



26th
ANNUAL
REPORT
2018-19

GNA AXLES LIMITED



EMERGING
STRONGER
and **better**

ACROSS THE PAGES

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INVESTOR INFORMATION

CIN:	L29130PB1993PLC013684
BSE Code:	540124
NSE Symbol:	GNA
Bloomberg Code:	GNA:IN
Dividend Declared:	27.50%
AGM Date:	August 23, 2019
AGM Venue:	Hotel Country Inn & Suites, BSF, Chowk Jalandhar



Please find our online version at
<http://gnagroup.com/investor-relations/>
Or simply scan to download

Disclaimer

This document contains statements about expected future events and financials of GNA Axles Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.

THE SECRET TO ENDURING **SUCCESS**
LIES NOT IN WHAT WE HAVE ACHIEVED,

**BUT IN HOW WE
CAN DO MORE AND**

EMERGE
**STRONGER
AND BETTER**

AT GNA

we have successfully emerged as a stronger entity amidst industry challenges and entered newer business segments to better ourselves going ahead. Our experience over the years has allowed us to build a strong and credible reputation amongst our customers across India and world over. This gives us an edge to enter new business areas and generate sustainable values going ahead.

Annual turnover
in 2018-19

₹ **92,827.99**
Lacs

**KEY
PERFORMANCE
INDICATORS,
2018-19**

EBITDA in 2018-19

₹ **14,547.71**
Lacs

PAT in 2018-19

₹ **6,586.46**
Lacs

EBITDA Margin in
2018-19

15.67 %

PAT Margin in
2018-19

7.10 %

A **FUTURE-READY** AUTO-ANCILLARY,
EMERGING
STRONGER
AND BETTER



GNA AXLES LIMITED ('GNA' OR 'THE COMPANY') IS ONE OF THE WORLD'S LEADING MANUFACTURER OF AUTOMOTIVE TRANSMISSION COMPONENTS. OVER THE YEARS IT HAS STRONGLY EVOLVED FROM A SMALL AUTO COMPONENTS MANUFACTURER TO A LARGE AXLE SHAFTS MANUFACTURER.

GNA caters to light & heavy commercial vehicles and off-highway vehicles. It manufactures and supplies a diverse range of rear axle shafts, other shafts and spindles for Light Commercial Vehicles (LCVs), Medium Commercial Vehicles ('MCVs') and Heavy Commercial Vehicles ('HCVs') and other transport vehicles such as buses and for off-highway applications.

With dominant position, strong brand presence, robust clientele and long-standing relationship, the Company is on course towards establishing a stronger growth avenues going ahead.

Headquartered in Mehtiana, Punjab, the Company has one of the largest integrated plants located in Asian sub-continent. **Our state-of-the-art manufacturing facilities are located at Mehtiana (Hoshiarpur) and Gulabgarh Jattan (Kapurthala)** in Punjab with a total annual capacity of 3.00 million rear axle shafts, 0.70 million other shafts and 0.80 million spindles.

Capacity expanded
5,00,000
units

Manufactured in
2018-19
26.65
Lacs Units of Rear
Axle Shafts

Manufactured in
2018-19
3.37
Lacs Units of
Other Shafts

Manufactured in
2018-19
5.85
Lacs Units of
Spindles

Employees as on
31st March, 2019
1,201

JOURNEY SO FAR

1993

GNA Axles Ltd. was incorporated

**1994**

Awarded Certificate for Business Commencement

**1995**

Started supplying fully-finished and ready-to-assemble mechanised axle shafts to OEMs such as Mahindra & Mahindra Ltd.

**2002-2003**

Started exports to USA and Europe

**2004**

Installed 13" Upsetter with new heat treatment shop

**2007**

Commissioned 66 kVA dedicated electricity supply line for Unit I

**2008**

Invested in forging technology for rear axle shafts with direct drive screw press supported by robots

**2009**

Started exporting spindles



2012

Commissioned Unit II with facility for commercial vehicle axle shafts and spindles machining



2013

Commissioned Lasco extrusion press supported by robots and electric heat treatment furnace at Unit II

Commissioned direct drive screw press for heavy axle shaft forgings supported by robots at Unit I



2015

Commissioned 66kVA dedicated electricity supply line for Unit II



2016

Launched Initial Public Offering and got listed on NSE and BSE



2017

Started constructing new forging shop and machining line for SUV Axles



2018

Commissioned New machine shop for off-highway Axle shafts

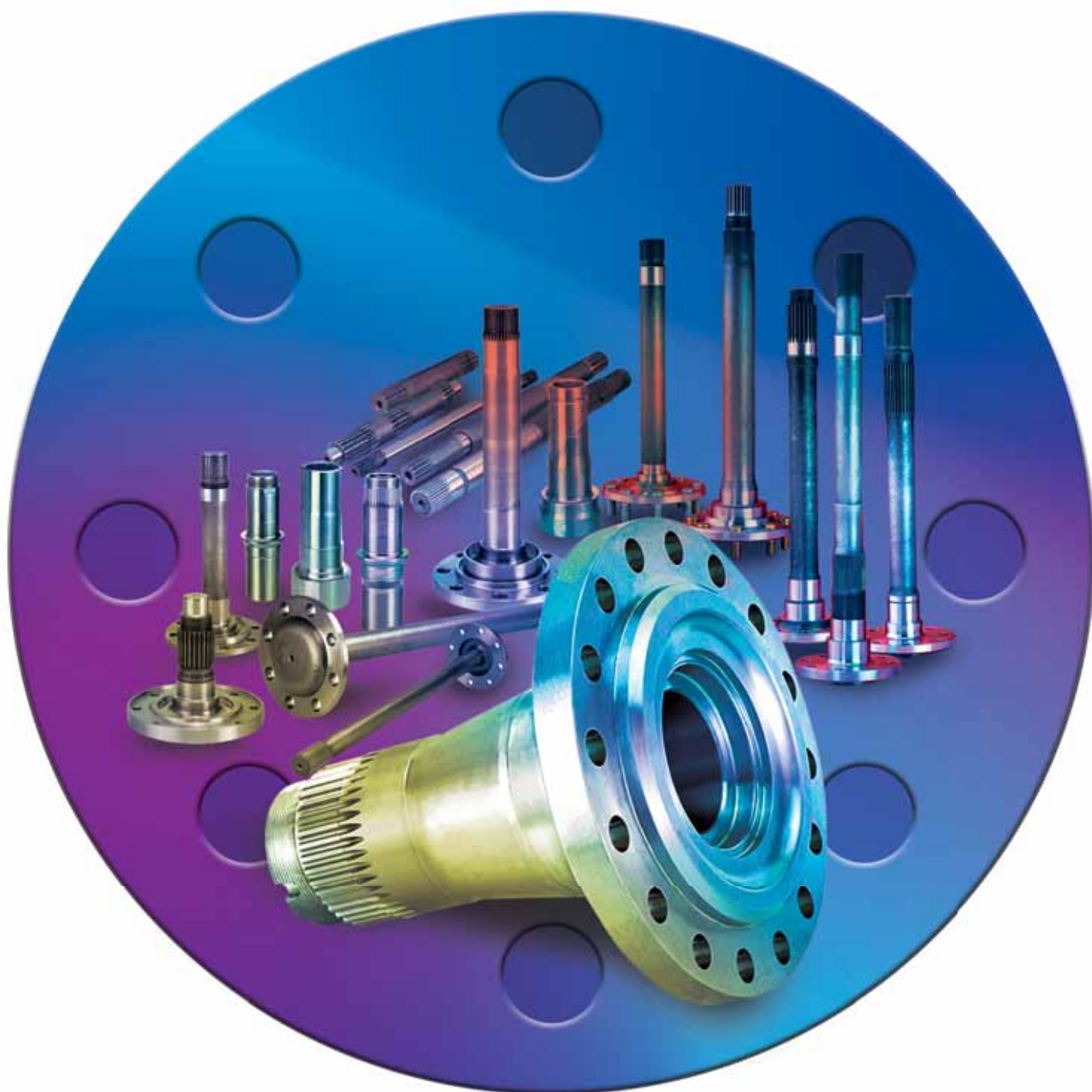


2019

Marked an entry into the SUV and LCV segments



OUR NICHE
PRODUCT OFFERINGS



REAR AXLE SHAFTS

The primary product that Company manufactures is Rear axle shafts which contributes to 80 % of its revenues and 74.29% of components manufactured in 2018-19. The Company manufactures and supplies diverse range of rear axle shafts for on-highway and off-highway vehicles. The Company manufactures various axles shafts that ranges from 5 kg to 65 kg and with a capacity to manufacture up to 165 kg input weight.



Manufactured in
2018-19
2.67
Million Units

Axle shafts capacity
3.00
MPPA

Contribution to
Revenue
6,959
Lacs

SPINDLES

Spindle acts a part of axle housing assembly for an automobile. Spindles contributed to approximately 15.02 % of its FY19 sales and 16.32 % of components manufactured in FY18.



Manufactured in
2018-19
0.59
Million units

Spindles capacity
0.80
MPPA

Contribution to
Revenue
13,070
Lacs

OTHER SHAFTS

The Company manufactures various other shafts that includes drive shafts, power take-off shafts, hydraulic lift shafts and transmission shafts. These shafts are considered as part of transmission assembly for any automobile. Drive shaft is a mechanical component that transmits power from gear box to wheels for relative movement between them. Other shafts contribute 9.40 % of its FY19 revenues and 4.99% of FY19 components manufactured.



Manufactured in
2018-19
0.34
Million units

Contribution to total
revenue
₹ **4,341**
Lacs

Other shafts
capacity
0.70
MPPA

EMERGING
STRONGER
AND BETTER
BY PENETRATING DEEPER
INTO THE
TARGET MARKETS

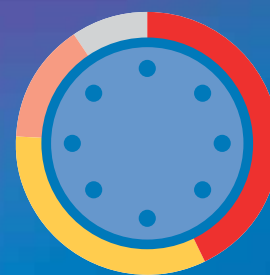
At GNA, penetrating deeper into the target market leads to reaching out to larger customer base and strengthening partner relationships, while also intensifying targeted segments and geographies. We make significant efforts to ensure our solutions and services meet customer and partner needs at a local and global market level. The Company supplies its product to global OEM and tier-I companies such as Dana Limited (USA, Mexico and Australia), John Deere (Brazil and USA), Kubota Corporation (Japan) and Meritor (Sweden, Italy, Brazil, USA, China and Australia), ZF (Germany, USA) among others. Indian OEM and tier-I suppliers include TAFE, International Tractors Ltd, Escorts Limited, Axles India Ltd, Automotive Axles Limited, Mahindra & Mahindra Ltd, CNH Dana India among others.

GLOBAL PRESENCE



REGION WISE BREAKUP OF EXPORT REVENUE

NORTH AMERICA: USA, Mexico
SOUTH AMERICA: Brazil
EUROPE: Sweden, Germany, Italy Turkey, UK, Spain
ASIA: Japan, China, India
AUSTRALIA: Australia



42.87
NORTH AMERICA

33.23
EUROPE

14.68
SOUTH AMERICA

9.22
OTHERS

This map is a generalized illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.



MANAGING DIRECTORS MESSAGE

Dear Shareholders,

It is with great pleasure that I present our Annual Report for the 2018-19 financial year.

I find it very satisfying, to be in a position to monitor and report each year's progress and conveying you the achievements that are making us stronger and better.

The year passed by was marked with several macro-economic headwinds like US-China trade tensions which slowed down the economic growth across the world as well as India. Besides that, tightening liquidity concerns and a slowdown in the automotive sector further made the environment challenging.

Amidst such a scenario, I am delighted to inform you that your Company has reported a strong performance during the year, both in terms of - sales and profitability. The Company has been able to post its highest ever turnover of ₹ 928 Crores and highest ever profit after tax of ₹ 65.86 Crores. This outcome is a result of continuous efforts made in strengthening our business. We have consistently equipped latest technologies which allowed us to meet evolving client requirements and further improved our efficiencies while maintaining consistent quality.

During the year, we further made inroads into SUV and LCV segments to manufacture their axle shafts. We have planned to set up a facility for SUV Axle Shafts with an initial capacity of 6,00,000 units which can be scaled up further depending on the product demand. We will largely cater to our clients across North America, Europe as well as India. This will further diversify our business and widen our product portfolio and will help us in widening our revenue spread as well as profitability.

When we talk about emerging stronger and better, the credit goes to the people of your organisation who are at the centre of everything that we do. We continuously invest in talent, skills and leadership development and offer them an opportunity to grow their careers across the Company's diverse operations.

As we move forward to the next financial year we look forward towards further strengthening our operational

excellence by way of improving efficiencies, building larger customer base and exploring newer segments of growth. I would like to express my gratitude towards our all stakeholders including shareholders, vendors, customers and employees who have done their utmost for the Company. With your support, we shall surely better ourselves and excel to the newer heights of growth.

With Best Regards,

Gursaran Singh

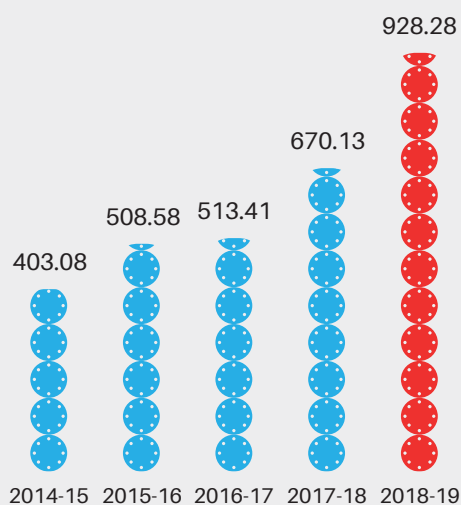
**WE HAVE PLANNED TO
SET UP A FACILITY FOR
SUV AXLE SHAFTS WITH
AN INITIAL CAPACITY OF
6,00,000 UNITS WHICH
CAN BE SCALED UP
FURTHER DEPENDING
ON THE PRODUCT
DEMAND**

FINANCIALS

PERFORMANCE

NET REVENUE FROM OPERATIONS

(₹ Crores)



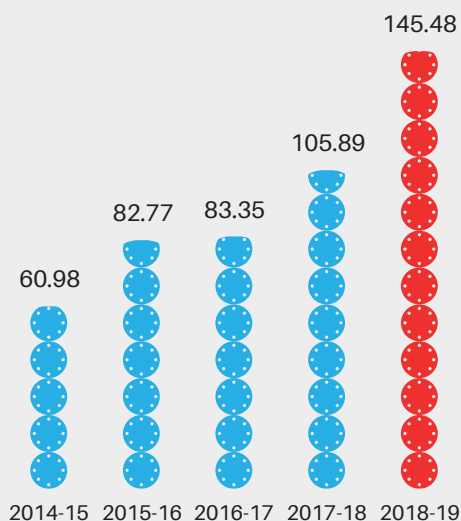
38.52%
YOY Growth

18.16%
5-year CAGR



EBITDA

(₹ Crores)

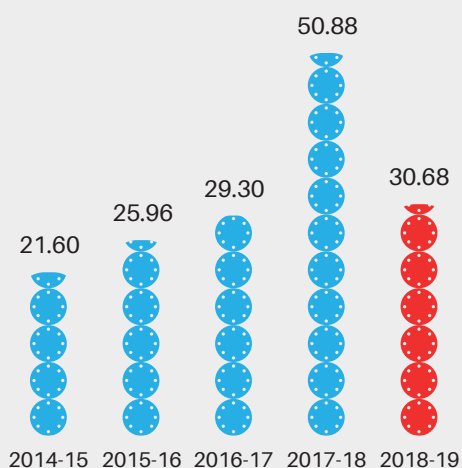


37.39%
YOY Growth

18.99%
5-year CAGR

PAT

(₹ Crores)



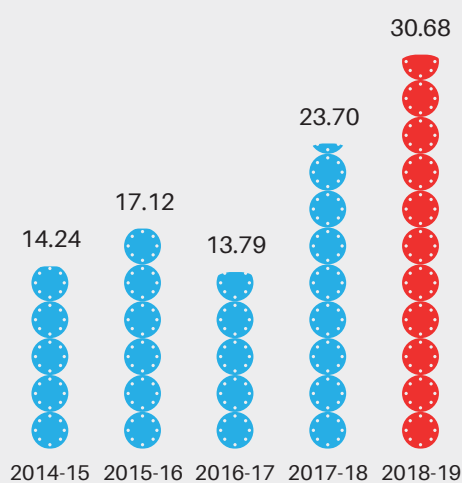
29.45%
YOY Growth

20.47%
5-year CAGR



EARNINGS PER SHARE

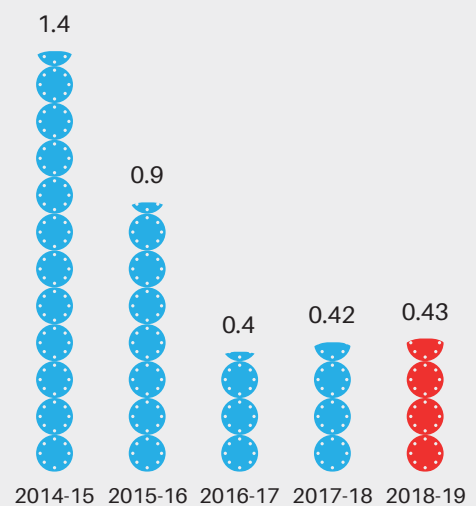
(₹)



29.45%
YOY Growth

12.38%
5-year CAGR

NET DEBT EQUITY RATIO



EMERGING STRONGER AND BETTER

BY LEVERAGING KEY COMPETITIVENESS



PROXIMITY TO CUSTOMERS

The Company's manufacturing facilities are strategically located in proximity to its key customers. It leads to lower transportation and logistics costs as well quicker turnaround time.



