Singh Ahuja, as Independent Directors of the Company, who were earlier appointed as Additional director of the company w.e.f. 02nd August, 2011 and 12th August, 2011 respectively.

Your Directors also welcome, Mr. Jasbir Singh Bir, as an Additional Director of the Company, with effect from 21st July, 2012, to hold the office till the ensuing Annual General Meeting in accordance with the provisions of Section 260 of the Companies Act, 1956. The requisite resolution for his appointment as director of the company has been set out in the notice of the ensuing Annual General Meeting for the approval of the shareholders.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Mr. Jasbir Singh Ryait and Mrs. Amarjeet Kaur Ryait retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment as Directors. The information on the particulars of Directors/profile of these Directors, seeking re-appointment and appointment, as required under Clause-49 of the Listing Agreement, executed with the Stock Exchanges, are given in the Notice of the Annual General Meeting.

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

14. Re-Constitution of Remuneration Committee: Mr. Jayant Davar & Mr. Upkar Singh Ahuja have been appointed as members of Remuneration Committee of the Company w.e.f 02nd August, 2011 & 12th August, 2011 respectively in the place of Mr. Makhan Singh & Mr. Sewa Singh, as both the Directors have resigned due to their ill health from the Board w.e.f 18th June, 2011.

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

(i) Mr. Satish Monga
(ii) Mr. Sanjeev Sethi
(iii) Mr. Jayant Davar
(iv) Mr. Upkar Singh Ahuja

15. Re-Constitution of Shareholders/Investors Grievance Committee: Mr. Jayant Davar, Mr. Upkar Singh Ahuja & Mr.Jasbir Singh Bir have been appointed as members of Shareholder & Investor Grievance Committee of the Company w.e.f. 02nd August, 2011, 12th August, 2011 & 21st July, 2012 respectively in the place of Mr. Makhan Singh & Mr. Sewa Singh, as both the Directors have resigned due to their ill health from the Board w.e.f 18th June, 2011 along with the resignation of Mr.Surinder Singh Ryait w.e.f 21st July, 2012.

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

(i) Mr. Sanjeev Sethi
(ii) Mr. Satish Monga
(iii) Mr. Jasbir Singh Bir
(iv) Mr. Jayant Davar
(v) Mr. Upkar Singh Ahuja

16. Re-Constitution of Audit Committee: Mr. Jasbir Singh Bir have been appointed as the member of Audit Committee of the Company w.e.f 21st July, 2012.

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

(i) Mr. Jasbir Singh Ryait
(ii) Mr. Satish Monga
(iii) Mr. Sanjeev Sethi
(iv) Mr. Jasbir Singh Bir

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

The Statutory Auditors of the Company have submitted their Auditors' Report on the accounts of the Company, for the financial year ended 31st March, 2012. The observations and comments given by the Auditors in their report, together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

18. Employee Strength: The total numbers of permanent employees on the roll of the Company were 1115 as on 31st march, 2012 (previous year 1121).

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

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

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

There is no change in the terms of his employment from the date of his appointment till the end of financial year 2011-12.

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

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

During the year, the Secretarial Audit and Secretarial Standards Audit were carried out. The detailed reports on the same are part of this report.

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

24. 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 Mr. 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, 2012, 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 the Stock Exchanges, Securities Contract (regulation) Act, 1956 and all regulations and guidelines of SEBI as applicable to the 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.

25. Related Party: Note No. 67 of the financial statements set out in the nature of transactions with the related parties. Transactions with related parties are carried out at arm's length. The details of such transaction are placed before the Audit Committee.

26. Cost Auditor: Your Company is required to maintain cost accounting records pursuant to the (Cost Accounting Records) Rules, 2011 vide notification dated 03rd June, 2011 and your company has duly complied with the above requirement for the year ended 31st March, 2012.

Pursuant to order no. 52/26/CAB/2010 dated 24th January, 2012 issued by the Ministry of Corporate Affairs, the appointment of Cost Auditors become mandatory for your Company pursuant to the provisions of Section 233B of the Companies Act, 1956. Your Company has appointed M/s. J Verma & Associates, Cost Accountants, as cost auditors of the Company, for the financial year 2012-13 to conduct cost audit of the accounts and records maintained by the Company.

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

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

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

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

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

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

30. Statutory Disclosures: Your Directors have made necessary disclosure, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

31. Nature of Business: During the year, there has been no change in the nature of the business of the Company.

32. Subsidiaries: Your Company does not have any subsidiary Company.

33. 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.

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

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

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

During the year, the equity shares of the Company have been delisted from The Delhi Stock Exchange Limited & The Ahmadabad Stock Exchange Limited.

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

38. Acknowledgements: Your Directors place on record their sincere gratitude to the continuing patronage and trust of our valued customers, bankers and financial institutions, business associates, shareholders and other statutory authorities who have extended their continued support and encouragement to your company. Your directors wish to convey their deep appreciation to the dealers, distributors of the company for their achievements in the field of sales and service and to suppliers & vendors and other business associates for their valuable support.

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

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

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana : 11th August, 2012.

Annexure -"A"

Information as per Section 217(1) (e) of The Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) rules, 1988, as amended and forming part of the Director's Report for the year ended 31st March, 2012:

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)**

	Financial Year 2011-2012	Financial Year 2010-2011
1. Electricity		
a) Purchased unit	**51,83,064**	54,37,702
Total amount (Rs.)	**313.20**	309.32
Rate/unit	**6.04**	5.69
b) Own Generation:		
i) Through Diesel Generator (Rs.)	**60.66**	103.25
Unit		
Unit per ltr	**2.47**	1.93
Cost/unit	**15.93**	16.59
ii) Through steam Turbine/Generator		
Unit	—	—
Unit per ltr	—	—
Cost/unit	—	—
2. Coal		
Quantity (Tones)	**2.710**	2.250
Total Cost (Rs.)	**0.31**	0.21
Average rate (Rs)	**11436.77**	9542.66
3. HPS/LDO		
Quantity (Tonnes)	**565.790**	569.110
Total Cost (Rs)	**220.35**	159.53
Average rate (Rs)	**38.95**	28.03
4. Gas (LPG)		
Quantity (Kg)	**83771**	59204
Total Cost (Rs)	**55.78**	36.05
Average rate (Rs)	**66.58**	60.88
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 export : During the year ended 31st March, 2012 the Export was at **Rs. 830.17 lacs** (previous year Rs. 895.25 lacs)

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

c) Total Foreign Exchange Used and Earned (on Cash Basis):

(Rs. in lacs)

	Financial Year 2011-2012	**Financial Year 2010-2011**
Used	67.11	420.17
Earned	808.87	868.13

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

Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana: 11th August, 2012.

Management Discussion and Analysis

Overview: From a robust growth during the calendar year 2010, the global automotive industry again hit the rough patch in the second half of calendar year 2011. From a positive beginning in 2011, the second half of 2011 witnessed a slowdown in the world economy, due to euro zone crises, economic uncertainties in the various part of the world coupled with natural disasters that took place in Thailand and Japan. Capital inflows to the developing nations declined by almost half in 2011 as compared to 2010. Europe seemed to enter into a recessionary phase. The euro zone crisis impacted the economic performance of trade partners. Growth in several developing countries (Brazil, India, and to a lesser extent China, Russia, South Africa and Turkey) declined, partly owing to the euro zone weakness and domestic policy tightening.

GDP growth (%)

Particular	2010	2011
World Output	5.30	3.90
Advanced Economies	3.20	1.60
Emerging and Developing Economies	7.50	6.20
Euro Area	1.90	1.40

Source: IMF

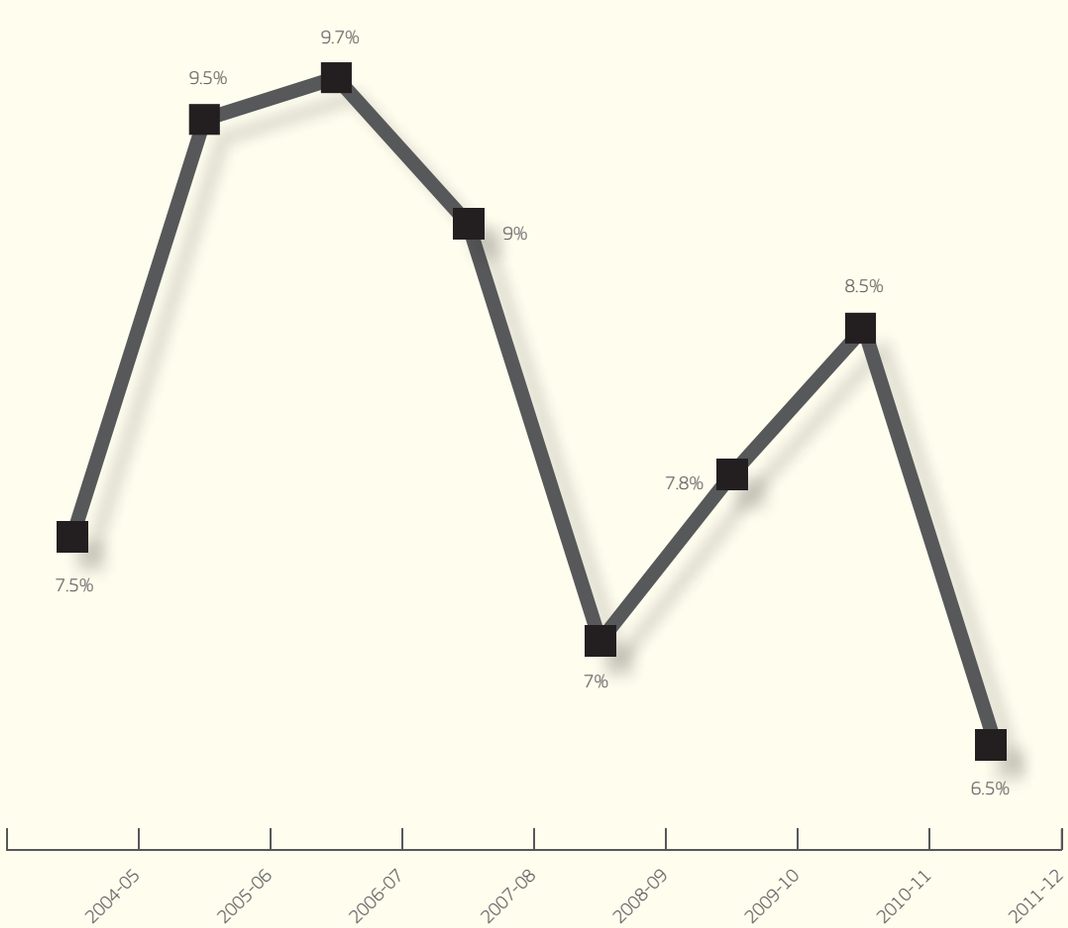
2011 witnessed slowdown in world economic growth from 5.3% to 3.9%. GDP growth in the US slipped to 1.8% in Q4 of 2011 from 2.7% during Q4 of 2010. The Euro zone continued to remain under severe pressure due to sovereign debt crisis registering a marginal GDP growth of 1.4%. The major emerging economies also faced slowdown in growth with China growing at 9.2% in 2011 compared to 10.4% in 2010. Developed economies are expected to expand marginally by 1.2% in 2012.

As per World Economic Outlook, global economic growth is expected to fall to 3.3% in 2012 as the euro area economy is expected to enter a period of mild recession in 2012, owing to increased sovereign yields, bank deleveraging and fiscal consolidation. Despite a substantial downward revision, developing Asia is still projected to grow at 7.5% in 2012.

Emerging economies are not immune to these developments; low economic growth has meant lower export growth for them. Further financial uncertainty, together with sharp shifts in risk appetite, has led to volatile capital flows impacting balance of payments and exchange rates.

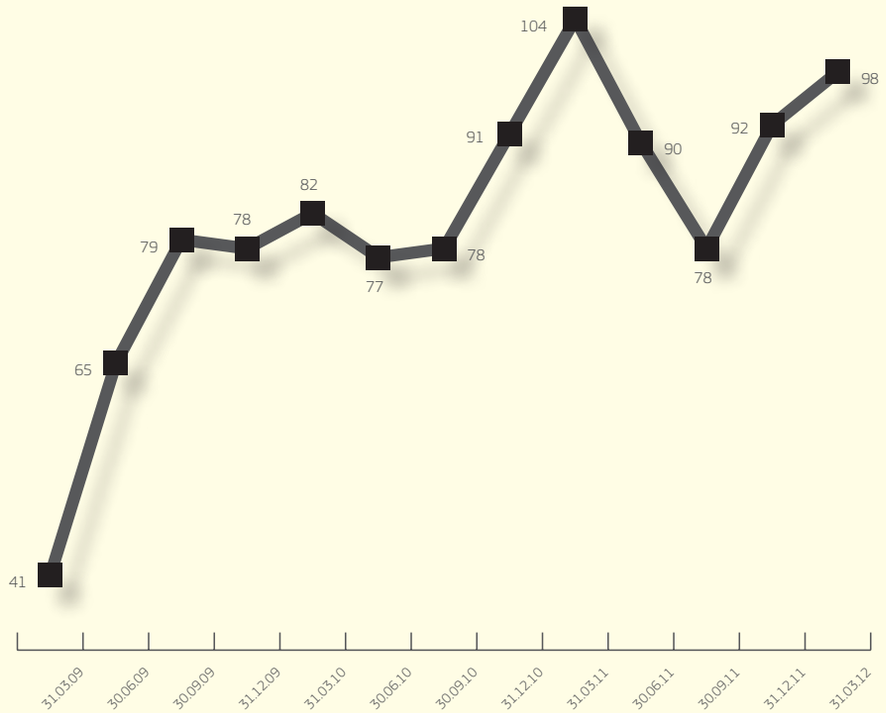
The Indian economy continues to face strong challenges in the forms of rising fiscal deficit, ballooning oil import bill, declining rupee & infrastructural bottlenecks. India's GDP grew 6.5% in 2011-12, down from 8.5% in 2010-11. In 2011-12, India faced conflicting demands – of managing growth and providing price stability – without corresponding initiatives to counter these challenges. India's real GDP growth in 2011-12 was the lowest in the past nine years even as it remained one of the fastest-growing economies. In addition to global factors, domestic factors like monetary tightening and rising repo rates to control inflation, spiraling oil prices and dampened business sentiments slowed industrial investment and curtailed economic growth. The Indian Index of Industrial Production (IIP) grew by only 2.8% during 2011-12 as compared to 8.2% in 2010-11. Fiscal deficit remains at a high level of 5.6% with debt to GDP ratio of 74%. Also, the oil import bill increased by 47% in FY'12 compared to FY'11 Despite the tough economic conditions, the Indian economy has shown strong resilience registering GDP growth of 6.5% in FY'12. India's GDP as per different estimates is expected to grow between 6.3% - 7.5% in 2012-13. A cyclical upturn in investment, stronger external demand and the effects of recent monetary easing will boost growth, although high inflation and falling value of rupee would dampen the investment climate. Besides, there are certain critical data points that could favour the India growth story & spark a turnaround.

India's Real GDP Growth



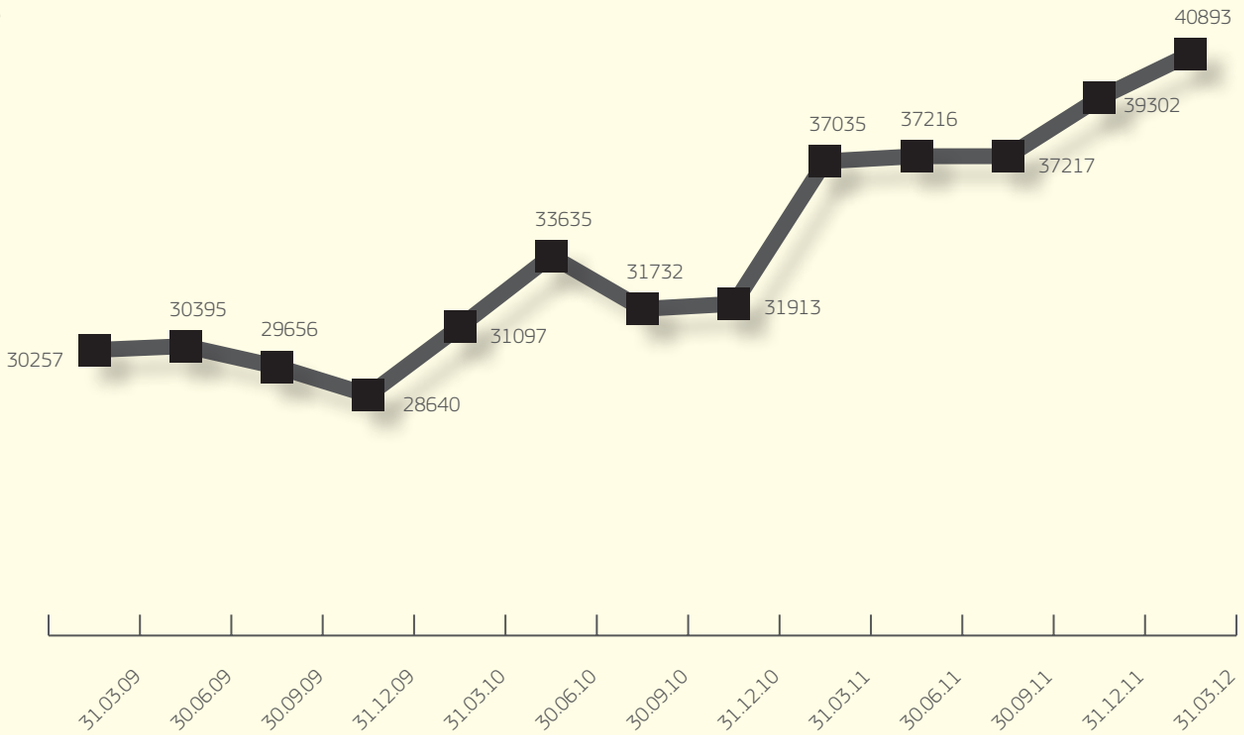
International crude oil price has corrected sharply and is now flat on a year-on-year basis. Even a modest increase in domestic fuel prices, coupled with the international price decline that has taken place so far, will bring cohesiveness to the FY'12-13 budget target, ease current account pressure and help stabilize the exchange rate.

Crude Oil Prices USD/Barrel



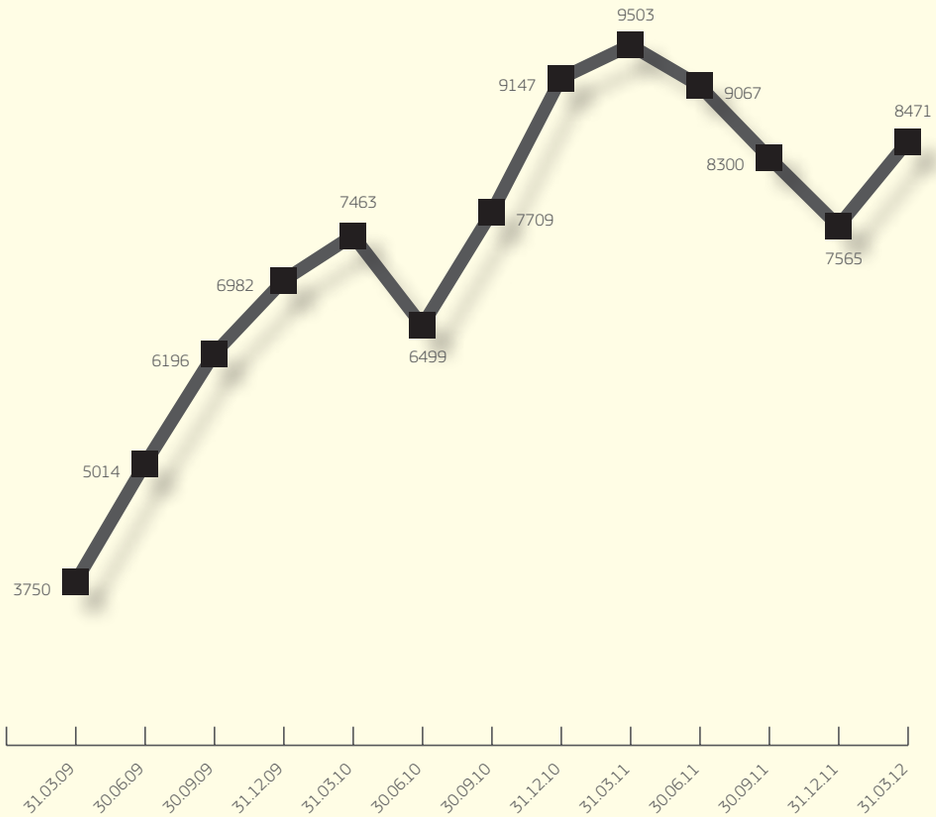
The major cause of concern is that in spite of lower economic growth during the year, the steel prices are still on the very much higher side as compared to previous years or it may be on the multiyear higher levels, causes to continues strain on the inflationary pressure in India, which leads the Reserve Bank of India, to choose the path of continuous tightening the monetary policies, which further in turns discourage to any major investment plans by the India inc.

Steel Price



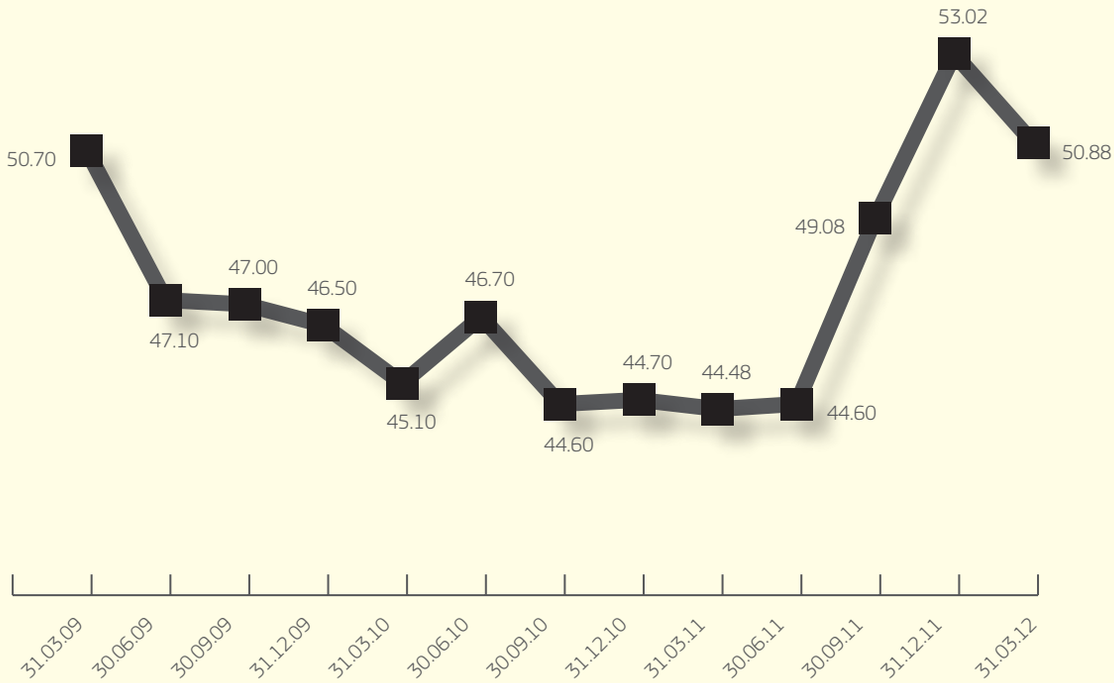
The Copper prices which during the last quarter of calendar year 2011, had touched a low of USD7565, again started their upward trend and is almost at the same price level of last year.

