



36th
ANNUAL REPORT
2009-2010

REAFFIRMING THE BACKBONE OF AUTOMOBILES

If undelivered please return to :

G.S.AUTO INTERNATIONAL LIMITED

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G.S. AUTO INTERNATIONAL LIMITED
Manufacturers of Auto Components (An ISO/TS 16949 Company)

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 realized. 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.

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At GS Auto we firmly believe that the Auto Component Industry stands on six pillars, namely... **COMMITMENT, DEDICATION, QUALITY, A REPUTED BRAND, A PROFESSIONAL TEAM** and above all **THE CONFIDENCE OF ALL ITS STAKEHOLDERS.**

"The GS team of dedicated engineers works hard on each & every component manufactured here. All components pass through stringent quality checks and rechecks, so as to provide complete satisfaction to our extended family composed of a large number of customers be it Original Equipment Manufacturers (OEM), Replacement Market (After Sales Market) or Overseas Customers (Export Market). We strive to ensure that brand "GS" is the epitome of safety for all our valued stakeholders.

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



"Drive Safely with GS"

“G.S. Auto International Limited one of the leading Automotive fastening & suspension components Company in North India, has been partnering the Indian Automotive Industry, as the Back Bone of Automotive Industry, from the past several years, as the cover page suggests. 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 **“GS”**, 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. The year 2009-2010, was a mixed year, marked with improvement in the sentiment across the globe and further a big surprise growth in the Indian Automotive Industry. The year gone by, at **“GS”** was remarkable year in the shape of crossing Rs.100 (One Hundred) Crore turnover during the year and declaration of maiden dividend for the financial year 2009-2010, by working hard along with the de-risking of the business through a unique combination of marketing strategy, to post good growth and profit in the current year. 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 business other than those committed earlier”.



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

“GS” means.....

- Back Bone of Automobile Industry.
- Reputed and Trusted Brand Name in Auto component Industry.
- Trusted by all its Customers, be it.....
 - Original Equipment Manufacturers (OEM).
 - Replacement Market (After Sales Market).
 - Overseas Customers (Export Market).
- Enjoys the Confidence of all its Shareholders through good Corporate Governance.



