

32nd ANNUAL REPORT

2005 - 2006



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. DALWINDER 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.

REGISTERED OFFICE & WORKS

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

G.T. Road, LUDHIANA-141003

BANKERS

Punjab National Bank

Punjab & Sind Bank (IED)

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G.S. AUTO INTERNATIONAL LTD.

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of G.S.AUTO INTERNATIONAL LIMITED will be held at its Registered Office (G.S. Estate, G.T. Road, Ludhiana) on Saturday, the 30th day of September, 2006 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, 2006, 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 Mrs. Dalvinder kaur, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers herself for re-appointment.
3. To appoint Director in place of Mrs. Amarjit kaur, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers herself for re-appointment.
4. To appoint Auditors of the Company for the year 2006-2007 and to fix their remuneration.

By Order of the Board,
Sd/-
(Surinder Singh)
Mg. Director

PLACE: LUDHIANA.
DATED: 31-07-2006

NOTES:

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.

The Register of Members and Share transfer Books of the Company will remain closed from 25.09.2006 to 30.09.2006 (both days inclusive).

Members are requested to bring their copy of notice to the meeting along with attendance slip.

Members desiring any information as regards Account are requested to write to the company at its Registered office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.

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

Your Directors' present their 32nd Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2006

FINANCIAL RESULTS:

Particulars	For the year ended 31.03.2006 (Rs. in Lacs)	For the year ended 31.03.2005 (Rs. in Lacs)
-Sales & other Income	6893.60	6162.89
-Operating Profit before Intt.	302.26	213.42
-Depreciation	64.49	56.48
-Financial expense	88.24	68.62
-Net Profit before tax	149.53	88.32

OPERATIONS:

Overall performance of the Company was better than the last year. The Gross Revenue under review is Rs. 6893.60 as against Rs. 6162.89 last year. Your Company expects to maintain growth in sales this year also.

DIRECTORS:

1. Mrs. Dalvinder Kaur Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.
2. Mrs. Amarjit Kaur, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

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 suitably 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 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.

PLACE: LUDHIANA.
DATED: 31-07-2006

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

G.S. AUTO INTERNATIONAL LTD.

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, 2006.

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	8,451,020	8,775,530
Total amount(Rs.)	36,732,700.00	34,737,145.00
Rate/Unit (Rs.)	4.35	3.97
b) Own Generation		
i) Through Diesel Generator Unit	6,482,143.35	3,626,020.00
Unit per Ltr. of Diesel Oil	2.11	3.25
Cost/Unit(Rs.)	13.40	10.50
ii) Through steam Turbine/Generator	-----	-----
Unit per Ltr.	-----	-----
Cost/Unit (Rs.)	-----	-----
2. Coal		
Quantity(Tonnes)	86.390	103.560
Total cost(Rs.)	5,46,567.93	6,64,415.00
Average Rate(Rs.)	6,326.75	6,415.75
3. HPS/LDO		
Quantity (Ltr.)	993.430	1068.460
Total Amount	18,911,086.10	17,413,431.00
Average Rate	19.03	16.30
4. Gas (LPG)		
Quantity(Kg)	20843	19648
Total Cost(Rs.)	8,76,239.72	712,308.18
Average Rate(Rs.)	42.04	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. TECHONOLOGY 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	1172237.00	1294056.00
Earned	61263054.71	64278634.00

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G.S. AUTO INTERNATIONAL LTD.

AUDITOR'S REPORT

To
The Members
G.S. Auto International Limited,
G.S. Estate, G.T. Road,
LUDHIANA.

We have audited the attached Balance Sheet of M/s. G.S. Auto International Limited, as at 31st March, 2006 the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

2. Further to our comments in the Annexure referred to 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 purpose 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 and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts :

(d) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting Standards referred to in Section 211 (3) (C) of the Companies Act, 1956.

(e) On the basis of written representations received from the Directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st day of March, 2006 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

(f) The applicable rate of levy of cess as per section 441A of the Companies Act, 1956 for the year ended 31st March, 2006 is still to be notified by the Central Government. Therefore, the quantum of cess payable and not paid by the company as per section 441A cannot be commented upon by us.

(g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- in case of Balance Sheet of the State of affairs of the Company as at 31st March, 2006.

- in case of Profit & Loss Account, of the profit of the Company for the year ended on that date and

- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For NANDA & BHATIA
CHARTERED ACCOUNTANTS,

sd/-
(P.C.S. VIRDI)
PARTNER

PLACE: LUDHIANA.
DATED : 31-07-2006

G.S. AUTO INTERNATIONAL LTD.

Annexure to the Auditor's Report for the year ended on 31st March, 2006. (Referred in Paragraph (1) of our Report of even date)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As explained to us, major fixed assets have been Physically verified by the management according to a regular programme, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies with respect to book records were noticed on such verification.

c) The Company has not disposed off any substantial part of its fixed assets, which has any affect on its going concern during the year.

2. a) As explained to us, inventories have been physically verified by the Management at regular intervals during the year.

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

c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. The Company has neither granted nor taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.

5. a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year exceeding Rs. 5,00,000/- (Rupees Five Lacs only) in respect of any party have been made at the prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the Public under section 5B-AA of the Companies Act, 1956.

7. In our opinion, the company has reasonable internal audit system commensurate with the size and nature of its business.

8. We have reviewed the cost records maintained by the Company in pursuance of the rules made by the Central Government for the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the records have been made and maintained. We have not, however, made a detailed examination of the records, with a view of determine whether they are accurate or complete.

9. a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2006 for a period of more than six months from the date of becoming payable.

b) The disputed statutory dues that have not been deposited on account of matters pending before the appropriate authorities are as under:-

Name of the Statute	Nature of the dues	Year to which it relates	Amount (in Lacs)	Forum where dispute is pending
A) Excise Act, 1944.				
	Excise duty.			Commissioner
				Central Excise Appeals, Ldh.
--do--	--do--	2002-2003	0.47*	--do--
--do--	--do--	2002-2003	0.04*	--do--
B) Income Tax Act, 1961				
	Income Tax	1995-1996	12.10	Income Tax Appellate Tribunal
--do--		1993-1997	19.58	--do--