Change in Copper Prices in USD



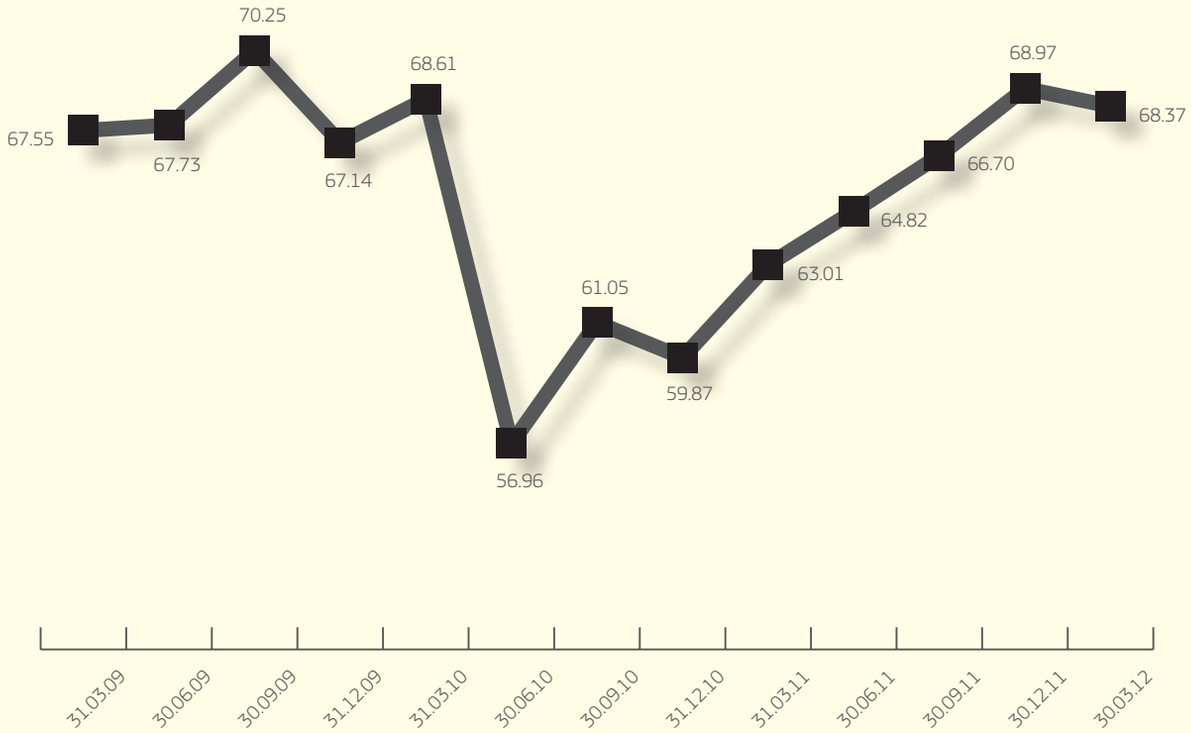
With the object of curbing inflation, the Reserve Bank of India raised its policy rates significantly in 2011-2012. The Indian rupee was under stress as overseas investors pared their exposure in Asia's third largest economy. The rupee lost more than 10 percent of its value during the year, making it the worst performing currency in Asia.

Rupee Change rate for one USD



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

Rupee Change rate for one EURO



During the FY 2011-2012, the Company has gained on account of foreign exchange fluctuations of Rs. 32.41 lacs (previous year loss of Rs. 2.75 lacs), due to steep deprecation in rupee on account of its export business, further your Company is not doing any hedging, for all its export as well as import business.

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

Near recessionary growth rates along with the lack of any major key policy reforms, also added to this negative sentiment.

With the continuous rise in the Interest rate by the Reserve Bank of India, the higher cost of finance has affected the consumer demand & further impedes future investments leading to slowing down of economic growth. In addition to these issues, higher input costs are exerting pressure on profit margins. A much awaited respite came at the beginning of the current financial year when the Reserve Bank of India reversed the repo rate by fifty basis points. Industry is hopeful that the repo rate would be reduced further, may not be in immediate future, which would lead to increase in liquidity and give the much needed appetite for new investments to spur industrial growth. However keeping all the above said factors in mind and with the stand the Reserve Bank of India is adopting, we are reasonably doing well.

Industry Structure and Developments: The Indian Automotive Industry comprises of a number of India-origin and multinational players with varying degree of presence in different segments. Today nine out of top ten global automotive manufacturers have a presence in India which clearly points to its importance as a strategic market. During the calendar year 2011, global automotive industry production grew by just 3.20% as compared to about 25.80% in calendar year 2010.(Source: OICA (Organization International des Constructeurs d 'Automobiles).

The Indian Automotive Industry has showed a significant slowdown in the demand in the financial year 2011-2012, mainly on account of continuous rise in the interest rates, rise in the fuel & commodity prices had impacted the sentiment of the consumer which was further impacted by the sovereign debt crises in the Eurozone. The growth of the automotive industry halved to 13.85% on year on year basis in financial year 2011-2012 as compared to 27.5% in financial year 2010-2011.but in spite of the challenging macroeconomic environment both domestic and global-the Indian Automotives Industry (excluding two wheeler) crossed the 3.9 million mark and registered a growth of 6.2% during the financial year 2011-2012.The multipurpose vehicle (MPV) segment grew by 10% and the utility vehicles (UV) segment registered a growth of 16.5%. The Commercial vehicle segment (CV) grew by 18.2%. This growth was principally driven by increase of 27.4% in the Light Commercial Vehicle segment.

The Medium and heavy commercial vehicle segment (MHCV) grew by 7.9%. The growth across several segments of the Indian Automotive Industry was significantly lower than projected by Society of Indian Automobile Manufacturers at the beginning of the year, was due to uncertainty over economic growth, higher vehicle financing cost and higher commodity cost. The lower than projected growth was an effect of labour unrest at market leader Maruti-Suzuki, fuel price increase & fuel price disparity, power shortage in Tamil Nadu, high interest rates and inflation which drove poor customer sentiment.

The table below summaries the growth of the various segments of the Automotives Industry as compared to previous year:

Segment	Total Domestic Sales			Industry Growth	
	Financial Year 2010 Volumes	Financial Year 2011 Volumes	Financial Year 2012 Volumes	Financial Year 2011	Financial Year 2012
Passenger Cars	**15,28,337**	**19,72,845**	**20,16,115**	**29.10%**	**02.20%**
Utility Vehicles	**2,72,740**	**3,15,123**	**3,67,012**	**15.50%**	**16.50%**
MPV (Vans)	**1,50,256**	**2,13,574**	**2,34,945**	**42.10%**	**10.00%**
Passenger Vehicles	**19,51,333**	**25,01,542**	**26,18,072**	**28.20%**	**4.70%**
MHCV	**2,44,944**	**3,23,059**	**3,48,701**	**31.90%**	**7.90%**
MHCV Passenger	43,083	47,938	49,392	11.30%	3.00%
MHCV Goods	2,01,861	2,75,121	2,99,309	36.30%	8.80%
LCV	**2,87,777**	**3,61,846**	**4,60,831**	**25.70%**	**27.40%**
LCV Passenger	34,413	44,816	49,371	30.20%	10.20%
LCV Goods < 2T GVW	2,12,943	1,91,373	2,51,186	28.20%	31.30%
LCV Goods 2-3.5T GVW		81,622	1,10,006		34.80%
LCV Goods > 3.5T GVW	40,421	44,035	50,268	8.90%	14.20%
Total CV	**5,32,721**	**6,84,905**	**8,09,532**	**28.60%**	**18.20%**
3W	**4,40,392**	**5,26,024**	**5,13,251**	**19.40%**	**-2.40%**
3W Passenger	3,49,868	4,25,358	4,06,236	21.60%	-4.50%
3W Goods	90,524	1,00,666	1,07,015	11.20%	6.30%
2W	**93,70,951**	**1,17,68,910**	**1,34,35,769**	**25.60%**	**14.20%**
Total Domestic	1,22,95,397	1,54,81,381	1,73,76,624	25.90%	12.20%
Domestic (Excl.2W)	29,24,446	37,12,471	39,40,855	26.90%	6.20%

Source: Society of Indian Automobile Manufacturers (SIAM)

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

India is emerging as a small car hub in the Asia Pacific region. As it is very much clear since almost all the major international automobile manufacturers have registered their presence in India and have started manufacturing small cars in this country along with manufacturing of commercial vehicles. These companies are either setting up or expanding their existing manufacturing base not only to enter the domestic market but also for exports. India is gradually becoming a major manufacturing base for export of passenger cars as well as other utility vehicles and tractors.

The Indian Auto Component Industry is growing & maturing with the passage of time, the industry has transitioned from a low key supplier providing components to the domestic market to one of the key global auto component centre. It caters to the requirements of all the critical auto components of all the world class automobile manufacturers. The auto component industry has registered a growth rate of 26% in the period 2010-2011 with the exports estimated to be USD5 billion and further will continue to play a critical role in the overall growth of the Indian economy & will continue to attract world class manpower talent.

While the growth trends for the last couple of years have been favorable, there are clear indicators of impending slower growth for 2012-13. The projected automobile growth for 2012-13 is 10-12% (as per SIAM) against a recorded growth of 14% in 2011-12 of the total turnover of the Indian Auto Components industry, around 60% is derived from sales to domestic OEMs, around 25% from sales to the domestic replacement market and about 15% is derived from exports. However, lower year on year volume growth of domestic original equipment manufacturers in 2011-12, particularly those belonging to the passenger vehicle and Medium & Heavy Commercial Vehicles segments, translated into limited revenue growth for the auto components industry during this period. During the financial year 2011-2012, the margins of the auto component industry were impacted due to weaker INR against USD, increase in the domestic steel & copper prices along with the slowdown in the overall growth in the economy. The margins were further impacted due to sluggish growth in supplies to domestic original equipment manufacturers along with the increase in the overhead rates due to increase in the manpower cost which has caused to improve in the regional imbalances in the country.

In the longer run, the Indian Automobile Industry will continue to clock higher growth due to low penetration vehicle levels, healthy economic environment, Government of India's keen focus on the infrastructure by widening all the major roads of the Country, increase in the urbanization in the demographical area of the Country, untapped rural market, which has high promises for growth, ever growing young population, steadily improving dependency ratio. These trends along with the longer term Indian growth story & increase in the per capita income, which will continue to grow faster than the previous years, result in increase in the higher saving & further leads to higher spending & increased ability to purchase, wider variety of models, easy availability of finance option will give further boost to the overall automotive industry and in turn to auto component industry at large, in addition to demand from urban areas. As per SIAM, the domestic passenger vehicles sales are expected to grow by 10-12% in 2012-2013 with the pickup in small car sales. It is forecast that by 2020 India would be one of the top five automobile manufacturing countries in the world.

About The Company: Your Company is presently manufacturing Auto Components for all the four wheelers, be it commercial vehicles, passenger vehicles and utility vehicles, but at present mainly focused and concentrating on the auto components for commercial vehicles only, as the other parts of the business are not so significant, hence, we are discussing here only Commercial Vehicle Business. 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. In order to increase its market share in the after sales market, diversification in other part of automotives segment, increasing its product base, the company is establishing a manufacturing unit at Jamshedpur, by adding more capacities in the Spherodial Graphite Cast Iron Components.

We are manufacturing three categories of auto components, namely:

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

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

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

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

The Revenue from operations (Net) during the year, shows a marginal growth of 9.34% to Rs. 13078.66 lacs, as compared to the previous year of Rs. 11961.86 lacs, as we had discussed last year too at the same platform that due to major capacity constraints, we are not able to expand our business in the same segment or other part of the automotive segment, hence had to live with this single digit growth or sub double digit growth from the past several years, however, the Company is adding its capacity in the ferrous casting division, which once fully operational will give a major boost to its top line along with the improvement in the overall margins of the Company.

However, despite the increase in the overall turnover of the Company, the EBIDTA margins were remained under pressures, due to continued increase in the prices of all the industrial commodities, be its Copper, Aluminum

or steel, which leads to the continued inflationary pressure in India. To retain the inflation under comfortable zone, the Reserve Bank of India has increased the rate of interest on continuous basis. The Interest Cost during the year under review has increased from Rs. 148.34 lacs to Rs. 249.36 lacs, clearly shows the impact of the rise in the interest cost on the overall profitability of the Company.

Financial Information:
Fixed Assets:

(Rs. in lacs)

Particulars	**As At 31st March, 2012**		**As At 31st March, 2011**		**Inc/ (Dec)**
	Amount	**% to Revenue from Operations (Net)**	**Amount**	**% to Revenue from Operations (Net)**	**%**
Gross Block at the beginning of the year	2180.96		2019.42		08.00
Additions made during the year	331.81	02.54	185.93	01.56	78.46
Deductions during the year	00.00		24.39		
Gross Fixed Assets at the Close of the year	**2512.77**	**19.21**	**2180.96**	**18.23**	**15.21**
Less: Accumulated Depreciation at the beginning of the year	992.90		912.79		
Less: Depreciation and Amortization for the year	112.50		96.94		
Less: Deductions/ Adjustments during the year	00.00		(16.83)		
Net Block at the Close of the year (a)	**1407.37**	**10.76**	**1188.06**	**09.93**	**18.46**
Capital Work in Progress (b)	**1409.24**	**10.78**	**737.38**	**06.16**	**91.11**
Total Fixed Assets (Including Capital Work in Progress) (a) + (b)	**2816.61**	**21.54**	**1925.44**	**16.09**	**46.28**

Company is continuously in the process of adding to its capacities for the long term growth prospectus of the Company. During the year under review the Company has made an investment of Rs. 331.81 lacs (Including Rs. 6.54 lacs on account of vehicles additions) (previous year Rs. 185.93 lacs, including Rs. 64.06 lacs on account of vehicles additions) in the fixed assets, for the various capacity addition in different products & investments in the Intangible Asset of Rs. 0.70 lacs (previous year Rs. 1.63 lacs). The Capital work in progress is on account of new manufacturing unit at Jamshedpur, which is under construction. (See Note No.64 to the notes to financial statements, for capital work in progress).

Inventories: (Rs. in lacs)

Particulars	As At 31st March, 2012		As At 31st March, 2011		Inc/ (Dec)
	Amount	%	Amount	%	%
Raw Material and Components as a % of cost of material consumed	637.49	8.28	584.75	8.06	9.02
Stores, Spare & Consumables as a % of Consumption	123.30	17.34	103.74	16.27	18.85
Finished Goods as a % of Net sales of products	415.87	3.20	433.35	3.67	(4.03)

All the inventories level almost remain at the same level as compared to previous year, except the stores, spares & consumables inventory were higher by 18.85% as compared to previous years due to some yearend bulk purchase in the anticipation of rise in the prices of consumables.

Trade Receivables: (Rs. in lacs)

Particulars	As At 31st March, 2012		As At 31st March, 2011		Inc/ (Dec)
	Amount	%	Amount	%	%
Trade Receivables exceeding six months as a % of Gross sales of products & services	39.37	0.27	31.71	0.24	24.16
Others as a % of Gross sales of products & services	3239.22	22.29	2103.08	15.88	54.02

The trade receivables more than six months are higher by 24.16% as compared to previous year due to some delay in the receipt of payments on the part of two customers, which has been realized as of date, whereas the other receivables are on the higher side due to some slowdown in the overall automotive market, however, we are working hard to get the above said payment realized at the earliest & to further bring down to a great extent.

Long Term and Short Term Borrowings: (Rs. in lacs)

Particulars	As At 31st March, 2012	As At 31st March, 2011	Inc/(Dec)
	Amount	Amount	%
Total Long Term Borrowings	1832.76	89.39	1950.30
Total Short Term Borrowings	2161.17	1590.35	35.89

The increase in the long term borrowings is mainly on account of increased foreign currency term loan and rupee currency term loan, for the new manufacturing unit at Jamshedpur for the manufacturing of auto components. The increase in the short term borrowings is mainly on account of some temporary delay in the receivables along with increase in the pending refund orders from the Punjab Government on account of value added tax (See Note No.53 of the notes to financial statements). The Company is taking several measures to receive the payments from the receivables and on the other part had taken the decision to merge one of the group companies "G.S. Automotives Private Limited" with the Company, which will be completed by this fiscal. There will not be any major pending value added tax refunds, with the Punjab Government, after the completion of the above said merger.

Results of Operations: Income:					(Rs. in lacs)
Particulars	**Financial Year 2012**		**Financial Year 2011**		**Inc/(Dec)**
	Amount	**%**	**Amount**	**%**	**%**
Gross Sales	14530.85	111.10	13243.34	110.71	9.72
Other Operating Revenue	23.17	0.18	25.35	0.21	(8.60)
Gross Revenue from Operations	14554.02	111.28	13268.69	110.92	9.69
Less; Excise Duty on Sales	1475.36	11.28	1306.83	10.92	12.90
Revenue from Operations (Net)	13078.66	100.00	11961.86	100.00	9.34
Other Income	46.80	0.36	24.93	0.21	87.73

The Growth in the Gross Sales was 9.72% as compared to previous year, remained low mainly on account of slowdown in the automotive industry in particular and overall slowdown in the economy in general. During the year, the sales to original equipment manufacturers has increased by 26.7%, sales to replacement market has increased by 8.04% as compared to previous year and the sales from export market was down to Rs. 830.17 lacs as compared to previous year of Rs. 895.25 lacs, a decline of 7.27%, mainly due to global slowdown, has further cause to decrease in the other operating revenue by 8.60% as compared to previous year.

Due to depreciation of Indian Currency as compared to US$, there was increase in other Income by 87.73% as compared to previous year. During the year, the gain from foreign exchange fluctuation was Rs. 32.41 lacs (previous year loss of Rs. 2.75 lacs). The Income from Dividend, interest, gain on sale of investments, surplus on sale of assets & miscellaneous income has declined during the year to Rs. 10.37 lacs (previous year Rs. 21.03 lacs), due to utilization of the surplus funds for the Jamshedpur plant.

Expenditure:					(Rs. in lacs)
Particulars	**Financial Year 2012**		**Financial Year 2011**		**Inc/ (Dec)**
	Amount	**% to Net Revenue & Other Operating Revenue**	**Amount**	**% to Net Revenue & Other Operating Revenue**	**%**
Material Costs	7681.49	58.73	6969.45	58.26	10.22
Employee Benefits Expenses	1340.21	10.25	1211.83	10.13	10.59
Finance Costs	249.36	01.91	148.34	01.24	68.10
Depreciation & Amortization	112.50	00.86	96.94	00.81	16.05
Other Expenses	3050.44	23.32	2895.62	24.21	5.35
Total Expenditure	**12434.00**	**95.07**	**11322.18**	**94.65**	**9.82**

The total expenditure as a percentage to Net sales & other operating revenues during the year, has increased by 9.82% to 95.07%, as compared to the previous year total expense ratio of 94.65%, clearly shows that there is tremendous pressure on the overall margins due to increase in the commodity prices & interest costs.

Raw Material Cost: The overall Material Cost during the year has increased by 10.22% as compared to previous year, which is higher than the overall growth in the gross revenues from operations, during the year. The Material Cost, as a percentage to Revenue from operations (Net) increased to 58.73% as compared to previous year of 58.26%, mainly due to increase in the commodity prices of all the raw materials. However, the company is regularly changing its product mix so to offset the increase in the prices of the raw material to some extent.

Employee Benefits Expenses: The Employee benefits expenses, during the year are at 10.25% of the Revenue from operations (Net), as compared to 10.13% of the last year, showing an increase of 10.59% as compared to previous years, mainly due to annual increments during the year.

Finance Costs: The overall finance cost during the year ended 31st March, 2012 is Rs. 249.36 lacs, as compared to previous year of Rs. 148.34 lacs, which is 68.10% higher than the previous year. The financial cost for the year ended 31st March, 2012 is 1.91% of the Revenue from operations (Net), as compared to previous year of 1.24%.

The overall financial cost as a percentage to the Revenue from operations (Net), is although not on the too higher side but the absolute financial cost of Rs. 249.36 lacs is very much on the higher side, impacted the profits of the Company to a great extent. The Increase in the finance cost during the year was mainly due to continuous increase in the interest rate by the Reserve Bank of India due to higher inflations along with the tightening in the liquidity position of the Company due to temporary delay in the collections from receivable along with the pending value added tax refunds from the Punjab Government authorities.

As at 31st March, 2012, your Company has Valued Added Tax (VAT) refunds pending for recovery from Punjab Sales Tax Authorities amounted to Rs. 738.07 lacs (Previous year Rs. 599.46 lacs), causes to tightness in the overall working capital facilities of the Company along with the continued Increase in Interest rates by the Reserve Bank of India, the overall finance cost during the year was increased by whopping 68.10% as compared to the previous year. However, during the year the Company has collected/received Rs. 452.62 lacs (previos year Rs. 357.99 lacs) from Punjab Sales Tax authorities, on account of pending vat refund & this is an ongoing process.

As all of you are well aware that the Board of Directors of the company had already in principle approved the merger of one of its group concerns G.S. Automotives Private Limited with the Company, but due to some reasons the said merger cannot be completed in the last fiscal. However, the above said merger will now be completed by the end of this fiscal.

The merger of G.S. Automotives Private Limited with your Company, once completed, will offset almost all the value added tax (VAT) refund & in the medium to longer run will help to ease out these type of liquidity crunch which ultimately had caused to increase in the overall working capital requirements, causes to increase in the Interest cost by not contributing anything to the productivity of the Company.

Depreciation and Amortization: The Depreciation and Amortization for the year ended 31st March, 2012 is at Rs. 112.50 lacs as compared to previous year of Rs. 96.94 lacs, an increase of 16.05% as compared to previous year, is mainly due to capitalization of various assets during the year.

Other Expenses: Other expenses of Rs. 3050.44 lacs for the year ended 31st March, 2012, as percentage to Revenue from operations (Net), shows a decrease over the previous year. However, expenses in absolute terms are on the higher side by 5.35% as compared to previous year, due to greater marketing related expenses, yearend incentives and target discount to all the distributors & dealers in the after sales market (Replacement market), increase in sales promotions cum exhibition expenses, cost of outward freight. The Other expenses on the absolute figures are also higher due to increase in the various commodity prices used in the other manufacturing related expenses such as consumable and packing materials.