INTEGRATED SETUP

The Company's fully integrated manufacturing facilities leads to lower manufacturing costs and full control on quality and deliverables.



FULL-SERVICE CAPABILITIES

The Company has full-fledged equipment like tooling, machining and forging systems, which provides all types of engineering solutions under one roof.



ROBUST ENGINEERING CAPABILITIES

The Company continuously upgrades its technology in order to develop new products and enhance its product range thus also improving the manufacturing processes. The Company has its own R&D labs that continuously leads to both product and process innovations.

CORPORATE SOCIAL RESPONSIBILITY



GNA HAS BEEN ACTIVELY INVESTING IN COMMUNITY DEVELOPMENT INITIATIVES SINCE ITS INCEPTION.

DURING THE YEAR, WE MADE ACTIVE CONTRIBUTIONS IN THE FIELD OF PREVENTIVE HEALTHCARE, EDUCATION, RURAL DEVELOPMENT AND RURAL SPORTS AND TO ENHANCE THE QUALITY OF LIFE OF PEOPLE.

Total CSR spent in
2018-19
84.57
Lacs

BOARD OF **DIRECTORS**

Mr. Rachhhpall Singh

Executive Chairman

Mr. Gursaran Singh

Managing Director

Mr. Jasvinder Singh

Jt. Managing Director

Mr. Ranbir Singh

CEO and Whole-Time Director

Mr. Kulwin Seehra

Whole-Time Director

Mr. Harwinder Singh

Whole-Time Director

Mr. Gurdeep Singh

Director

Mr. Jasinder Singh Johal

Independent Director

Mr Anish Kumar Dhingra

Independent Director

Air Cmde (Retd.)

Shailindra Singh Kaushik

Independent Director

Mr Vikas Uppal

Independent Director

Mr. Ajit Singh

Independent Director

Mr. Manbhupinder Singh Atwal

Independent Director

Mrs Geeta Khanna

Independent Director

Lt. General (Retd.)

Praveen Bakshi

Independent Director

Chief Financial Officer

Mr. Rakesh Kumar

Company Secretary

Mr. Gourav Jain

Auditors

M/s Harish & Co.

Chartered

Accountants

Jalandhar

Bankers

Punjab National

Bank

Central Bank of India

Registered Office

GNA House, 1-C Chhoti
Baradari Part II, Garha
Road, Jalandhar,
Ph: 0181 4630477

Corporate Office

VPO Mehtiana,
Phagwara - Hoshiarpur Road,
Dist. Hoshiarpur
Ph: 01882 262273 - 79,
Fax: 01882 262280, 262302,
Website: www.gnagroup.com

**Registrar &
Transfer Agent**

M/s Linkintime India Private Limited
(Unit : GNA Axles Limited)
C -101, 247 Park, LBS Marg Vikhroli
(West) Mumbai 400 083
Ph: 022 49186000,
Fax: 022 49186060,
Email: rnt.helpdesk@linkintime.co.in

Units

GNA Axles Limited (Unit I)
VPO Mehtiana
Phagwara - Hoshiarpur Road
Dist. Hoshiarpur

GNA Axles Limited (Unit II)
Village Gulab Garh Jattan
Phagwara - Hoshiarpur Road
Dist. Kapurthala

Notice

Regd. Office: GNA HOUSE, 1-C Chhoti Baradari Part - II, Opposite Medical College, Garha Road Jalandhar 144001.

Notice is hereby given that **TWENTY SIXTH ANNUAL GENERAL MEETING** of the shareholders of GNA Axles Limited will be held on 23rd day of August, 2019 at 12:30 P.M at Hotel Country Inn & Suites GT Road Jalandhar - 144001 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheet as at 31st March, 2019, statement of Profit & Loss for the year ended on that date, together with the report of Auditor's and Directors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Kulwin Seehra, (DIN 03522812) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Jasvinder Singh, (DIN 01831572) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Ranbir Singh, (DIN 01572708) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
6. To appoint M/s Harish & Co. Chartered Accountants Jalandhar as statutory Auditors in place of the retiring Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, (including any statutory modifications(s) or re-enactment(s) thereof for the time being in force) M/s Harish & Co., (Firm Registration Number 0017372N) Chartered Accountants, Jalandhar, be and are hereby appointed as statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 31st Annual General Meeting of the Company, on such remuneration,

plus applicable taxes, as may be decided by the Managing Director in consultation with the Auditors."

SPECIAL BUSINESS:

7. To appoint Lt. General Praveen Bakshi (Retd.) as an Independent Director of the Company.

To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015, Mr. Lt. General Praveen Bakshi (Retd.) (DIN 08261443), in respect of whom the Company has received a notice in writing from a member proposing his candidature as an Independent Director of the Company not liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company, for a term of five (5) consecutive years w.e.f. 23rd October, 2018 till 22nd October 2023.

8. To consider and if thought fit to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to regulation 17(6)(e) of the Securities & Exchange Board of India (listing Obligations and Disclosure Requirements) Regulations, 2018 along with the provisions of section 196, 197, 198, and other applicable provisions of the Companies Act 2013 and rules made thereunder read with Schedule V of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modifications or re-enactments thereof), consent of the members be and is hereby accorded for payment of remuneration to Mr. Jasvinder Singh (DIN 01831572) Jt. Managing Director as per the following terms for the remaining period of his tenure w.e.f 01.04.2019 to 31.03.2023:

Notice (Contd.)

Sr. No	REMUNERATION	DETAILS
I.	Salary	650000-50000-800000
II.	Perquisites	The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-
a)	Housing	House Rent Allowance equal to 40% of basic salary. If the Company's accommodation is provided HRA is not applicable
b)	Medical Reimbursement	Mediclaime policy for self and family. Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and her family, subject to a ceiling of one month's salary in a year or Two months' salary over a period of Two years.
c)	Leave Travel Concession	To and fro air Fare, Boarding, lodging expenses with in India or Abroad for self and family once in a year incurred in accordance with the rules of the Company.
d)	Club Fees	Fees of the clubs subject to maximum held by the beneficiary prior to appointment as Executive Chairman of the Company. Admission fee, life membership fee will not be a part of the above.
e)	Personal Accident Insurance	Premium not to exceed ₹ 10,000/- per annum.
f)	Leave encashment	Encashment of unutilized leaves as per the rules of the Company. Encashment of leaves at the end of tenure of services will not be a part or included in the computation of ceiling of perquisite.
g)	Children's Education Allowance	In case of children studying in or outside India, actual expenses incurred on children education will be reimbursed. Such allowance is admissible up to a maximum of two children. Such allowance will not be included in the computation of ceiling of perquisite.
f)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961 .The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car & Telephone	Provision for car for use of Company's business and telephone at residence will not be considered as a perquisite.

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

RESOLVED FURTHER THAT Mr. Jasvinder Singh Jt. Managing Director will be entitled to a commission of 1 percent, every year, on the before tax profits of the company.

RESOLVED FURTHER THAT the above remuneration is payable to Mr. Jasvinder Singh notwithstanding that the Annual Aggregate Remuneration payable to all the Executive Directors of the Company exceeds 5% of the net profit of the Company as calculated under section

198 of the Act in any year during the remaining tenure of his appointment.

RESOLVED FURTHER THAT the approval of the shareholders shall be valid only till the expiry of the existing term of Mr. Jasvinder Singh, Jt. Managing Director.

RESOLVED FURTHER THAT S. Ranbir Singh CEO & Wholetime Director or Mr. Gourav Jain – Company Secretary be and are hereby severally authorized to comply with all legal and procedural formalities to give effect to the above resolution. "

Notice (Contd.)

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

"RESOLVED THAT pursuant to regulation 17(6)(e) of the Securities & Exchange Board of India (listing Obligations and Disclosure Requirements) Regulations, 2018 along with the provisions of section 196, 197, 198, and other applicable provisions of the Companies Act 2013 and rules made thereunder read with Schedule V of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modifications or re-enactments thereof), consent of the members be and is hereby accorded for payment of remuneration to Mr. Ranbir Singh (DIN 01572708) Wholtime Director as per the following terms for the remaining period of his tenure w.e.f 01.04.2019 to 31.03.2023:

Sr. No	REMUNERATION	DETAILS
I.	Salary	650000-50000-800000
II.	Perquisites	The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-
a)	Housing	House Rent Allowance equal to 40% of basic salary. If the Company's accommodation is provided HRA is not applicable
b)	Medical Reimbursement	Mediclaime policy for self and family. Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and her family, subject to a ceiling of one month's salary in a year or Two months' salary over a period of Two years.
c)	Leave Travel Concession	To and fro air Fare, Boarding, lodging expenses with in India or Abroad for self and family once in a year incurred in accordance with the rules of the Company.
d)	Club Fees	Fees of the clubs subject to maximum held by the beneficiary prior to appointment as Executive Chairman of the Company. Admission fee, life membership fee will not be a part of the above.
e)	Personal Accident Insurance	Premium not to exceed ₹ 10,000/- per annum.
f)	Leave encashment	Encashment of unutilized leaves as per the rules of the Company. Encashment of leaves at the end of tenure of services will not be a part or included in the computation of ceiling of perquisite.
g)	Children's Education Allowance	In case of children studying in or outside India, actual expenses incurred on children education will be reimbursed. Such allowance is admissible up to a maximum of two children. Such allowance will not be included in the computation of ceiling of perquisite.
f)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961 .The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car & Telephone	Provision for car for use of Company's business and telephone at residence will not be considered as a perquisite.

Notice (Contd.)

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

RESOLVED FURTHER THAT Mr. Ranbir Singh Wholetime Director will be entitled to a commission of 1 percent, every year, on the before tax profits of the company.

RESOLVED FURTHER THAT the above remuneration is payable to Mr. Ranbir Singh notwithstanding that the Annual Aggregate Remuneration payable to all the Executive Directors of the Company exceeds 5% of the net profit of the Company as calculated under section 198 of the Act in any year during the remaining tenure of his appointment.

RESOLVED FURTHER THAT the approval of the shareholders shall be valid only till the expiry of the existing term of Mr. Ranbir Singh, Wholetime Director.

RESOLVED FURTHER THAT Mr. Gursaran Singh Managing Director or Mr. Gourav Jain – Company Secretary be and are hereby severally authorized to comply with all legal and procedural formalities to give effect to the above resolution.

By order of the Board
FOR GNA AXLES LIMITED

Place: Mehtiana
Dated: July 12, 2019

Gourav Jain
(Company Secretary)

NOTES:**NOTES:**

1. The statement pursuant to section 102(1) of the Companies Act, 2013, relating to special business to be transacted at the meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) IN NUMBER AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARECAPITAL OF THE COMPANY.
3. The instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of their Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. Pursuant to the provisions of Section 91 of the Companies Act, 2013 the Register of Members and Share Transfer Book of the Company shall remain closed on 16th August, 2019.
6. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat

accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/Registrar and Transfer Agent. Kindly note that as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') it is mandatory for the company to print the bank account details of the investors in dividend payment instrument. Hence, you are requested to register/update your correct bank account details with the Company/ RTA/Depository Participant, as the case may be.

7. As part of the "Green Initiative in Corporate Governance" of Ministry of Corporate Affairs, electronic copies of the Annual Report are being sent to all the members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
8. Members who have not encashed their dividend for the financial year 2017-18 may approach the Company or the registrar & transfer of the Company for encashment of their Dividend. The unclaimed/unpaid dividend amount shall be deposited in the investor education & protection fund as per the Schedule given below:

Dividend for Financial Year 2017-2018	Date of Declaration	Due date for deposit
2017-2018	15-09-2018	14-09-2025

Notice (Contd.)

9. Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the Annual General Meeting so as to enable the management to keep the information ready.
10. Electronic copy of the Notice of this Meeting of the Company inter alia indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all the members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice of the 26th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. Members may also note that Notice of this Meeting and the Annual Report will also be available on the Company's website www.gnagroup.com for their download.
11. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting; members are requested to bring their copies at the meeting.
12. Members/proxies should bring their attendance slips sent herewith, duly filled in, for attending the Meeting. Members/ proxies attending the AGM are requested to carry their identity proof.
13. A statement containing details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting as required under Regulation 36 of the SEBI (LODR) Regulations, 2015 is annexed. The Directors have furnished the requisite declarations for their appointment / reappointment.
14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11.00 am and 1.00 pm on all working days except Saturdays, till the date of meeting.

15. Voting through electronic means:

In Compliance with the provisions of section 108 of the Companies Act, 2013, and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company is pleased to provide its members a facility to exercise their right to vote at the 26th Annual General Meeting (AGM) by electronic means and business may

be transacted through e-voting services provided by Link Intime India Private Limited.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 20th August, 2019 at 9:00 AM and ends on 22nd August, 2019 at 5:00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 16th August, 2019 may cast their vote electronically. The e-voting module shall be disabled by Link Intime India Private Limited for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 1. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
 2. Click on "Login" tab, available under 'Shareholders' section.
 3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
 4. Your User ID details are given below:
 - a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
 - b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
 - c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company
 5. Your Password details are given below:
 If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:
 Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

Notice (Contd.)

	For Shareholders holding shares in Demat Form or Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number. Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

● **Cast your vote electronically**

- After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
- On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

Cast your vote by selecting appropriate option i.e.

Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

- If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

● **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as '**Custodian / Mutual Fund / Corporate Body**'.

They are also required to upload a scanned certified true copy of the board resolution / authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the '**Custodian / Mutual Fund / Corporate Body**' login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

Notice (Contd.)

- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to enotices@linkintime.co.in or Call us :- Tel : 022 - 49186000.
- 12. M/s. H.K & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e-voting process). The Scrutinizer shall upon the conclusion of

E-voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

- 13. The Results of the resolutions passed at the AGM of the Company will be declared within 48 hours of the conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously placed on the Company's website www.gnagroup.com and on the website of Link Intime India Private Limited and will be communicated to the Stock Exchanges.

