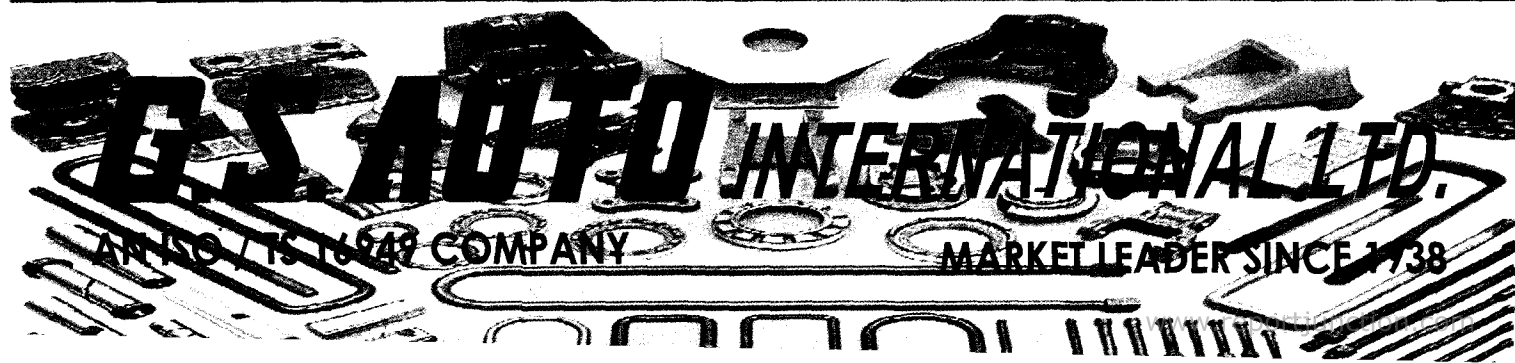


GROWING SUCCESSFULLY, EVOLVING GLOBALLY.