As the Company is supplying all its products to all the OEM & after Sales Market Customers, distributors, dealers 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, from Ludhiana only. 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, to that extent.

Provision for Taxation: The provision for taxation & deferred tax for the year ended 31st March, 2012 is Rs. 229.73 lacs as compared to previous year of Rs. 207.27 lacs. The provision for taxation & deferred taxation is higher during the current year, as a percentage to profit before tax, is on account of higher deferred tax provisions, as compared to previous year.

The performance highlights for the year 2011-2012 (in brief) are:

The overall growth of the Company shows a satisfactory performance of 9.37% in the net sales (excluding excise duty), from Rs. 11936.51 lacs to Rs. 13055.49 lacs, in-spite of slowdown in the overall Indian economy.

During the year under review the Company has incurred a net foreign exchange gain of Rs. 32.41 lacs, as against net foreign exchange loss of Rs. 2.75 lacs, for the previous year. During the year, your Company has not used hedging as tools, for all its normal foreign exchange transactions such as export & import of finished goods & raw material, respectively.

The Material Costs during the year constitutes 58.73% to the net sales & other operating income vis-à-vis to 58.26% as compared to the previous year.

Finance cost of the Company has increased to Rs. 249.36 lacs from the previous year expenses of Rs. 148.34 lacs, mainly due to increase in the working capital requirements of the Company due to pending refund orders of the Value Added Tax (VAT) from Punjab Sales Tax Authorities and increase in Interest rates.

Depreciation and amortization during the year stand at Rs. 112.50 lacs as compared to previous year of Rs. 96.94 lacs, shows the Company is continuously building its capacities and investing for the future.

Profit before depreciation, interest and tax (PBDIT) during the year has grown by 15.76% to Rs. 1053.32 lacs, from the previous year of Rs. 909.89 lacs, however there is a marginal improvement in the overall EBIDTA margins as a percentage to total income to 8.03% in the current year, as compared to 7.59%, in the previous year.

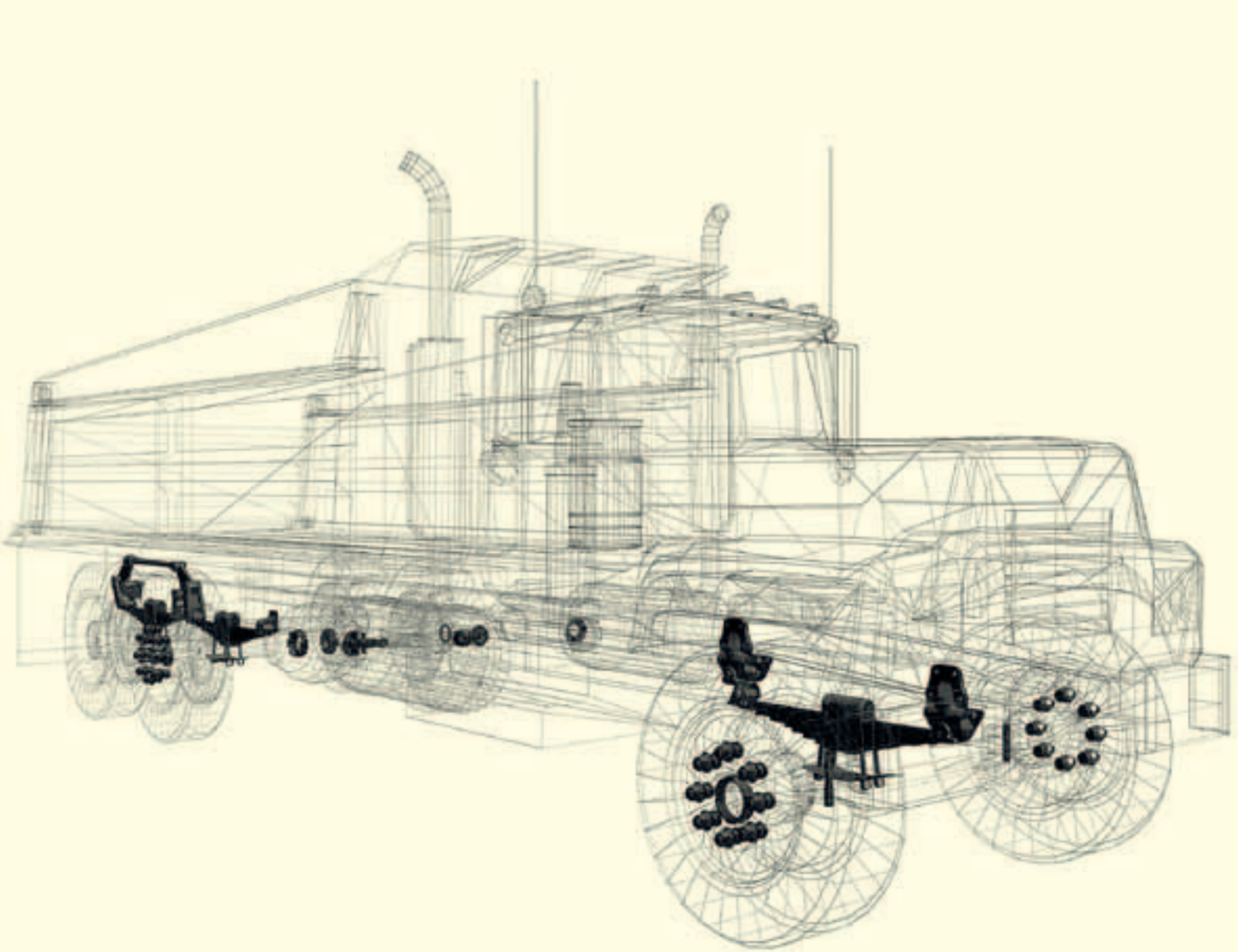
During the year under review the Company has made provision for current taxes (including deferred tax & wealth tax) of Rs. 230.23 lacs, as compared to previous year provision of Current Tax & deferred taxes expenses of Rs. 207.27 lacs.

However, due to increase in finance cost & provision for taxes the Profit after tax (PAT) has almost remain flat at Rs. 461.23 lacs, as compared to previous year profit after taxes of Rs. 457.34 lacs.

Gross Fixed Assets (excluding capital work in progress) has increased from Rs. 2180.96 lacs in 2010-2011 to Rs. 2512.77 lacs during the year under review.

Capital work in progress has increased from Rs. 737.38 lacs in 2010-2011 to Rs. 1409.24 lacs during the year under review, on account of Jamshedpur project of the Company.

The pending value added tax (VAT) refund with Punjab Sales Tax Authorities as at 31st March, 2012 is Rs. 738.07 lacs (Previous year Rs. 599.46 lacs).



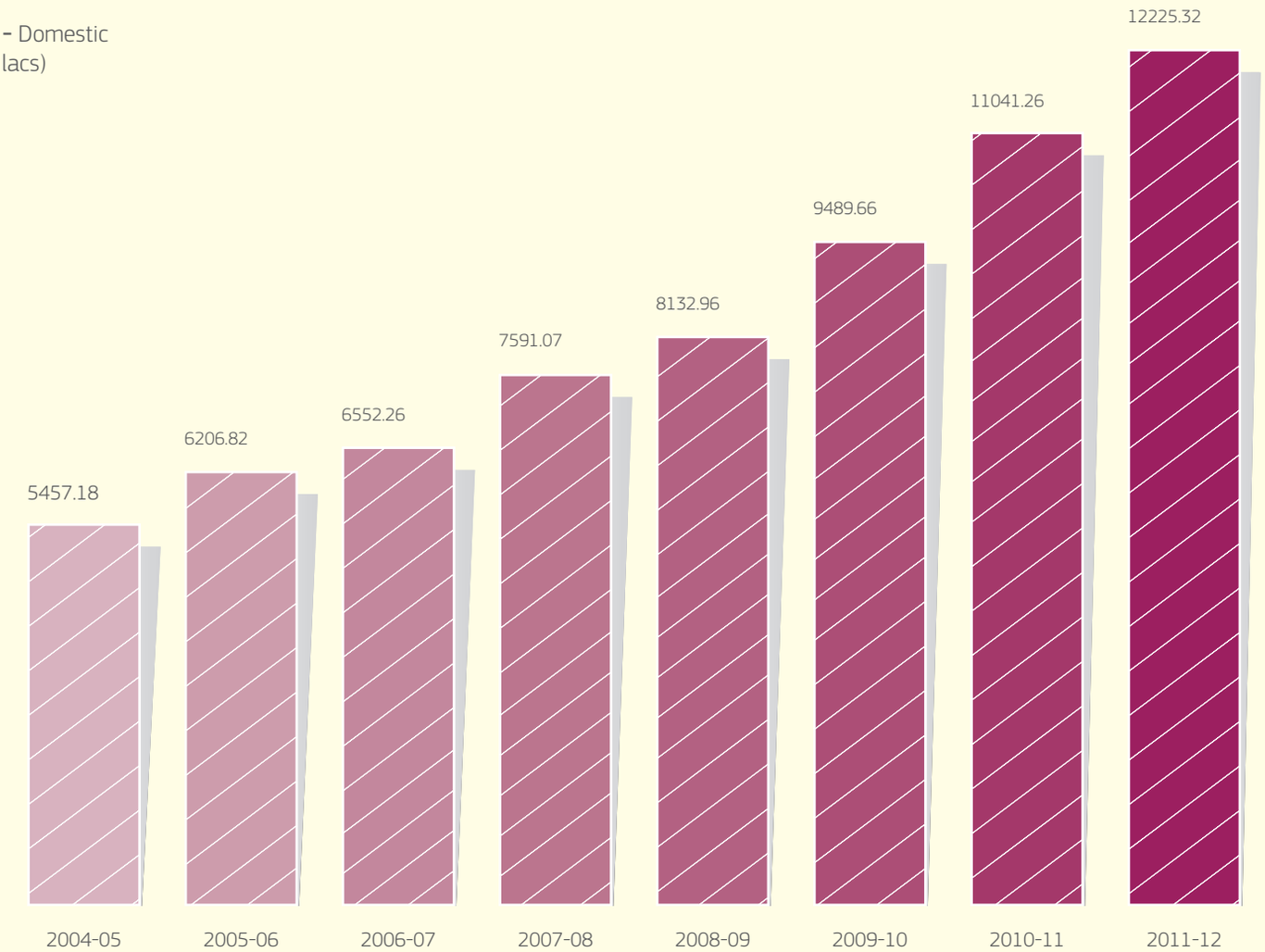
Components Manufactured by G.S.

(Rs. in lacs)

Turnover	2011-12	2010-2011	Growth Rate (%)
Domestic:			
OEM	3870.29	3207.28	20.67
Replacement Market	8265.62	7650.86	8.04
Others (Includes Sale against Job Work & Trading Sales)	89.41	183.12	(51.17)
Total	12225.32	11041.26	10.72
Export	830.17	895.25	(7.27)
EBIDTA	1053.32	909.89	15.76
PAT	461.23	457.34	0.85
Gross Fixed Assets (Excl. CWIP)	2512.77	2180.96	15.21

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

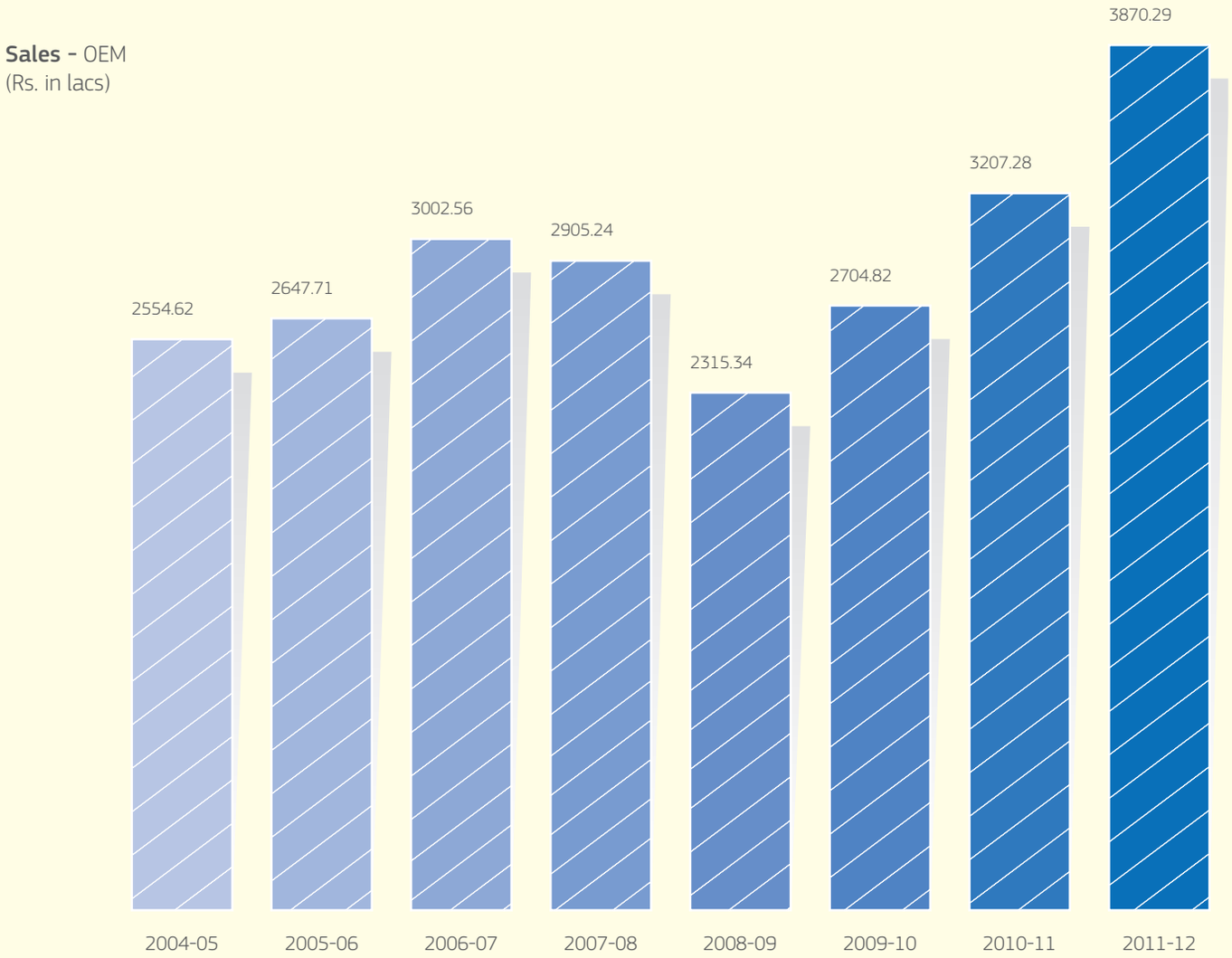
Sales - Domestic
(Rs. in lacs)



(i) Original Equipment Manufacturers (OEM's): At present, the Company is supplying all its products to approximate all the major Original Equipment Manufacturers in India. Among all the major Original Equipment Manufacturers, Tata Motors is our major customer. The Company has been short listed, among other suppliers, by the Tata Motors for their world truck components. The Company is also working with Daimler for their newly launched "Bharat Benz" Commercial Vehicle. Further, the Company is sole suppliers for so many components to these original equipment manufacturers. The Strength of the Company lies in with long standing relations with all the OEM's. During the year under review, the total turnover from all the OEM's, contributes to Rs. 3870.29 lacs, 29.64% share of the total net sales, as compared to Rs. Rs.3207.28 lacs, in the previous years, which was contributing a share of 26.87% of the total net sales. This clearly shows we are maintaining a healthy share of all the OEM, compared to its previous years, in spite of no major increase in the capacity of the company during the year.

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 for Jamshedpur, Lucknow, Pune, & Daimler, as we are right now, not meeting the requirements for all our existing customer due to their ambitious growth plan in their respective business, on account of our major capacity constraints.

OEM—Sectoral Scenario in 2011-2012: Overall 9% growth in automobile production and just 5% growth in passenger car and utility vehicles, Automobile sector were impacted by adverse macroeconomic factors

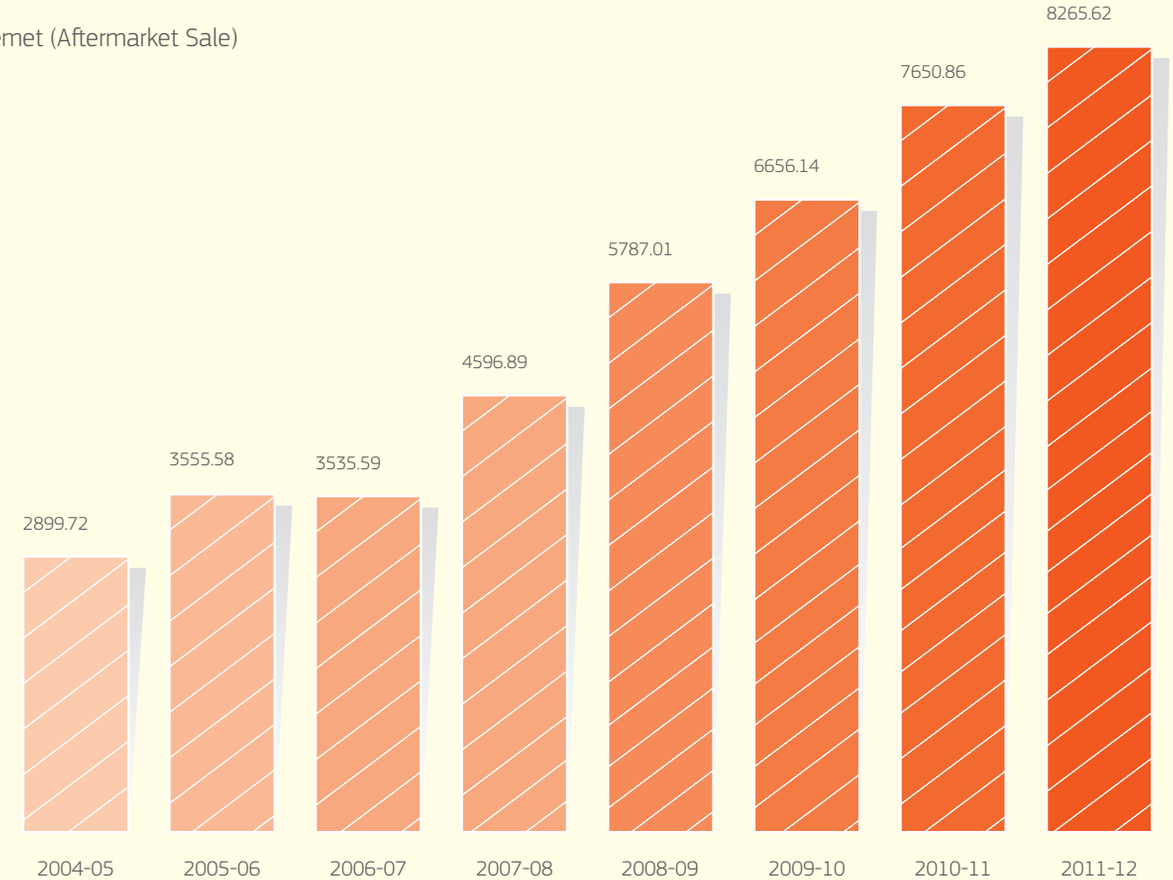


like high inflation and interest rate, periodic fuel price increases and labour unrest. The fiscal was marked with lower production and cost pressures which impacted profitability of OEMs. A visible shift in preference towards diesel cars in view of the widening fuel cost difference.

G.S. Position in 2011-2012-OEM: We feel a growth of 20.67% in the current year as compared to previous year, in the overall business, from Original Equipment Manufacturers, is quite satisfactory, in the back drop of our overall capacity constraints. It will remain our continue endeavor to meet our customers demand & expectation, going forward.

(ii) After Sales Market (Replacement Market): The Strength of your company 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

Sales - Replacemet (Aftermarket Sale)
(Rs. in lacs)



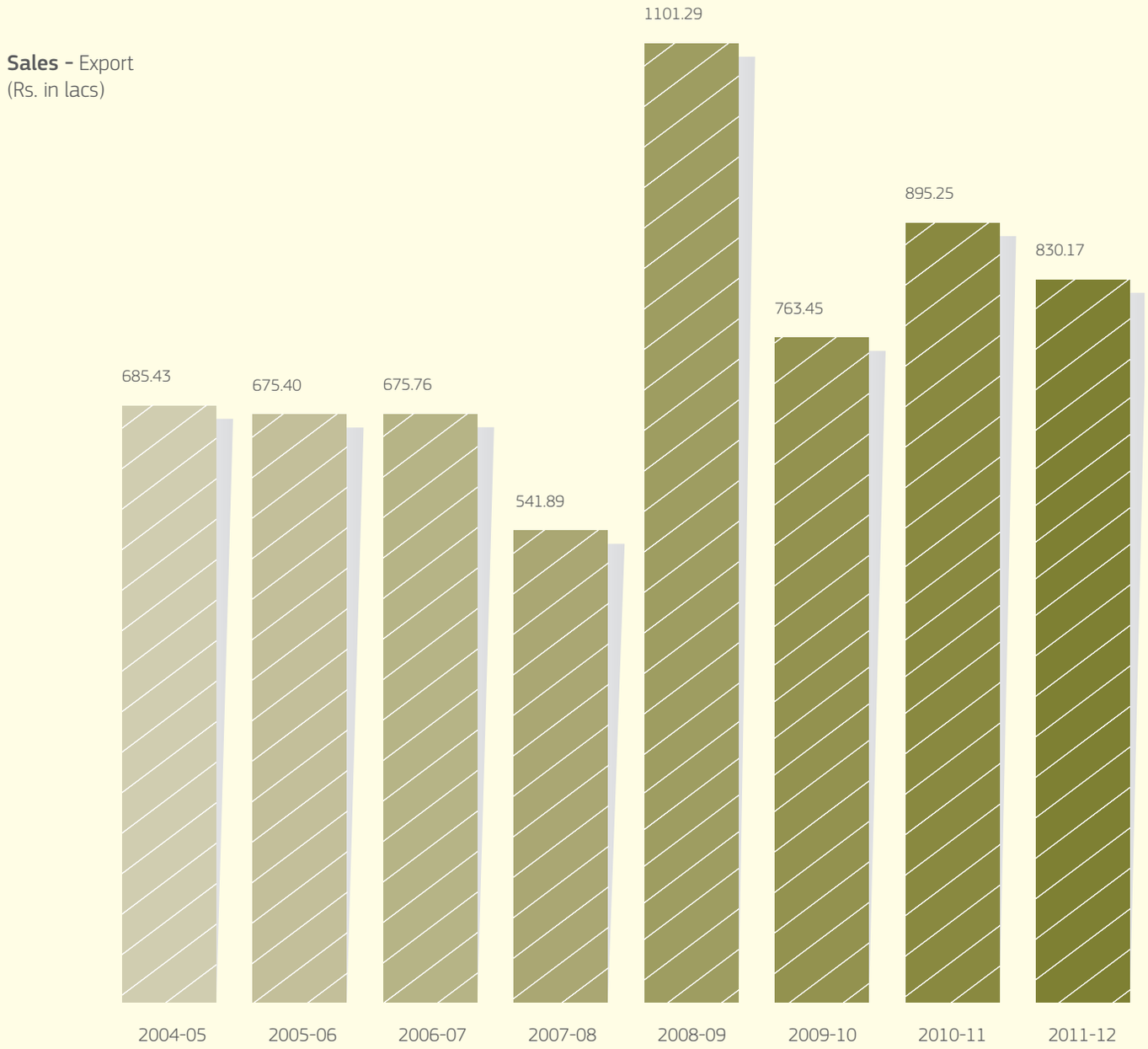
over 10000 retailers, which "G.S." has established with strong & dedicated team work, more than three to four decade strong relations, along with the trust & faith "G.S.", is enjoying with each & every distributors and retailers.