(iii)

ANNEXURE TO THE NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT

ITEM NO 7 OF THE SPECIAL BUSINESS.

The Board of Directors of the Company in its Meeting held on 23rd October 2018, upon the recommendations of the Nomination and Remuneration Committee of the Board, had appointed Lt. Gen. Praveen Bakshi (Retd.) as Additional Independent Director of the Company upto the date of this Annual General Meeting of the Company. Lt. Gen. Praveen Bakshi (Retd.) (DIN : 08261443) is a highly qualified and highly decorated army officer and possesses qualifications of M. Sc and M.Phil in Defence Studies. He has been awarded thrice by the President of India, including the highest award of Param Vishisht Seva Medal for meritorious service. Before retiring from the India Army, his last assignment was as General Officer Commanding - in - Chief of the Eastern Army, one of the largest operation Commands of India. He is a certified Independent Director from the Institute of Directors, New Delhi.

Lt. Gen. Praveen Bakshi (Retd.) is Independent of the Management and in the opinion of the board he fulfills the Conditions specified in the Companies Act, 2013 and rules made thereunder. The Company has received the consent from Lt. Gen. Praveen Bakshi (Retd.) and also declaration confirming that he is not disqualified from being appointed as a Director in terms of section 164 of the Companies Act, 2013 and meets the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and SEBI (LODR), Regulations 2015. In view of the above, the Board recommends the appointment of Lt. Gen. Praveen Bakshi (Retd.) as an Independent Director of the Company, not liable

to retire by rotation, for a term of five years w.e.f. 23rd October, 2018 to 22nd October 2023.

The copy of the draft letter of Appointment as Independent Director will be available for inspection at the Registered Office of the Company without any fee to the members during the normal business hours of any working day. A brief profile along with other details of the Independent Directors are provided at the end of this statement.

The Board recommends the Ordinary Resolution as set out at Item No 7 of the Agenda for approval of the shareholders.

MEMORANDUM OF INTEREST

None of the Directors / Key Managerial Personnel of the company / their relatives, are concerned or interested, financially or otherwise, in the resolution set out at item no 7, except the appointee himself. This Statement may also be regarded as a Disclosure under SEBI (LODR), Regulations 2015.

ITEM NO 8 OF THE SPECIAL BUSINESS.

In terms of the Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) regulation, 2018 issued on May 9, 2018 ("Amended Listing Regulations"), the remuneration payable to the Executive Directors who are promoters or are the members of the Promoter Group, shall be subject to the approval of the shareholders by way of a Special Resolution in General Meeting, if, the aggregate remuneration payable to such directors exceeds 5% of the

Notice (Contd.)

net profits of the Company, as calculated under section 198 of the Companies Act, 2013 where there is more than one such Director. Mr. Jasvinder Singh (DIN 01831572) was reappointed as Jt. Managing Director of the Company by shareholders in their Annual General Meeting held on 15th September 2018 for a term for 5 years w.e.f 1st April 2018 and his remuneration was also approved by the shareholders by way of an Ordinary Resolution. The Board of Directors of the Company in their meeting held on July 12, 2019, upon the recommendations of the nomination and Remuneration committee has altered the remuneration payable to Mr. Jasvinder Singh - Jt. Managing Director of the Company by altering the Commission payable to him from 1 percent of the net profits of the Company every year to 1 percent of the before tax profits of the Company every year. The other terms and conditions of his appointment and remuneration remain the same as approved by the shareholders in their Annual General Meeting held on September 15, 2018. This increase in the remuneration payable is on account of the better performance of the company and increased responsibilities.

In order to comply with the requirement of the amended listing regulations and on the recommendation of the Board, approval of the members by way of Special Resolution is sought for paying the remuneration even if the aggregate remuneration payable to the Executive Directors exceeds 5% of the net profits of the Company as calculated under section 198 of the Companies Act 2013 in any year during the remaining tenure of his appointment.

The Board recommends the resolution at item no 8 of the Notice for the approval of the members by way of Special resolution.

MEMORANDUM OF INTEREST

Except Mr. Jasvinder Singh the appointee himself, Mr. Rachhpall Singh and Mr. Harwinder Singh being the appointee's relatives, none of the Directors / Key Managerial Personnel of the company / their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no 8.

ITEM NO 9 OF THE SPECIAL BUSINESS.

In terms of the Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) regulation, 2018 issued on May 9, 2018 ("Amended Listing Regulations"), the remuneration payable to the Executive Directors who are promoters or are the members of the Promoter Group, shall be subject to the approval of the

shareholders by way of a Special Resolution in General Meeting, if, the aggregate remuneration payable to such directors exceeds 5% of the net profits of the Company, as calculated under section 198 of the Companies Act, 2013 where there is more than one such Director. Mr. Ranbir Singh (DIN 01572708) was reappointed as Wholtime Director of the Company by shareholders in their Annual General Meeting held on 15th September 2018 for a term for 5 years w.e.f 1st April 2018 and his remuneration was also approved by the shareholders by way of an Ordinary Resolution. The Board of Directors of the Company in their meeting held on July 12, 2019, upon the recommendations of the nomination and Remuneration committee has altered the remuneration payable to Mr. Ranbir Singh - Wholtime Director of the Company by altering the Commission payable to him from 1 percent of the net profits of the Company every year to 1 percent of the before tax profits of the Company every year. The other terms and conditions of his appointment and remuneration remain the same as approved by the shareholders in their Annual General Meeting held on September 15, 2018. This increase in the remuneration payable is on account of the better performance of the company and increased responsibilities.

In order to comply with the requirement of the amended listing regulations and on the recommendation of the Board, approval of the members by way of Special Resolution is sought for paying the remuneration even if the aggregate remuneration payable to the Executive Directors exceeds 5% of the net profits of the Company as calculated under section 198 of the Companies Act 2013 in any year during the remaining tenure of his appointment.

The Board recommends the resolution at item no 9 of the Notice for the approval of the members by way of Special resolution.

MEMORANDUM OF INTEREST

Except Mr. Ranbir Singh, the appointee himself, Mr. Gursaran Singh, Mr. Gurdeep Singh and Mr Kulwin Seehra being the appointee's relatives, none of the Directors / Key Managerial Personnel of the company / their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no 9.

By order of the Board
FOR GNA AXLES LIMITED

Place: Jalandhar
Dated: 12th July, 2019

Gourav Jain
(Company Secretary)

Notice (Contd.)

ANNEXURE TO THE NOTICE

Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting (in pursuance of Regulation 36(3) of the SEBI (LODR) Regulations, 2015) as at 31st March 2019

Name of Director	Lt. Gen Praveen Bakshi (Retd.)	S. Jasvinder Singh	Mr. Kulwin Seehra	S. Ranbir Singh
Date of Birth	27-07-1957	26-07-1958	02-11-1986	04-12-1961
Date of Appointment	23-10-2018	06-09-1993	01-04-2011	06-09-1993
Expertise in specific functional area	Experience of more than 35 years in defence & general administration	Experience of more than 35 years in Auto Component industry.	Expereince of more than 9 years in auto components industry	Experience of more than 35 years in Auto Component industry.
Qualification	M. Sc., M. Phil	Graduate	Graduate	Diploma in Mechanical Engineering
Directorship of other Companies as on 31st March 2019	-	1. GNA Investment Limited 2. Guru Nanak Transmissions Punjab Limited	GNA Gears Limited	1. GNA Gears Limited. 2. GNA Investments Limited 3. Guru Nanak Transmissions Punjab Limited. 4. Association of India Forging Industry.
Chairman / Member of committees of other Companies as on 31st March 2019.	-	-	-	-
Number of shares held	-	30,20,400	2,12,750	27,64,862
Relationship with other Director(s)	Not related to any other Director	Son of Mr. Rachhpall Singh and father of Mr. Harwinder Singh	Son of Mr. Ranbir Singh.	Son of Mr. Gursaran Singh, brother of Mr. Gurdeep Singh and father of Mr. Kulwin Seehra

Management Discussion Analysis

ECONOMIC OVERVIEW

Global Economy

In 2018, the global economy began its journey on a firm footing with estimated global economic growth of 3.6%. (Source: World Economic Outlook by International Monetary Fund (IMF). During the second half of 2018, the global economic activity slowed notably which affected major economies of the world. The decline in this rate of development was also owing to impending US-China trade dispute and some slowdown across developed markets.

The Asian economies showed growth at 6.4% thus showing their steady growth in 2018. The Growth of China declined from 6.9% on 2017 to 6.6% in 2018. (Source : IMF) whereas India's economy expanded at 7.1% in 2018.

Indian Economy

India remains one of the important growth drivers of the world. The Indian economy recorded a growth rate of 6.8% during 2018-19 compared to 6.7% in the previous fiscal (Source: The Economic Times). Although, the GDP has increased from the last fiscal, the overall momentum witnessed a temporary slowdown owing to declining growth of private consumption, tepid increase in fixed investment, and muted exports. Despite this, India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships (Source : IMF).

INDUSTRY OVERVIEW

Commercial Vehicles

Commercial Vehicle sector, mostly a cyclical industry, for the first time crossed one million domestic sales mark in FY18-19, even as the party seemed over in the second half of the fiscal. The segment was mainly driven by demand due to new infrastructure projects and fleet replacement. With a growth of 17.6%, the commercial vehicle manufacturers dispatched 1,007,319 units from their factories across India in the mentioned period compared to 856,916 units in FY'18, says the latest data released by Society of Indian Automobile Manufacturers (SIAM).

Interestingly, the two halves of the year experienced sharpest contrast. The H1 of FY'19 saw the segment obtaining a strong double-digit growth of 37.82% which shrank to 3.3% in the H2 of the fiscal. The growth rate in the H2 moderated mainly due to revised axle norms, liquidity crunch at NBFC's, higher interest rates coupled with increase in insurance costs and uncertainties due to upcoming general elections. The axle norm increased the freight carrying capacity of medium and heavy commercial vehicles (M&HCV) by 20% that led to lower

demand for new trucks.

Tractor

The Indian tractor industry witnessed a double-digit growth for the third consecutive year in financial year 2018-2019. However, the pace was slowest in the last three years.

In FY'19 tractor sales grew by 10.24% at 878,476 units as compared to 20.52% and 15.74% in FY'18 and FY'17 respectively. On a yearly basis the growth rate was almost halved in FY'19 over FY'18.

The growth was marred due to weak sentiment in later part of the year as sales slipped into negative in February and March 2019 on year-on year (y-o-y). This ensued into the fourth quarter performance posting a year on year decline of 5.78%.

Financial year	Total Sales	% Change
FY'17	661,195	15.74
FY'18	796,873	20.52
FY'19	878,476	10.24

Tractor sales that mirrors rural sentiment was struck due to erratic rainfall coupled with delayed sowing and low production of rabi crops in the last fiscal. According to National Bulk Handling Corporation (NBHC) report, the rainfall during the June-September 2018 monsoon season in the country was 'below normal' with quantitatively 91% of the long period average. Deficient northeast monsoon rains and dry conditions led to decline in sowing of rabi crops by 4%. Scanty rainfall resulted in significant fall in sowing areas of major crops in states of Gujarat, Maharashtra, West Bengal, Rajasthan, Karnataka, Andhra Pradesh, Telangana and Tamil Nadu," NBHC report said. Low crop yield means dampened rural sentiment and reduced farmer income, which thereby means less expenditure on farm machinery and equipment.

Another report that tracked region wise sales of tractor pointed out that weak demand was observed majorly in the western and southern pockets of the country in FY'19. Volume in western states (including Gujarat and Maharashtra) declined by 8% while it went up by merely 4.4% in southern states, said Kotak Institutional Equities report.

Future outlook:

Crisil expects to have a healthy growth rate for CV in the year 2019-2020 on the back of implementation of BS-VI emission norms w.e.f April 2020 which we expect will result in pre buying of the Commercial Vehicles and thus will agur demand for the Company's products. With the formation of stable government at the centre and the continuity of the thrust of the government on the infrastructure development, roads, mining activities and construction will also help the CV sector to grow and thus will be beneficial for the Company.

As your company caters to the tractor segment also, any increase or decline in the tractors has an impact on the

Management Discussion Analysis (Contd.)

Company's revenue. The tractor industry is expected to grow at a CAGR of 6-7% in next 4-5 years, as more and more farmers will come under mechanised farming and a government's support through farm loan waiver, direct farm income support, increase in the MSP will help the domestic tractor industry which in turn will help the Company in increasing its revenue.

Auto Components Industry

The \$ 51.2 bn Auto Components industry in India is expected to grow to \$ 200 bn by 2026 (Source: Invest India). The growing presence of global automobile Original Equipment Manufacturers (OEMs) in the Indian manufacturing

landscape has significantly increased the localization of their components in the country. India has become the preferred designing and manufacturing base for most global auto OEMs for local sourcing and exports. Further, the consumption of auto components has been tremendous in a country, valuing at Rs 3.2 trillion mainly driven by passenger vehicles and two-wheelers (Source: Systematix research).

The future of the auto component industry is being shaped by multiple trends, policies and discontinuities. The factors that propel the growth are favorable trade policy, 100% FDI allowed and no restrictions on import-export, cost competitive advantage among others.

Business Overview

A brief summary of the operational and financial performance of the Company is given below:

Product wise volume distribution

Product types	2018-19		2017-18	
	Domestic	Exports	Domestic	Exports
Rear Axle Shafts	15.14	11.51	14.12	8.61
Spindles	1.72	4.14	0.77	2.93
Drive Shafts	2.03	1.34	2.11	0.90
Total	18.89	16.99	17.00	12.44

Segment-wise Distribution

Segments	2018-19		2017-18	
	Domestic	Exports	Domestic	Exports
Off Highway	14.50	2.72	13.82	8.61
Commercial Vehicles	4.39	14.27	3.18	9.50
Total	18.89	16.99	17.00	12.44

Geography-wise revenue	2018-19		2017-18	
	(₹ in Crs)		(₹ in Crs)	
Domestic	436.63		369.82	
Exports	491.65		300.31	
Total	928.28		670.13	

Financial Highlights	2018-19		2017-18	
	(₹ in Crs)		(₹ in Crs)	
Total Revenue from Operations	928.28		670.14	
Profit before Interest, Depreciation and Tax	145.48		105.92	
Interest	8.10		7.09	
Cash Profit				
Depreciation	34.73		24.80	
Profit Before Tax	102.64		74.02	
Tax Expense				
- Current	35.50		23.60	
- Deferred	1.28		-0.46	
Profit after Tax	65.86		50.88	

Management Discussion Analysis (Contd.)

Human Resource

The Company believes that human resources is the strong foundation for creating many possibilities for its business. With the robust mix of experience and young talent Company emphasis on continuous enrichment of knowledge of employees. We nurture our people by investing in their empowerment through learning and development, wellness and safety besides providing contemporary workplace facilities. Continuous emphasis is laid on training and development of all the employees. The skill levels of the workforce have been honed continuously by conducting in-house training programmes. The skills, experience and passion of our people facilitate deeper customer understanding and engaging relationships and strengthen our brand value as a preferred employer. We continue to step up efforts to accelerate our value-based growth strategy and the overall development of our employees.

Quality, Efficiency & Delivery

During the year under review, we undertook various measures to reflect our strong endeavour towards quality commitment, efficiency and deliveries.

- In-house execution of manufacturing processes to monitor product quality, control production costs and maintain delivery schedules
- Trained and certified several employees with Six Sigma Certified Black Belts (Level I)
- Improving forging efficiency to increase capacity utilisation
- Better relations with vendors for achieving quality, costs and delivery objectives with the help of regular vendor audits
- Centralised approach towards sourcing and vendor management ensuring economies of scale in raw material procurement, especially steel
- Special focus on products packaging to meet customers' requirements. Due consideration given to the mode of transportation and destination, ensuring timely deliveries.