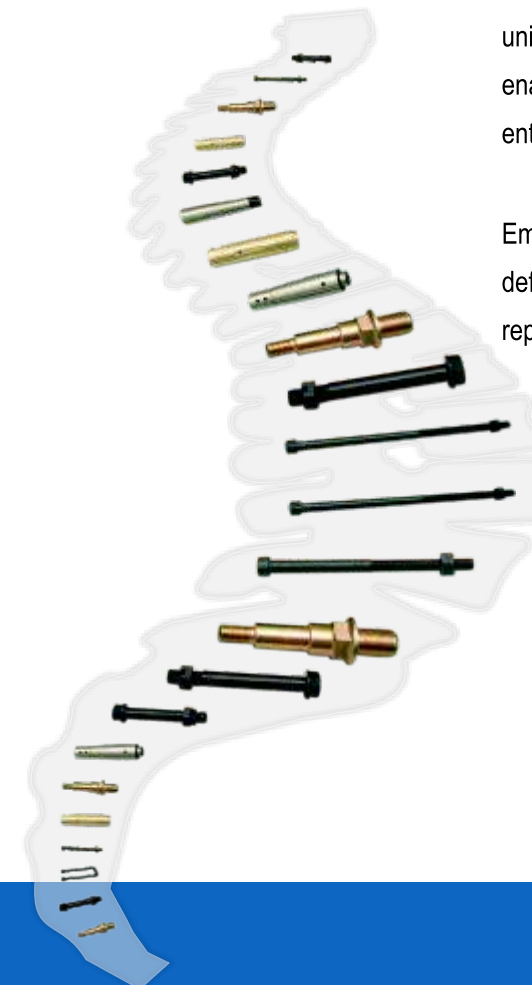


Vision Statement

- G.S.Auto International Limited strives to achieve enhanced customer satisfaction by delivering the quality products in the safe working environment. We dedicate ourselves to continual improvements in all fields of our Business;
- Growth through organic as well as through value chain & to further expand our Business on a sustainable basis, by adding more products to its existing product portfolio through diversification in different sectors of the economy, as well as, to expand through multi-locations, building a team that is passionate about growth, quality, value creation and above all serving to all its stakeholders & further committed to making trust, respect & fellowship a way of life;
- Be a Market leader in after sales market for Machined, Cast and Forged Components through better dealer network, to further grow in Export Markets by the supply of best quality Components and further to join hands with all the major OEM's of the world;

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

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



Vision Statement

- **The Global Indian Auto Component Brand**

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

- **To build a world Class Company through reliability and be a great place to work;**

Our Vision is to make our Company the best in the class what we do in our business. The Products and services we offer should be Comparable to the best in the Industry, our business processes and systems should set a benchmark for others. We should earn the respect of our Competitors and work for the benefit of 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 "GS" feel, we are all partners for building a reputed/trusted global Indian Auto component brand;



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 endeavor 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 who works with “GS” should work like an owner of that process or partner for the different processes. The Success of that process (s) should create joy and pain for him personally. He should consider himself responsible for the process and do it to the best of his ability and leave mark of his efforts and dedication on it.

We shall endeavour continuously to build trust, in our dealings with all our stakeholders. We shall strive relentlessly to create faith amongst us through our actions. High integrity should be built on a solid foundation of trust and reliability.

We shall be transparent in providing reliable and pertinent information for enabling an objective assessment of our financial, environmental and social performances.

“Lots of people dream, but only those who make their dream their goal, turn it into reality. Only they live their dreams”

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 (w.e.f. 09th August, 2010)

Independent Director

Mr. Sanjeev Sethi (w.e.f. 09th August, 2010)

Independent Director

Mr. Sewa Singh

Independent Director

Mr. Makhan Singh

Independent Director



Chief Financial Officer

Mr. Neeraj Tuli

Company Secretary

Ms. Rashmi Sharma

Auditor

M/s Nanda & Bhatia
Chartered Accountants
Red Cross Bhawan
The Mall, Ludhiana - 141001

Registered Office & Works

G.S. Auto International Limited
G.S. Estate, G.T. Road,
Ludhiana - 141010. Punjab, India
Phone: 0161-2511001-05 (five lines)
Fax: 0161-2510885
Website: www.gsgroupindia.com
E-mail: info@gsgroupindia.com

Bankers

Punjab National Bank

Registrar & Share Transfer Agent

M/s Skyline Financial Services Pvt. Limited
D-153 A, Okhla Industrial Area, Phase -1,
New Delhi - 110 020
Phone: 011-26812682-83. Fax: 011-26812684
Email: admin@skylinerta.com

Chairman's Message



Mr. Jasbir Singh Ryait

Dear Shareholders,

It is my proud privilege to present the 36th (Thirty Sixth) Annual Report of the Company. When I last wrote to you, global economies were facing their worst recessionary nightmare since the Great Depression of the 1930's. The shadows of doubt were crossing all of our minds; we had no idea what the future had in store for us, both around the world and in India. As Countries were trying to combat it by pumping in almost USD 3.5 trillion to stimulate demand, there are still different views on what would be the outcome of these measures are going to be. Some great Economists were predicting that the slowdown would extend through calendar year 2009 and may be even the first half of 2010. Fortunately, things have drastically changed; the world has averted, what could have been a great depression in the last 100 years, but its still far from being business as usual. Although the United States is expected to grow its real GDP by a bit over 3% in 2010, the same cannot be said about most of the developed world. The Economist polls put Euro Zone growth at a mere 1.30% for 2010, Japan will grow by 1.90%, and the United Kingdom will be lucky to post 1.30% GDP growth.