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 & will remains 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. 8265.62 lacs as compared to Rs. 7650.86 lacs during the previous year, showing a year on year growth of 8.04%, by contributing a 63.31% of the total net sales of the Current year, as compared to 64.10% of the previous year.

(iii) Export: The Company at present supplying its components, to Gulf countries, European Countries and a little bit to USA. The Major Customer in the export market 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 to increase its share in the overall total turnover of the Company by expanding in other Countries such as Sri Lanka, Malaysia Bangladesh & Singapore. During the year under review, the export was lower due to weak global demand. The Company has earned net foreign exchange gain on exchange rate fluctuations due to deprecation in the rupee values as compared to other foreign currency amounted to Rs. 32.41 lacs, as compared to previous year net loss of Rs. 2.75 lacs. However there will remain pressure on the export front due to Euro zone financial crises along with the weak global demand, going forward in the near term but we believe that the same can be recouped 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. 830.17 lacs, as compared to Rs. 895.25 lacs showing a decline of 7.27%. The total turnover from export business as percentage of the total net sale of the Company during the year comes to 6.37% as compared to 7.50% of the previous year.

In order to diversify in other parts of the world along with additions of new customers, the company has added new clients such as Ronet Marketing Pvt. Ltd., Sri Lanka, Yazdari Auto Spear, Dubai among others.

Opportunities: The Automotive Industry in India is one of the largest in the world and one of the fastest growing globally. India's passenger car and commercial vehicle manufacturing industry is the sixth largest in the world, with an annual production of more than 3.9 million units in 2011. According to recent reports, India overtook Brazil and became the sixth largest passenger vehicle producer in the world (beating such old and new auto makers as Belgium, United Kingdom, Italy, Canada, Mexico, Russia, Spain, France, Brazil), growing 16 to 18 per cent to sell around



three million units in the course of 2011-12. In 2009, India emerged as Asia's fourth largest exporter of passenger cars, behind Japan South Korea, and Thailand. In 2010, India beat Thailand to become Asia's third largest exporter of passenger car.

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

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

The growth of Indian middle class, with increasing purchasing power, along with strong macro-economic fundamentals has attracted the major auto manufacturers to Indian market. The market linked exchange rate, well

established financial market, stable policy governance work and availability of trained manpower have also shifted new capacities and flow of capital to the auto industry of India. All these have not only enhanced competition in auto companies and resulted in multiple choices for Indian consumers at competitive costs, but have also ensured a remarkable improvement in the industry's productivity, which is one of the highest in Indian manufacturing sector.

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

Tata Motors is leading the commercial vehicle segment with a market share of about 64%. Maruti Suzuki is leading the passenger vehicle segment with a market share of 46%. Hyundai Motor India Limited and Mahindra and Mahindra are focusing expanding their footprint in the overseas market. Hero MotoCorp is occupying over 41% and sharing 26% of the two-wheeler market in India with Bajaj Auto. Bajaj Auto in itself is occupying about 58% of the three-wheeler market.

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

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

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

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

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

In spite of some concerns on account of Indian as well as global economy outlook, the growth forecast for the Indian economy will remain's healthy due to its inherent strength. With the conservative approach of app.10-12% per year growth rate, the Indian passenger vehicle market will be approximate 4-5 million vehicles. Similarly growth in commercial vehicle depends on the growth in agriculture and industrial production, the spared of organized retail. The expected introduction in the medium to long term of more stringent norms related to overloading of goods vehicles and roadworthiness and vehicles age will also leads to expansion in the commercial vehicle market.

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

Automotive Mission Plan 2006-2016: 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.

Production in Units	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Passenger Vehicles	1,777,583	1,838,593	2,357,411	2,987,296	3,123,528
Year to year growth (%)	15.04	3.43	28.22	26.72	4.56
Commercial Vehicles	549,006	416,870	567,556	752,735	911,574
Year to year growth (%)	5.58	(24.07)	36.15	32.63	21.10

Source-SIAM

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

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

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

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

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

Lower labour costs give Indian auto component companies a huge cost advantage. This has resulted in a significant cost reduction as opposed to overseas production maintaining international quality standards. India generates about 0.4 million engineering graduates every year. The cost of entry-level engineers is as low as US$ 8,000 per year. India accounts for 26% of the world's Engineering Service De-regulation and policy initiatives such as lower excise duties, realization of VAT, etc., have been implemented and further introduction of G.S.T will provide much needed boost to this sector.(Source-ACMA)

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

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

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

Further estimates made by ACMA reveal that auto component exports would robustly grow at a compounded annual growth rate (CAGR) of 18.8 per cent over 2011-21, garnering about US$ 29 billion. OEMs account for 80 per cent of the exports while the rest 20 per cent is handled by after-market or retailers. European and North American markets account for 36 and 23 per cent of the entire industry exports respectively, while 28 per cent of the exports are made to Asian countries. The Indian auto and auto components industry is growing at a steady pace of 15 - 18 per cent

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

Growth Drivers of Auto Component Industry:

In Original Equipment Manufacturers: Growth in economic activity, increase in the personal disposable incomes, growth in rural economy, multiple & easy finance options, decline in tax rates and economic vehicles.

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

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

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

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

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

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

With the overall growth rate in the Indian economy and particularly the growth rate in the Indian Automotive Industry, there is tremendous growth opportunities for Company like "G.S." which has already a strong brand name in after sales market, a good & long standing relationship with all the Original Equipment Manufacturers and above all a dedicate team. Company is expanding its capacities by setting up a 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.

Upcoming new manufacturing unit at Jamshedpur

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

The Company has already made the required necessary financial closure for the above said capital expenditure of Rs. 64 (Rs. sixty four) Cr., (for both phases) with a total debt of Rs. 49 (Rs. forty nine) Cr. Rs. 25 (Rs. twenty five) Cr., through rupee term loan from Axis Bank Limited and Rs. 24 (Rs. twenty four) Cr. through foreign currency term loan from Export Import Bank of India and Rs. 15 (Rs. fiftten) Cr., will be through equity infusion.

As of date a total expenditure of Rs. 2352.33 lacs, for the purchase of various machines, electrical equipment, pre fabricated building sheds along

with the advance payment to contractors of building & suppliers of various machineries & other equipments etc. We further wish to inform you that the major machineries have already been purchased for the above said unit and construction work of the building is expected to complete within a couple of months along with commissioning of the first phase of commercial production. We hereby regret for delay in the commencement of the commercial production of the above said unit. The Second phase of the above said unit will be completed by 30th June, 2013.

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

The automotive mission plan of 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 four 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 2.18 Million MT by Weight) approx which will have to go up to USD 10 Billion by 2016 at current price levels only to cater to Auto industry, besides other sectors.

Assuming 10% growth in other sectors, casting industry is projected to be 19.2 Billion Industry by 2016 at current prices & will have to produce 17-18 Million MT of castings to meet the demand of downstream manufacturing industry requiring India to be 2nd largest casting producer globally.

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

It is seen in past two years that the industry is trying to build capacity by adding balancing equipments & no fresh Greenfield projects are coming up. As such there is need to stimulate fresh investments in the sector to ensure & sustain the growth of the economy as the foundry industry is key feeder industry to all sectors. At present the average productivity in foundry industry varies from 15-20 MT/man/year although there are a few world class units also in India which can match world's best productivity such as in Germany where it is 100MT/man/year.

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

Presently Indian Foundry industry is producing approx 7 million MT per annum which can go up to 10 Million MT with some additional equipments whereas the requirement will be 20 million MT approx including export demand. This gap will be staring at us. If this growth does not take place one of the two following situations will emerge first Automotive Industry

will face a serious challenge in reaching the targets second there will be massive imports, which will shut the window of opportunity for Indian Industry & employment generation. The auto industry will also lose some degree of flexibility which is better with domestic suppliers.

Casting and its future: Casting is a 6000-year young process. It has been mentioned in several Sanskrit works such as Shilpashastra derived from Sthapatyaveda containing the principles of realizing all kinds of man-made structures, in turn derived from Atharvaveda, one of the four principal Vedas. The original authors are said to be Viswakarma and Maya, the 'chief engineers' of gods and demons, respectively. The Rigveda mentions equipment used in casting, such as dhamatri (cupola), gharma aranmaya (crucible) and bhastri (blower). The major application was in creating the idols used for worship; and very strict rules were laid down to achieve perfection in terms of talmana (proportions), mudra (stance) and bhava (expression). In particular, dhyana slokas defined the spiritual quality of each deity and the lakshanas described the form. Other products included lamps, doors, frames, cooking and agricultural implements.Earliest castings include the 11 cm high bronze dancing girl found at Mohen-jo-daro (dated about 3000 BC). The remains of the Harappan civilization contain kilns for smelting copper ingots, casting tools, stone moulds, cast ornaments, figurines and other items of copper, gold, silver and lead. Iron has been mentioned in Vedas as ayas, and iron pillars, arrows, hooks, nails, bowls and daggers dated 2000 BC or earlier have been found in Delhi, Roopar, Nashik and other places. Large scale state-owned mints and jewelry units, and processes of metal extraction and alloying have been mentioned in Kautilya's Arthashastra (about 500 BC). Later Sanskrit texts talk about assessing and achieving metal purity. The Ras Ratnakar written by Nagarjuna in 50 BC mentions the distillation of Zinc, proved through recent excavations in Zawar, Rajasthan. The Iron Pillar of Delhi, standing 23 feet, weighing 6 tonnes and containing 99.72% iron without any signs of rust, is a remarkable example of metallurgical science in 5th century AD. The first cast crucible steel was also produced around this period. The Nataraja and Vishnu statues of Chola dynasty (9th century) stand testimony to the fine practice of intricate castings in mediaeval India. Most of these were made in pancha dhatu (copper, zinc, tin, gold and silver) using the madhuchista vidhana (lost wax) process. Outside India, the oldest casting in existence is a copper frog dated 3200 BC discovered in Mesopotamia. One of the first cast iron objects, a 270 kg tripod, was cast by Chinese in 600 BC. A colossal statue of the Great Buddha in tin lead bronze was completed in 1252 AD at Kamakura in Japan. The casting technology was transferred from India and Middle East to Europe through Portugese explorers in 14th century, where it blossomed as a fine art. Vannocio Biringuccio, head of Papal Foundry in Rome (around 1500 AD) is considered as the father of foundry industry in the West. He has been quoted as saying: "The art of casting... is closely related to sculpture ... it is highly esteemed... it is a profitable and skillful art and in large part delightful." Indeed, the bronze sculptures represent the craftsman's artistry as well as the capability of the casting process. (Source-unknown)

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

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

Metal casting is a Mother Industry, just a wee bit below "Steel serving automotive, Infrastructure & all the downstream engineering industries. There is a yawning gap between China & India. It is also very much behind the expected demands from the Automotive & Auto Component sectors, which is leading to imports. Countries like Brazil are catching up faster than India. The number of operating foundries has declined from a high of 6150 plants in 1955 to less than 3000 today. Of those 2900 foundries operating today, 1900 are nonferrous operations, with the rest comprised of iron and steel plants. Most American foundries remain small businesses, as 80% of all operating plants employ less than 100 people and only 6% employ more than 250 people.

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

Main features of the global metal casting industry:

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

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

Transport: automobile, aerospace, railways and shipping, **Heavy equipment:** construction, farming and mining, Machine tools: machining, casting, forging, extrusion and forming, **Plant machinery:** chemical, petroleum, paper, sugar, textile, steel and thermal plants, **Defense:** vehicles, artillery, munitions, storage and supporting equipment, **Electrical machines:** motors, generators, pumps and compressors, **Municipal castings:** pipes, joints, valves and fittings, **Household:** appliances, kitchen and gardening equipment, furniture and fittings, **Art objects:** sculptures, idols, furniture, lamp stands and decorative items, **Ferrous Castings:** Ferrous castings include those of grey cast irons, ductile (spheroidal graphite) irons and steels, briefly described here. **Grey cast irons:** These are alloys of iron, carbon and silicon, containing more than 2% carbon (as flake graphite), up to 3% silicon and less than total 1% of alloying elements (mainly chromium, copper, magnesium, molybdenum, nickel, phosphorous, silicon, sulphur, titanium and vanadium). Grey cast irons exhibit low to moderate strength, low ductility and toughness, low modulus of elasticity, low notch sensitivity, high resistance to wear and seizure, excellent vibration damping capacity, excellent machinability, high thermal conductivity, moderate resistance to thermal shock and most important, excellent fluidity.

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

Challenges:

a. 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.

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

c. 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.

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

e. 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)

Capacity Expansion & Modernization: The Company is setting up the new manufacturing unit at Jamshedpur with the latest state of the art technology at 3 (Three Acre) plot, taken on thirty years lease basis from Adityapur Industrial Development Authority (ADIA), 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. The raw material for the above said unit is available in plenty from neary locations within walking distance.

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 prolonged slowdown of Indian as well global economy, adversely affect the commercial vehicle segment, as commercial vehicle segment is a face of revival in the economy. Further any increase in the prices of commodities be it rise in the steel prices, rise in crude prices along with the rise in the interest rate in the domestic market further cause to slow down in the Indian economy as well as in the World economy. Rise in the crude prices coupled with the rise in the interest cost ultimately will affect the demand of commercial vehicles as financing will 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 "G.S.", which will counter any increase in the competition in the aftermarket sale segment. The Continued power cuts imposed during 2011-2012 due to gaps in demand & supply can impact the running of the foundry too along with any increase in the tariff rates, will further impact the overall margins of the Company. However, during the year under review the company has started to purchase online electricity from open market access, which has reduced the dependence on own generation as well as cost of electricity per unit, to some extent.

Challenges: Any Increase in Excise Rate along with the Increase in Commodity prices & Interest Rates, Infrastructure Bottleneck, trained drivers for sophisticated vehicles and planned maintenance, Increased competition and expansion in capacity would pressure on margins leading to just a volume driven model, Remaining Cost Competitiveness, Access to and availability of cost effective capital, Trade Policies, Access to world class technology and quality practices, Scaling up the Industry.

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

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

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

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

Human Resource is one of the key Assets of any organization. The Company believes that human resources enable the Company to consistently meet customer requirements and deliver exceptional performance for growth. To strive for success and growth in any organization, human resource will have to play a key role in the overall development of the organization. We feel that the organization will grow, only & only if, each & every employee of the organization will grow with regards to their personal developments, as well as, at organization level, along with the organization. The Company provides ample opportunity to employees to enhance their knowledge & skill, which will ultimately contribute to the growth of the organization. The Human Resources function at "G.S.", 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 "G.S." 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 years. 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, "G.S." 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 work force and management alike-and synchronize these with long term business objectives.
- Ensure that existing people within the organization have a clearly defined growth and business delivery path, based on their competencies, delivery potential, previous track record and appetite for growth.
- To achieve these three objectives, the Company, during the year has put into place key organizational changes.

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

Industrial Relations: The total numbers of permanent employees on the roll of the Company were 1115 as on 31st March, 2012 (previous year 1121). Your Company had maintained its excellent industrial relations records of not loosing even a single day due to industrial action since its inception, which further shows the relation of the Company with its workmen. This facilitated the following:

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

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

Health, Safety, Security and Environment: Health, Safety, Security and Environment is at the core of our business and all employees are accountable for it. "G.S." 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. "G.S." considers it is a responsibility to its stakeholders to clearly stipulate measures and polices that can be proposed to the third parties and are in line with global benchmarks.

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

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

"G.S." 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 "G.S." employees and subcontractors have been standardized and are in

place.

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

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

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

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

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

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

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

During the year, "G.S." had no fatal accidents.

Information Technology: "G.S." has been adapting IT, to pay an increasingly strategic role in business role in the business process by providing cutting-edge technologies needed to create values and competitive advantages. These range from advanced sales force automation, engineering design and collaboration tools, to initiatives that supported global distributed working in **"G.S."**, IT also helps to ensure the sustainability of its various businesses compliances and enhanced information security systems. The major initiatives can be grouped under the following categories.

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

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

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

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

Corporate Social Responsibility (CSR): "G.S." 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. "G.S." believes that it is not only accountable to its shareholders but it is also accountable to the society in which it operates. With a true corporate vision, the Company embraces a wider community rather than just its shareholders, customers and suppliers.

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

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

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

i)(a) Company contributes to NGO namely "CRY" to empower children and community for understanding their Rights as equal citizens and demand for schools and health centres in their villages.

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

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

(ii) Installed Water & Sewage Treatment Plant and Effluent Plant of 1,00,000 ltrs per day and 60,000 ltrs per day capacity respectively to provide better and healthy working conditions.

(iii) Company launched its internal environment policy aimed at minimizing its environmental impact and carbon footprints under the "Go Green" initiatives during the year 2009-10, Company has made contribution from time to time to Divisional Forest Officer, Ludhiana, for participating and taking initiative with the forest Division, in their efforts for plantation in Go Green drive. G.S. continuously contribute in Go Green scheme by planting various plants to keep the environment green & healthy.

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

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

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

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

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

Analysis and Comments on Key Business Risks

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

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

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

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

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

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

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

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

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

(iii) Procurement and Supply Chain Risks: During the year, the prices of commodity and base metal remained on the 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) Exchange Fluctuations Risks: The company's policy has been to avoid speculation in foreign exchange. The Company is right now, not using the hedging as a tool for booking forward for their regulars' business requirements. During the year under review, the company has raised a foreign currency term loan amounted to US$ 23.52 lacs (equivalent to Rs. 1200.00 lacs) for the setting up of new manufacturing unit at Jamshedpur. As of date the Company has not hedged the above said foreign currency term loan exposure.

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

(v) Commodity Risk: The Input prices in general and scrap prices in particular are very volatile along with the prices of Crude & power. With the Government of India's policy to partly decontrol the Oil prices, there was continuous pressure in the prices of Oil, further Causes to increase in the power cost.

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

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

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

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

(ix) Quality Management System: From the very beginning "G.S." has always shown incessant thirst for Product Quality and Customer Satisfaction. At "G.S.", each component passes through series of stringent tests of quality from Design Stage to Manufacturing. Conformance to the Quality is just not restricted to the shop floor of the Company but also throughout the supply chain. After having conferred ISO 9002 certification in 1997 and QS 9000 certification in 1999 by BVQI, U.K. the Company 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 "G.S." feels that these are essential ingredients of success and sustenance in the present times due to fierce competition offered by Global Companies.

The Quality Movement in "G.S." has achieved its next milestone – ISO/TS 16949 accreditations in April, 2005 (re certified in 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.

(x) Internal Control System: During the year the Company has appointed M/s. S. Jain & Co., Chartered Accountants, Ludhiana as an internal auditor of the Company. The Company's internal audit department is regularly reviewing the adequacy of the internal control systems and suggests corrective measure, wherever found necessary. Review mechanisms are in place to monitor & improve the internal control systems. The internal audit department draws up yearly plans keeping in view the complexities of the businesses. All areas are covered periodically & report submitted to the departmental heads. Corrective actions, if any, are taken within an agreed time frame. The audit committee of the board periodically reviews the report & recommendations and follows up with necessary actions. Statutory auditors also review the adequacy of internal audit system and suggest improvements wherever feel necessary, at regular intervals.

Financials:
Abridged Statement of Profit and Loss:

(Rs. in lacs)

Particulars	2011-12	2010-2011
Net Sales	**13055.49**	11936.51
Operating Income	**23.17**	25.35
Total Expenditure	**12072.14**	11076.90
(a) Consumption of Raw Material	**7681.49**	6969.45
(b) Employee Benefit Expense	**1340.21**	1211.83
(c) Other Expenditure	**3050.44**	2895.62
OPBDIT	**1006.52**	884.96
Depreciation & Amortization	**112.50**	96.94
OPBIT	**894.02**	788.02
Finance Charges	**249.36**	148.34
OPBT	**644.66**	639.68
Other Income	**46.80**	24.93
PBT	**691.46**	664.61
Current Tax/Wealth Tax	**199.00**	204.00
Deferred Tax	**31.23**	3.27
PAT	**461.23**	457.34
Tax Adjustment related to Previous Years	**(0.08)**	(4.30)
EPS (Rs.) : Basic (face value of Rs. 5/- each)	**4.32**	5.72
EPS (Rs.) : Diluted (face value of Rs. 5/- each)	**4.32**	3.81

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

The following table list out the key financial ratios for financial year 2011-12 and Financial Year 2010-2011.

Indicators of Profitability & Capital Structure Ratio :

Particulars	2011-12 (%)	2010-2011 (%)
PBDIT/Total Income	8.03	7.59
PBIT/Total Revenue	7.17	6.78
PBT/Total Revenue	5.27	5.54
PAT/Total Revenue	3.51	3.82
Return on Capital Employed	15.13	24.07
Return on Net Worth	11.07	14.85
Debt Equity Ratio (in times)	0.96:1	0.54:1

Corporate Governance Report

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

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

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

Compliance of Corporate Governance:
Board of Directors

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

A. Composition: As on 31st March, 2012, G.S Auto's Board of Directors comprises of 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.