Technology and Automation

Technology define one's competitive edge in the market. The Company realizes that and has been investing in technological upgradation and also fine-tuning the systems and processes to ensure that those are in sync with the technology platforms. Thus, helping us provide a variety of

customer specifications. The forging facilities are supported by robots. We intend to invest in automation for most stages of production process. This will help ensure optimal use of resources, reduction of industrial risk to human workers, economies of scale and significantly higher accuracy in the overall manufacturing and design of products.

Internal Control Systems

The Company has devised and designed proper and adequate Internal Control Systems which are commensurate with its size and nature of operations to ensure that:

- a. All the Accounting Standards and other applicable laws and statutes, policies of the Company are followed;
- b. The Transactions that are recorded are authorized, accurate and complete in all respects;
- c. All the available resources of the Company are put to most effective use while safeguarding all the assets of the Company.

The Company has complied with the specific requirements as laid out under Section 134(5)(e) of the Companies Act, 2013, ("Act") which calls for establishment and implementation of an Internal Financial Control framework that supports compliance with requirements of the Act in relation to the Directors' Responsibility Statement.

The Internal Audit plan as approved by the Audit Committee of the Board and then the same it implemented at various levels in the organization. The Internal Audit function of the Company reviews the Compliance of the established designs of Internal Control and the shortfalls and discrepancies, if any, are looked upon into and tracked for closure.

The summary of the Internal Audit findings and status of implementation of action plans for risk mitigation, are submitted to the Audit Committee every quarter for review, and concerns around residual risks if any, are presented to the Board.

Cautionary Statement

Statements in this Management Discussion and Analysis Report describing the Company's objectives, estimates etc. may be "Forward looking statements" within the applicable laws and regulations. Actual results may vary from these expressed or implied; several factors that may affect Company's operations include, Government policy and several other factors. The Company takes no responsibility for any consequences of the decisions made, based on such statement and holds no obligation to update these in future.



Director's Report

Dear Members,

The Directors of your Company have pleasure in presenting their 26th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended 31st March, 2019.

CORPORATE OVERVIEW

The Company was incorporated in 1993 and thereafter it transformed from a small auto components manufacturer to a large Axle Shafts manufacturer and enjoys a formidable position in both national and global markets. The Company has its corporate headquarters at Mehtiana in Hoshiarpur Punjab.

FINANCIAL RESULTS AND ANALYSIS

The Financial results for the year are as under:-

₹ Lakhs

Particulars	Year ended on 31st March, 2019	Year ended on 31st March, 2018
Net operating Revenue	92,827.99	67,013.52
Other Income	40.21	287.50
Profit Before Depreciation, Interest and Tax	14,547.71	10,591.96
Financial Costs	810.43	709.45
Profit before Depreciation and Tax	13,737.28	9,882.51
Depreciation	3,473.21	2,480.03
Profit before Tax	10,264.07	7,402.48
Tax Expense		
- Current	3,550.00	2,360.00
- Deferred	127.61	-45.95
Profit after tax	6,586.46	5,088.43
Earnings Per Share		
- Basic	30.68	23.70
- Diluted	30.68	23.70

FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

Sales

Revenue from operations increased by ₹ 25,814.48 Lacs to ₹ 92,827.99 Lacs for the Fiscal 2019 from ₹ 67,013.51 Lacs for the Fiscal 2018, or an increase of 38.52 %. Export sales increased by ₹ 19,133.68 Lacs to ₹ 49,164.90 Lacs for the Fiscal 2019 from ₹ 3,0031.22 Lacs for the Fiscal 2018. Domestic net revenue from operations increased by ₹ 7,181.06 Lacs to ₹ 42,544.94 Lacs in the Fiscal 2019 from ₹ 27,943.41 in the Fiscal 2017, or an increase of 20.31%.

The Increase in revenue was on account of better demand in the Off Highway and CV segment both in Domestic and Export Markets.

PROFITABILITY

The company earned Profit before Tax of ₹ 10,264.07 Lacs during the year under review against ₹ 7,402.48 Lacs for the Fiscal 2018 showing an increase of 38.66%.

Profit after tax increased by ₹ 1,498.03 Lacs to ₹ 6,586.46 Lacs for the Fiscal 2019 from ₹ 5,088.43 Lacs for the Fiscal 2018, or an increase of 29.44 %.

RESOURCE UTILISATION:

Property Plant & Equipment

The property, plant & Equipment (including capital work in progress) as at 31st March, 2019 were ₹ 24,454.70 Lacs as against previous year's value of ₹ 19,069.37 Lacs .

Current Assets

The net current assets as on 31st March, 2019 were ₹ 19,990.72 Lacs as against ₹ 14,911.89 Lacs in the previous year.

DIVIDEND

The Board of Directors in its meeting held on 12th May 2019 had recommended a dividend @ 27.50 % i.e of ₹ 2.75/- per Equity Share of ₹ 10/- each (Previous year ₹ 2.00 per

Director's Report (Contd.)

Equity Share) to the shareholders of the Company for their consideration and approval at the ensuing Annual General Meeting of the Company. The dividend @ 27.50 %, if approved at the forthcoming Annual General Meeting, will result in the outflow of ₹ 590.30 Lacs as Dividend and ₹ 121.34 lacs by way of dividend distribution tax.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on March 31 2019 stood at Rs. 2146.54 Lacs. During the year under review the Company has not issued shares or convertible securities or shares with differential voting rights nor has granted any stock options or sweat equity shares or warrants. None of the Directors of the Company hold instruments convertible into Equity Shares of the Company as on March 31, 2019.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has one subsidiary namely GNA Axles Inc. incorporated in Michigan USA. The subsidiary is yet to start its business operations. A statement pursuant to section 129(3) in form AOC - 1 is enclosed as Annexure 1 to this Report.

The Company does not have any associate or joint venture Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company are prepared in accordance with the relevant Accounting Standards issued by ICAI and forms integral part of their report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report on the operations of the Company, as required under SEBI (LODR), Regulations 2015 is provided in a separate section and forms an integral part of this Report.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR UNDER REPORTING AND DATE OF

REPORT:

There has been no material changes and commitments which can have an effect on the position of the Company which have occurred between the end of the financial year under review and the date of this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

Your company has formulated its Corporate Social Responsibility required under section 135 of the Companies Act, 2013. The Company has identified following thrust areas for CSR:

1. To promote and help in providing healthcare and preventive healthcare facilities to the people.
2. To promote Education and help in delivering quality education to the society and students.
3. To promote the rural sports, nationally recognized sports and Olympic sports.
4. To take initiative in eradication of hunger, malnutrition, sanitation.
5. To promote women empowerment
6. Any other project / programme pertaining to activities listed in Schedule VII of the Companies(Corporate Social Responsibility) Rules, 2014 and amendments thereto.

The disclosures under Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules 2014 i.e. Annual Report on CSR activities for Financial Year 2018-19 is attached herewith in Annexure 2.

RISK MANAGEMENT

The Board of Directors of the Company had formulated and approved the Risk Management Policy of the Company under the provisions of the Companies Act 2013 and SEBI (LODR), Regulations, 2015. The objective of Risk Management at GNA Axles Limited is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise-wide risk management framework is applied so that effective management of risks is an integral part of every employee's job.

Director's Report (Contd.)

The Risk Management Policy of the Company may be accessed on the Company's Website at the link: <http://gnagroup.com/wp-content/uploads/2015/09/Risk-Management-Policy.pdf>

INTERNAL FINANCIAL CONTROL:

The Internal Financial Control systems of the Company with reference to financial statements are well placed and are commensurate with the size and nature of operations of the Company. The Statutory Auditors report on the internal financial controls, as required under section 143 of the Companies Act 2013 forms part of the Independent Auditors Report as Annexure B.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

The Company has not entered into any contract or arrangement with related parties during the period under review expect payment of remuneration to the Executive Directors.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not given any loan, provided any guarantee, provided any security or made any investments u/s 186 of the Companies Act during the financial year 2018-2019.

DIRECTORS

In accordance with provisions of section 152 of the Act and the Articles of Association of the Company, Mr. Kulwin Seehra, Mr. Jasvinder Singh and Mr. Ranbir Singh Directors of your Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. The Board of Directors recommends their reappointment as Directors at the forthcoming Annual General Meeting.

The Board of Directors of the Company, in its meeting held on 23rd October, 2018 upon the recommendation of the Nomination & Remuneration Committee had appointed Lt. General Praveen Bakshi (Retd.) as Additional Independent Director of the Company for a tenure of 5 years with effect from 23rd October, 2018 for a term of 5 consecutive years. His appointment as Independent Director of the Company for a period of 5 years is to be approved by the members in the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Lt. Gen.

Praveen Bakshi's (Retd.) name for the office of Director.

According to the Board recommends the resolution relating to the appointment of Gen. Bakshi (Retd.) for approval of the members. Brief profile of Gen. Bakshi (Retd.) has been given in the notice convening Annual General Meeting.

Pursuant to provisions of Section 203 of the Companies Act, 2013, the Company has designated below mentioned persons as KMP's:-

WholeTime Key Managerial Personnel of the Company	Designation
Gursaran Singh	Managing Director (MD)
Jasvinder Singh	Jt. Managing Director (Jt. MD)
Ranbir Singh	Whole-Time Director(WTD)
Rakesh Kumar	Chief Financial Officer (CFO)
Gourav Jain	Company Secretary (CS)

There has been no change in the Key Managerial Personnel of the Company during the year under review.

Declaration under Section 149(6):

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and read with the relevant rules.

Company's Policy relating to the Directors appointment, Payment of remuneration and other matters related thereto.

The Board of Directors of the Company had formulated and approved the Nomination and Remuneration Policy of the Company which includes the criteria determining the qualifications and other matters as provided under section 178(3) of the Companies Act 2013.

The Nomination and Remuneration Policy of the Company is annexed hereto and forms part of this report as Annexure 3.

Familiarisation programmes for Board Members:

The Board members are from time to time provided with necessary documents/policies/internal procedures to get them familiar with the practices of the Company. The business strategies, performance, global developments, legal & other updates, compliance reports and other relevant information/reports etc are being periodically provided to the Board of Directors.

Board Evaluation:

The Company has put in place the policy for performance evaluation of the Individual Directors of the company and the Board as a whole including the Chairman of the Company.

Director's Report (Contd.)

The meeting of the Independent Directors of the Company for the year 2018-2019 was held on 29th March 2019 to evaluate the performance of the Non Independent Directors of the Company, the Chairman of the Company and Board as a whole. The evaluation was done by discussing the performance of the Individual Directors and the Board as a whole.

AUDITORS AND AUDITOR'S REPORT:

a. Statutory Auditors

The shareholder of the Company in their 24th Annual General Meeting held on 5th September, 2017 had appointed M/S Harish & Co., Chartered Accountants Jalandhar as Statutory Auditors of the Company for a period of 5 years. Mr. Harish Kumar Monga, the prop. of M/S Harish & Co. passed away in February 2019. The Board of Directors of the Company in their meeting held on March 29, 2019 upon their recommendations of the Audit Committee recommended the name of M/S Harish & Co, Chartered Accountants, Jalandhar, to the shareholders for their approval for appointment as statutory auditors of the Company. The shareholders in their extra ordinary general meeting held on April 29, 2019 appointed M/S Harish & Co. Chartered Accountants as Statutory Auditors of the Company till next Annual General Meeting of the Company

As, the tenure of M/S Harish & Co, Chartered Accountants as the Statutory Auditors of the Company is going to end at the conclusion of the ensuing AGM of the Company, the Board of Directors of the Company in their meeting held on 12th July, 2019, upon the recommendation of the Audit Committee, had appointed M/S Harish & Co. Chartered Accountants, Jalandhar as Statutory Auditors of the Company for a term of 5 years from the conclusion of 26th AGM of the Company till the conclusion of 31st AGM of the Company, subject to the approval of the shareholders of the Company in the ensuing Annual General Meeting to be held on August 23, 2019.

The board recommends the appointment of M/S Harish & Co., Chartered Accountants, Jalandhar as Statutory Auditors of the Company for a tenure of 5 years.

Further, the Statutory Auditors of the Company M/S Harish & Co. have submitted Auditor's Report on the Standalone and Consolidated accounts of the Company for the Financial year ended March 31, 2019. The Auditor's Report is self explanatory and do not call

for any comments/

b. Secretarial Auditor

M/s H.K & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditor for the year 2018-19. The Report of the Secretarial Auditor in form no MR-3 is annexed to this Report. The Secretarial Audit Report is self explanatory and do not call for any comments. The Secretarial Audit Report forms part of this report as Annexure 4.

BOARD MEETINGS:

During the Financial Year 2018-19, the Board met 6 times on 10th April, 2018, 28th May, 2018, 19th July, 2018, 23rd October 2018, 12th January, 2019 and 29th March, 2019.

AUDIT COMMITTEE DISCLOSURES:

Composition of Audit Committee:

The Audit Committee comprises of three directors viz. Air (Cmde.) Shailindra Singh Kaushik (Retd.), Independent Director, Mr. Jasmininder Singh Johal, Independent Director, Mr. Ranbir Singh Executive and Non Independent Director Air (Cmde.) Shailindra Singh Kaushik (Retd.) is the Chairman of the committee and Mr. Gourav Jain is Secretary of the Committee.

Vigil Mechanism and Whistle Blower:

Pursuant to provisions of section 177 (9) of the Companies Act, 2013, the Company has established a "Vigil Mechanism" incorporating Vigil Mechanism Policy which also incorporates the Whistle Blower Policy in terms of rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 for employees and Directors of the Company, for expressing the genuine concerns of unethical behavior, frauds or violation of the codes of conduct. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

The Policy on Vigil Mechanism as approved by the Board of Directors can be accessed on the Company's website at the link:

<http://gnagroup.com/wp-content/uploads/2015/09/VIGIL-MECHANISM-POLICY.pdf>

CORPORATE GOVERNANCE

A Separate section on Corporate Governance forms an integral part of this Annual Report of the Company. The Statutory Auditors of the Company have given their certificate regarding the compliance of the conditions of Corporate

Director's Report (Contd.)

Governance as stipulated under the SEBI (LODR) Regulations, 2015 and the same is annexed to the report on Corporate Governance.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Conservation of energy has been a major area of emphasis of your Company and every effort is made to achieve the optimum utilization of energy in carrying out the manufacturing processes. Particulars with respect to conservation of energy and other areas as per section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure 5.

ANNUAL RETURN

In terms of the provisions of section 92(3) of the Companies Act, 2013 read with Companies (Amendment) Act 2017 and the relevant rules made thereunder, a copy of the Annual Return as prescribed under Section 92 of the Companies Act, 2013 as amended shall be made available at the website of the Company www.gnagroup.com under the link http://gnagroup.com/wp-content/uploads/2019/09/Annual_Return_2018-2019.pdf

HUMAN RESOURCES/INDUSTRIAL RELATIONS:

For your Company its Human Resources are its most important assets. It has been the endeavor of the Company to attract and retain talent. Performance management is the key word for the Company. The Industrial relations have been peaceful and harmonious in both the plants of the Company during the year under review. As on 31st March 2019 1201 personnel were employed by the Company.

PERSONNEL & RELATED INFORMATION:

The disclosures required under section 197(12) of the Companies Act 2013 and Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure 6 and forms part of this report.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (5) of the Companies Act, 2013, the Directors of the company confirm that:

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed;
2. Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.
5. The Board of Director of the Company has Laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
6. Devised proper systems to ensure compliance with the provisions of all applicable laws and those systems were adequate and operating effectively.