Equally, we are seeing a clear shift in geographical plays; India and china have been at the helm of the global economy-helping it pulls out of recession. China achieved 8.70% growth in 2009 and is expected to grow at somewhere between 9.70% to 10% in 2010. India has grown by 7.80% in 2009-2010 and then will cross to 8% in the year 2010-2011. However the other part of the world is still not out of the woods. Unemployment figures in the US, Europe & Japan are still considerable on the higher side even some of their Governments have declared that their countries are out of the recession and further the time will tell what the future has in store for us.

"Don't look at the rough road, but at the bright rainbow up ahead. Don't dwell on the sores and calluses, but on the strength you've gained through toil. Don't focus on the pain, but at the joy that springs up afterward."

In the financial year 2009-2010, the US, the best of the developed economies which were pulling out of the depression, witnessed automobile production fell of 34% while the commercial vehicles production fell by 43%, as compared to the previous year, the Europe was worst effected with the sales of medium commercial vehicles lower by 41% and heavy commercial vehicles sales were down by over 48%. The story was even worse for component manufacturers. But due to domestic driven economies of India & China, there was a rapid turnaround in both these Asian countries. The Automobile market in China recovered substantially with commercial production growing by 31% and about 36% in India.

Due to depressed European market, the Exports during the current financial year 2009-2010 was lower by about 31% to Rs.763.45 Lacs as compared to Rs.1101.29 Lacs of the previous year. However during the year, the Company, owing to the diverse nature of its business verticals, despite the decline in the export turnover, increased its overall turnover by over 11.03% to Rs.10253.10 Lac as compared to Rs.9234.25 Lac

for the previous year. The Profit before Depreciation, Interest and taxes (PBDIT) have increased to Rs.850.06 Lacs as compared to Rs.546.93 Lacs of the previous year showing an increase of 55.42% .The PBDIT to sale was 8.29% as compared to 5.92% of the previous year, showing a healthy increase in the overall margins of the Company, which has ultimately reflected in the figures of Profit After Tax (PAT) of Rs.404.68 Lacs, as compared to the previous year PAT of Rs.201.90 Lacs, showing a healthy increase in the margins of PAT to sales by over 100.44 % as compared to previous year. However, the above said performance is also due to the lower commodity prices, better capacity utilization along with the cheaper rate of credit availability from the financial institution, due to lower inflationary pressures. Further we will have to meet all the future challenges, as I feel challenges are the part of every life, so to achieve higher sales and profit during the coming years, by continuing working hard towards improving the overall profitability margins along with the reduction in the overall cost, as well as, changing the better product mix.

Chairman's Message

"Our Destiny changes with our thoughts; we shall become what we wish to become, do what we wish to do, when our habitual thoughts correspond with our desires"

Orison Swett Mard

Further during this year your Company has done many positive changes which will stand it in good stead as the global economy is coming out of the downturn. The Company continues to realign its market strategy, take a hard and focused look at efficiencies through put and cost structures-both operational & financial. As we have described on the Cover page of the Annual Report that we are, and will, remain committed there, as the back bone of the Automotive Industry and further work, to & for, the long term value creation, for all the our stakeholders.

Keeping in mind the overall improvements in the margins, that too in such an environment, along with the overall stellar performance during the year, your Company has declared its maiden interim dividend for the financial year 2009-2010, of 11% (i.e. Rs.0.55 per share), on the face value of Rs.5/- per Equity Share, of the Company.

The days ahead are going to see demand for greater transparency, accountability and good Corporate Governance. Elements that we here in India are very familiar with. Balance Sheet wise, your Company has successfully raised Rs.460 (Four Hundred Sixty) Lacs, from all the warrant holders, by joining them to our shareholders family and further had allotted 40,00,000 (Forty Lacs) warrant, for a sum of Rs. 1096 Lacs, for

raising the long term funds for all the future major expansion at Jamshedpur and Ludhiana for a total capex of Rs.4500 (Forty Five hundred) Lacs.