Composition of the Board of Directors

Directors	Category	Total number of Directorships of other public companies @	Total number of Committee membership of Public Companies @@	Total number of Chairmanships of Committees@@ of public companies
Non-Executive				
Dalvinder Kaur Ryait	Promoter	Nil	Nil	Nil
Amarjeet Kaur Ryait	Promoter	Nil	Nil	Nil
Sewa Singh*	Independent	Nil	1	Nil
Makhan Singh*	Independent	Nil	1	Nil
Satish Monga	Independent	Nil	3	2
Sanjeev Sethi	Independent	Nil	3	1
Jayant Davar**	Independent	3	2	Nil
Upkar Singh Ahuja***	Independent	Nil	2	Nil
Jasbir Singh Bir #	Independent	Nil	2	Nil
Executive				
Jasbir Singh Ryait	Promoter	Nil	1	Nil
Surinder Singh Ryait	Promoter	Nil	1	Nil

* Resigned as Director of the company w.e.f. 18/06/2011

** Appointed as Director of the company w.e.f. 02/08/2011

*** Appointed as Director of the company w.e.f. 12/08/2011

\# Appointed as Additional Director of the company w.e.f. 21/07/2012

@ Excludes Foreign companies, Section 25 companies and Private Companies.

@@ Committees considered are Audit Committee, Shareholders' Grievance Committee and Remuneration Committee.

B. Board Meetings: During the financial year 2011-2012, the Board of Directors met eighteen times on the following dates:

09th April 2011	21stJuly 2011	30thNovember 2011
21st April 2011	02nd August 2011	05th December 2011
04th May 2011	12th August 2011	07thDecember 2011
06th June 2011	18th August 2011	21st January 2012
18th June 2011	24th September 2011	10th February2012
30th June 2011	21st October 2011	03rd March 2012

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

Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
Jasbir Singh Ryait	18	18	Yes
Surinder Singh Ryait	18	18	Yes
Dalvinder Kaur Ryait	18	18	Yes
Amarjeet Kaur Ryait	18	18	Yes
Satish Monga	18	12	Yes
Sanjeev Sethi	18	12	Yes
Sewa Singh*	18	4	N.A
Makhan Singh*	18	4	N.A
Jayant Davar**	18	7	Yes
Upkar Singh Ahuja Ahuja***	18	10	Yes

* Resigned as Director of the company w.e.f. 18/06/2011
** Appointed as Director of the company w.e.f. 02/08/2011
*** Appointed as Director of the company w.e.f. 12/08/2011

D. Board Procedure: A detailed folder of agenda & notes thereon is sent to each Director in advance of Board and committee meeting. All material information is incorporated in the agenda for facilitating meaningful and purposeful discussion at the meeting. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted with the permission of Chairman of the meeting. To enable the Board to discharge their duties effectively, the Managing Director apprises the Board regarding overall performance of the Company at every meeting.

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

E. Director's Shareholding as on 31st March 2012:

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

F. Remuneration to Directors:
(i) Executive Director

Names of the Directors	Category	Total Remuneration (Rs.)
Jasbir Singh Ryait	Chairman	29,90,340
Surinder Singh Ryait	Managing Director	30,58,200

(ii) Non Executive Director: The Company does not provide any remuneration, sitting fee or commission etc to the Non- Executive Directors.

2. Committees of the Board:

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

Composition: The Audit Committee comprises of non executive Directors viz. Mr. Satish Monga, Mr. Sanjeev Sethi and Mr. Jasbir Singh Bir*. Mr. Jasbir Singh Ryait is also member of Audit Committee who is Executive Director. Except Mr. Jasbir Singh Ryait all the Directors are Independent Directors. Audit Committee is headed by Mr. Satish Monga. All the members of Audit Committee are well versed in the field of accounting and financial management. Composition of Audit Committee meets the requirement of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

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

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

Meeting and Attendance: The Audit Committee met Five times during the financial year 2011-12 on 21st April 2011, 21st July 2011, 18th August 2011, 21st October 2011 and 21st January 2012. The attendance of present members of the Committee is given as below:

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

* Appointed as member of the Audit Committee w.e.f. 21/07/2012

B. Shareholder's a nd Investors Grievance Committee: The Shareholders and Investors Grievance Committee has been constituted to look into and redress the Shareholders/ Investors grievances.

Composition: The Shareholders and Investors Grievance Committee comprises of Mr. Sanjeev Sethi, Mr Satish Monga, Mr. Sewa Singh, Mr. Jayant Davar, Mr. Upkar Singh Ahuja Ahuja and Mr. Jasbir Singh Bir @@. All of them are Non Executive Independent Directors. Mr. Surinder Singh Ryait is also member of Shareholders and Investors Grievance Committee who is Executive Director. The Committee is headed by an Independent Director, Mr. Sanjeev Sethi.

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

Objective: The objective of Shareholders and Investors Grievance Committee to look into and redress shareholders/investors grievances relating to transfer of shares, non receipt of declared dividend, annual reports, all such complaints directly concerning the shareholders/investors as stakeholders of the company, any such matters that may be considered necessary in relation to Shareholders/investors of the company. The committee overseas the performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

Meeting and Attendance: The Committee met Four times during the financial year 2011-12 on 21st April 2011, 21st July 2011, 21st October 2011 and 21st January 2012.

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

Committee Member	Number of meetings Held	Number of meetings Attended
Sanjeev Sethi	4	4
Satish Monga	4	4
Surinder Singh Ryait*	4	4
Sewa Singh**	4	1
Jayant Davar#	4	2
Upkar Singh Ahuja@	4	2
Jasbir Singh Bir@@	4	Nil

* Resigned as a member w.e.f.. 21.07.2012
** Resigned as a member w.e.f.. 18.06.2011
\# Appointed as a member w.e.f.. 02.08.2011
@ Appointed as a member w.e.f.. 12.08.2011
@@ Appointed as member w.e.f.. 21.07.2012

Compliance Officer: Mr. Neeraj Tuli, is the Compliance Officer of the Company as per clause 47(a) & (f) of the Listing Agreement of the Stock Exchanges.

Detail of Queries/grievances/requests, received and redressed by the Shareholder's Grievance Committee during 2011-2012.

Nature of complaints /request	Received during 2011-12	Resolved during 2011-12	Pending as on 31.03.2012
Transfer/ Transmission	53	53	NIL
Non – receipt of Share certificates	68	68	NIL
Non-receipt of Dividend	19	19	NIL
Others	25	25	NIL

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

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

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

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

Meeting and Attendance: The Committee met four times during the financial year 2011-12 on 21st April 2011, 21st July 2011, 21st October 2011 and 21st January 2012.

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

Committee Member	Number of meetings Held	Number of meetings Attended
Satish Monga	4	4
Sanjeev Sethi	4	4
Makhan Singh*	4	1
Jayant Davar#	4	2
Upkar Singh Ahuja Ahuja@	4	2

* Resigned as member w.e.f. 18/06/2011
\# Appointed as member w.e.f. 02/08/2011
@ Appointed as member w.e.f. 12/08/2011

3. General Body Meetings

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

Year	Date	Time	Venue	Special Resolutions passed
2010-11	30.09.2011	10.00 A.M.	Regd. Off. G.S. Estate, G.T. Road, Ludhiana.	3
2009-10	30.09.2010	10.00 A.M.	Regd. Off. G.S. Estate, G.T. Road, Ludhiana.	2
2008-09	30.09.2009	10.00 A.M.	Regd. Off. G.S. Estate, G.T. Road, Ludhiana.	Nil

- At the last AGM held on 30.09.2011, three special resolutions were passed approving the alteration of Article 94, 166 and 167 of Articles of Association 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.

(ii) Details of Extraordinary General Meetings (EGM's) held during past three years and Special Resolutions passed

Year	Date	Venue	Special Resolutions passed
2011-12	15.04.2011	Regd. Off. G.S. Estate, G.T. Road, Ludhiana	6
2010-11	No EGM Held	N.A	N.A
2009-10	09.02.2010	Regd. Off. G.S. Estate, G.T. Road, Ludhiana	1

- At the last EGM held on 15.04.2011, six special resolutions were passed approving the alteration of Article 88, 98, to replace word "Share Premium Account" with "Security Premium Account", 166, 167 and to appoint Mr. Harkirat Singh Ryait s/o Shri Jasbir Singh Ryait Chairman of the Company to hold office or place of profit.

- At the EGM held on 09.02.2010, one special resolution was passed regarding allotment of forty lacs convertible warrants on preferential basis.

4. Disclosures

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

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

c) CEO/CFO Certification: The Chief Executive Officer and the Chief Financial Officer of the company have certified to the Board of Directors regarding the Financial Statements and matters related to internal control in prescribed format for the year ended 31st March, 2012, which is annexed to this report.

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

e) Subsidiary Companies: The Company is neither a subsidiary of any company /body corporate nor having any subsidiary companies.

f) Related Party Transactions: During the year, there was no related party transaction i.e. transactions of the Company of material nature entered with its Promoters, the Directors or the management or relatives etc. that may have potential conflict with the interest of Company at large. The details of the related party transactions are disclosed under the notes on accounts, as required under the Accounting Standards 18 issued by the Institute of Chartered Accountants of India.

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

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

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

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

k) Reconciliation of Share Capital Audit: As stipulated by SEBI, a qualified practicing company secretary carries out share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

and the total issued and listed capital. This audit is carried out every quarter and report thereon is submitted to the Stock Exchanges.

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

m) 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.

n) Update Address: To receive all communications promptly, please update your address with the Company or its Registrar.

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

5. Means of Communication

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

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

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

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

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

6. General Shareholders Information

i) Company Registration Details, Listing Details & ISIN Details

A. Corporate Identification No.(CIN) L34300PB1973PLC003301		
B. Listing at Stock Exchanges	**Trading Code *Details of listing fee**	**Address**
1. BSE Ltd.	513059 *Listing fee of 2012-13 paid	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001
2. LSE Ltd.	GATO *Listing fee of 2012-13 paid	Feroze Gandhi Market, Ferozepur Road, Ludhiana-141001
C. International Security Identification No.(ISIN) in NSDL and CDSL	**Particular**	**ISIN**
	Equity Shares *Depository fee for 2012-13 paid to NSDL & CDSL	INE736H01024

ii) 38thAnnual General Meeting

Date: 29th September 2012
Time: 10.00 A.M.
Venue: Regd. Off. - G.S. Estate, G.T. Road, Ludhiana.

iii) Financial Year

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

iv) Financial Reporting for 2012-13

For the year 2012-13 the indicative announcement dates for the financial results are:

Financial Reporting for 2012-13 (contd.)

First Quarter Un-audited Results - June 30, 2012	By 21st July 2012
Half Yearly Un-audited Results - September 30, 2012	By 22nd October 2012
Third Quarter Un-audited Results - December 31, 2012	By 21st January 2013
Fourth Quarter Un-audited Results - March 31, 2013	By 22nd April 2013
Approval of Annual Accounts	By August 2013

v) Book Closure Date: Company's Share Transfer Books and Register of members of equity shares shall remain closed from 25.09.2012 to 29.09.2012 (both days inclusive).

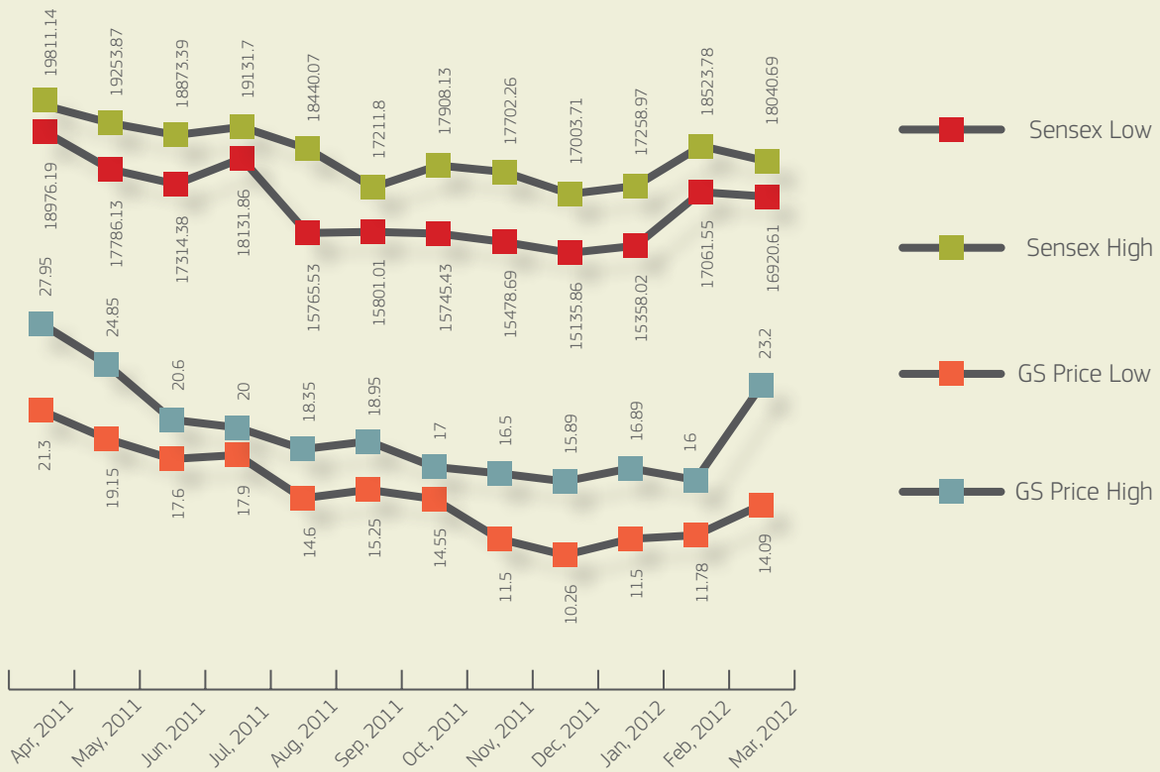
vi) Stock Market data: High and Low Prices and Trading Volumes at BSE.

Stock Market Data:

Month	BSE Sensex		Company's share *		Volume (No. of Shares)
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	
Apr, 2011	19811.14	18976.19	27.95	21.30	380611
May, 2011	19253.87	17786.13	24.85	19.15	116141
Jun, 2011	18873.39	17314.38	20.60	17.60	72331
Jul, 2011	19131.70	18131.86	20.00	17.90	92766
Aug, 2011	18440.07	15765.53	18.35	14.60	108975
Sep, 2011	17211.80	15801.01	18.95	15.25	62079
Oct, 2011	17908.13	15745.43	17.00	14.55	69446
Nov, 2011	17702.26	15478.69	16.50	11.50	75285
Dec, 2011	17003.71	15135.86	15.89	10.26	57951
Jan, 2012	17258.97	15358.02	16.89	11.50	48657
Feb, 2012	18523.78	17061.55	16.00	11.78	81782
Mar, 2012	18040.69	16920.61	23.20	14.09	263719

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

Stock Market Data



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

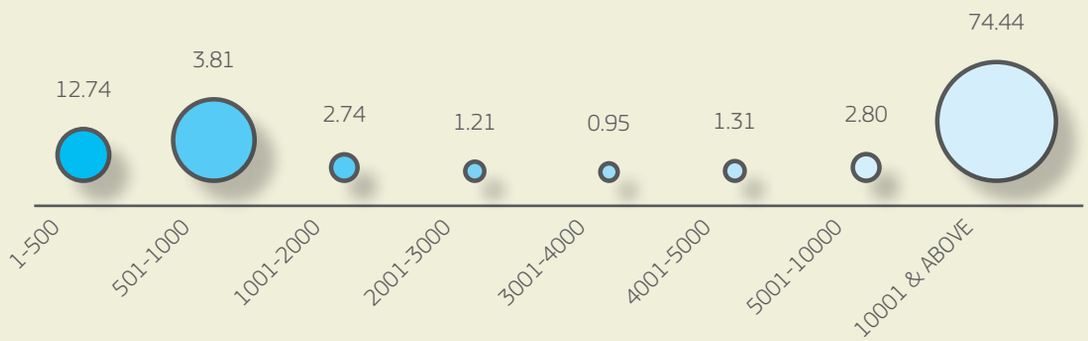
M/s. Skyline Financial Services Pvt. Ltd.
D/153A, Okhla Industrial Area
Phase 1, New Delhi-110020
Phone No. 011 30857575 (10 Lines)
Fax No. 011 30857562
E-Mail: admin@skylinerta.com

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

Distribution of equity shareholding as on 31st March, 2012:

Number of Shares	No. of Shareholders	%	No. of Shares held	% of share Holding
1-500	8311	89.42	1528300	12.74
501-1000	564	6.08	457460	3.81
1001-2000	214	2.30	329254	2.74
2001-3000	56	0.60	145485	1.21
3001-4000	32	0.34	114029	0.95
4001-5000	33	0.36	156587	1.31
5001-10000	44	0.47	336579	2.80
10001 & above	40	0.43	8932306	74.44
Total	**9294**	**100.00**	**12000000**	**100.00**

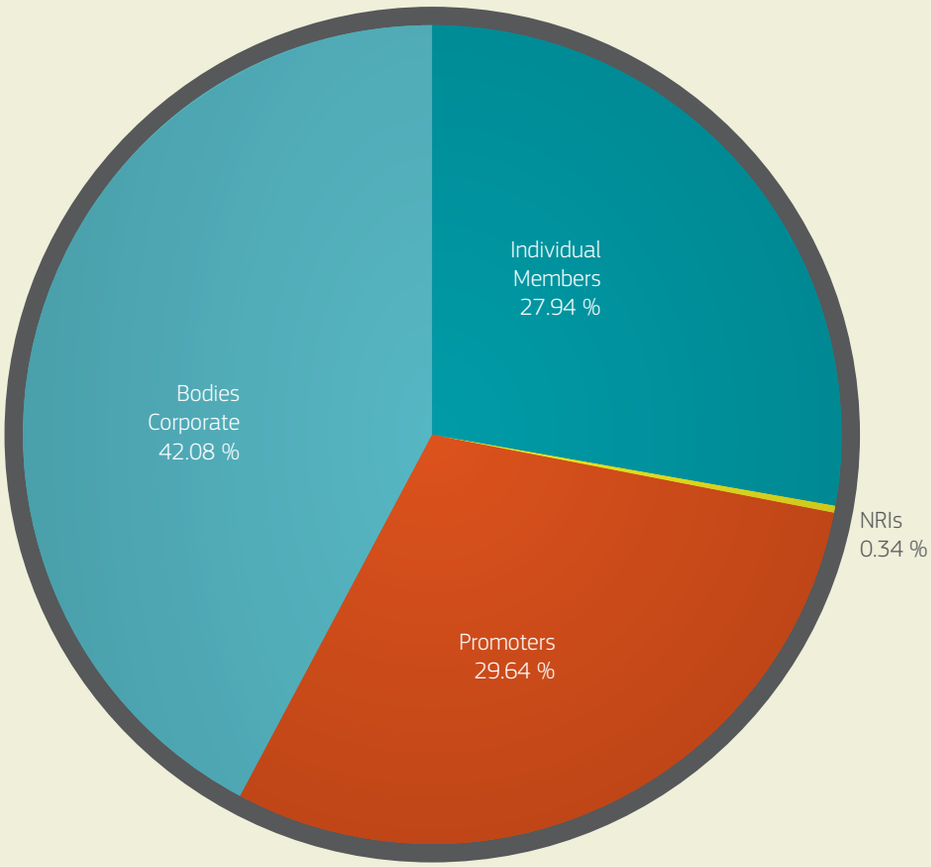
Distribution of Shareholding (Equity) of the Company as on 31st March, 2012:



Categories of equity shareholders as on 31st March, 2012:

Category	No. of Shares held	% of Share Holding
A) Promoter's holding		
Individuals	1386660	11.56
Corporate Bodies	2170000	18.08
Total Shareholding of Promoters	**3556660**	**29.64**
B) Non Promoters holding		
1. Mutual Funds, banks, financial Institutions, insurance Companies etc.	Nil	Nil
2. Foreign Institutional Investors	Nil	Nil
3. Corporate Bodies	5050067	42.08
4. Non Resident Individuals	39940	0.34
5. Indian Public & others	3353333	27.94
Total Shareholding of Public	**8443340**	**70.36**
Total (A) + (B)	**12000000**	**100.00**

Distribution of Shareholding pattern of the Company as on 31st March, 2012:



(ix) Dematerialisation of Shares: The Company has entered into agreements with both National Securities Depository Limited and Central Depository Services (India) Limited to facilitate the shareholders to Demat their equity shares with any one of the depositories. As on 31st March 2012, the Company has 1, 11, 27,951 dematerialised shares with NSDL and CDSL which is 92.73% of the total Issued capital of the Company.

(x) Detail of Interim/Final Dividend Paid and Unclaimed: The details of the interim/final dividend declared, paid and unclaimed is shown in the table below:

Financial year	Dividend	Date of declaration	Total dividend amount (Rs.)	Unclaimed Dividend as on 31st March, 2012	Due for transfer to IEPF on
2009-10	Interim	10.04.2010	44,00,000/-	354198.90	15.05.2017
2010-11	Final	30.09.2011	66,00,000/-	336794.70	14.11.2018

7. Company Secretary : Miss Rashmi Sharma, ACS is the Company Secretary of the Company.

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

9. Address for Correspondence:

Registered Office : G.S. Estate, G.T. Road, Dhandari Kalan, Ludhiana – 141010
Telephone : 0161-2511001-05
Fax : 0161-2510885
Web Site : www.gsgroupindia.com
E-mail ID : info@gsgroupindia.com
exclusively for the redressal of investor's grievances.

Non Mandatory Requirements:

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

Audit Qualification: It is always the company's endeavour to present unqualified financial statements. There is no audit qualification in the company's financial statements for the year ended 31st March, 2012.

Training of Board Members: All Board members have enough experience in the company as well as in other companies. They are aware and are also updated as and when required, of their role, responsibilities and liabilities. They comprehend basic financial statements. Presentations are made regularly to the board and Audit Committee, where the Directors get an opportunity to interact with senior managers. Presentations, inter alia, cover business strategies, management structure, HR policies, quarterly and annual financial results, budgets, treasury and forex management, review of internal audit reports, risk management framework, Independent Directors interact with the company's senior management employees during Board and Committee Meetings and even during the Board Retreat which usually takes place once a year.

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

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

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

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

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

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

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

Maintaining of Chairperson's office by Non Executive Director: No, as the Company has appointed Executive Director as Chair person.

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

Remuneration Committee: The Company has set up remuneration committee to determine the packages for executive Directors. Please refer point No. 2(C) of this report.

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

Service of documents through email: Ministry of Corporate Affairs ("MCA") has vide its Circular No. 17 dated 21.04.2011 & Circular No. 18 dated 29.04.2011, undertaken a "Green initiative in Corporate Governance" by allowing service of documents on members by a Company through electronic mode. Accordingly the Company proposes to send documents like Shareholder's Meeting Notice/other notices, audited financial statements, Director's Report or any other document, to its members in electronic form at the email address provided by them and/or made available to the company by their depositories. This will help in prompt receipt of communication, reduce paper consumption as well as avoid loss of documents in transit.

Members who have not yet registered their email id may get the same registered/updated either with their depositors or by writing to the Company. Format of request letter is available at the last page of this Annual Report.