GENERAL DISCLOSURES:

Your directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details of joint venture or associate company.
2. Issue of equity shares with differential rights to dividend, voting or otherwise.
3. Details relating to the deposits covered under Chapter V of the Companies Act 2013.
4. No significant/material orders have been passed by any Regulator/Court /Tribunal which could impact the going concern status & future operations of the Company.
5. No change in nature of Business of the Company.

Director's Report (Contd.)

6. There was no instance of fraud during year under review which require the Statutory Auditors to report to the Audit Committee/Board of Directors under section 143(12) of the Act and rules framed there under.

ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their appreciation to the Shareholders, Government Authorities, Financial Institutions, Bankers and other Statutory Authorities for their continued and valuable support to the Company.

Your Directors express their deep gratitude and appreciation to the employees at all levels for their continued and devoted services and sincere efforts. The Company feels confident of continued cooperation and efforts from them in future also.

For And on Behalf of the Board

Gursaran Singh
Managing Director

Ranbir Singh
CEO & Wholetime Director

Date: 12th July, 2019

Place: Mehtiana



Annexure - I

FORM NO. AOC - 1 PURSUANT TO SECTION 129(3) OF THE COMPANIES ACT, 2013 RELATING TO SUBSIDIARY COMPANIES.

Part A

Amount in ₹

Particulars	GNA Axles Inc. (Current Year)
a) Reporting period of subsidiary concerned, if different from the holding Company's reporting period.	NA
b) Reporting currency and exchange rate as on the last date of the relevant financial year in case of foreign subsidiaries	USD, Exchange Rate 1 USD = ₹ 69.1713
c) Capital	69,171.30
d) Reserves	(11,27,054)
e) Total Assets	25,685.38
f) Total Liabilities	25,685.38/-
g) Details of investments (Except in case of investment of subsidiaries)	NIL
h) Turnover (net)	NIL
i) Profit before taxation	(2,78,141.90)
j) Provision for taxation	0.00
k) Profit after taxation	(2,78,141.90)
l) Proposed dividend (including tax thereon)	0.00
m) % of shareholding	100.00

Annexure - 2

Annual report on the CSR Activities for the Financial Year 2018-2019

(Section 135 & Rule 8(1) of Companies (Corporate Social Responsibility Policy) Rules, 2014.

Name of Company	G N A Axles Limited
Corporate Identity Number	L29130PB1993PLC013684
For Financial Year	2018-2019

Sr. No	Particulars	Details
1	Brief Outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken.	Brief contours of the CSR Policy of the Company:- 1. Eradicating hunger and providing for healthcare. 2. Empowerment of Women. 3. Promoting Education 4. Promotion of sports 5. Rural Development 6. Any other project / programme pertaining to the activities listed in the Schedule VII of Companies Act, 2013 and Companies (CSR) Rules, 2014.
2	The Composition of the CSR Committee	The CSR Committee was constituted on 29th September 2014 and was reconstituted on June 9, 2015. Chairman of the Committee : Air(Cmde.) Shailindra Singh Kaushik (Retd.) Members : Mr. Ranbir Singh & Anish Kumar Dhingra.
3	Average Net profit of the Company for the last three financial years	₹ 5473.59 Lacs
	Prescribed CSR Expenditure	₹ 109.47 Lacs for Financial Year 2018-19 and ₹ 31.10 Lacs of previous year remaining unspent totalling to ₹ 140.57 Lacs
	Details of the CSR spent during the financial year	
	a. Total amount spent for the financial year	₹ 84.57 Lacs
	b. Amount unspent, if any	₹ 56.00 Lacs

Annexure - 2 (Contd.)

Sr. No	Particulars	Details
	c. Manner in which the amount spent during the financial year	As per annexure A
	In case the Company has failed to spent the two percent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in Board's report.	The Company has not spent the full amount of ₹ 140.57 Lacs in the financial year 2018-2019 on CSR activities as the Company is in the process of identifying more areas relating to preventive healthcare, education, sports, women empowerment, eradication of hunger where the Company can spend the earmarked amount in a way which is more beneficial to the society.

1	2	3	4	5	6	7	8
Sr. No	CSR Project or activity identified	Sector in which the project is covered	projects or programs (1) Local area or others (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (budget) project or program wise	Amount spent on the projects or programs subheads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or of through implementing agency.
1	Healthcare and Promoting Preventive Healthcare	Healthcare	The Programme is being implemented in the state of Punjab in Dist. Hoshiarpur and Kapurthala	₹ 11.50 Lacs	Direct amount of ₹ 11.50 Lacs	₹ 11.50 Lacs	Direct
2	Promoting Education Vocational Skills	Education	The programme is being implemented in the state of Punjab	₹ 36.82 Lacs	Direct amount ₹ 36.82 Lacs	₹ 36.82 Lacs	Direct
3.	Contribution to Prime Minister's National Relief Fund	National Relief Fund	Kerala	₹ 5.00 Lacs	Direct amount ₹ 5.00 Lacs	₹ 5.00 Lacs	Direct
4.	Setting up of Old age homes for Senior Citizens	Reducing inequalities	The programme is being implemented in the state of Punjab	21.00 Lacs	Direct amount of ₹ 21.00 Lacs	₹ 21.00 Lacs	Direct
5.	Rural Development and Rural Sports	Development	The programme is being implemented in Himachal Pradesh and Punjab	Rs 9.40 Lacs	Direct Amount ₹ 9.40 Lacs	₹ 9.40 Lacs	Direct

Responsibility Statement

The Implementation and monitoring of the Corporate Social Responsibility (CSR) Policy is in compliance with the CSR Objectives and Policy of the Company

Date: July 12, 2019
Place : Mehtiana

S S Kaushik
Chairman of CSR Committee

Annexure - 3

NOMINATION AND REMUNERATION POLICY OF GNA AXLES LIMITED (U/s 178 of the Companies Act, 2013)

1. PREFACE:

The Nomination and Remuneration Committee was constituted by our Board on September 29, 2014. The Nomination and Remuneration Committee was reconstituted on June 9, 2015 and the terms of reference were modified pursuant to the Board resolution dated March 7, 2016. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013.

The amended policy is as under:-

2. ROLE OF THE COMMITTEE:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulating of criteria for evaluation of the independent directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
5. Analyzing, monitoring and reviewing various human resource and compensation matters;
6. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
7. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

8. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
9. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
10. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
11. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.
12. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

3. MEMBERSHIP:

- a) The Committee shall consist of a minimum 3 nonexecutive directors, majority of them being independent.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

Annexure - 3 (Contd.)**4. CHAIRMAN:**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

5. FREQUENCY OF MEETINGS:

The meetings of the Committee shall be held at such regular intervals as may be required.

6. COMMITTEE MEMBERS' INTERESTS:

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

7. SECRETARY:

The Company Secretary of the Company shall act as Secretary of the Committee.

8. VOTING:

- a) Decisions of the Committee shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

9. MINUTES OF COMMITTEE MEETING:

The minutes of all the proceedings of all meetings must be signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board meetings.

10. EFFECTIVE DATE & AMENDMENTS:

This policy will be effective from 7th March 2016 and may be amended subject to the approval of Board of Directors.

Annexure - 4

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

for the financial year ended 31st March 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014]

To the Members of

GNA Axles Limited

GNA House

1-C, Chhoti Baradari Part – 2

Garha Road, Opposite Medical College

Jalandhar – 144001

CIN: L29130PB1993PLC013684

We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **GNA Axles Limited**. The Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **GNA Axles 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 authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial-year ended on 31st March, 2019 complied with 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March 2019 according to the provisions of:

- I. The Companies Act, 2013 and the rules made thereunder;
- II. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – [Not Applicable during the audit period];
- V. 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, 2011
- b. The Securities and Exchange Board of India (Prohibitions 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 (Employee Stock Option Scheme and Employee Stock Purchase scheme) Guidelines, 1999
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not Applicable as the Company has not issued and listed any debt securities during the financial year under review]
- f. 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. [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review]
- g. The Securities and Exchange Board of India (Delisting Of Equity Shares) Regulations, 2009. [Not applicable as the Company has not delisted / proposed to delist its equity shares from any Stock Exchange during the financial year under review]
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. [Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review]
- VI. The following law as identified and confirmed by the Management as specifically applicable to the company:
 - a. Hazardous Wastes (Management, Handling and Trans-boundary Movement) Rules, 2008
 - b. We further report that adequate systems are in place to monitor and ensure compliance with

Annexure - 4 (Contd.)

general laws like labour laws, competition law, environmental laws etc.

We have also examined compliances with the applicable clause of the following.

- a. Secretarial Standards issued by the Institute of Companies Secretaries of India.
- b. Uniform Listing Agreements entered into by the company with BSE Limited and National Stock Exchange of India Limited and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

During the Period under review, the company has generally complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

We further report that:

The Board of Directors of Company duly constituted with the 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 Act.

Adequate Notice is given to all Directors to schedule the board meeting, agenda and detailed notes on agenda are sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and the meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes. However, no dissenting views have been noticed

during the period covered under audit.

We 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.

We further report that during the audit period there were following specific events/actions, having major bearing on the company's affairs in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.:

1. The company has passed a special resolution through Postal Ballot for continuation of appointment of Mr. Shailindra Singh Kaushik, as independent director of the company. The Notice for the Postal Ballot was issued on 28th February 2019 and the voting for same concluded on 30th March, 2019 at 5.00 P.M.
2. The Statutory Auditor of the company Mr. Harish Kumar Monga passed away on 9th February 2019. To fill the casual vacancy caused by death of the Auditor, the Company convened an extra-ordinary General Meeting on 29th April, 2019. Notice for the Extra-ordinary General Meeting was issued on 29th March, 2019.

For H. K. & Associates
Company Secretaries

Harsimran Kaur
Proprietor

Place: Jalandhar
Dated: 11/05/2019

M. No: FCS-8174, C.P No: 9252

NOTE: This report is to be read with our letter of even date which is annexed as an **Annexure** and forms an integral part of this report.

**Annexure - 4 (Contd.)****ANNEXURE TO THE SECRETARIAL AUDIT REPORT**

To the Members of

GNA Axles Limited

GNA House

1-C, Chhoti Baradari Part - 2

Garha Road, Opposite Medical College

Jalandhar - 144001

CIN: L29130PB1993PLC013684

Our report of even date is to be read along with this letter.

Maintenance of secretarial record is the responsibility of the management of the company.

Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company

For H. K. & Associates
Company Secretaries

Harsimran Kaur
Proprietor

Place: Jalandhar
Dated: 11/05/2019

M. No: FCS-8174, C.P No: 9252

Annexure - 5

ANNEXURE TO DIRECTORS REPORT

INFORMATION PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT - 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES 2014 FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2019.

CONSERVATION OF ENERGY

The Company has been taking adequate measures for the conservation of energy by ensuring the optimum utilization of energy and other resources at its disposal. The Company has been at the forefront to conserve energy and natural resources by implementing various energy conservation measures not limited to using the energy and power efficient machinery which reduces the consumption of Power, Oil, Water and other energy resources while carrying on the production processes and adhering to the following guidelines:-

1. Implementing the latest technology to reduce energy losses.
2. Minimizing idle running hours of machinery and Equipments.
3. Innovation and Up-gradation of Technology.
4. Regular auditing of Oil, & Power conservation.
5. Minimal energy has been generated from the DG sets.
6. Energy Audits are done at continuous basis and corrective action is taken wherever necessary.

TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

- i) Efforts made in Technology Absorption:

As result of ongoing improvements the company has been absorbing and localizing the latest technology in production and process with the help of importing of latest machinery & allied equipments. The Company always strives to meet the highest standards of precision and customer satisfaction by improving the existing processes and by setting up the world class manufacturing facilities with best available machining set up. The Company has not imported technologies

in the last five years. The efficient machineries acquired and imported by the Company in the past have been absorbed by the Company.

- ii) Benefits derived as a result of the above:

Owing to these, the Company has been able to derive benefits like improvement of the product quality, eliminating wastages, reducing the consumption of the Raw Material and reducing the overall cost of production. Initiative planning and absorbing new technology has been taken by the R & D team of the Company by visiting & participating in various trade shows & exhibitions in various parts of India & across the Globe. Further Quality Council is looking after other process improvement activities. For sustainable development and business growth, our focus and objectives are towards a clean environment at the work place and the surroundings. Attempts are made to reduce, reuse, and recycle, for elimination of waste resulting in efficient use of available resources.

- iii) Expenditure on Research & Development

The development work is carried on a continuous basis by the respective and concerned departments in the organization in the field of product design and development, cost reduction and automation, reduction in the process time and environment protection and conservation of energy. Due to the benefits derived by the Company on account of the initiatives taken in the above fields the Company has been able to achieve seamless production of world class auto components for its OEM customers in both domestic and overseas market. No separate records of the expenditure on Research and Development are kept by the Company.

FOREIGN EXCHANGE EARNING AND OUTGO

- Continued efforts/ initiatives made with a focus on development of new products as well as product extension of the existing lines.
- Mobilization/ Gearing up of the existing as well as new markets keeping in view the ongoing expansions.

Annexure - 5 (Contd.)

Total Foreign Exchange earned and used:

₹ in Lacs

Particulars	Current Year	Previous Year
Earnings in Foreign Exchange	49164.90	30031.22
Foreign Exchange Outgo	3472.96	1689.28

For And on Behalf of the Board

Gursaran Singh
Managing Director

Ranbir Singh
Director

Date: July 12, 2019
Place: Mehtiana

Annexure - 6

INFORMATION PURSUANT TO SECTION 197(12) REAS WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONEL) RULES, 2014

Details of the Ratio of remuneration of each director to the median employees remuneration.

The Median Remuneration employees for the Financial Year is ₹ 1.36 Lacs

- I) The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year is as follows:-

Sr. No	NAME & DESIGNATION OF DIRECTOR	REMUNERATION (AMOUNT ₹ IN LAKHS)	RATIO TO MEDIAN REMUNERATION
1.	Mr. Rachhpall Singh - Executive Chairman	54.60	40.15
2.	Mr. Gursaran Singh - Managing Director	54.60	40.15
3.	Mr. Jasvinder Singh - Wholetime Director	174.79	128.52
4.	Mr. Ranbir Singh - Wholetime Director	174.79	128.52
5.	Mr. Gurdeep Singh - Director	-	-
6.	Mr. Harwinder Singh - WholeTime Director	30.87	22.70
7.	Mr. Kulwin Seehra - Wholetime Director	30.87	22.70
8.	Mr. Jasinder Singh Johal - Independent Director	-	Not Applicable as only sitting fees is paid during the year
9.	Mr. Anish Kumar Dhingra - Independent Director	-	Not Applicable as only sitting fees is paid during the year
10.	Mr. Shailindra Singh Kaushik - Independent Director	-	Not Applicable as only sitting fees is paid during the year
11.	Mr. Vikas Uppal - Independent Director	-	Not Applicable as only sitting fees is paid during the year
12.	Mr. M S Atwal - Independent Director	-	Not Applicable as only sitting fees is paid during the year
13.	Mr. Ajit Singh - Independent Director	-	Not Applicable as only sitting fees is paid during the year
14.	Mrs. Geeta Khanna - Independent Director	-	Not Applicable as only sitting fees is paid during the year
15.	Lt. Gen. Praveen Bakshi (Retd.) - Independent Director	-	Not Applicable as only sitting fees is paid during the year

- II) The percentage increase in remuneration of each Director, CFO, CEO, CS or Manager if any in the financial year 2018-19 compared to 2017-18

Sr. No	NAME & DESIGNATION OF DIRECTOR, CFO, CEO AND CS	REMUNERATION FOR THE YEAR ENDED 2018-19 (₹ IN LAKHS)	REMUNERATION FOR THE YEAR ENDED 2017-18 (₹ IN LAKHS)	% CHANGE
1.	Mr. Rachhpall Singh - Chairman & Wholetime Director	54.60	50.40	8.33
2.	Mr. Gursaran Singh - Managing Director	54.60	52.92	3.17
3.	Mr. Jasvinder Singh - Jt. Managing Director	174.79	82.08	112.93
4.	Mr. Ranbir Singh - Wholetime Director & CEO	174.79	82.08	112.93
5.	Mr. Gurdeep Singh - Director	0	0	-
6.	Mr. Harwinder Singh - WholeTime Director	30.87	26.46	16.67
7.	Mr. Kulwin Seehra - Wholetime Director	30.87	26.46	16.67
8.	Mr. Jasinder Singh Johal - Independent Director	-	-	-
9.	Mr. Anish Kumar Dhingra - Independent Director	-	-	-
10.	Mr. Shailindra Singh Kaushik - Independent Director	-	-	-
11.	Mr. Vikas Uppal - Independent Director	-	-	-
12.	Mr. M S Atwal - Independent Director	-	-	-
13.	Mr. Ajit Singh - Independent Director	-	-	-
14.	Mrs. Geeta Khanna - Independent Director	-	-	-
15.	Lt. Gen. Praveen Bakshi (Retd.) - Independent Director	-	-	-
16.	Mr. Rakesh Gupta - CFO	12.36	10.84	14.02
17.	Mr. Gourav Jain - CS	6.32	6.10	3.61

Annexure - 6 (Contd.)