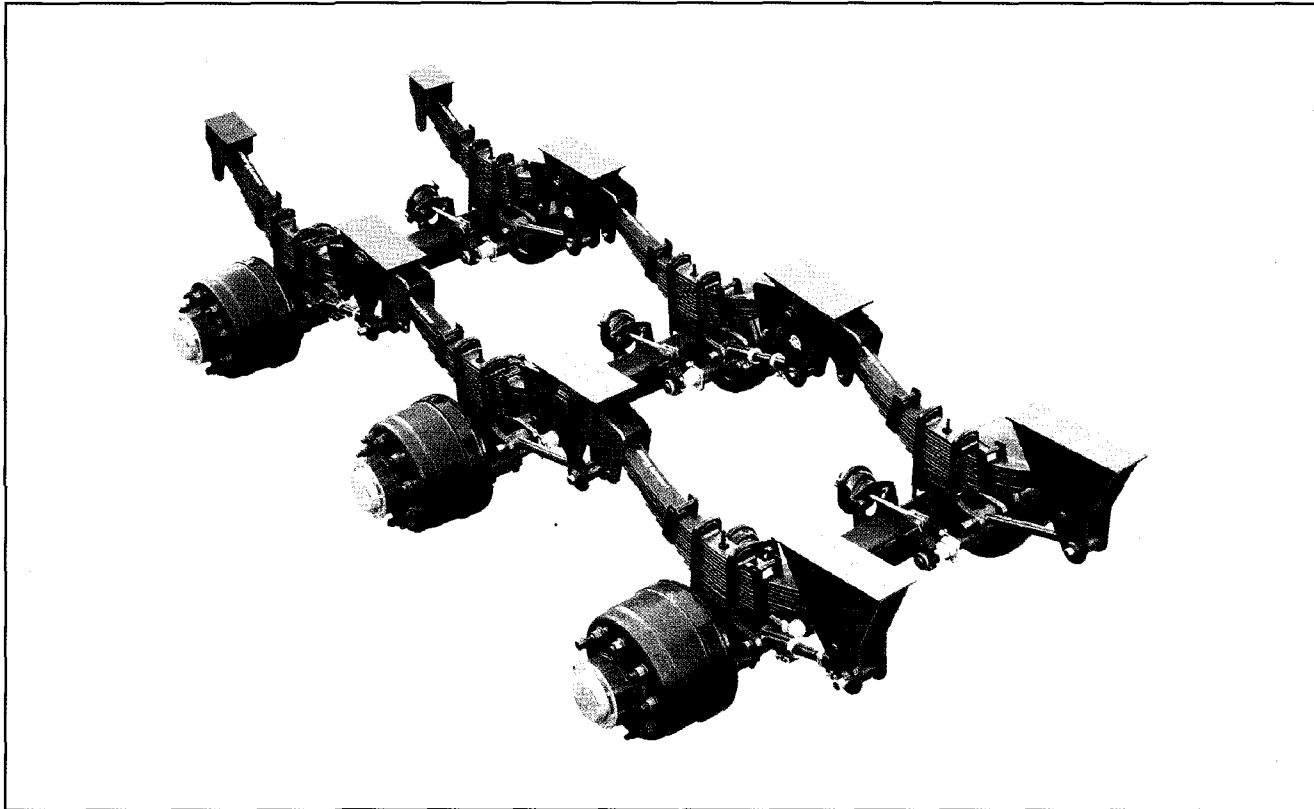


35th ANNUAL REPORT
2008-2009

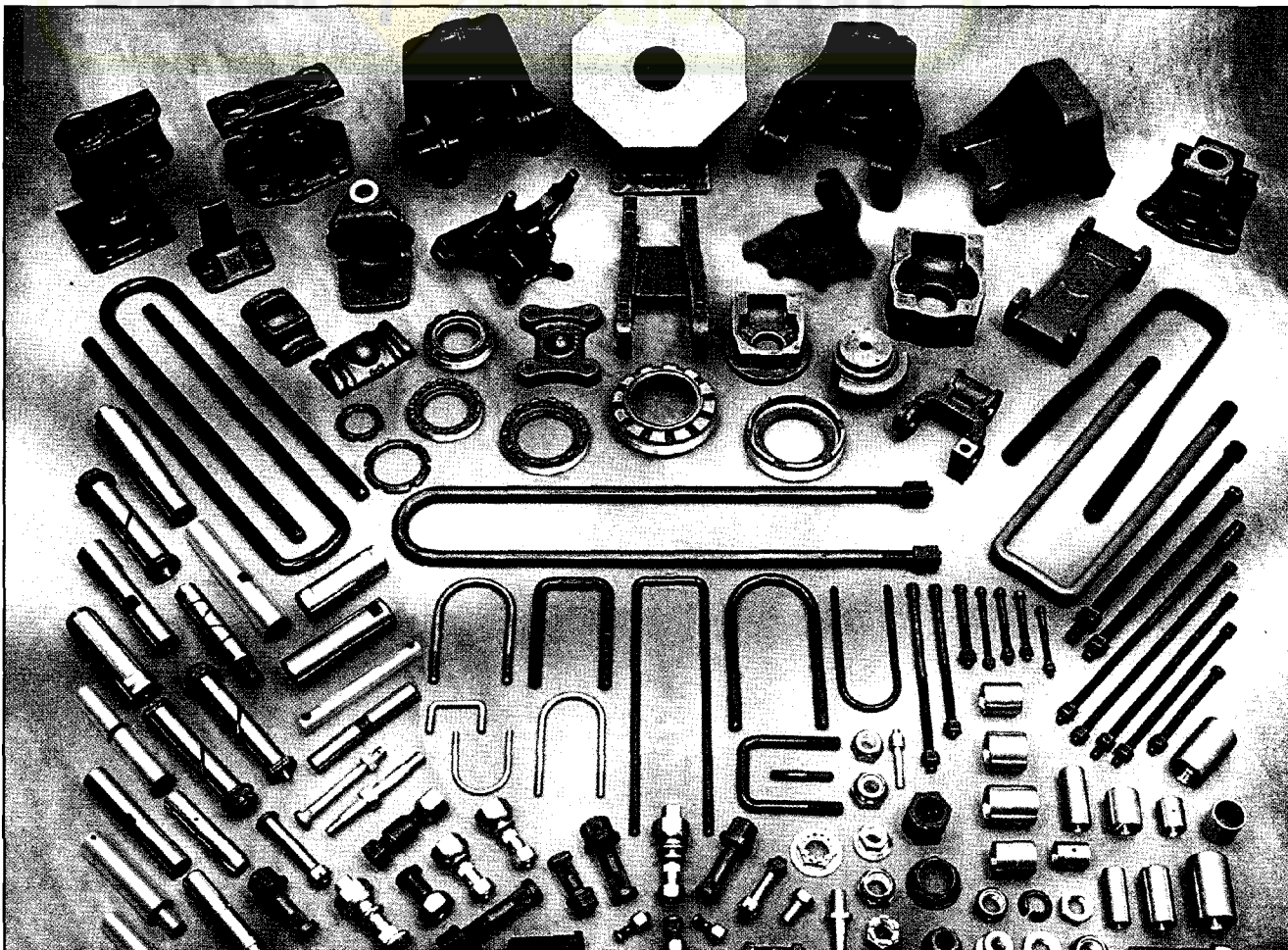
A LEADING AUTOMOTIVE COMPONENT COMPANY.