Declaration

To the Shareholders of G.S. Auto International Limited

Sub: Compliance with Code of Conduct

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

By order of the Board of Directors
For G.S. Auto International Limited
Sd/-
Surinder Singh Ryait
Managing Director

Ludhiana: 11th August, 2012

Certificate on Compliance of Corporate Governance:

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

We have reviewed the implementation of Corporate Governance procedures by M/s. G.S. Auto International Limited, during the year ended 31st March, 2012, 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: 11th August, 2012

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 2012 and that to the best of our knowledge and belief:

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered in to by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, the deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit committee that:

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

	Jasbir Singh Ryait	**Neeraj Tuli**
Ludhiana: 11th August, 2012	Chief Executive Officer	Chief Financial Officer

Secretarial Audit Report

for the financial year ended 31st March, 2012:

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 A sudit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the "G.S. Auto International Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2012, 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, 2012, 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 two Stock Exchange(s).

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

a. Secretarial Standards issued by "The Institute of Company Secretaries of India".

b. 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 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. The alteration in the provisions of the Articles of Association.
c. To make appointment under Section 314 of the Companies Act, 1956.

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 to the extent of Rs. 2011 lacs to the Banks, for and on behalf of, G.S. Autocomp Private Limited, G.S. Automotives Private Limited & G.S. Consumer Products Private Limited, companies in which Directors are interested and has complied with the provisions of the Companies Act, 1956.

8. The Company has not made any loans and investments; or given guarantees or provided securities to other business entities.

9. The amount borrowed by the Company from its bank(s) was within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.

10. The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank.

11. The Company has created and modified charges on the assets of the company and complied with the applicable laws.

12. All registrations under the various state and local laws as applicable to the company are valid as on the date of report.

13.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.

14. The Company had declared and paid dividends to its shareholders as per the provisions of the Companies Act, 1956 and other relevant statutes.

15. The Company has not credited and paid any amount to the Investor Education and Protection Fund as no amount is due under this head.

16. The Company has paid all its statutory dues.

17. 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 Standard on passing of Resolution by Circulation (SS 7), 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 two Stock Exchanges namely 1. The Bombay Stock Exchange Limited 2. The Ludhiana 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 allotment of 40 lacs equity shares on dated 02nd August, 2011 on preferential basis to the Promoters & others.

(g) the Company has complied with the provisions of The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 with regard to delisting of its Equity shares from "The Delhi Stock Exchange Limited & The Ahmedabad Stock Exchange Limited".

(h) 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

Harmandar Singh Nanda
Company Secretary
FCS Number : 5199

Ludhiana: 11th August, 2012

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Code of Conduct

for Directors & Senior Management:

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

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

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

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

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

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

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

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

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

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

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

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

    - Compliance with environmental laws, regulations and standards
    - To incorporate environment friendly and protective measures as an integral part of the design, production, operation and maintenance of the company's facilities
    - Encourage wise use of energy, and minimize any adverse impact on the environment
    - Ensure health and safety measures for all the employees and workmen
    - Not to violate society privacy and confidentiality policies and not to use confidential or proprietary information for personal financial gain.

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

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

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

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

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

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

Auditor's Report

to the members of G.S. Auto International Limited:

1. We have audited the attached Balance Sheet of G.S. Auto International Limited (the "Company") as at 31st March, 2012, and the related Statement of Profit and Loss and Cash Flow Statement 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

   d. In our opinion, the Balance Sheet, Statement of Profit and Loss 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 written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause 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 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, 2012;

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

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

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

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

Ludhiana: 11th August, 2012

Auditor's Report

to the members of G.S. Auto International Limited (contd.):

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, 2012:

1. a) The Company is maintaining proper records showing full particulars, includingquantitative details and situation, ofits fixed assets.

   b) 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 of the Company 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 off by the Company during the year.

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

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

   c) On the basis of our examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.

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 Act 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 manufacture of Company's automotive 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 Act 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 as produced and 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.

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

   c) As at 31st March 2012, 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 Statute	Nature of the dues	Year to which it relates	Amount (Rs. in lacs)	Forum the where dispute is pending
Service Tax (Finance Act, 1994)	Service Tax including Interest & penalty as Applicable.	2006-2007 2007-2008	3.35	*The Customs Excise & Service Tax Appellate Tribunal, New Delhi.

* The Customs Excise and Service Tax Appellate Tribunal (CESTAT) New Delhi had dismissed the department appeal and accordingly the Assistant Commissioner of Central Excise & Customs, Ludhiana, passed the required necessary final order in favour of the Company vide its order dated 26th July, 2012.

Auditor's Report

to the members of G.S. Auto International Limited (contd.):

10. The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.

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, in respect of transactions relating to investment in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.

15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by other group companies, from banks or financial institutions during the year, 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, there are no funds raised on a short-term basis which have been used for long term investment.

18. According to the information and explanations given to us, during the year, the Company had made preferential allotment of 12,00,000 (Twelve lac) equity shares of the face value of Rs. 5/- per equity share at a premium of Rs. 22.41 per equity share (pursuant to the conversion of warrants into equivalent number of equity shares, such warrants were earlier issued on dated 09th February, 2010), to the company covered in the register maintained under Section 301 of the Act.

19. No debentures have been issued by the Company during the year.

20. The Company has not raised any money by public issue during the year.

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 we been informed of such case by the management.

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

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

Ludhiana: 11th August, 2012

Financials

Balance Sheet

Statement of Profit and loss

Statement of CashFlow

Balance Sheet as at 31st March 2012:

(Rs. in lacs)

Particulars	Note No.	As At 31st March, 2012	As As 31st March, 2011
I EQUITY AND LIABILITIES:			
1. Shareholders' Funds:			
(a) Share Capital	3	600.00	400.00
(b) Reserves & Surplus	4	3566.43	2208.88
(c) Money Received Against Share Warrants	5	0.00	488.31
		4166.43	**3097.19**
2. Non-Current Liabilities:			
(a) Long Term Borrowings	6	1832.76	89.39
(b) Deferred Tax Liabilities (Net)	7	128.68	97.45
(c) Other Long Term Liabilities	8	26.90	24.92
(d) Long Term Provisions	9	62.40	68.71
		2050.74	**280.47**
3. Current Liabilities:			
(a) Short Term Borrowings	10	2161.17	1590.35
(b) Trade Payables	11	1412.54	1137.63
(c) Other Current Liabilities	12	629.65	674.89
(d) Short Term Provisions	13	33.82	107.06
		4237.18	**3509.93**
Total		**10454.35**	**6887.59**
II ASSETS:			
1. Non-Current Assets:			
(a) Fixed Assets	14		
(i) Tangible Assets		1403.27	1182.85
(ii) Intangible Assets		4.10	5.21
(iii) Capital Work in Progress		1409.24	737.38
(b) Non-Current Investments	15	0.01	0.01
(c) Long-term Loan and Advances	16	287.19	212.51
(d) Other-Non Current Assets	17	2.81	19.83
		3106.62	**2157.79**
2. Current Assets:			
(a) Current Investments	18	12.22	35.98
(b) Inventories	19	1400.30	1294.70
(c) Trade Receivables	20	3278.59	2134.79
(d) Cash & Bank Balances	21	1570.07	112.65
(e) Short-term Loans & Advances	22	1062.48	1112.30
(f) Other Current Assets	23	24.07	39.38
		7347.73	**4729.80**
Total		**10454.35**	**6887.59**

Summary of significant accounting policies followed by the Company 2

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

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

Ludhiana : 11th August, 2012

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

Statement of Profit and Loss for the year ended 31st March, 2012:

(Rs. in lacs)

Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
I. Sales (Gross) :		**14530.85**	**13243.34**
Less: Excise Duty		1475.36	1306.83
Net Sales		**13055.49**	**11936.51**
Other Operating Revenue		23.17	25.35
Revenue from operations (Net)	**24**	**13078.66**	**11961.86**
II. Other Income	**25**	46.80	24.93
III. Total Revenue (I+II)		**13125.46**	11986.79
IV. Expenses:			
Cost of Materials Consumed	**26**	7700.12	7259.25
Purchases of Finished Goods	**38**	14.67	12.85
Changes in Inventories of Finished goods, Work-in-progress	**27**	(33.30)	(302.65)
Employee Benefits Expense	**28**	1340.21	1211.83
Finance Costs	**29**	249.36	148.34
Depreciation and Amortisation Expense	**30**	112.50	96.94
Other Expenses	**31**	3050.44	2895.62
Total Expenses (IV)		**12434.00**	**11322.18**
V. Profit before Exceptional and Extraordinary Items and Tax (III-IV)		**691.46**	**664.61**
VI. Exceptional Items		—	—
VII. Profit before Extraordinary Items and Tax (V-VI)		**691.46**	**664.61**
VIII. Extraordinary Items		—	—
IX. Profit before Tax (VII-VIII)		**691.46**	**664.61**
X. Tax Expense:			
i) Current Tax	**2 (o)**	198.50	204.00
ii) Deferred Tax	**2 (o)**	31.23	3.27
iii) Wealth Tax		0.50	0.00
iv) (Excess)/Short provision for taxation and tax payment		0.08	4.30
		230.31	**211.57**
XI. Profit after tax for the year (IX-X)		**461.15**	**453.04**
XII. Earnings per equity share: (in Rs.)			
(Nominal value per share Rs.5/-)	**32,2(p)**		
i) Basic		4.32	5.72
ii) Diluted		4.32	3.81

Summary of significant accounting policies followed by the Company **2**

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

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

Ludhiana : 11th August, 2012

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

Statement of Cash Flow for the year ended 31st March, 2012: (Rs. in lacs)

Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
A CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before Tax		691.46	664.61
Adjustments for:			
Interest/Depreciation/Other Non Cash Expenses:			
i) Depreciation and amortisation		112.50	96.94
ii) Loss on assets sold,demolished,discarded		0.00	2.74
iii) Adjustment in respect of earlier years:			
Excess/(Short) provisions for Taxation & Tax Refunds		(0.08)	(4.30)
iv) Amortisation of Miscellaneous Expenditure		17.02	13.25
v) Interest Paid		249.36	148.34
vi) Provisions for Gratuity & Leave in Encashment		40.19	36.77
vii) Dimiunation in the value of Invetsment		0.00	1.05
Total		**1110.45**	**959.40**
Interest/Dividend/Other Income Adjustments:			
i) Interest received		(4.96)	(7.43)
ii) Dividend Income		0.00	(4.30)
iii) Profit on sale of Assets		0.00	(1.64)
iv) Profit on sale on Invetsments		0.00	(3.76)
Total		**(4.96)**	**(17.13)**
OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES		**1105.49**	**942.27**
Changes in Working Capital:			
(Increase) / Decrease in Current Assets:			
i) Inventories		(105.60)	(471.24)
ii) Sundry Debtors		(1143.80)	(508.01)
iii) Other Current Assets and Loans & Advances		46.24	(418.97)
		(1203.16)	**(1398.22)**
Increase / (Decrease) in Current Liabilities:			
i) Trade Payable		274.91	354.29
ii) other current Liabilities		(88.02)	54.19
		186.89	408.48
Total		**(1016.27)**	**(989.74)**
CASH GENERATED FROM OPERATIONS		**89.22**	**(47.47)**
Direct Taxes Paid (Net of Refund)		(198.00)	(203.00)
NET CASH FROM OPERATING ACTIVITIES	**(A)**	**(108.78)**	**(250.47)**
B CASH FLOW FROM INVESTMENT ACTIVITIES:			
i) (Increase) / Decrease in investment in mutual funds/Fixed Deposits		22.03	302.21
ii) Capital expenditure (including Capital work in progress)		(1001.94)	(821.47)
iii) Interest capitalised		17.19	6.23
iv) Non Operating income-Interest,Dividend,etc		2.67	10.18
v) Project expenses (Includes Advance Payment)		(54.50)	(91.83)
vi) Sale proceeds of assets		0.00	6.46
		(1014.55)	(588.22)
NET CASH USED IN INVESTING ACTIVITIES	**(B)**	**(1014.55)**	**(588.22)**

Statement of Cash Flow for the year ended 31st March, 2012 (Contd.): (Rs. in lacs)

Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
C CASH FLOW FROM FINANCING ACTIVITIES:			
Increase / (Decrease) in Share Capital / Borrowings:			
i) Share Capital (Including Security Premium)		1096.40	0.00
ii) Warrant Allotment Money		(488.31)	208.31
iii) Secured Loans		1697.35	(16.41)
iv) Un-secured Loan		321.80	0.00
iv) Cash Credit & Other Borrowings from Banks & others (Net)		297.02	656.75
v) Dividend paid & Tax there on		(76.96)	(47.90)
Net Cash From Financing Activities	**Total**	**2847.30**	**800.75**
Interest:			
i) Interest paid		(249.36)	(148.34)
ii) Capitalised		(17.19)	(6.23)
	Total	**(266.55)**	**(154.57)**
NET CASH USED IN FINANCING ACTIVITIES	**(C)**	**2580.75**	**646.18**
Net Change in Cash & Cash Equivalents	**(A+B+C)**	**1457.42**	**(192.51)**
Cash & Cash Equivalents as at 01.04.11(Opening balance)*		112.65	305.16
Cash & Cash Equivalents as at 31.03.2012 (Closing balance)*		1570.07	112.65

*Includes Earmarked balances with bank (against unclaimed dividend) Rs. 6.91 lacs (previous year Rs. 3.58 lacs)

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

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

Ludhiana : 11th August, 2012

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

Notes to Financial Statements

for the year ended 31st March, 2012:

1. Background:

"G.S.Auto International Limited" ("GS" or "the Company") was incorporated as "Gurmukh Singh & Sons Auto Parts Private Limited" on 29th June, 1973 & later on changed its name to "G.S.Auto International Limited", having its registered office at G.S.Estate, G.T. Road, Dhandari Kalan, Ludhiana-141010.

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

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

2. Significant Accounting Policies:

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

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

c) Use of Estimates: The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets & liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period and disclosures of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

d) Revenue Recognition:

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

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

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

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

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

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

iii) Export Incentives: Revenue in respect of the above benefit is recognized on post export basis. Export Incentives are accounted for on

accrual basis at the time of Export of Goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

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

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

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

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

i) Fixed Assets-Tangible & Intangible Assets: Tangible Fixed assets are stated at their original cost of acquisition or construction (net of refundable taxes or levies), less accumulated depreciation (except freehold land). Historical cost includes all incidental costs related to the acquisition, installation, erection/commissioning of the concerned assets, including interest and financial charges on borrowings, if any, attributable to the concerned Asset, up to the date of the assets are put into use/ assets is ready for its intended use. Also refer para 2(h).

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 any particular assets, is being debited to the pre-operative expenses/expenses pending capitalization account & will be capitalized, to all the relevant tangible assets, on the date of commencement of commercial production, of the new project. Trial Run expenditure is also capitalized.

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

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

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

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

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

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

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

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

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

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

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

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

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

ii) Work-in-Progress is valued at raw material cost-plus conversion cost depending upon the stage of completion.

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

iv) Consumable Stores are valued at cost plus expenses.

v) Scrap is valued at estimated realizable value.

g) Investements: 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.

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

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

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 in Note No.55.

i) Hedge Accounting: The Company till date is not using the booking of forward contract as hedging instrument for covering its risk against currency fluctuations for it's all the import and export business carried on during the year, except for foreign exchange term loan, if any availed from Otherss for their normal working capital requirements, further the Company has not booked any forward/hedged its foreign currency exposure for the foreign exchange term loan, availed during the year, from Others, for the setting up of new manufacturing unit at Jamshedpur. In terms of risk management strategy, the Company does not use forward cover contracts for trading & speculative purposes.

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

j) Research & Development Expenditure: Revenue expenses incurred for Research and Development for its existing products are charged to the Statement of Profit & Loss of the year. However Capital Expenditure for Research and Development is treated in the same way as other fixed assets and is capitalized in the year of acquisition/installation and are accounted for in the manner stated in Note No. 2 (e) above.

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

l) Employee Benefits Provident Fund: Benefits in the form of Provident Fund and Pension Schemes whether in pursuance of any law or otherwise, which are defined contributions is made in accordance with the provisions of the Employee Provident Fund and Miscellaneous Provision Act 1952, is accounted for on accrual basis and charged to the Statement of Profit & Loss, 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 Statement of Profit & Loss.

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

Termination benefits such as compensation under voluntary retirement

scheme are recognized as a liability in the year of termination.

m) Events subsequent to Balance Sheet Date: Events occurring after the balance sheet date, which have a material impact on the financial affairs of the Company, are taken into cognizance.

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

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

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

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

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

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

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

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

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

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

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

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

3. Share Capital:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Authorised Capital 200,00,000 Equity shares of Rs. 5/- each (Previous year 200,00,000 Equity Shares of Rs. 5/- each)		1000.00	1000.00
		1000.00	1000.00
Issued, Subscribed and Paid up Capital 1,20,00,000 Equity shares of Rs.5/- each, fully paid up in cash (Previous Year 80,00,000 Equity shares of Rs. 5/- each, fully paid		600.00	400.00
Total		600.00	**400.00**

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

Particulars	As At 31st March, 2012		As At 31st March, 2011	
	Number of Shares	Rs. in lacs	Number of Shares	Rs. in lacs
Shares Outstanding at the beginning of the year	80,00,000	400.00	80,00,000	400.00
Shares Issued Consequent to the Conversion of Warrants	40,00,000	200.00	—	—
Shares Outstanding at the end of the year	1,20,00,000	600.00	80,00,000	400.00

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

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

Name of the Shareholder	As At 31st March, 2012		As At 31st March, 2011	
	Number of Shares	% of Holding	Number of Shares	% of Holding
1. G.J.Holdings Private Limited	21,70,000	18.08	9,70,000	12.13
2. Disha Commercials Private Limited	16,40,000	13.67	9,40,000	11.75
3. Harvin Exports Private Limited	13,57,402	11.31	—	—
4. Pioneer Power Tower Limited	11,50,000	9.58	—	—
5. Surinder Singh Ryait	—	—	5,13,420	6.42
6. Jasbir Singh Ryait	—	—	4,39,540	5.49

3. (d) Other Information:

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

The Company had issued 46,00,000 (forty Six lacs) Equity Shares, of the face value of Rs. 5/- (Rs. five) each, at a premium of Rs. 5/-(Rs. Five) per equity share, on dated 01st July,2009, consequent to the conversion of 23,00,000 (Twenty three lacs) warrants into Equity shares, warrant earlier issued/allotted on dated 07th January,2008 of the face value of Rs. 20/- (Twenty) per warrant, (to be converted into equivalent number of Equity Shares of the face value of Rs. 10/- (Ten) each, at a premium of Rs. 10/- (Ten) per Equity Share) to the Promoters & others, on preferential basis, pursuant to the provisions of section 81(1A) and other applicable provisions of the Companies Act, 1956, for raising long term funds for the setting up of new manufacturing unit, for the manufacture of auto component at Jamshedpur. The funds raised have been utilized towards the object of the issue.

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

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

4. Reserve and Surplus:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
I. Capital Reserve:			
As per last Account		1.20	1.20
II. Securities Premium Account:			
As per last Account		249.50	249.50
Add: On Allotment of:			
- 40,00,000 Equity Shares on the conversion of warrants @ Rs. 22.41 per Equity Share, allotted on 02nd August,2011		896.40	—
Closing Balance		1145.90	249.50
III. Capital Revaluation Reserve:			
As per last Account		75.44	75.44
IV. Investment Allowance Reserve:			
As per last Account		2.56	2.56
V. General Reserve:			
As per last Account		86.50	40.50
Add: Transferred from Surplus		0.00	46.00
Closing Balance		86.50	86.50
VI. Surplus in statement of Profit and Loss:			
As per Last Account		1793.68	1463.60
Add: Net Profit for the year		461.15	453.04
Appropriations:			
- Transfer to General Reserve		0.00	(46.00)
- Proposed Dividend	**65**	0.00	(66.00)
- Tax on Dividend		0.00	(10.96)
Closing Balance		2254.83	1793.68
Total		**3566.43**	**2208.88**

4. (a) Securities Premium Account: See Note 3(d) (i) and 3(d) (ii) regarding other information.

5. Money Received Against Share Warrants: 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 Promoters 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, for the setting up of a new manufacturing unit at Jamshedpur. During the year, the Company had received the entire balance amount, from all the warrants holders and consequently allotted the required equivalent number of equity shares on dated 02nd August, 2011, hence no amount was further due from the warrant holders as at 31st March, 2012 (Previous year Rs. 488.31 lacs).

6. Long-term Borrowings:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Secured:			
(i) Term Loans:			
From Banks:			
Rupee Term Loan:			
From Punjab National Bank (see Note-6(a)(i))		0.00	25.17
From Axis Bank (see Note-6(a)(ii))		476.39	0.00
From Financial Institution:			
Foreign Currency Term Loan:			
From Export Import Bank of India (see Note-6(b))	**56(b)**	1200.00	0.00
(ii) Deferred Payment Liabilities:			
Vehicle Loans:			
From Axis Bank Limited (see Note-6(c)(i))		0.00	14.24
From HDFC Bank Limited (see Note-6(c)(ii))		31.15	49.98
From HDFC Bank Limited (see Note-6(c)(iii))		56.58	0.00
		1764.12	**89.39**
Unsecured:			
Term Loan:			
From Others:			
Rupee Term Loan:		68.64	0.00
		68.64	0.00
Total		**1832.76**	**89.39**

6. (a) Rupee Term Loan:

i) From Punjab National Bank:
Balance Outstanding **Rs. Nil** (Previous year Rs. 25.17 lacs)

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

ii) From Axis Bank Limited:
Balance Outstanding **Rs. 476.39 lacs** (Previous year Rs. Nil)

For Jamshedpur unit of the Company Secured by (i) first pari-passu charge by way of Hypothecation on entire block assets of the Company by way of hypothecation of machinery and equipments, other fixed assets, machinery spares, tools and accessories and other movables, both present & future, whether installed or to be installed, stored or to be stored in or about all the factories, godowns and premises situated at G.S.Estate, G T Road, Dhandari Kalan, Ludhiana (Punjab) & at M-09, Large Sector, Tata Kundra Main Road, Industrial Area, Adityapur, Jamshedpur (Jharkhand) and (ii) first pari-passu Equitable Mortgage by way of deposit of title deeds of immoveable properties of the Company admeasuring 75110 sq.yards situated at G.S. Estate, G.T.Road, Dhandari Kalan, Ludhiana (Punjab) & first pari-passu Equitable Mortgage of the leasehold rights of the Company's 3 (three) acre Land situated at M-09, Large Sector, Tata Kundra Main Road, Industrial Area, Adityapur, Jamshedpur (Jharkhand), together with

all buildings and structures thereon and all Plant & Machineries attached to the earth or permanently fastened to anything attached to the earth (iii) first pari-passu charge on the Company's entire Current Assets (both present & future) (both Jamshedpur & Ludhiana unit of the Company), such as Hypothecation of Raw Material, Stock in Process, Finished Goods, Consumable Stores/Spares required for manufacturing and lying in the unit(s) or elsewhere & Hypothecation of Book Debts arising out of genuine sales transaction of business not older than ninety days and further guaranteed by all the Promoters Directors of the Company.