- III) The median remuneration of the employees has increased by 3.03 % In 2018-19 as compared to 2017-18.
- IV) Number of permanent employees on the rolls of the company during Financial Year 2018-19 was 1,201.
- V) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and is there are any exceptional circumstances for increase in the managerial remuneration :- Average increase in the Employees remuneration other than managerial remuneration is 7.80% while the managerial remuneration increased by 62.46 %. The increase in the managerial remuneration was on account of increased responsibilities and increased operations of the Company.
- VI) We affirm that the remuneration paid to the Directors, Key Managerial Personnel and employees is as per the remuneration policy of the Company.

INFORMATION AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

i) Details of the Top ten employees of the Company in terms of remuneration drawn.

Sr. No	Name of Employee	Designation of the Employee	Remuneration Received (Amt. in Lacs)	Nature of employment whether contractual or otherwise	Qualification and experience of employee	Date of commencement of employment	Age (in Years)	Last Employment held before joining the Company	The percentage of equity shares held by employee of the Company	Whether any such employee is a relative of any Director of the Company and if so name of the Director.
1	Mr. Maninder Singh	Sr. Vice President (Planning)	26.99	Permanent	Graduate, 35 years	01.02.2018	60	GNA Udyog Limited	11.36%	Relative of Mr. Rachhpall Singh and Mr. Jasvinder Singh
2	Mrs. Loveleen Kaur	Sr. Vice President (Planning)	26.99	Permanent	Graduate, 20 years	01.02.2018	56 years	-	0.008 %	Relative of Mr. Ranbir Singh
3	Mr. Satwinder Singh	Sr. Vice President - Projects	14.00	Permanent	Diploma in Mechanical Engineering, 37 Years	01.03.2005	63	GNA Udyog Limited	- 0.00 %	Not Related
4	Mr. Rakesh Kumar	CFO	12.36	Permanent	B.Com, ACA 24 Years	06.05.2006	50	GNA Gears Limited	5 0.000 %	Not Related
5	Mr. Pradeep Sharma	Vice President - Marketing	13.33	Permanent	B.Com, 35 Years	16.05.1994	56	Guru Nanak Auto Enterprises Limited	101 0.0004 %	Not Related
6	Mr. Surinder Singh	Sr. Vice President - Works	12.71	Permanent	Diploma in Mechanical Engineering 40 Years	16.05.1994	62	Guru Nanak Auto Enterprises Limited	100 0.0004 %	Not Related
7	Mr. Manjit Singh Rihal	DGM - Exports	11.40	Permanent	B.Com 14 Years	01.11.2006	41	Genpact	0 0.00 %	Not Related
8	Mr. Anil Arora	Sr. General Manager (Marketing)	11.15	Permanent	B.Com, 31 years	16.05.1994	57	GNA Gears Limited	-	Not Related
9	Mr. G S Cheema	DGM - Personnel & HRD	10.35	Permanent	B.Sc, LL.B 24 Years	16.05.1994	52	Guru Nanak Auto Enterprises Limited	- 0.00 %	Not Related

Annexure - 6 (Contd.)

Sr. No	Name of Employee	Designation of the Employee	Remuneration Received (Amt. in Lacs)	Nature of employment whether contractual or otherwise	Qualification and experience of employee	Date of commencement of employment	Age (in Years)	Last Employment held before joining the Company	The percentage of equity shares held by employee of the Company	Whether any such employee is a relative of any Director of the Company and if so name of the Director.
10	Dr. Jaswant Singh	GM - Forging	10.07	Permanent	Ph.d in Metal Forming 24 Years	16.05.1994	50	Guru Nanak Auto Enterprises Limited	- 0.00%	Not Related

- II) Name of the employees who were employed throughout the Financial Year 2018-19 and were paid remuneration not less than Rupees 1.02 Crores per annum – NIL.
- III) Name of employees who were employees in part during the Financial Year 2018-19 and were paid remuneration not less than rupees 8.50 Lacs per month – NIL.
- IV) Name of employees who were employees throughout the Financial Year 2018-19 or part thereof and were paid remuneration in excess of Managing Director or Wholetime Director or Manager and hold along with his spouse or dependent children not less than 2% of the equity shares of the Company – NIL.

Corporate Governance Report

This Report on Corporate Governance forms part of the Annual Report. It assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders i.e. investors, customers & associates, while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the provisions of Listing Agreement, gives an insight into the process of functioning of the Company.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to maintain the highest standards of transparency, accountability and equality in its working so that the underlying goal of increasing overall shareholder value can be attained in a sustained way. Further the Company has also implemented several best Corporate Governance practices as prevalent globally in order to protect the interests of its stakeholders. The Company has put in place strong systems and processes to ensure full and timely compliance with all the legal and regulatory requirements.

BOARD OF DIRECTORS:

- The Board is entrusted with the ultimate responsibility of the management, directions and performance of

the Company. As its primary role is fiduciary in nature, the Board provides leadership, guidance, objective and independent view to the Company's Management while discharging its responsibilities thus ensuring that the Management adheres to ethics, disclosures and transparency.

- Composition: As on March 31, 2019 the Company's Board of Directors comprises of a Chairman, Executive Directors, Non-Executive Directors, a Managing Director and a Joint Managing Director. Out of the total strength of Fifteen Directors, eight Directors are independent.
- Board Meetings: During the Financial Year 2018-19, the Board met Six (6) times on 10th April, 2018, 28th May, 2018, 19th July, 2018, 23rd October, 2018, 12th January, 2019 and 29th March, 2019.

The composition of Board of Directors and Directors attendance at the Board Meetings and at last Annual General Meeting of the Company, as also the number of Directorship/Chairmanships, Committee Memberships and Committee Chairmanships held by them in other Public Limited Companies, as on March 31, 2019 are given below :-

Name of Director	Designation & Category	Number of Board Meetings Attended	Attendance at Last Annual General Meeting	Directorship in other Companies	Other Committee Membership	Board Chairmanship in other Companies	Committee Chairmanships in other Companies
RACHHPALL SINGH	EXECUTIVE CHAIRMAN	3	NO	-	-	-	-
GURSARAN SINGH	MANAGING DIRECTOR	6	YES	2	-	1	-
JASVINDER SINGH SEEHRA	JT. MANAGING DIRECTOR	2	YES	2	-	-	-
RANBIR SINGH	EXECUTIVE DIRECTOR AND CEO	6	YES	4	1	-	-
GURDEEP SINGH	NON-INDEPENDENT AND NON EXECUTIVE DIRECTOR	6	YES	5	6	-	-
HARWINDER SINGH SEEHRA	EXECUTIVE DIRECTOR	6	YES	-	-	-	-
KULWIN SEEHRA	EXECUTIVE DIRECTOR	6	YES	1	-	-	-
ANISH KUMAR DHINGRA	INDEPENDENT DIRECTOR	4	YES	0	-	-	-

Corporate Governance Report (Contd.)

Name of Director	Designation & Category	Number of Board Meetings Attended	Attendance at Last Annual General Meeting	Directorship in other Companies	Other Committee Membership	Board Chairmanship in other Companies	Committee Chairmanships in other Companies
JASMINDER SINGH JOHAL	INDEPENDENT DIRECTOR	5	YES	-	-	-	-
VIKAS UPPAL	INDEPENDENT DIRECTOR	3	YES	1	-	-	-
GEETA KHANNA	INDEPENDENT DIRECTOR	3	YES	-	-	-	-
SHAILINDRA SINGH KAUSHIK	INDEPENDENT DIRECTOR	4	YES	-	-	-	-
AJIT SINGH	INDEPENDENT DIRECTOR	4	YES	1	-	-	-
MANBHUPINDER SINGH ATWAL	INDEPENDENT DIRECTOR	1	NO	-	-	-	-
Lt. Gen. PRAVEEN BAKSHI (Retd.) *	ADDITIONAL INDEPENDENT DIRECTOR	2	NO	-	-	-	-

COMMITTEES OF THE BOARD

AUDIT COMMITTEE:

The Audit Committee of the Board of Directors was constituted in conformity with the requirements of the SEBI (LODR), Regulations, 2015 as well as Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are as set out in the SEBI (LODR), Regulations, 2015 and Section 177 of the Companies Act, 2013. The Audit Committee comprises of three directors viz. Air (Cmde.) Shailindra Singh Kaushik, Mr. Ranbir Singh and Mr. Jasminder Singh Johal. Air (Cmde.) Shailindra Singh Kaushik is the Chairperson of the Committee. All members of the Audit Committee are financially literate and have accounting or related financial management expertise. Statutory Auditors, Internal Auditors and Chief Financial Officer are permanent invitees to the Committee.

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

During the Financial Year 2018-19, the Audit Committee met Five (5) times on 28th May, 2018, 19th July, 2018, 23rd October, 2018, 12th January, 2019 and 29th March, 2019

The attendance of the members of the Committee for the Financial Year 2018-19 is as under:

Committee Members	Position	Category	No. of Audit Committee Meetings Attended
Air (Cmde.) Shailindra Singh Kaushik	Chairman	Independent Director	3
Mr. Ranbir Singh	Member	Executive Director	5
Mr. Jasminder Singh Johal	Member	Independent Director	5

NOMINATION AND REMUNERATION COMMITTEE:

i. Committee - constitution, policy & meeting details:

The constitution and terms of reference of Nomination & Remuneration committee of the Board of Directors is in conformity with the SEBI (LODR), Regulations, 2015 as well as Section 178 of the Companies Act, 2013. The said committee is consisting of three Directors viz., Mr. Jasminder Singh Johal, Mr. Gurdeep Singh and Mr. Vikas Uppal. Mr. Vikas Uppal is the chairperson of said Committee. During the Financial Year 2018-19, the Committee met One times on 19th July, 2018 and all the members attended the said committee.

The Company's approved Nomination & Remuneration Policy is already attached with Board Report (pls refer Annexure 4 of Directors' Report).

Corporate Governance Report (Contd.)

ii. Remuneration details:

a) Executive Directors:

The Company paid an amount of ₹ 520.52 Lacs as remuneration to the Executive Director(s) during the Financial Year 2018-19 as follows:-

					₹ in Lacs
Sr. No	Name	Designation	Salary	Other Benefits	Gross Remuneration
1	Mr. Rachhpall Singh	Chairman & Wholetime Director	54.60	-	54.60
2	Mr. Gursaran Singh	Managing Director	54.60	-	54.60
3	Mr. Jasvinder Singh	Jt. Managing Director	100.80	73.99	174.79
4	Mr. Ranbir Singh	CEO & Wholetime Director	100.80	73.99	174.79
5	Mr. Harwinder Singh	Wholetime Director	28.35	2.52	30.87
6	Mr. Kulwin Seehra	Wholetime Director	28.35	2.52	30.87
	Total		367.50	153.02	520.52

b) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings.

The details of the sitting fees paid to the Directors during the Financial Year 2018-19 is given below:-

Sr. No	Name of the Director	Sitting Fee (₹)
1.	Mr. Anish Kumar Dhingra	52,000
2.	Mr. Jasinder Singh Johal	92,000
3.	Mr. Vikas Uppal	42,000
4.	Mr. Geeta Khanna	30,000
5.	Air (Cmde.) Shailindra Singh Kaushik (retd.)	76,000
6.	Ajit Singh	46,000
7.	Col. Manbhupinder Singh Atwal (Retd.)	10,000
8.	Lt. Gen Praveen Bakshi (Retd.)	20,000

(iii) Shareholding :

The Shareholding of the Directors in the equity share capital of the Company as at 31st March 2019 is given as follows:-

Sr. No	Name of Director	Number of Shares Held	Sr. No	Name of Director	Number of Shares Held
1.	Mr. Rachhpall Singh	5,02,400	2	Mr. Gursaran Singh	17,14,886
3.	Mr. Jasvinder Singh	30,20,400	4.	Mr. Ranbir Singh	27,64,862
5.	Mr. Gurdeep Singh	26,56,900	6.	Mr. Harwinder Singh	NIL
7	Air Cmde (Retd) Shailindra Singh Kaushik	1564	8	Mr. Kulwin Seehra	2,12,750
9	Mr. Anish Kumar Dhingra	NIL	10.	Mr. Manbhupinder Singh Atwal	NIL
11	Mr. Vikas Uppal	NIL	12.	Mr. Jasinder Singh Johal	NIL
13	Mrs. Geeta Khanna	NIL	14.	Mr. Ajit Singh	10
15	Lt. Gen Praveen Bakshi (Retd.)	NIL			

(iv) Relationship inter se:

Except as provided below, none of our Director are related to each other:

1. Mr. Rachhpall Singh is the father of Mr. Jasvinder Singh Seehra
2. Mr. Rachhpall Singh is the brother of Mr. Gursaran Singh
3. Mr. Gursaran Singh is the father of Mr. Ranbir Singh
4. Mr. Gursaran Singh is the father of Mr. Gurdeep Singh
5. Mr. Jasvinder Singh Seehra is the father of Mr. Harwinder Singh Seehra
6. Mr. Ranbir Singh is the father of Mr. Kulwin Seehra

Corporate Governance Report (Contd.)

STAKEHOLDERS RELATIONSHIP COMMITTEE:

To look into the redressal of investors' complaints on various issues, the Company constituted a Shareholders'/Investors' Grievance Committee. Pursuant to provisions of Section 178 (5) of the Companies Act, 2013, the Board of Directors in their meeting held on 9th June 2015, recognised and renamed the said committee as "Stakeholders Relationship Committee".

The Stakeholders Relationship Committee presently comprises of Mrs. Geeta Khanna, Mr. Ajit Singh Walia and Mr. Jasvinder Singh Seehra. Smt. Geeta Khanna is the Chairperson of the said Committee.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The CSR committee has been constituted under section 135 of the Companies, 2013. The CSR committee comprises of Air (Cmde.) Shailindra Singh Kaushik (Retd.) as its Chairman, Mr. Anish Kumar Dhingra and Mr. Ranbir Singh as members. The committee assists the Board in implementing the CSR policy of the Company and recommending/budgeting the amount of expenditure to be incurred on CSR activities and also approves the Annual CSR Report of the Company to the shareholders.