Trailer Suspension



Automotive & Suspension Components



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. Sewa Singh
Director

Mr. Makhan Singh
Director

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

Registered Office & Works
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G.T. Road, Ludhiana - 141 003
Punjab, India
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Fax No. : 0161-2510885
Website : www.gsgroupindia.com
Email : info@gsgroupindia.com

Bankers
Punjab National Bank

Registrar & Transfer Agent
M/s. Skyline Financial Services Pvt. Ltd.
246, 1st Floor, Sant Nagar, Main Iscon Temple
Road, East of Kailash, New Delhi - 110 065
Email : admin@skylinerta.com
Phones : 011-26292682-83
Fax : 011-26292681



Board of Directors

Vision

- Customer satisfaction through best quality products and in house research developments;
- 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, as well as, to expand through multilocations, 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 world class quality preferred supplier to OEM's of the world, through best quality, innovations and cost competitive products;
- Grab a sizeable market share for the replacement market, through better dealer network and by the supply of best quality Components;
- Be a leader in local market for Machined, Cast and Forged Components and to further grow in Export Markets.

Principles of Business

- Sense of urgency.
- Better Relationships and better Quality of Products & Services.
- Continuous Improvement for excellence and consistency.

" One Man Has Enthusiasm for 30 Minutes, another for 30 days, but it is the man who has it for 30 years who makes a success of his life"

"Edward Butler"

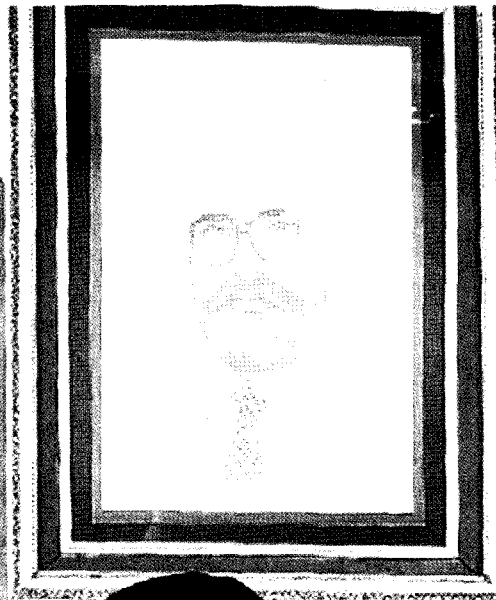
Growing Successfully, Evolving Globally.

"G.S.Auto International Limited" one of the leading Automotive Fastening & Suspension Components Company in North India, has been partnering the Indian Automotive Industry from past several years. We have come a long way, since we began the journey, as the cover page describes, but it has been one worth while journey for all of us, however the way we look at it, for **"GS"**, it is just the beginning and had far miles to go ahead, like an eagle in the sky. We are proud to be present in almost all the commercial vehicles, manufactured in India, in one or the other way. The year 2008-2009 was a difficult year, marked with overall negative growth in automotive industry worldwide, particularly in commercial vehicle segment. However, we at **"GS"**, did not follow the trend, and even defied the trend, in spite of all hurdles, by working hard, by de-risking the business through a unique combination of marketing strategy, to post stable growth and stable profit in the year of visible slowdown. The flattening world creates opportunities & challenges and at **"GS"** we are geared to convert, these challenges into opportunities. Going ahead, your Company plans to make substantial investment, to expand its Business.