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

(b) Foreign Currency Term Loan:

From Export Import Bank of India, Mumbai:
Balance Outstanding **US$ 23.52 lacs (equivalent to Rs. 1200.00 lacs)** (Previous year Rs. Nil)

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

Repayment linked to commencement of commercial production, tentatively, to be repaid in 20 equally quarterly installments, commencing September, 2013. Interest to be serviced as and when due @ LIBOR (6 months) + 600 bps p.a.

(c) Deferred Payment Liabilities:

i) From Axis Bank Limited:
Balance Outstanding **Rs. Nil** (Previous year Rs. 14.24 lacs)

Vehicle loan was secured by way of charge on the respective vehicle(s) financed. Repayable in equated monthly installment of **Rs. Nil** (previous year Rs. 0.93 lacs) along with Interest of 6.25% p.a.

ii) From HDFC Bank Limited:

Balance Outstanding **Rs. 31.15 lacs** (Previous year Rs. 49.98 lacs)

Vehicle loan(s) secured by way of charge on the respective vehicle(s) financed. Repayable in equated monthly installment of **Rs. 1.43 lacs,** (previous year Rs. 1.88 lacs) along with Interest, ranges from 10.25% to 11.00% p.a.

iii) From HDFC Bank Limited:
Balance Outstanding **Rs. 56.58 lacs** (Previous year Rs. Nil)

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

(d) Term Loan from Others:
Rupee Term Loan from MFL Balance Outstanding
Rs. 68.64 lacs (Previous year Rs. Nil)

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

Maximum Amount outstanding on all the above said Secured & Unsecured loans, at any time during the year **Rs. 1884.39 lacs** (Previous year Rs. 134.29 lacs).

7. Deferred Tax Liabilities (Net):

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs in lacs)	As At 31st March, 2011 (Rs in lacs)
DEFERRED TAX LIABILITIES:	2(o)		
On Account of timing Difference in:			
(a) Depreciation and Amortization		128.93	105.51
(b) Others		10.21	2.60
Total Deferred Tax Liabilities		**139.14**	**108.11**
DEFERRED TAX ASSETS:			
(a) Privilege Leave Encashment		8.42	10.00
(b) Others		2.04	0.66
Total Deferred Tax Assets		**10.46**	**10.66**
NET DEFERRED TAX LIABILITY	**Total**	**128.68**	**97.45**

8. Other Long term Liabilities:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Trade Deposits		26.90	24.92
Total		**26.90**	**24.92**

9. Long Term Provisions:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Provision for Long Term Employees		62.40	68.71
Total	2(q)	**62.40**	**68.71**

10. Short Term Borrowings:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Secured			
From Banks, against hypothecation of Raw Materials, Stocks in process, Semi Finished and Finished goods, Consumable Stores/ Spares required for manufacturingand lying in the unit(s) or elsewhere & Book Debts etc. of the Company along with hypothecation of the leasehold rights of the Company's land at Jamshedpur & immoveable property at G.S. Estate, G.T. Road, Ludhiana on pari-passu basis.			
Working Capital Loans from Banks repayable on demand			
Cash Credit @		1726.14	1390.11
Pre-shipment Packing Credit-Indian Rupees $		159.05	198.06
		1885.19	**1588.17**
Short Term Machinery Loan:			
(Secured against specific machinery for which loan is obtained)			
From Others:			
Rupee Term Loan:			
From Others: (See Note No. 69 (i))^		23.71	0.00
		23.71	**0.00**
Deferred Payment Liabilities:			
Vehicle Loans:			
HDFC Bank Ltd. Car Loan (See Note No. 69 (ii))*		1.09	2.18
		1.09	**2.18**
Unsecured Loan			
From Others:			
Other Short Term Loans (See Note No. 69 (iii)) #		251.18	0.00
		251.18	**0.00**
Total		**2161.17**	**1590.35**

Rate of Interest
@ 13.25%, $ 11.25%, ^ 16.50%, * 10.25%
# Ranges from 11.25% to 16.50%

11. Trade Payables:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Trade Payable (See Note-11(a) for details to micro & small enterprises)		1412.54	1137.63
Total		**1412.54**	**1137.63**

11. (a) The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2012. The disclosure pursuant to the said Act is as under:

Particulars	As At 31st March, 2012 (Rs. In lacs)	As At 31st March, 2011 (Rs. in lacs)
Principal amount due to suppliers under MSMED Act,2006	69.22	70.31
Interest Accrued and due to suppliers under MSMED Act, 2006 on the above amount	—	—
Payment made to suppliers (other than interest) beyond the appointed day, during the year	—	—
Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	—	—
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	—	—
Interest due & payable to suppliers under MSMED Act, 2006 for the payments already made.	—	—
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006.	—	—

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small enterprises" on the basis of information available with the Company.

12. Other Current Liabilities:

Particulars	Reference to Note No.	As At 3st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Creditors for Capital Goods		26.24	0.00
Interest accrued and due on borrowings		0.24	0.00
Unclaimed dividend (See Note No.12(a))	46	6.91	3.58
Advance against orders		81.09	14.82
Employee Contributions & recoveries payable		45.60	26.38
Statutory dues payable including Tax deducted at source		37.68	41.92
Other Liabilities		431.89	588.19
Total		**629.65**	**674.89**

12. (a) The amounts due for payment to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956 amounts to **Rs. Nil** (Previous year Rs. Nil).

13. Short Term Provisions:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
(i) Provision for Employee Benefits:			
Short term Employee Benefits		**33.82**	**30.10**
(ii) Others:			
Proposed Equity dividend	65	0.00	66.00
Provision for Tax on Proposed Dividend		0.00	10.96
Total	**2(q)**	**33.82**	**107.06**

14. Fixed Assets:

(Rs. in lacs)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 31st March, 2011	Additions & Adjustments during the year	Deductions during the year	As at 31st March, 2012	up to 31st March, 2011	For the Year	Deductions/ Adjustment during the year	As At 31st March, 2012	As At 31st March, 2012	As At 31st March, 2011
(i)Tangible Assets: (a)										
Land Freehold (b)	86.87	0.00	0.00	86.87	0.00	0.00	0.00	0.00	86.87	86.87
Land Leasehold (c)	31.04	0.00	0.00	31.04	0.00	0.00	0.00	0.00	31.04	31.04
Buildings (d)	233.24	28.29	0.00	261.53	76.90	7.23	0.00	84.13	177.40	156.34
Plant & Machinery	1417.77	279.45	0.00	1697.22	679.56	74.06	0.00	753.62	943.60	738.21
Vehicles	214.78	6.54	0.00	221.32	78.62	20.89	0.00	99.51	121.81	136.16
Furniture & Fixtures	62.36	3.94	0.00	66.30	46.28	3.86	0.00	50.14	16.16	16.08
Office Equipments	121.27	10.64	0.00	131.91	105.21	4.25	0.00	109.46	22.45	16.06
Other Assets	7.00	2.25	0.00	9.25	4.91	0.40	0.00	5.31	3.94	2.09
Total Tangible Assets	**2174.33**	**331.11**	**0.00**	**2505.44**	**991.48**	**110.69**	**0.00**	**1102.17**	**1403.27**	**1182.85**
(ii)Intangible Assets (e)	6.63	0.70	0.00	7.33	1.42	1.81	0.00	3.23	4.10	5.21
Total Intangible Assets	**6.63**	**0.70**	**0.00**	**7.33**	**1.42**	**1.81**	**0.00**	**3.23**	**4.10**	**5.21**
Total Fixed Assets (i+ii)	**2180.96**	**331.81**	**0.00**	**2512.77**	**992.90**	**112.50**	**0.00**	**1105.40**	**1407.37**	**1188.06**
Previous year's Total	**2019.42**	**185.93**	**24.39**	**2180.96**	**912.79**	**96.94**	**16.83**	**992.90**	**1188.06**	**1106.63**
Capital Work in Progress (f)									**1409.24**	**737.38**

Notes:

a) At Cost, except leasehold land

b) Includes 11264 sq.yards land given on lease.

c) Land taken on leasehold basis at Jamshedpur, amounted to Rs. 31,04,206/-, Note No.64 related to capital expednidure at jamshedpur.

d) Building is on ownership basis.

e) Depreciation Rs. 3.23 lacs represents, amount amortised up to 31st March, 2012 on Intangible Assets,See Note No.51.

f) Capitalisation of Interest- See Note No.57 & Work in progress see Note No.64.

g) See Note 2-clause (e) for accounting policy on Fixed Assets and Depreciation.

15. Non-Current Investments:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Non Trade Investment	**2(g)**		
Investment in Equity Instruments:			
Quoted Equity Shares (fully paid up):			
50 (Previous year 50) Equity Shares of Clutch Auto Limited of Rs. 10/- each.		0.01	0.01
Total		**0.01**	**0.01**
Market value of quoted investment		**0.02**	**0.03**

16. Long Term Loan and Advances:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Unsecured, considered good (unless otherwise stated):			
Capital Advances (including Ludhiana unit)	**64(v)**	207.97	153.47
Security Deposits		69.38	53.09
Other loans and advances:			
Advance Income Tax/Fringe Benefit Tax (Net of provision for Tax)		9.84	5.95
Total		**287.19**	**212.51**

17. Other Non-Current Assets:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Fixed Deposits with Banks (more than 12 months maturity)	**44**	2.81	2.64
Miscellaneous Expenditure (to the extent not written off or adjusted)		0.00	17.19
Total		**2.81**	**19.83**

18. Current Investments:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
(i) Investments in Mutual Funds	2(g)		
Units at Cost-Listed & Quoted			
1,00,000 (1,00,000) units of Baroda Pioneer PSU Equity Fund-Growth Plan, face value Rs. 10/- per unit.		10.00	10.00
50,000(50,000)units of Principal Smart Equity Fund-Growth face value Rs. 10/- per unit.		5.00	5.00
		15.00	**15.00**
Provision for diminution in the value of Investments	62	(2.78)	(1.05)
		12.22	**13.95**
(ii) Others-Unquoted		0.00	22.03
		0.00	**22.03**
Total		**12.22**	**35.98**
Aggregate amount of quoted Investments		12.22	13.95
Aggregate amount of unquoted Investments		0.00	22.03

19. Inventories:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
(i) Raw Material & Components		637.49	584.75
(ii) Work-in-Progress		223.64	172.86
(iii) Finished Goods	27(a)	415.87	433.35
(iv) Stores, Spares & Consumables		123.30	103.74
Total	2(f)	**1400.30**	**1294.70**

20. Trade Receivables:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Trade Receivables (Net of Bills Discounted with Banks):	33(ii)		
unsecured-considered good unless stated otherwise:			
i) Outstanding for a period exceeding six months from the date they are due for payment.	42	39.37	31.71
		39.37	31.71
ii) Other Debts		3239.22	2103.08
Total		**3278.59**	**2134.79**

21. Cash and Bank Balances:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
(i) Cash & Cash Equivalents			
a. Cash on hand including imprest		13.98	9.63
b. Balances with Banks-Current accounts (See Note 21(a))		1260.28	66.73
		1274.26	**76.36**
(ii) Other Bank Balances			
a. Balances with banks			
Earmarked Balances (on unclaimed dividend accounts)	**46**	6.91	3.58
b. Fixed Deposits (more than 3 months & less than 12 months maturity) (See Note 21(a))	**44**	288.90	32.71
		295.81	**36.29**
Total		**1570.07**	**112.65**

21. (a) Balances with Bank-Current accounts & fixed deposits (more than 3 months & less than 12 Months maturity) includes **Rs. 1207.14 lacs & Rs. 250 lacs** (previous year Rs. 1.85 lacs & Rs. Nil) respectively, pending for utalisation at Jamshedpur project.

22. Short-term Loans and Advances:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Unsecured, Considered good			
Advances recoverable in cash or in kind or value to be recieved.	**60**	142.50	302.95
Balances with Central Excise & Other Revenue Authorities etc.	**53**	919.98	809.35
Total		**1062.48**	**1112.30**

23. Other Current Assets:

Particulars	Reference to Note No.	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Export Incentives Receivable	**2(d)(iii)**	18.98	37.83
Interest Receivable	**2(d)(ii)**	3.84	1.55
Insurance Claim receivable	**2(d)(iv)**	1.25	0.00
Total		**24.07**	**39.38**

24. Revenue from Operations:

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
Revenue From Operations:	2(d)(i)		
(a) Revenue from Operations:			
Domestic (Net of Returns)	**36**	13700.68	12348.09
Export		830.17	895.25
		14530.85	**13243.34**
Less: Excise Duty		1475.36	1306.83
(b) Other Operating Revenues:	2(d)(iii)	**13055.49**	**11936.51**
Export Incentives		**23.17**	25.35
		23.17	25.35
Total		**13078.66**	**11961.86**

24. (a) Turnover of Goods Manufactured & traded (net of excise):

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
U - Bolts		2477.07	2381.03
H - Bolts		808.44	593.27
Centre Bolts		1344.62	1339.76
Shackle bolts		288.38	255.15
Spring Pin		1445.89	1179.75
King Pin		479.92	453.12
Axle Studs		97.70	82.17
Hanger Brackets		3492.72	3186.27
Bushes		1446.23	1241.45
Nuts		720.35	663.39
Axle& Accessories		154.31	283.46
Earth Moving		4.77	1.08
Fasteners		0.03	0.00
Miscellaneous		277.89	232.26
Traded Goods		17.17	44.35
Total		**13055.49**	**11936.51**

25. Other Income:

Particulars	Reference to Note No	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
Rental Income	67,68	4.02	3.90
Gain on Foreign Exchange rate fluctuations	56(a), (2(h)	32.41	0.00
Interest on Deposits etc;	2(d)(ii)	4.96	7.43
(Gross, Tax deducted Rs. 0.55 lacs (Previous year Rs. 0.84 lacs)			
Dividend Income from Investments' in Mutual Funds & Current Investments	2(d)(v)	0.00	4.30
Gain on Sale of Investments:	2(d)(vi)		
Short Term Capital Gain on Current Investments		0.00	1.31
Long Term Capital Gain on Current Investments		0.00	2.45
Surplus on Sale of Assets		0.00	1.64
Miscellaneous Receipts	58	5.41	3.90
Total		46.80	24.93

26 Cost of Materials Consumed:

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
Consumption of Raw Materials and Components:			
Opening Stock	2(f)	584.75	433.84
Add: Purchases:			
Raw Materials		2955.09	3346.29
Semi-Finished Goods		4797.77	4063.87
		7752.86	7410.16
Less: Closing stocks			
Raw Materials	2(f)	637.49	584.75
Total		7700.12	7259.25

26. (a) Details of Raw Materials & Components Consumption:

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
Mild Steel		381.09	420.17
EN Steel		2466.82	2517.55
M.S. Scrap		0.00	5.60
Components		4797.76	4063.87
Axle Tube		14.86	92.59
Axle Parts		39.59	159.47
Total		7700.12	7259.25

26. (b) Imported and Indigenous Raw Materials Consumption (Including Components):

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. In lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
Imported		14.87 0.19%	186.00 2.56%
Indigenous		7685.25 99.81%	7073.25 97.44%
	Total	**7700.12**	**7259.25**
		100.00%	**100.00%**

26. (c) In furnishing information under Note 26 (b), the view has been taken that particulars are required only in respect of items that are incorporated in the Finished Goods produced and not for such material used for maintenance of Plant & Machinery.

27. Changes in Inventories of Finished goods, Work-In-Progress:

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
(Increase)/Decrease in Stocks:	2(f)		
Stocks at Close:			
Work-in-Progress		223.64	172.86
Finished Goods		415.87	433.35
		639.51	**606.21**
Less: Stocks at Commencement:			
Work-in-Progress		172.86	106.87
Finished Goods		433.35	196.69
		606.21	**303.56**
	Total	**(33.30)**	**(302.65)**

27. (a) Detail of Finished Goods Stock under broad heads:

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
U - Bolts		46.26	71.80
H - Bolts		15.01	10.42
Centre Bolts		29.10	40.21
Shackle bolts		18.61	14.48
Spring Pin		52.53	15.90
King Pin		37.58	6.99
Axle Studs		10.34	6.87
Hanger Brackets		79.92	138.91
Bushes		73.49	52.69
Nuts		33.35	18.28
Axle & Accessories		1.31	42.15
Earth Moving		1.03	1.73
Fasteners		0.72	0.00
Miscellaneous		6.95	1.11
Traded Goods		9.67	11.81
Total	**19**	**415.87**	**433.35**

28. Employee Benefits Expense:

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
(a) Salaries, Wages and Bonus (Including Managing & Whole Time Director Remuneration)	**48**	1131.37	1026.14
(b) Contribution to Provident & Other Funds and Schemes	**47, 2(l)**	167.90	152.12
(c) Staff Welfare Expenses		40.94	33.57
Total		**1340.21**	**1211.83**

29. Finance Costs:

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
Interest Expenses	**57**	227.90	129.68
Other Borrowings Costs	**39**	21.46	18.66
Total	**2(n)**	**249.36**	**148.34**

30. Depreciation and Amortisation Expense:

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
Depreciation on Tangible Assets	14,2(e)(ii)	110.69	95.63
Amortisation of Intangible Assets	14,2(e)(ii)	1.81	1.31
Total		112.50	96.94

31. Other Expenses:

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
Consumption of Stores and Spare Parts		347.13	331.07
Power & Fuel Consumed		650.30	608.36
Oil & Lubricants consumed		69.76	56.26
Packing Material consumed		294.25	250.32
Research & Development Expenses	54, 2(j)	15.39	59.08
Building Repairs		13.32	9.11
Machinery Repairs		77.78	112.96
Insurance (Including Key Man Insurance)		20.25	17.98
Rates & Taxes		19.14	18.87
Freight & Cartage		322.86	300.17
Shipping charges		29.76	47.81
Advertisement		25.64	28.98
Commission to agents		17.89	25.32
Travelling & Conveyance		138.41	128.83
Printing & Stationary		33.66	21.71
Vehicle Expenses		21.34	15.00
Subscription & Membership fees		3.32	3.18
Donation		0.77	2.41
Light & Electricity Expenses		2.62	3.13
Postage & Telephone Expenses		17.55	18.61
Legal & Professional Charges		8.18	10.28
Seminar Expenses		0.97	0.93
Payment to Auditors for:			
Statutory Audit fees		0.75	0.55
Certification Fees		0.04	0.00
Internal Audit Fees		0.30	0.00
Reimbursement of Expenses		0.06	0.02
General Expenses		24.55	17.62
Electricity and General Repairs		20.28	14.31
Loss of sale of Assets		0.00	2.74
Provision for diminution in the Value of Current Investment		0.00	1.05

Particulars	Reference to Note No.	For the year ended 31st March, 2012 (Rs. in lacs)	For the year ended 31st March, 2011 (Rs. in lacs)
Recruitment expenses		2.21	1.13
Samples		0.85	0.60
Sales Promotion & Entertainment Expenses		20.15	12.08
Loss of Excise duty on Goods Return		0.73	0.25
Loss on Foreign Exchange rate fluctuation	**56(a), 2(h)**	0.00	2.75
Sales tax Adjustment		14.91	0.00
Discounts & Rebates		834.71	772.15
Wealth Tax		0.61	0.00
Total		**3050.44**	**2895.62**

Other Disclosures:

32. Computation of Earnings per Share (EPS):

Particulars	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Earnings Per Share (EPS)-Basic		
Computation of Profit (Numerator)		
Net Profit attributable to Shareholders as at 31st March	**461.23**	457.34
Computation of weighted Average Number of Shares (Denominator)	**Nos.**	**Nos.**
Number of Shares Outstanding at the Beginning of the year	80,00,000	80,00,000
Weighted Average Shares Issued pursuant to Conversion of Warrants	26,66,667	—
Adjusted weighted Average number of Equity Shares	**1,06,66,667**	80,00,000
Computation of EPS-Basic (in Rs.)	**4.32**	5.72
Earnings Per Share (EPS)-Diluted		
Computation of Profit (Numerator)		
Net Profit attributable to Shareholders as at 31st March	**461.23**	457.34
Computation of weighted Average Number of Shares (Denominator)	**Nos.**	**Nos.**
Number of Shares Outstanding at the Beginning of the year	80,00,000	80,00,000
Weighted Average Shares Issued pursuant to Conversion of Warrants	26,66,667	—
Weighted Average Shares outstanding on account of issue of Warrants	—	40,00,000
Adjusted weighted Average number of Equity Shares	1,06,66,667	1,20,00,000
Computation of EPS-Diluted (in Rs.)	**4.32**	3.81

33. Contingent Liabilities not provided for in respect of:

Particulars	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
(i) Guarantee given by the Company to the bank, on behalf of other Group Companies (i.e. G.S. Automotives Private Limited, G.S.Autocomp Private Limited & G.S. Consumer Products Private Limited & to PSIDC (for & on behalf of G.S. Radiators Ltd.)		
Balance Outstanding	**1498.74**	1270.35
(Maximum Amount)	**(2169.26)**	(1914.26)
(ii) Sales Bills Discounted with banks	**146.01**	00.00
(iii) Service Tax Demand-matter under appeal (Note No.34)	**03.35**	03.35

34. The Customs Excise and Service Tax Appellate Tribunal (CESTAT) New Delhi had dismissed the department appeal and accordingly the Assistant Commissioner of Central Excise & Customs, Ludhiana, has passed the requisite necessary final order along with the refund of Rs. 3.35 lacs in favour of the Company vide its order dated 26th July, 2012.

35.Commitments:

Estimated value of contracts remaining to be executed on Capital Accounts (net of advances), not provided for **Rs. 614.83 lacs** (Previous year Rs. 440.81 lacs).

36. Domestic Sales includes **Rs. 61.30 lacs** (Previous Year Rs. 114.40 lacs) on account of Job Work receipts.

37. All the Inventories are valued and certified by the Management.

38. Purchase of finished goods **Rs. 14.67** lacs (previous year Rs. 12.85 lacs) consists of trading of wheel rims.

39. Other Borrowing cost Note No.29 under the heading "Finance Cost" includes Bank Charges/Commission, Interest to others & hire charges.

40. 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.

41. 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.

42. Book Debts include a customer amounting to **Rs. Nil** (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. During the year, the Company has received the entire amount from the above said customer. No other amount is considered as doubtful, from the total debtors.

43. No amount is due, as on balance sheet date, from other Officers or from Directors or any of them either severally or jointly, with any other persons nor any debts due by firms or private companies, in which any of the Directors is a partner or a director or a member except at Note No.67.