GENERAL BODY MEETINGS :

- a. The detail of Extra Ordinary General Meeting and last three Annual General Meetings and passing of Special Resolutions, are given as follows:-

Nature of Meeting	Day, Date and Time of the Meeting	Venue	Number of Special Resolutions Passed
25th Annual General Meeting	15th September, 2018 at 12:30 PM	Hotel Aveda Kamal Palace, Civil Lines Jalandhar	0
24th Annual General Meeting	5th September, 2017 at 11:30 AM	Majestic Grand Hotel, GT Road Jalandhar	7
23rd Annual General Meeting	20th June, 2016 at 12:30 PM	Registered office, GNA House, 1- C, Chotti Baradari-Part-II, Garha Road, Jalandhar	0

- B: **Postal Ballot:** The Company had passed a Special Resolution for Continuing the Directorship of Air Cmde Shailindra Singh Kaushik (Retd.) on 30th March, 2019 through Postal Ballot. The Notice of the postal ballot was issued to the shareholders on 28th February, 2019 through email and by post through permitted mode. The voting on the postal ballot was open from 1st March, 2019 to 30th March, 2019. The Company appointed Ms. Harsimran Kaur of M/s HK & Associates Practicing Company Secretaries as scrutinizers for the postal ballot. The Scrutinizers submitted their report on 31st March, 2019 to the Company and the Special Resolution enlisted in the Postal Ballot Notice was passed with requisite majority.

DISCLOSURES:

- There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large.
- There has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.
- The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil mechanism and Whistle Blower" may be accessed on the Company's website at <http://gnagroup.com/wp-content/uploads/2015/09/VIGIL-MECHANISM-POLICY.pdf> During the year no claim was lodged and accessed by the Audit Committee.

MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The quarterly results are published in prominent daily newspapers viz. The Business Standard in English and Rozana Spokesman in Punjabi. The Results of the Company are also made available at the web-site of the Company www.gnagroup.com

Corporate Governance Report (Contd.)

GENERAL SHAREHOLDERS INFORMATION:

i) 26th Annual General Meeting:

Date : August 23, 2019

Time : 12:30 PM

Venue : Hotel Country Inn & Suites GT Road Jalandhar

ii) Financial Calendar 2019-20 (Tentative):

First Quarter Results : July, 2019

Second Quarter Results : October, 2019

Third Quarter Results : January, 2020

Annual Results : May, 2020

iii) Dates of Book Closure : August 16, 2019

iv) Dividend payment date : The Dividend will be paid within 30 days of declaration.

v) Listing:

The Equity shares of the Company are listed on the following Stock Exchanges:

1. BSE Limited, 25th Floor PJ Towers, Dalal Str

BSE Limited : **540124**

National Stock Exchange of India Limited : **GNA**

vii) Stock Market Data:

The month wise highest, lowest and closing price of the Company in NSE and BSE during the financial year 2018-19 are given below:-

National Stock Exchange Of India Limited

Month	Highest	Lowest	Close	% age Change over last month closing
Apr-18	579.00	441.00	551.10	25.97
May-18	559.05	480.05	516.30	-6.31
Jun-18	528.00	435.00	447.20	-13.38
Jul-18	478.40	380.05	420.10	-6.06
Aug-18	433.90	353.00	378.65	-9.87
Sep-18	420.80	316.05	326.90	-13.67
Oct-18	377.70	306.25	365.80	11.90
Nov-18	422.05	362.35	368.20	0.66
Dec-18	375.00	328.00	361.55	-1.81
Jan-19	377.40	313.30	332.55	-8.02
Feb-19	337.10	258.10	301.75	-9.26
Mar-19	347.40	303.85	327.85	8.65

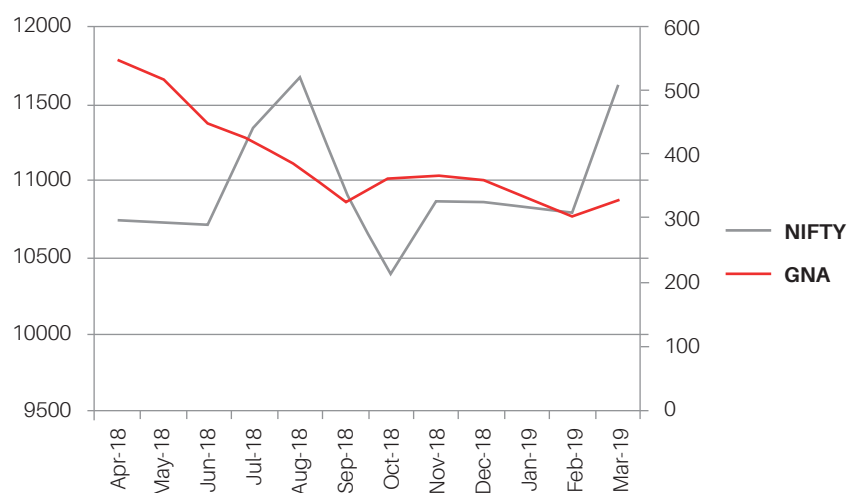
Corporate Governance Report (Contd.)

BSE LIMITED

Month	High Price	Low Price	Close Price	% age Change over last month closing
Apr-18	577.50	441.55	553.50	27.51
May-18	559.15	480.00	521.45	-5.79
Jun-18	527.00	430.00	448.55	-13.98
Jul-18	478.00	375.35	419.35	-6.51
Aug-18	433.80	351.00	379.25	-9.56
Sep-18	425.00	317.25	323.65	-14.66
Oct-18	379.20	307.00	366.20	13.15
Nov-18	422.00	363.25	369.55	0.91
Dec-18	375.50	331.20	361.30	-2.23
Jan-19	391.60	313.65	331.55	-8.23
Feb-19	338.80	256.75	301.60	-9.03
Mar-19	346.25	306.30	328.80	9.02



Stock Price Movement during 2018-2019 in comparison with BSE Sensex Index



Stock Price Movement during 2018-2019 in comparison with NSE Nifty Index

Corporate Governance Report (Contd.)

viii) Information regarding dividend payment:

The Company has declared its maiden dividend on 15th September, 2018. AS per the prevalent rules the unpaid dividend after seven years of its declaration will be transferred to Investors Education & Protection Fund (IEPF) and the concerned investors can claim the same from IEPF. According to the unpaid dividend, if any, shall be transferred to IEPF after 14th September, 2025.

ix) Registrar & Transfer Agent:

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s. Link Intime India Private Limited as per address given below :-

M/s. Link Intime India Private Limited
C101, 247 Park, LBS Marg Vikhroli West
Mumbai 400083
Ph: 022-49186000, Fax : 022-49186270
Email : rnt.helpdesk@linkintime.co.in

x) Share Transfer System:

99.99% of the equity shares of the Company are held in electronic form. Transfer of these shares are done through the depositories with no involvement of the Company. Securities & Exchange Board of India has mandated that w.e.f. April 1, 2019, the physical shares held by the shareholders will not be transferred, except in the cases of transmission and transposition of names.

xi) Distribution of Shareholding of the Company as on 31st March, 2019.

Sr. No	Shares Range	Number of shareholders	% of total shareholders	Total shares for the range	% of issued Capital
1	1-500	23267	95.0372	1939056	9.0334
2	501-1000	660	2.6959	502772	2.3422
3	1001-2000	303	1.2376	444604	2.0713
4	2001-3000	88	0.3594	220680	1.0281
5	3001-4000	37	0.1511	134377	0.6260
6	4001-5000	28	0.1144	131847	0.6142
7	5001-10000	36	0.1470	262123	1.2211
8	Above 10001	63	0.2573	17829941	83.0636
	Total	24482	100.00	21465400	100.00

xii) Dematerialisation:

As on 31st March 2019, 2,14,65,398 Equity Shares of the Company i.e. 99.99% of percent of the Equity Capital of the Company comprising of 2,14,65,400 Equity shares were held in dematerialised form.

xiii) Outstanding GDR/ADR/ Warrants or any other Convertible Instruments, conversion dates and likely impact on the Equity.

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments during the year.

xiv) Address for correspondence:

Registered Office : GNA House, 1-C, Chotti Baradari- Part-II, Garha Road, Jalandhar-144001
Telephone : 0181 - 4630477
Fax : 0181 - 4630477
E-mail : gjain@gnagroup.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

Corporate Governance Report (Contd.)

DECLARATION UNDER REGULATION 26 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015.

All the members of the Board and Senior Management have affirmed Compliance to the code of Conduct for the Financial Year 2018-19.

Place : Mehtiana
Dated : July 12, 2019

Gursaran Singh
Managing Director

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To,
The Board of Directors
G N A Axles Limited

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of GNA Axles Limited ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on 31st March, 2019 and based on our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement 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) We further state that to the best of our knowledge and belief, there are no transactions entered into 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, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) Significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Ranbir Singh
Chief Executive Officer

Rakesh Kumar
Chief Financial Officer

Place : Jalandhar
Date : May 11, 2019



Auditors' Certificate on Corporate Governance

To

The Members of

G N A Axles Limited

We have examined the compliance of the conditions of Corporate Governance by G N A Axles Limited for the year ended on 31st March, 2019, as stipulated under Regulation 15(2) read with Schedule V Part E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the 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 the explanations given to us and based on the

representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 **Harish & Co.**

Chartered Accountants

(Firm Regn No.017372N)

(Vasu Aggarwal)

Partner

M. No. 091343

Place: Jalandhar

Date: May 11, 2019

Independent Auditor's Report

To the Members of

GNA AXLES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Standalone financial statements of **GNA AXLES LIMITED ("the Company")** which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, (including other comprehensive income) Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive) and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian accounting standard) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing

specified under Section 143(10) of the Act. And other applicable authoritative pronouncement issued by Institute of Chartered Accountants of India. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (1) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2019
- (2) In the case of the Statement of Profit and Loss (comprising of other comprehensive income) of the profit for the year ended on that date: and
- (3) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date and
- (4) Changes in equity for the year ended on that date.

Independent Auditor's Report (Contd.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss including other comprehensive income) the Cash Flow Statement and the statement of changes in equity dealt with by this report are in agreement with the books of account.
 - d. in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 as emended.
 - e. On the basis of written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Notes to financial statements point no. **29**.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Harish & Co.**
Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M. No. 091343

Place: Jalandhar

Date: May 11, 2019

"Annexure "A" to the Independent Auditors'

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the Standalone Ind AS financial statements of the Company for the year ended 31st March, 2019:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management at reasonable intervals in accordance with regular programme of verification. According to the information and explanation given to us no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31st March, 2019 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us, there are no material dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax and value added tax have not been deposited by the Company on account of disputes;

Nature of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Punjab Sales Tax Act	Demand P-VAT	54.67	2009-2010	DETC Appeals
Punjab Sales Tax Act	Demand P-VAT	139.06	2008-2009	VAT Tribunal
Punjab Sales Tax Act	Demand P-VAT (Crane	1.80	2004-2005	DETC Appeals
Excise & Service Tax	Service Tax outward freight	5.23	2009-2010	Before Commissioner Appeal
Excise & Service Tax	Service Tax on others	2.17	2017-18	Before Assistant Commissioner
Excise & Service Tax	Service tax on others	1.88	2011-12	Before CESTAT
Excise & Service Tax	Service Tax on others	0.37	2012-13	Before CESTAT
Excise & Service Tax	Service Tax on others	1.46	2012-13	Before CESTAT
Excise & Service Tax	Service Tax on others	0.70	2013-14	Before CESTAT

"Annexure "A" to the Independent Auditors' (Contd.)

Nature of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Excise & Service Tax	Service Tax on others	4.20	2017-18	Before Assist. Comsioner.
Excise & Service Tax	Service Tax on others	1.18	2015-16	Before CESTAT
Excise & Service Tax	Service Tax on others/ Guest House	0.32	2014-15	Before CESTAT
Excise & Service Tax	Service Tax on Club Membership/Misc.	1.09	2013-14	Before CESTAT
Income Tax Act	Income Tax Regular Assessment	2.49	2016-17	Before Commissioner of Income-tax (Appeals
Excise & Service Tax	Excise Duty CENVAT	38.13	2017-18	Asstt. Commissioner

- 8 In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings from a financial institutions, banks.
- 9 Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer.
- 10 Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11 Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12 In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13 In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14 Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15 Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him and the provisions of section 192 of Companies Act, 2013 have been complied with.
- 16 In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **Harish & Co.**
Chartered Accountants (FRN017372N)

(Vasu Aggarwal)
Partner

M. No. 091343

Place: Jalandhar

Date: May 11, 2019

"Annexure "B" to the Independent Auditor's

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of GNA Axles Limited Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of GNA Axles Limited ("the Company" as of 31st March, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note" and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future



"Annexure "B" to the Independent Auditor's (Contd.)

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the Internal Control over financial reporting criteria established by the company considering the essential

components of the Internal Control stated in the Guidance Note on audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

For **Harish & Co.**

Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M. No. 091343

Place: Jalandhar

Date: May 11, 2019

Balance Sheet

As At 31st March, 2019

₹ in Lacs			
Particulars	Note No.	31st March, 2019	31st March, 2018
NON-CURRENT ASSETS			
Property, Plant & Equipment	1	22,884.70	19,069.36
Capital Work in Progress	2	1,570.00	-
Investments	3	0.66	0.66
Other Non-Current Assets	4	3,412.03	2,833.47
		27,867.39	21,903.49
CURRENT ASSETS			
Inventories	5	16,096.76	15,363.51
Financial Asset			
Investments			
Trade Receivables	6	31,245.00	23,546.60
Cash & Cash Equivalents	7	36.40	44.59
Bank Balance Other than Cash and Cash Equivalents	8	0.37	2,564.13
Other Current Assets	9	2,971.91	4,807.04
		50,350.44	46,325.87
Total Assets		78,217.83	68,229.36
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	2,146.54	2,146.54
Other Equity	11	38,027.57	31,996.08
Total Equity		40,174.11	34,142.62
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	12	7,353.65	2,470.02
Deferred Tax Liabilities		330.35	202.75
Other Non-Current Liabilities			
		7,684.00	2,672.77
Current Liabilities			
Financial Liabilities			
Borrowings	12	7,867.55	9,883.16
Trade Payable	13	18,789.71	18,296.93
Other Current Financial Liabilities	14	2,050.93	2,029.05
Other Current Liabilities	15	307.26	228.33
Current Provisions	16	1,116.76	729.79
Current Tax Liabilities (Net)		227.51	246.71
		30,359.72	31,413.97
Total Liabilities		38,043.72	34,086.74
Total Equity & Liabilities		78,217.83	68,229.36
Notes forming Parts of Financial Statements 1 to 38			
Notes on Accounting Policies I to II			

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Date: May 11, 2019

Gursaran Singh

Mg. Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

Director

Gourav Jain

Company Secretary

Statement of Profit & Loss

for year ended 31st March, 2019

₹ in Lacs

Particulars	Notes No.	31st March, 2019	31st March, 2018
REVENUE FROM OPERATIONS			
Revenue from Sale of Products	17	91,709.85	65,395.11
Other Operating income	18	1,118.14	1,618.40
		92,827.99	67,013.51
Other Income	19	40.21	287.50
		92,868.20	67,301.01
EXPENDITURE			
Cost of Material consumed	20	61,538.58	45,816.10
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	21	-618.42	-3,314.22
Employee Benefits Expense	22	3,863.70	3,184.86
Financial Costs	23	810.43	709.45
Depreciation, Impairment and Amortisation Expenses	24	3,473.21	2,480.03
Other Expenses	25	13,536.63	11,022.31
		82,604.13	59,898.53
Profit Before Exceptional items and Tax		10,264.07	7,402.48
Exceptional items		-	-
Profit Before Tax		10,264.07	7,402.48
Tax Expense			
Current Tax (net)		3,550.00	2,360.00
Deferred Tax Charge (Credit)		127.61	-45.95
Profit for the year		6,586.46	5,088.43
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to Statement of Profit and Loss		-	-
Other Comprehensive Income/(Loss) for the year		-	-
Total Comprehensive Profit for the year		6,586.46	5,088.43
Earnings Per Equity Share of face value of ₹10/- each			
Basic		30.68	23.70
Diluted		30.68	23.70
Notes forming Parts of Financial Statements 1 to 38			
Notes on Accounting Policies I to II			

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Date: May 11, 2019

Gursaran Singh

Mg. Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

Director

Gourav Jain

Company Secretary

Cash Flow Statement

As At 31st March, 2019

Particulars	₹ in Lacs	
	For the Year Ending 31st March, 2019	For the Year Ending 31st March, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	10,264.08	7,402.47
Adjustments for :		0.00
Depreciation	3,473.22	2,480.03
Interest income	-40.21	-287.50
Interest paid	645.96	632.11
IPO Expenses W/off	130.41	130.41
Profit/Loss on sale of assets	-4.12	1.42
Operating profit before working capital changes	14,469.34	10,358.94
Adjustments for :		0.00
Inventories	-733.24	-4,334.09
Increase in Trade Rec./Other Current/Non-Current Assets	-4,008.47	-1,261.85
Decrease/Increase in Trade Payable/Other Current Liabilities	1,080.38	3,596.79
Income tax of earlier year	-37.43	-28.48
Income Tax Paid	-3,550.00	-2,360.00
Net cash from operating activities	7,220.58	5,971.31
		0.00
B CASH FLOW FROM INVESTING ACTIVITIES :		0.00
Purchase of Fixed assets	-8,867.16	-8,124.59
Sale of fixed assets	12.72	1.00
Interest received	40.21	287.50
Net cash used in Investing activities	-8,814.23	-7,836.09
		-
C CASH FLOW FROM FINANCING ACTIVITIES		-
Proceeds from Long term Borrowings	7,244.45	1,754.59
Repayment of long term borrowings	-2,479.83	-1,868.03
Dividend Paid	-517.55	-
Increase/ (Decrease) in cash credits & Packing credits	-2,015.64	2,616.23
Interest Paid	-645.96	-632.11
Net cash flow from financing activities	1,585.47	1,870.68
Net increase/ (decrease) in cash & cash equivalents (A+B+C)	-8.19	5.90
Cash & Cash equivalents at the beginning of year (see note 2)	44.59	38.69
Cash & Cash equivalents at the end of year	36.40	44.59
	-8.19	5.90

Cash Flow Statement As At 31st March, 2019 (Contd.)

