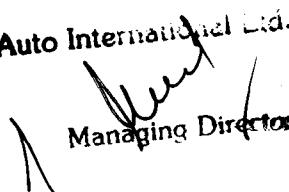


31st ANNUAL REPORT

2004 - 2005



For G.S. Auto International Ltd.


Managing Director

G.S. AUTO INTERNATIONAL LTD.
ISO/TS 16949 COMPANY

G.S. AUTO INTERNATIONAL LTD.

BOARD OF DIRECTORS

JASBIR SINGH

Chairman

SURINDER SINGH

Managing Director

Mrs. DALVINDER KAUR

Director

Mrs. AMARJIT KAUR

Director

Mr. SEWA SINGH

Director

Mr. MAKHAN SINGH

Director

AUDITORS

NANDA & BHATIA

Chartered Accountants

Red Cross Bhawan

The Mall, Ludhiana.

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REGISTERED OFFICE & WORKS

G.S. Estate, P.O. Box 711

G.T. Road, LUDHIANA-141003

BANKERS

Bank of Baroda.

Punjab & Sind Bank (IBD)

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G.S. AUTO INTERNATIONAL LTD.

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of G.S.AUTO INTERNATIONAL LIMITED will be held on Wednesday, the 28th day of September, 2005 at 10.30 A.M. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005, Profit and Loss Account for the year ended on that date, together with Report of Auditors and Directors thereon.
2. To appoint a Director in place of Shri Surinder Singh, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company for the year 2005-2006 and to fix their remuneration.

SPECIAL BUSINESS:

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

a) "RESOLVED THAT Shri Sewa Singh S/o S.Kehar Singh, who was appointed by the Board of Directors as an Additional Director of the Company in the Board Meeting held on 18.6.2005 under section 260 of the Company Act, 1956 and hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation, under the Articles of Association of the Company"

b) "RESOLVED THAT Shri Makhan Singh son of Shri Bir Singh, who was appointed by the Board of Directors as an Additional Director of the Company in the Board Meeting held on 18.6.2005 under section 260 of the Company Act, 1956 and hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation, under the Articles of Association of the Company.

ITEM NO.5: To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary resolution:-

To consider and if thought fit, to pass with or without modification, the following resolution as ordinary resolution.

"RESOLVED that Mr. Jasbir Singh be and is hereby re-appointed as Executive Director of the Company for the period of five years from 01.08.2005 to 31.7.2010 u/s.198, 269, 309/310 & 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 in the scale of Rs.30,000 to Rs.35,000/- with an increment of Rs.1000/- per annum plus perquisites subject to ceiling of 75% of his annual salary.

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NOW it is resolved that subject to the provision of Section 198, 269,309 & 311, Schedule XIII and other applicable provisions if any of the Companies Act, 1956, the remuneration and perquisites of Mr. Jasbir Singh as per the agreement between the Company and S. Jasbir Singh placed before the meeting and initialed by the Chairman for the purpose of identification be and are hereby approved and Directors of the Company be and are hereby authorized to do all the formalities to this effect. The material terms and conditions of the remuneration are as follows:-

1. SALARY:

Rs.30,000 per month in the scale of Rs.30,000 to Rs.35,000 with increment of Rs.1,000/- per annum.

2. PERQUISITES:

Perquisites will be allowed in addition to salary subject to ceiling of 75% of his annual salary, such ceiling to be applied, only to the perquisites in part "A" below:

PART "A"

a) Housing:-

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

b) MEDICAL:

Reimbursement of actual medical and hospital expenses for self and family.

LEAVE TRAVEL ASSISTANCE:

Leave Travel Assistance equivalent to his monthly salary prevailing at the time of such avilment for self and family as per rules of the Company.

c) CLUB FEES:

Fees of Clubs excluding admission and Life Membership fees.

PART-"B"

- a) Company's contribution towards funds subject to ceiling of 12% of the salary.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

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PART "C"

3. COMPANY CAR AND TELEPHONE:

The Company shall provide a Car with driver and telephone facility at the residence of S. Jasbir Singh, which will not be considered as perquisites. Personal long calls on telephone and use of car for private purpose shall be billed by the Company to S. Jasbir Singh.

4. MINIMUM REMUNERATION:

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

5. LEAVE

Earned/Privilege leave on full pay and allowance as per rules of the Company, but not more than on one month's salary. Encashment of accumulate leave at the end of his tenure would be permitted as per rules of the Company, but not more than one month's salary.

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

"RESOLVED further that Mr. Surinder Singh, Managing Director be and is hereby authorized to execute an agreement on behalf of the Company with S. Jasbir Singh.

"RESOLVED further that the Board of Directors be and is hereby authorized to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors of the Company and acceptable to Mr. Jasbir Singh.

PLACE: LUDHIANA.
DATED: 05.08.2005.

For G.S. Auto International Ltd.


Managing Director

By order of the Board,

Sd/-
(Surinder Singh)

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company. The proxy, in order to be effective, must be received by the Company not less than 48 hours before the meeting. The blank proxy form is enclosed.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item No.5 & 6 are annexed hereto and forms part of the Notice.
3. Members are requested to bring their copy of notice to the meeting alongwith attendance slip.
4. The copies of relevant documents can be inspected at the Registered Office of the Company between 10.30 A.M. to 12.30 P.M.
5. Members desiring any information as regards Account are requested to write to the Company at its Registered Office atleast 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.