44. Fixed Deposits includes **Rs. 01.29 lacs** (previous year Rs. 14.54 lacs) are held as margin money for the issuance of bank guarantee (Previous year Bank Guarantee & Letter of Credit) as on balance sheet date.

45. Figures in bracket indicate deductions except otherwise stated.

46. Unclaimed Dividend: Unclaimed dividends include amounts which will be credited to Investor Education and Protection Fund under Section 205 C of the Companies Act, 1956 (on Expiry of the specified period, if the amount remains unclaimed at that time).

47. 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;

Particulars	As At 31st March, 2012 (Rs. in lacs)		As At 31st March, 2011 (Rs. in lacs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
(i) Amount to be recognized in Balance Sheet				
a. Present value of Defined Benefits Obligations				
(i) Funded	158.47	—	141.30	—
(ii) Unfunded	—	33.82	—	29.99
b. Fair value of Plan Assets	189.93	—	149.10	—
c. Net liability/(Assets) recognized in the Balance Sheet	(31.46)	33.82	(07.80)	29.99
(ii) Amount to be recognized in the Statement of Profit & Loss				
a. Current service Cost	22.38	16.31	20.14	15.89
b. Interest on Defined Benefit Obligation	11.74	01.81	10.71	01.54
c. Expected return on plan Assets	(15.05)	—	(12.17)	—
d. Net Actuarial (Gain)/Loss recognized in the year	(01.24)	04.24	(01.24)	01.89
e. Expenses recognized during the year	17.83	22.36	17.45	19.32
(iii) Change in Defined Benefits Obligations and reconciliation thereof				
a. Present value of Defined Obligations at the beginning of the year	141.30	29.99	140.03	25.59
b. Interest Cost	11.74	01.81	10.71	01.54
c. Current Service Cost	22.38	16.31	20.14	15.89
d. Benefits paid	(14.28)	(18.53)	(28.07)	(14.92)
e. Actuarial (Gain)/Loss	(02.67)	04.24	(01.50)	01.89
f. Present value of Defined Obligations at the close of the year	158.47	33.82	141.30	29.99
(iv) Change in the fair value of Plan Assets and the reconciliation thereof				
a. Fair value of Plan Assets at the beginning of the year	149.10	—	125.88	—
b. Expected return on Plan Assets	15.05	—	12.17	—
c. Actuarial (Gain)/Loss	(01.44)	—	(00.26)	—
d. Contribution by Employer	41.50	—	39.38	—
e. Benefits paid	(14.28)	(18.53)	(28.07)	(14.92)
f. Fair value of Plan Assets at the close of year	189.93	—	149.10	—
(v) Summary of Actuarial assumptions				
a. Discount Rate (per annum)	8.75%	8.75%	8.50%	8.50%
b. Expected rate of return on Plan Assets (per annum)	9.25%	—	9.25%	—
c. Rate of escalation in salary (per annum)	3.00%	3.00%	3.00%	3.00%

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

Particulars	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
Profit Before Tax	**691.46**	664.61
Additions:		
a. Managerial Remuneration	60.49	67.12
b. Loss on Sale of Assets	00.00	02.74
c. Provision for diminution in the value of Investment	00.00	01.05
d. Wealth Tax Paid	00.61	00.00
Sub Total	**752.56**	735.52
Less:		
a. Surplus on Sale of assets	00.00	01.64
b. Gain on Sale of Investments	00.00	03.76
Net Profit u/s 198 of the Companies Act, 1956 for the year	**752.56**	730.12
Maximum Remuneration which can be paid for the year @10% On Rs. 752.56 lacs (Previous year Rs. 730.12)	**75.26**	73.01
Managerial Remuneration paid during the year. (Within the limits specified by schedule XIII of the Companies Act, 1956)	**60.49**	67.12

49. Capital work in progress includes amount of **Rs. 948.30 lacs** (Previous year Rs. 633.87 lacs, (Rs. 27.27 lacs included in Note No. 54)) on account of machinery under installation, **Rs. 194.89 lacs** (Previous year Rs. 68.98 lacs) on account of Building under construction, on account of electric fitting **Rs. 37.22 lacs** (Previous year Rs. 0.60 lacs) and other assets **Rs. 6.48 lacs** (Previous year Rs. 5.60 lacs), preoperative expenses, related to Jamshedpur unit of the Company **Rs. 222.35** lacs (previous year Rs. 28.33 lacs).

50. Preoperative expenses, for the Jamshedpur project of the company (pending capitalization) (net of income, earned during construction period, from the temporary surplus funds, invested from time to time, pending for utalisation for the setting up new manufacturing unit at Jamshedpur) have been included under the head capital work in progress.

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

52. Disclosure: as required by AS-28 (Impairment of Assets): In terms of Accounting Standard 28 (AS-28) there was no impairment loss on assets during the year under report.

53. Balance with Central Excise & Revenue Authorities under Note 22, under the heading "Short term Loans & Advances", includes **Rs. 738.07 lacs** (Previous year Rs. 599.46 lacs) on account of pending Value Added Tax (VAT) refunds, from the Sales Tax Authorities, Government of Punjab.

54. The Company is developing certain machineries (Special purpose Machines), as per its various in house production process requirements, along with for the requirements of its group Companies, as & when required, under its Research & Development Centre. The following expenditure has been incurred during the year, included under the relevant heads in the Statement of Profit & Loss.

Expenditure incurred on Research & Development:

Particulars	Financial Year 2011-2012 (Rs. in lacs)	Financial Year 2010-2011 (Rs. in lacs)
Capital Expenditure (Includes Work in Progress) (Included under Note no.64)	00.00	27.27
Revenue Expenses (Net of Sale of Machinery)	15.39	59.08
Wages (Research & Development) (included under Note No.28)	27.90	23.06

55. 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. As at 31st March, 2012, the Company has un-hedged foreign currency exposure to the extent of **US$ 23.52 lacs (equivalent to Rs. 1200.00 lacs)** (Previous year Rs. Nil) in the shape of Foreign Currency Term Loan, disbursed on dated 30th March, 2012, from Others, for the setting up of new manufacturing unit at Jamshedpur, for the purchase of certain capital equipments.

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

Particulars	Financial Year 2011-2012 (Rs. in lacs)	Financial Year 2010-2011 (Rs. in lacs)
(i) Relating to Exports during the year recognized in Statement of Profit & Loss.	**21.22**	(04.89)
(ii) Recognized in the Statement of Profit & Loss		
(a) On Settlement/revolarisation of current assets	**11.19**	01.26
(b) On Settlement/revolarisation of current liabilities	**00.00**	00.88
(c) to the extent regarded as an adjustment to finance cost	**00.00**	(09.58)

56. (b) Un-hedged Foreign Currencies Exposures: The year end foreign currency exposure in respect of monetary items that have not been hedged by a derivative instrument or otherwise are given below:

Amount (net) in foreign currency on account of the Followings:

Particulars	31st March, 2012 (Amount in Foreign Currency)	31st March, 2012 (Rs. in lacs)	31st March, 2011 (Amount in Foreign Currency)	31st March, 2011 (Rs. in lacs)
Export of Goods	USD 573406	293.38	USD 363760	162.16
	EURO 104982	71.77	EURO 185840	117.35
Export of Goods (Advance Received)	—	00.00	EURO 13085	08.26
Import of Goods (Advance Paid)	USD 6000	03.07	USD 67600	30.14
Term Loan	USD 2351557	1200.00	—	—

57. Capitalization of Expenses: Bank Interest & Bank Charges capitalized in respect of Plant & Machinery & other Tangible Fixed Assets **Rs. 17.19 lacs** (Previous year Rs. 10.19 lacs).

58. Miscellaneous Receipts include, **Rs. 4.59 lacs** (Previous year Rs. 3.33 lacs), on account of Insurance Claim received.

59. The amount written off against leasehold land at Note No.14 (for Jamshedpur unit) will commence, when the Jamshedpur unit of the Company will commence its commercial production.

60. Advances recoverable in cash or in kind or for value to be received under Note No.22 under the heading "Short-term Loans and Advances" includes **Rs. 14.33 lacs** (previous year Rs. 8.98 lacs) due from various employees of the Company. Maximum balance outstanding during the year was **Rs. 16.05 lacs** (previous year Rs. 11.17 lacs).

61. The company has leased facility under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to thirty years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year under preoperative expenses amounts to **Rs. 00.36 lacs.** The future minimum lease payments in respect of the non-cancellable operating leases as at 31st March, 2012 are as under:

61. Contd.:

Particulars	31st March, 2012 (Rs. in lacs)	31st March, 2011 (Rs. in lacs)
a) not later than one year	00.36	00.36
b) later than one year but not later than five years	01.44	01.44
c) later than five years	07.56	07.92

62. Provision for diminution in the value of Current Investment Rs. 1.73 lacs, for the year ended 31st March, 2012 related to the Jamshedpur unit (under Construction), have been included under pre-operative expenses account.

63. 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.

64. Expenditure incurred on Jamshedpur Project during Construction period (Including Capital Work in Progress):

Particulars	As At 31st March, 2012 (Rs. in lacs)	As At 31st March, 2011 (Rs. in lacs)
(i) Leasehold Land (included under Note No.14 of Fixed Assets)	31.04	31.04
(ii) Building under Construction	194.89	68.98
(iii) Machinery under Installation	948.30	585.89
(iv) Electric Fitting & Other assets	43.70	06.20
(v) Advance for Capital Goods	202.89	153.47
(vi) Others	375.07	28.34

The Company has taken the above said leasehold land at (i) at Jamshedpur, for Jamshedpur plant, on leasehold basis from Adityapur Industrial Development Authority (AIDA), Jamshedpur. As the commercial production of the Jamshedpur plant, has not commenced during the year, all the lease rent paid for the said leasehold land during the year, has been transferred to the pre-operative / expenses pending capitalization account.

65. Proposed Dividend: During the year, the Company has not proposed any dividend on its equity shares:

Particulars	Financial Year 2011-2012	Financial Year 2010-2011
Amount of dividend (Rs. in lacs)	—	66.00
Dividend per equity shares (Rs.)	—	00.55

66. Additional Information under Part II of Revised Schedule VI to the Companies Act, 1956:

66. (a) CIF Value of Import :

Particulars	Financial year 2011-2012 (Rs. in lacs)	Financial year 2010-2011 (Rs. in lacs)
Raw Material & Components	50.59	148.86
Traded Goods	8.59	6.22
Capital Goods	0.00	234.00
Total	**59.18**	**389.08**

In furnishing information under Note 66 (a), the view has been taken that particular are required only in respect of items that are incorporated in the Finished Goods produced and not for such material used for maintenance of Plant & Machinery.

66. (b) Expenditure in Foreign Currency :

Particulars	Financial year 2011-2012 (Rs. in lacs)	Financial year 2010-2011 (Rs. in lacs)
Raw Material & Components	20.43	148.86
Traded Goods	8.59	6.22
Foreign Travel Expenses	1.84	5.01
Commission on Export Goods	7.00	9.41
Others	4.34	9.65
Advance to Suppliers	0.00	30.60
Capital Goods	24.91	210.42
Total	**67.11**	**420.17**

66. (c) Earning in Foreign Currency:

Particulars	Financial year 2011-2012 (Rs. in lacs)	Financial year 2010-2011 (Rs. in lacs)
F.O.B. value of Exports	808.87	868.13
Total	**808.87**	**868.13**

67. Related Party Disclosure: Related party disclosures as required under Accounting Standard -18 issued by The Institute of Chartered Accountants of India are given below:

(a) The Key Management personnel & individuals having control or significant Influence over the Company by reason of voting power, and their relatives:

Mr. Jasbir Singh Ryait	-	Chairman
Mr. Surinder Singh Ryait	-	Managing Director
Mrs. Dalvinder Kaur Ryait	-	Director
Mrs. Amarjeet Kaur Ryait	-	Director

(b) Enterprises, over which control is exercised by individuals listed in "a" above:

G.S.Automotives Private Limited
G.S.Autocomp Private Limited
G.S.Consumer Products Private Limited
G.J.Holdings Private Limited.*

* No transaction has taken place during the year.

The following transactions were carried out during the year with related parties in the ordinary course of business:

S. No.	Particulars	Financial year 2011-2012 (Rs. in lacs)	Financial year 2010-2011 (Rs. in lacs)
1.	**Sales, Services, Other Income**		
	Sales of Goods		
	G.S. Automotives Private Limited	247.80	129.93
	Rendering of Services-Labour Charges		
	G.S. Automotives Private Limited	63.41	118.33
	Rental Income		
	G.S. Automotives Private Limited	3.00	3.00
	G.S. Autocomp Private Limited	0.72	0.72
	G.S. Consumer Products Private Limited	0.24	0.12
	Other Income		
	G.S. Autocomp Private Limited	0.90	00.00
	Total	**316.07**	**252.10**
	Sale of Fixed Assets		
	G.S. Automotives Private Limited	00.00	13.21
2.	**Purchase of Material**		
	G.S. Automotives Private Limited	4976.98	4290.71
	Purchase of Services		
	G.S. Automotives Private Limited	6.67	5.34
	Total	**4983.65**	**4296.05**

Particulars	Financial year 2011-2012 (Rs. in lacs)	Financial year 2010-2011 (Rs. in lacs)
Amount Outstanding-Payable		
Accounts Payable		
G.S. Automotives Private Limited	455.37	291.93
G.S. Autocomp Private Limited	Nil	Nil
G.S. Consumer Products Private Limited	Nil	Nil

Details of Transactions relating to the persons referred to in "a" above

Particulars	Financial year 2011-2012 (Rs. in lacs)	Financial year 2010-2011 (Rs. in lacs)
Managerial Remuneration (Note No.48)	60.49	67.12
(Mr.Jasbir Singh Ryait & Mr.Surinder Singh Ryait)		
Remuneration paid to relative of key management personnel	02.77	—

(c) Relative of key management personnel:
Mr. Harkirat Singh Ryait

68. Rental income includes **Rs. 3.96 lacs** (previous year Rs. 3.84 lacs) from group companies as per Note No.67 above & **Rs. 0.06 lacs** (previous year Rs. 0.06 lacs) from others.

69. (i) Rupee short term loan from Others, **Rs. 23.71 lacs** (previous year Rs. Nil) is payable in equated monthly installment of **Rs. 2.81 lacs** each, (including interest) (previous year Rs. Nil) up to December, 2012.

(ii) Deferred payment liability: Vehicle loan from HDFC Bank Limited, outstanding balance at 31st March, 2012 amounted to **Rs. 1.09 lacs** (previous year Rs. 2.18 lacs) is payable in equated monthly installment of **Rs. 0.13 lacs,** (previous year Rs. 0.38 lacs) each, (including interest) up to December, 2012.

(iii) Other unsecured short term loan from Others, outstanding balance at 31st March, 2012 amounted to **Rs. 251.18 lacs** (previous year Rs. Nil) is payable in equated monthly installment (including interest) as per detail herein below:

(a) Rs. 45.54 lacs (previous year Rs. Nil) each, from April, 2012 to July, 2012.

(b) Rs. 18.32 lacs (previous year Rs. Nil) each from August, 2012 to November, 2012.

(c) Rs. 15.14 lacs (previous year Rs. Nil) in the month of December, 2012.

70. The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable pre-revised Schedule VI to the Companies Act, 1956, Consequent to the notification of Revised schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI.Accordingly, the previous year's figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

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

Ludhiana : 11th August, 2012

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

G.S. Auto International Limited

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

E-Communication Registration Form

Dear Shareholders,

The Ministry of Corporate Affairs vide its circular Nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 commenced 'Green Initiative in Corporate Governance' thereby allowing paperless compliance by Companies through electronic mode. Further, in line with recent circular ref no. CIR/CFD/DIL/2011 dated 05.10.2011 issued by the Securities and Exchange Board of India (SEBI) and consequent changes in Listing Agreement, Companies can send Annual Report in electronic mode to shareholders who have registered their email addresses for the purpose.

It is a welcome move for the society at large, as this will reduce the paper consumption to a great extent and allow shareholders to contribute towards a greener environment. This is a golden opportunity for every shareholder of "GS" to contribute to the Corporate Social Responsibility initiative of the Company.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode.

Let's be part of this Green Initiative!!

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

Best Regards,
Rashmi Sharma
Company Secretary

E-Communication Registration Form

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

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

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

Registered Address : .....

Email ID (to be registered) : .....

I/We shareholder(s) of "GS" agree to receive communication from the Company in Electronic mode. Please register my above email ID in your records for sending communication through e-mail.

Date : ..... Signature : .....

Note: Shareholders are requested to keep the company informed as and when there is any change in their email addresses.

Feedback

G.S. Auto International Limited

Regd. Office: G.S. Estate, G.T. Road, Ludhiana – 141010

Shareholders Satisfaction Survey – 2012

Dear Shareholders,

It has been our constant Endeavour to provide best of our services to our valuable shareholders and maintain highest level of Corporate Governance in this Company.

In order to further improve shareholder service standards; we seek your inputs through this survey.

We would be grateful, if you could spare your valuable time to fill the questionnaire given below and send it back to us, to enable us to serve you better.

Thanking You
Rashmi Sharma
Company Secretary

Name : .....

Contact Person (In case of corporate Holding) : .....

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

No. of shares held : .....

No. of years as shareholder of the Company : .....

Name of City/Village : .....

Email ID : .....

Contact No. : .....

I. HOW DO YOU RATE THE INFORMATION PROVIDED IN THE ANNUAL REPORT OF THE COMPANY

5-Excellent, 4-Above Industry Standards, 3-At par with the Industry standards, 2-Needs Improvement, 1-Unsatisfactory

Parameters	5	4	3	2	1
Quality of Information	☐	☐	☐	☐	☐
Adequacy of Information	☐	☐	☐	☐	☐
Presentation of Information	☐	☐	☐	☐	☐

II. HOW DO YOU RATE THE INFORMATION PROVIDED TO YOU FROM TIME TO TIME VIA MAIL OR THROUGH POST?

5-Excellent, 4-Above Industry Standards, 3-At par with the Industry standards, 2-Needs Improvement, 1-Unsatisfactory

Parameters	5	4	3	2	1
Quality of Information	☐	☐	☐	☐	☐
Adequacy of Information	☐	☐	☐	☐	☐
Presentation of Information	☐	☐	☐	☐	☐

III. HOW DO YOU RATE THE INTERACTION WITH SECRETARIAL DEPARTMENT OF THE COMPANY

5-Excellent, 4-Above Industry Standards, 3-At par with the Industry standards, 2-Needs Improvement, 1-Unsatisfactory

Parameters	5	4	3	2	1
Quality of Response	☐	☐	☐	☐	☐
Speed of Response	☐	☐	☐	☐	☐
Accessibility	☐	☐	☐	☐	☐

IV. HOW DO YOU RATE THE SERVICES PROVIDED BY SKYLINE FINANCIAL SERVICES PRIVATE LIMITED, OUR REGISTRAR AND SHARE TRANSFER AGENT

5-Excellent, 4-Above Industry Standards, 3-At par with the Industry standards, 2-Needs Improvement, 1-Unsatisfactory

Parameters	5	4	3	2	1
Quality of Response	☐	☐	☐	☐	☐
Speed of Response	☐	☐	☐	☐	☐
Accessibility	☐	☐	☐	☐	☐

V. HOW DO YOU RATE RECIEPT OF VARIOUS DOCUMENTS

5-Excellent, 4-Above Industry Standards, 3-At par with the Industry standards, 2-Needs Improvement, 1-Unsatisfactory

Parameters	5	4	3	2	1
General Notice	☐	☐	☐	☐	☐
Annual Report	☐	☐	☐	☐	☐
Dividend/ ECS Intimations	☐	☐	☐	☐	☐
Share Certificates after transfer, transmission etc.	☐	☐	☐	☐	☐

VI. WHAT IS YOUR OVERALL ASSESSMENT OF INVESTOR SERVICE STANDARDS OF THE COMPANY

5-Excellent, 4-Above Industry Standards, 3-At par with the Industry standards, 2-Needs Improvement, 1-Unsatisfactory

Parameters	5	4	3	2	1
Quality of Service	☐	☐	☐	☐	☐
Speed of Response	☐	☐	☐	☐	☐
Adequacy of Response	☐	☐	☐	☐	☐
Customer orientaion of person contracted	☐	☐	☐	☐	☐

VII. DO YOU HAVE ANY GRIVIANCE WHICH IS NOT ADDRESSED SO FAR (YES/ NO) .....

If yes, Please provide a brief summary of the grievance

VIII. ANY OTHER SUGGESTIONS FOR IMPROVING THE QUALITY OF INVESTOR SERVICES

Signature of Shareholder .....

(Optional)

G.S. Auto International Limited

Regd. Office: G.S. Estate, G.T. Road, Ludhiana – 141010

Attendance Slip

I/We ..... R/o ..... having Folio No./ DP ID & Client ID No. ..... hereby accorded my/our presence at 38th Annual General Meeting of the Company to be held at G.S. Estate, G.T. Road, Ludhiana-141010 on Saturday, 29th day of September, 2012 at 10.00 A.M.

Signature of Attending Member/Proxy .....

Note: Member/Proxy holder wishing to attend the meeting must bring the Attendance slip duly signed to the meeting and hand it over at the entrance.

G.S. Auto International Limited

Regd. Office: G.S. Estate, G.T. Road, Ludhiana – 141010

Proxy form

I/We ..... R/o ..... being members of the above named Company, hereby appoint Mr./Ms. ..... R/o ..... or failing him/her Mr. /Ms. ..... R/o ..... as my proxy to attend and vote for me/us on my/ our behalf at the 38th Annual General Meeting of the Company, to be held on Saturday, 29th day of September, 2012 at 10.00 a.m and at any adjournment thereof. I wish my /our proxy to vote in the manner as indicated in the table below*:

Reso. No	Description	For	Against
1	Adoption of Annual Accounts and Reports thereon for the F.Y. ended 31st March, 2012	☐	☐
2	Re-appointment of Mr. Jasbir Singh Ryait	☐	☐
3	Re-appointment of Mrs. Amarjeet Kaur Ryait	☐	☐
4	Re-appointment of Nanda & Bhatia, Statutory Auditors of the Company	☐	☐
5	Appointment of Mr. Jasbir Singh Bir	☐	☐
6	Resolution under section 81(IA) of the Companies Act, 1956	☐	☐

Signed this ..... day of 2012

Affix revenue stamp

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

No. of Shares .....

Signature .....

Notes:

1. **The Proxy, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the above said meeting.**

*2. **It is only optional. Please put a 'X' in the appropriate column against the resolution indicated in the Box. If you leave the 'For or Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.**

Notes :

Notes :

If undelivered, please retrun to :

G.S. Auto
International Limited

G.S. Estate, G.T. Road
Ludhiana -141010,
Punjab, India

Phone :
0161-2511001-05
Fax : 0161-2510885
Email :
info@gsgroupindia.com

Website :
www.gsgroupindia.com

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