Coming to India, I am seeing a high growth time for the Indian Automobile industry, due to Government of India's major thrust on Infrastructure, recovery in global market and higher domestic demand through consumption, which will give a major boost to Indian Auto Component Industry, I feel the coming years are of a high growth time with the challenges of like rise in the Commodity prices, inflationary pressure and further tightening of monetary policies by the Central Bank.

Overall the year re-affirms our Commitment of creating value for our Shareholders by focusing on profitable growth. With the spirit and commitment and dedication of "GS" team, we are confident of realizing our growth potential. Keeping all the factors in mind we are planning to diversify into other geographical areas other than Jamshedpur and also to diversify in different product segment to strive for improvement in the overall margins of the Company, by making more sizable investment in the businesses. This will help our Company to deliver sustainable and profitable growth for many years to come.

Difficulties are the part of life, even big ones, such as, what we saw in the second half of 2009-2010 and the first half of 2010-2011, we will have to accept it as challenge and move forward with more dedication, commitment and strength, so to come out of it, as much stronger than ever before.

Let me conclude this, by expressing my sincere appreciations to all my colleagues and all the employees of the Company, for their continued dedication, support & commitment to their work and with great gratitude to our Investors, Customers ,Vendors, Suppliers and all our Stakeholders; we look forward to your continued support in our Endeavour.

With Wishes and Warm Regards


JASBIR SINGH RYAIT
CHAIRMAN



Managing Director's Message



Mr. Surinder Singh Ryait

Dear Shareholders,

It is my great pleasure and honour for me that I am addressing to all my members of the Company at the 36th (Thirty Sixth) Annual General Meeting of the Company. Let me start by thanking all of yours for your continued support and faith reposed in the management of the Company. It is with all your support, faith and commitment that we at "GS" is moving ahead with great commitment and dedication, so to make the "GS" a number one Auto Component Company in our arena. We at "GS" are planning to diversify at different locations, so to take the advantages of different locations and markets along with the diversification in different industry for components, as well as, different segments of the Automobile Industry. "GS" has the biggest advantage of presence in all the three verticals of auto component space be it OEM's Segment, After Sales Market and Export Market. With the inherent strength of "GS" likes strong and most respected brand in OEM's and After Sales Market, we are planning to encash our strength with a strong retail network and respect commands in the OEM's market, to be a leading player in the Auto Component Space. From the past several years, we are the back bone of the Indian Automotive Industry and will further work in each and every sphere, to be there, as the back bone of the Automotive Industry, of the world as whole.

"All men who have achieved great things have been great dreamers"

Orison Swett Marden

However when I look back for the past two years, those years were the most difficult years for the global economy in the last 75 years and further we have done well in those two years too, basically attributed to our strong understanding of the business along with our strong business model and above all a good management team that has not only during the current financial 2009-2010 done exceptionally well but also survived the things that was happened in 2008-2009.

The year went past has seen your Company crossing some remarkable milestone , in the shape of crossing Rs.100 (Rs.One Hundred) Crore turnover, ever highest Profit After Tax and further declaration & payment of Maiden Interim Dividend for the financial year 2009-2010 and seed through severed difficult challenges.

Coming to our Current year performance, we have achieved a total net turn over of Rs.10253.10 Lacs as compared to the previous year figures of Rs.9234.25 Lacs showing a growth of 11.03%, as compared to previous year. Out of the total turn over of Rs.10253.10 Lacs, sales to the OEM's contributes to Rs.2704.82 Lacs (Consists of 26.38% of the total turnover of the Company) showing a growth of 16.82 % as compared to the previous years, After market sales consist of Rs.6656.14 Lacs (Consists of 64.92% of the total turnover)

showing a growth of 15.02% as compared to the previous years, however Export turnover during the year was lower at Rs.763.45 Lacs (Consists of 7.45% of the total turnover) by 30.68% as compared to the previous years particularly due the adverse overseas market, our marketing department working hard to surpass its last year Export turnover and making all its efforts so that our export turnover will remain around 15% of the total turnover of the Company, in the coming years. The rest of the total turnover has come from job work receipts & others. Further we have planned to maintain, near about the same combination of the turnover, in all the three segments, which will not only give us better volume but will further improve our margins due to presence in the after sales market.