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ANNEXURE TO THE NOTICE:

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

ITEM NO. 4(a) & (b)

The Board of Directors in its meeting held on 18.6.2005 has appointed Shri Sewa Singh and S. Makhan Singh as Additional Directors of the Company pursuant to Article 92 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, read with Article 92 of the Articles of the Association of the Company Shri Sewa Singh and Shri Makhan Singh will hold office as Additional Directors upto the ensuing Annual General Meeting. The company has received notices from Members under section 257 of the Companies Act, 1956, signifying their intention to propose Shri Sewa Singh and Shri Makhan Singh as Directors of the Company.

MEMORANDUM OF INTEREST:

None of the Directors except Shri Sewa Singh and Shri Makhan Singh, the appointees themselves is concerned or interested in these resolutions.

ITEM NO.5

The Board of Directors of the Company at its meeting held on 23.7.2005 reappointed S. Jasbir Singh as Executive Director of the Company for further five years w.e.f 1.8.2005 to 31.7.2010 on the terms and conditions as agreed between the Company and S. Jasbir Singh referred to in the resolution of the Notice.

The approval of Central Government is not required to be obtained for the salary and perquisites of S. Jasbir Singh as Executive Director, the remuneration and perquisites are in accordance with the Schedule XIII of The Companies Act, 1956. As required by the provisions of section 269 read with Schedule XIII of the Companies Act, 1956, the approval of the shareholders on General Meeting is required to be obtained for the salary and perquisites of S. Jasbir Singh as Executive Director on the remuneration and perquisites set out in the Notice.

MEMORANDUM OF INTEREST:

None of the Directors except S. Jasbir Singh is interested in the resolution as it concerns him. Mr. Surinder Singh, Mrs. Dalvinder Kaur and Mrs. Amarjit Kaur may also be deemed to be concerned or interested in this item.

G.S. AUTO INTERNATIONAL LTD.**DIRECTORS' REPORT**

Your Directors' present their 31st Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2005

FINANCIAL RESULTS:

Partiulars	For the year ended 31.03.2005 (Rs. in Lacs)	For the year ended 31.03.2004 (Rs. in Lacs)
-Sales & other Income	6559.24	5427.31
-Operating Profit before Intt.	213.42	350.25
-Depreciation	56.48	47.21
-Financial expense	68.62	72.40
-Net Profit before tax	88.32	230.64

OPERATIONS:

Overall performance of the Company has been better than the last year. The Gross Revenue for year under review Rs.6559.24 lacs as against Rs.5427.31 last year.

This year your Company expect to have substantial jump in sales and perform better than last year.

DIRECTORS:

1. S. Surinder Singh Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
2. Appointment of Mr. Sewa Singh as Director of the Company shall be confirmed at the forthcoming Annual General Meeting. He was earlier appointed as Additional Director of the Company at Board Meeting held on 18-6-2005.
3. Appointment of Mr. Makhan Singh as Director of the Company shall be confirmed at the forthcoming Annual General Meeting. He was earlier appointed as Additional Director of the Company at Board Meeting held on 18-6-2005.

DEPOSITS

During the year, the Company did not accept any deposits under Section 58(A) of the Companies Act, 1956 and the rules made there under.

AUDITORS REPORT

The observations of the Auditors Report have been suitable explained in the various notes forming part of the accounts for the year and necessary steps wherever required have been initiated by the Company.

PARTICULARS OF EMPLOYEES

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

DISCLOSURE OF PARTICULARS:

Information as per the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 relating to the Conservations of energy, technology, absorption, foreign exchange earning and outgo is giving forming part of the report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the sincere efforts put in by all the employees. Your Directors also express their thanks to the Bankers and various Government Authorities for their continued support to your Company.

For G.S. Auto International Ltd.

PLACE: LUDHIANA.
DATED: 5-8-2005


Managing Director

By order of the Board of Directors,
Sd/-
(SURINDER SINGH)
MG. DIRECTOR

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INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005.

1. CONSERVATION OF ENERGY.

- a) Energy Conservation measures taken:- Various austerity measures were undertaken to curb consumption of Furnace oil consequent of change over to Electrical System during the year.
- b) Total Energy consumption and energy consumption per unit of production as per Form "A" of the Annexure to the Rules in respect of industries specified in the Schedule thereto.

FORM - A

A. POWER & FUEL CONSUMPTION

	Current year	Previous year
1. Electricity		
a) Purchased Unit	8775530.00	8160930.00
Total amount(Rs.)	34737145.00	33358514.00
Rate/Unit (Rs.)	3.97	4.09
b) Own Generation		
i) Through Diesel Generator Unit	3,626,020.00	1,351,964.00
Unit per Ltr. of Diesel Oil	3.25	3.50
Cost/Unit(Rs.)	10.50	6.57
ii) Through steam Turbine/Generator	-----	-----
Unit per Ltr.	-----	-----
Cost/Unit (Rs.)	-----	-----
2. Coal		
Quantity(Tonnes)	103.560	134.959.00
Total cost(Rs.)	664,415.00	696,724.00
Average Rate(Rs.)	6415.75	5162.48
3. HPS/LDO		
Quantity (Ltr.)	1068.460	1093.722
Total Amount	17,413,431.00	16,715,254.00
Average Rate	16.30	15.28
4. Gas (LPG)		
Quantity(Kg)	19648	-----
Total Cost(Rs.)	712,308.18	-----
Average Rate(Rs.)	36.25	-----

B CONSUMPTION PER UNIT OF PRODUCTION**

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

**In view of Various Items Produced, It is not Possible to give required Information

G.S. AUTO INTERNATIONAL LTD.**II. TECHNOLOGY ABSORPTION**

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

III. FOREIGN EXCHANGE EARNING AND OUTGO.

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

b) Total foreign exchange Used and earned	Current year	Previous year
Used	1294056.00	879291.00
Earned	64278634.00	40663405.00


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