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Managing Director

Mr. Surinder Singh Ryait

Chairman

Mr. Jasbir Singh Ryait

Chairman's Letter



Dear Shareholders,

It is my proud privilege to present the 35th Annual Report of the company. Where, the Year 2007-2008 was a very challenging and even a very learning experience for us, the year 2008-2009 was a most difficult, even one of the worst years that the global economy has seen in the last 75 years. In the First quarter of 2008-2009, the world was witnessing with high commodities prices which include crude oil, coal, and steel or even in all the major industrial commodities, even the prices of the copper, have reached its all time high at US\$ **8884** a ton in April, 2008 and in the first half of 2008-2009, the crude oil has touched its all time high at over US\$ 145 per barrel and further even the great experts of the commodities, was predicting the Crude to even cross the US\$ 200 mark, causes to overall global inflation and further ended the year 2008-2009 with the sharpest decline in the global trade & GDP, since the great Depression 1930.

The higher rate of inflation in the world economy, with the higher input cost of steel prices, which is the predominant raw material for automobile industry, rose by over 50% in year 2008, as compared to year 2007, which has now come down to some what at realistic level, had further caused to tightening the monetary policy by the central bank of all the countries in the world, causes to lower liquidity in the market, with the high rate of interest funding for all types of customers, be it consumers or corporates. what it was earlier viewed as temporary slow down, turned out to be the most difficult and more challenging time in the recent past, the sentiment was so badly effected that even Indian financial market benchmark index, was one time down by over 70% from its all time high.

Then come the sudden change in the world economy, with the icons of global business houses, such as Lehman Brothers falls in the bankruptcy, US auto makers such as Chrysler and GM were also in the bankruptcy, while Toyota Motors has posted a big loss during the year, causes to global meltdown in the financial markets and further sucking the liquidity from the market leads to shake out the confidence in the global economy. The worst effected economies of the world was US, European and UK economy, which was showing a negative growth in GDP anywhere between -2.8 % to -6.50%, which further accelerated the increase in the un-employment in the developed countries, causes to the lower or even negative growth in world economy. With such a financial turmoil in the global economy, how can the fast growing developing BRIC countries be so isolated from the global recession. The Indian economy growth, which was at one time growing at the rate of 9% from the past three years, had come down to 5.50% to 6.50% during 2008-2009 and will hope to maintain, more over, the same level of growth rate, in the year 2009-2010, thanks to the newly elected stable government at the centre, which, along with the stable monetary policy, from the central bank, to keep the growth rate between 5.50% to 6.50%, in spite of such a great down turn in the global economy.

The Automotive sector was the worst affected sector in this global down turn in the economy, with the collapse of global major auto makers, as well as the temporary closure of some of the manufacturing units by the major Indian automotive manufactures, the auto component industry



Chairman's Letter

was very badly affected. Even though passenger vehicles continues to grow by over 3 %, there was a huge drop in the production of Medium & Heavy and light Commercial Vehicles by over 30% and over 10% respectively, causes to overall dip in the market by over 2.50% to 3%. Automotive demand fell to new low in India, with the Medium & Heavy Commercial vehicle production in second half of 2008, was down by over more than 50% year on year basis. Same trend was also witnesses in the other major economies of the world, where European & USA commercial vehicle production declined by over 30% year on year basis.

Your Company which was at one time in the first half of 2008-2009, registering a top line growth of over 20% and even was targeting more than Rs.100 crore turnover, in the year under review, saw a sharp decline in the business from the original equipment manufacturers (OEM's), with the cancellation of orders from all the major OEM's, be it Indian or from overseas market, at one point of time, during the year under review, our sales to the OEM's was lower by app. more than 50%. However, with the presence in the Replacement market (After sales market) the company was in good condition to handle such a sharp decline in the business. If you better recall from my last year address to yours, I have strongly advocated to concentrate more on the replacement market, where the business is 7-8 times bigger than the OEM business and margins too, are better than the OEM's business, As the Company is better leveraged through its wider network of dealer and distributors in the after sales market, the company had changed its marketing strategy, by shifting the capacity to the replacement market, which was being created by the cancellation or even not enough orders from the OEM's. I personally think, every adversity will throw more challenges to one self so to realign itself, to cope with any situation and take lessons from the past, by changing one's strategy or even realigning its business, so to keep the interest of all its shareholders protected.