The margins during the year were at 8.29% (Rs.850.06 Lacs) as compared to 5.92% (Rs.546.93 Lacs) showing a considerable improvement in the operating of the Company. During the years the EBIDTA margins were ever highest of the Company but I still feel, there are considerable improvements to be made on the improvements of the margins. The PAT was 3.95% (Rs.404.68 Lacs) as compared to the previous year PAT margins of 2.19% (Rs.201.90 Lacs), during the year

your Company has contributed to the government exchequers an amount of Rs.208 Lacs (Previous year Rs.102.85 Lacs) as payment of Income tax. Considering the overall satisfactory performance of the Company during the year ,your Company had decided to share some part of the distributable profits, among its worthy Shareholders, in the shape of declaration & payment of Maiden Interim Dividend for the financial year

2009-2010 @ 11% (Rs.0.55 per Share) on the face value of Rs.5/- (five) per Equity Shares.

The above said financial results particular on the margins front was better due to lowering commodity prices. There will remain challenges in the overall business fronts in the years to come, be it hardening of commodity prices, higher inflationary pressure, high interest rate and overall global position; however we will have to live with all these challenges and overcome all the challenges, so to improve our margins from the existing level, for the overall benefits of all the our stakeholders.

"When you have a dream, you've got to grab it and never let go".

"Carol Burnett"

Let me now share some of our future growth strategy and planning, so to expand our business. Your self is well aware your Company has successfully raised Rs.460 (Rs.Four Hundred Sixty) Lacs, through conversion of warrant to Equity Shares,

for the setting of new manufacturing unit at Jamshedpur for the manufacturing of auto components casting products, with the setting up of a high pressure moulding line machine with a capital expenditure of Rs.3500 (Rs.Thirty Five Hundred) Lacs and another Rs.1000 (Rs.Ten Hundred) Lacs, for the modernization, as well as, capacity expansions at our existing manufacturing unit at Ludhiana.The Jamshedpur Manufacturing unit will commence its commercial production by the last month of calendar year 2010 and the capacity expansion & modernization at Ludhiana unit, will be completed by June,2011.

Further being the part of our growth strategy, as I have discussed with you above, we have now planned to set up another manufacturing unit at Indore, for the manufacturing of Auto Components, with a total estimated capex. of Rs.4000 (Rs.Forty Hundred) Lacs. We are further diversifying through different location as well as through different product segment so to further reduce our cost, by taking the location advantages, which ultimately will reduce our transportation cost along with the reduction in delivery schedule period and will further improve the overall margins of the Company.

I further assure to you that we are poised to become a leading player in the auto component industry by further continue to work & to enhance the value of all of those our stakeholders, who invest in us, work with us, above all reposed confidence in us and remain committed with us.

Finally I would thank all our Shareholders and well wishers, once again, for their continued support and trust reposed in your Company. On your behalf, please allow me to congratulate each and every Employee of our Company, for having shown resolve and determination, by having gone through the challenging environment, they eagerly look forward to the new horizons of growth, for & in, the interest of all our stakeholders.

Yours Sincerely,



SURINDER SINGH RAIT
MANAGING DIRECTOR





Company Profile

“G.S.AUTO” Synonymous to Indian Automotive Component Industry since 1938 is one of the leading and fastest growing manufacturers of Automotive Suspension and Fastening Components for Indian & International, Utility Vehicles, Commercial Vehicles (LCVs, MCVs, HCVs), Multi-Axle Vehicles, Trailers and Specials Purpose Vehicles.

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

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



Company Profile

History:

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

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

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

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

Product Range:

On the strength of its expertise in the development and manufacture of components, **“GS”** has explored new horizon to provide a diverse range of machined, forged and casted components.

The following is the Product Range:

1. Machined Parts