"I am grateful for all my problems. After each one was overcome, I became stronger and more able to meet those that were still to come. I grew in all my difficulties"

With such a tough & challenging economic environment, we had re-strategized our self, so to cope with this type of downturn in the economy. Further your company has performed satisfactory during the year, by realigning its marketing strategy. Your Company has overall posted a net top line growth of app.13.50%, from the **total turnover** of Rs.8132.96 lacs to **Rs.9234.25 lacs**, during the year under review, the total **net sale to the OEM's** have fallen by over 20% from the previous year total net sales of Rs.2905.24 lacs to **Rs.2315.34 lacs**, however the Net Turnover from the **Replacement market** shows a healthy increase of over 25% from the previous year figure of Rs.4596.90 lacs to **Rs.5787.01 lacs** during the year under review, **Export** during the year, also saw a healthy growth



of over 103 % from the previous year level of Rs.541.89 lacs to **Rs.1101.29 lacs**, However the increase in sales was also due to the increase in the prices of raw material.

Profit before depreciation, interest and taxes (**PBDIT**) grew by app. over 11.50% to **Rs.546.93 lacs**, however due to rise in the prices of raw material, crude prices etc., the PBDIT as a percentage to sale, during the year has marginally come down from 6.03% to 5.92%.

Profit before interest and taxes (**PBIT**), during the year grew by app. over 13.25% to **Rs.469.36 lacs**, however the PBIT as a percentage to sale, during the year has marginally come down from 5.10% to 5.08%.

Profit after taxes (**PAT**), during the year grew by app. over 10.00% to **Rs.203.87 lacs**; however the PAT as a percentage to sale, during the year has marginally come down from 2.27% to 2.21%.

There is no doubt that 2008-2009, was extremely a difficult, stressful and above all a learning year for your company. while these tough times may be painful and difficult for us but they also present opportunities for companies to work harder in each and every aspect or function of the business so to make them more efficient and to further strategies one's short term and medium term goals by cutting down wastages, reducing cost, using more effectively its working capital, using its capacity to more beneficial manner, reducing inventory and receivable and above all to increase in productivity. During this hard hit times, I will had to take even some of the painful decisions, so to reduce cost, by postponing the annual increments, down sizing the manpower, salary cuts and general tightening the belt all around and further holding on all the major capital expenditure or major expansion plans of the Company. The same pressure was further passed on to the suppliers also.

However, as your Company is much more leveraged in its business verticals through Export, OEM's and Replacement market, we are hopeful of achieving a good growth as compared to its previous year, once the economy is looking up. With the announcement of stimulus packages by all over the world governments including Indian Government, along with the liberal monetary policy by all the central bank of the world, I am hope full that the all the world economies will come out of recession by the second half of calendar year 2010.

Considering all the challenges for the year 2008-2009, we at **"G.S.AUTO"** feels that the performance during the year was quite satisfactory, however we also feels there is very much further scope of improvement in all the fields of the company and we at **"G.S.AUTO"** are committed to achieve the higher growth as compared to previous years, in the days to come, by improving our productivity throughputs and cost and by expanding our business.

Due to bad economy position as well as difficult market condition in 2008-2009, your company had withhold all its major expansion plans during the year 2008-2009. Further with the initial sign of



achieving better growth in the days to come. I also thank and express my deep gratitude to my colleagues on the Board of Directors, Banks and Financial Institutions, all our valued customers and suppliers for their continued support and confidence reposed in us.

I express my heartfelt thanks to my all the shareholders, for your continued support and faith in your Company and is hopeful will continue to repose faith, confidence and trust in us and also give your valuable guidance to move ahead in these challenging time of the world economy particularly for automobile industry.

Yours Sincerely,

A handwritten signature in black ink that reads 'Jasbir Singh Ryait'. The signature is written in a cursive style.

Jasbir Singh Ryait
Chairman