1 Notes :

The Cash flow is based on and derived from the accounts of company for the year ended 31st March, 2019 and 31st March, 2018

Particulars	For the Year Ending 31st March, 2019	For the Year Ending 31st March, 2018
2 Cash & cash equivalents comprise of :		
Cash in hand	28.84	25.59
With scheduled banks :		
In current accounts	7.56	19.00
Cash and cash equivalents at the end of year	36.40	44.59

As per our Report of even date annexed.

For **Harish & Co.**
Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Date: May 11, 2019

Gursaran Singh

Mg. Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

Director

Gourav Jain

Company Secretary

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019

I. CORPORATE INFORMATION

GNA Axles Ltd. ("the Company") is a Company established in 1993. The Company manufactures auto components for the four-wheeler industry, primary product being Rear Axles, Shafts, Spindles & other Automobiles Components for sale in domestic and foreign market. The Company has manufacturing location in the state of Punjab Unit -I at Mehtiana & Unit-II at VPO Gulabgarh Jattan (Phagwara-Hoshiarpur Road).

II. SIGNIFICANT ACCOUNTING POLICIES:

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

II.1 Basis of Preparation:

(i) Compliance with Ind AS

This financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standard) Rules, 2015] and other relevant provision of the Act.

(ii) Historical cost convention

The financial statements have been prepared on an accrual basis and under the historical cost convention.

(iii) Classification of asset and liabilities

The classification of assets and liabilities into current and non-current, wherever applicable, are based on normal operating cycles of business activities of the Company, which is twelve months.

II.2 Summary of significant Accounting Policies:

a) Property, plant and Equipment:

Freehold land is carried at historical cost. All other items of Property, plant and equipment are shown at cost, less accumulated depreciation and impairment, if any. The cost of an item of property, plant and equipment comprises its cost of acquisition inclusive of inward freight, import duties, and other non refundable taxes or levies and any cost directly attributable to the acquisition/construction of those items: any trade discounts and rebates are deducted in arriving at the cost of acquisition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the

cost of the item can be measure reliably. All other repairs and maintenance are charged to statements of profit or loss during the reporting period in which they are incurred.

Gain or losses arising on disposal of property, plant and equipment are recognized in profit or loss.

b) Capital Work in Progress

Property, plant and equipment under construction are disclosed as capital work in progress.

c) Depreciation on tangible fixed assets.

Depreciation on tangible fixed assets is provided using the Written down value Method as per rate prescribed by Co. Law.

d) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Gross Sales are Net of returns, Claims, and Discount. The Company recognizes Revenue when amount of revenue can be measured reliably and it is probable that the economic benefits associated with transaction will flow to the entity.

Interest Income is accounted on accrual basis and Fixed deposit interest is accounted as per statement/documents issued by bank.

e) Inventories

Inventories are valued as follows:

- | | | |
|-----------------------------------|---|---|
| a) Stock of Raw Material & Stores | : | At Purchase price plus Direct Expenses |
| b) Stock of work in Progress | : | At estimated cost price |
| c) Stock of Finished Goods | : | At cost or net realizable value whichever is less |

f) 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 ultimate collection thereof.

g) Tax Expenses

Current income tax is measured at the amount expected to be paid to the income tax authorities in accordance with the income-tax Act, 1961 enacted in India. Deferred Income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax assets is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The company offsets current tax assets and current tax liabilities where it has a legally enforceable right to set-off the recognized amounts and where it intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

h) Earning per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

i) Impairment of assets

At each balance sheet date an assessment is made whether any indication exists that an assets has been impaired. If any such indication exists, an impairment loss i.e the amount by which the carrying amount of an assets exceeds its recoverable amount is provided in the books of accounts.

j) Borrowing Costs:

Borrowing cost that is attributable to acquisition or construction of a qualifying asset is capitalized as part of cost of such assets. Qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing cost is recognized as expenses in the period in which they are incurred.

k) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flow, cash & cash equivalents includes cash in hand, cash at bank and demand deposits with banks with an original maturity of three months or less which are subject to an in significant risk of change in value.

l) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent. The company does not recognize a contingent liability but discloses its existence in financial statements

m) Cash flow statement

Cash flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating investing and financing activities of the Company are segregated.

n) Foreign Current Transactions

The functional currency of the company is Indian Rupee. These financial statements are presented in Indian Rupee.

Transactions and Balances.

The foreign current transactions are recorded, on initial recognition in the functional currency, by applying foreign current amount the spot exchange rate between the functional currency and the foreign current at the date of transaction.

The foreign current monetary items are translated using closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

Notes
Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

1. PROPERTY PLANT & EQUIPMENT

Particulars	Freehold Land	Factory Building	Plant & Machinery	Computers	Office Equipments	Furniture & Fixtures	Vehicle	Total
(A) Gross Block								
Balance as at April 1, 2018	790.13	5,702.39	30,417.41	566.96	495.67	382.76	854.71	39,210.03
Addition during the year	281.23	1,496.44	4,971.72	87.12	74.15	55.15	331.34	7,297.15
Discarded/Disposed off during the year	-	-	-	-	-	-	141.81	141.81
Balance at at March 31, 2019	1,071.36	7,198.83	35,389.13	654.08	569.82	437.91	1,044.24	46,365.37
(B) Accumulated Depreciation								
Balance as at April 1, 2018	-	1,856.25	16,622.90	495.66	313.34	259.94	592.58	20,140.67
Depreciation for the year	-	365.38	2,833.42	64.50	35.94	37.82	136.15	3,473.21
Accumulated depreciation on discarded/disposal	-	-	-	-	-	-	133.21	133.21
Balance at at March 31, 2019	-	2,221.63	19,456.32	560.16	349.28	297.76	595.52	23,480.67
(C) NET CARRYING AMOUNT								
Balance as at April 1, 2018	790.13	3,846.14	13,794.51	71.30	182.33	122.82	262.13	19,069.36
Balance as at March 31, 2019	1,071.36	4,977.20	15,932.81	93.92	220.54	140.15	448.72	22,884.70

2. CAPITAL - WORK IN PROGRESS

Particulars	Machinery
Balance as at April 1, 2018	-
Addition	1,570.00
	1,570.00
Less: Capitalised	-
Balance as at March 31, 2019	1,570.00

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

3. NON-CURRENT INVESTMENT

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Investment in Shares of GNA Axles Inc Michigan	0.66	0.66
	0.66	0.66

4. OTHER-NON CURRENT ASSETS

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Advance for Fixed Assets	1,601.59	939.50
Security Deposits	1,549.62	1,502.74
Other Non-Current Assets	260.82	391.23
	3,412.03	2,833.47

5. INVENTORIES

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Raw Material		
Raw Material Steel	3,968.16	3,859.44
Raw Material Non Steel	18.88	14.55
	-	-
Work in Progress	9,796.47	9,588.52
Finished Goods	1,358.35	938.38
	-	-
Stores, Spares & Loose Tools		
Stock of Operating Supply	652.50	612.74
Stock of Spare Parts	115.26	124.19
Stock of Diesel	33.56	34.94
Stock of Die Steel	7.50	4.34
Stock of Oil Lubricant	65.51	61.93
	-	-
Others		
Stock of Scrap Material	21.31	30.80
Stock of Packing	59.26	93.68
	16,096.76	15,363.51

6. TRADE RECEIVABLE

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
(Unsecured but considered good)		
Debtors outstanding for the period exceeding six months	719.13	898.46
Other	30,525.87	22,648.14
	31,245.00	23,546.60

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

7. CASH & CASH EQUIVALENTS

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Cash in hand	28.84	25.59
Balance with Banks		
(In Current Account)	7.56	19.00
	36.40	44.59

8. OTHER BANK BALANCE

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
In Dividend Account	0.37	-
In Deposit Account	0.00	2,564.13
(Maturity above 3 months but less 12 months)		
	0.37	2,564.13

9. OTHER CURRENT ASSETS

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Pre-paid Expenses	80.93	74.39
Advance to Vendor	232.01	496.02
Advance to Employee	55.54	68.90
Other Current Assets	2,603.43	4,167.73
	2,971.91	4,807.04

10. EQUITY SHARE CAPITAL

Particulars	31st March, 2019		31st March, 2018	
	Nos.	Amount	Nos.	Amount
Share Capital				
(1) Authorised Share Capital				
Equity Share of ₹ 10/- each.	3,000.00	3,000.00	3,000.00	3,000.00
(Previous year Equity Share of ₹ 10/- each)				
(2) Issued, Subscribed & Paid-up				
Equity Shares of ₹ 10/- each	2,146.54	2,146.54	2,146.54	2,146.54
(Previous year Equity Share of ₹ 10/- each)				
	2,146.54	2,146.54	2,146.54	2,146.54

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

Reconciliation of number of shares outstanding at the beginning and at the end of the year

₹ in Lacs

	31st March, 2019		31st March, 2018	
	Nos.	Amount	Nos.	Amount
Equity Shares				
Shares outstanding at the beginning of the year	2,146.54	2,146.54	2,146.54	2,146.54
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,146.54	2,146.54	2,146.54	2,146.54

Detail of Shareholding more than 5% share of the company

₹ in Lacs

Particulars	31st March, 2019		31st March, 2018	
	Nos.	%age holding	Nos.	%age holding
Name of Shareholder				
(Equity Shares of ₹ 10/- each)				
S. Gursaran Singh	17,14,886.00	7.99	17,14,886.00	7.99
S. Maninder Singh	24,40,300.00	11.37	24,40,300.00	11.37
S. Jasvinder Singh	30,20,400.00	14.07	26,30,400.00	12.25
S. Ranbir Singh	27,64,862.00	12.88	26,93,520.00	12.55
S. Gurdeep Singh	26,56,900.00	12.38	26,56,900.00	12.38
HDFC Small Cap Fund	11,84,109.00	5.52	-	0.00

A. Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share 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 proportion to the number of equity shares held by the shareholders.

- B.** There are Nil No. of shares (**Previous Year: NIL**) in respect of shares in our Company held by its holding or its ultimate holding company including shares held by or by subsidiary or associates of holding company or ultimate holding company in aggregate.
- C.** There are NIL No. of shares (**Previous year NIL**) reserved for issue under option and contracts/commitment for the sale of shares/dis-investment including the terms and amounts.

₹ in Lacs

Particulars	As at 31st March, 2019	As at 31st March, 2018
1. Aggregate No and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash	NIL	NIL
2. Aggregate No. and class of shares allotted as fully paid-up by way of Bonus Shares	NIL	NIL
3. Aggregate No. and class of shares bought back.	NIL	NIL

- D.** There are no securities (**Previous year NIL**) convertible into Equity shares
- E.** There are no calls un-paid (**Previous year NIL**) including calls un-paid by Directors and officers as on balance sheet date.

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

11. STATEMENTS OF CHANGES IN EQUITY

Particulars	Security premium	Retained Earning	Total
Balance as at April 1, 2017	12,411.00	15,133.17	27,544.17
Profit for the year	-	5,088.41	5,088.41
Other Comprehensive Income	-	-	-
Loss on fair valuation of equity shares	-	-	-
Total Comprehensive Income for the year	12,411.00	20,221.58	32,632.58
Utilised during the year in writing off Public Issue Expenses	-608.02	-	-608.02
Dividend Paid	-	-	-
Prior period adjustment of taxes	-	-28.48	-28.48
Balance as at March 31, 2018	11,802.98	20,193.10	31,996.08
Particulars	Security premium	Retained Earning	Total
Balance as at April 1, 2018	11,802.98	20,193.10	31,996.08
Profit for the year	-	6,586.47	6,586.47
Other Comprehensive Income	-	-	-
Loss on fair valuation of equity shares	-	-	-
Total Comprehensive Income for the year	11,802.98	26,779.57	38,582.55
Dividend Paid	-	-517.55	-517.55
Prior period adjustment of taxes	-	-37.43	-37.43
Balance as at March 31, 2019	11,802.98	26,224.59	38,027.57

12. BORROWINGS

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
A) Non Current		
Secured		
From Banks		
Term Loan	4,113.26	4,348.63
Less: Current Maturities	1,759.61	1,878.61
	2,353.65	2,470.02
From Others		
Bajaj Finance Ltd.	5,000.00	-
Unsecured		
Others	-	-
	7,353.65	2,470.02
B) Current		
Secured		
From Banks (Repayable on Demand)	7,867.55	9,377.87
Unsecured		
Others	-	505.29
	7,867.55	9,883.16

12.1 The above non-current borrowings are secured by mortgage created on the immovable assets of the company both present and future and hypothecation of all moveable assets including movable machinery, tools and accessories and other movables, both present and future subject to charges created in favour of the Bankers/NBFC'S for securing the working capital limits and the personal guarantee of promoter directors.

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

12.2 Current Borrowings includes Cash Credit Limit, O/D Limit & PCFC from Consortium Banks which are secured by hypothecation of entire present and future tangible current assets of the company as well as second charges on the entire present and future fixed assets of company and personal guarantee of promoter directors.

13. TRADE PAYABLE

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Micro, Small & Medium Enterprises	284.48	-
Others	18,505.23	18,296.93
	18,789.71	18,296.93

13.1 The company has called for information from all the vendors regarding their status under MSME ACT.

Based on the information received regarding the status of the vendors the amount of ₹ 28448496 is out standing to the vendors concerned under MSME ACT as on 31.03.2019.

14. OTHER CURRENT FINANCIAL LIABILITIES

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Current Maturity of Non-Current Borrowings	1,759.61	1,878.61
Employee Dues	291.32	150.44
	2,050.93	2,029.05

15. OTHER CURRENT LIABILITIES

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Statutory Liabilities	287.46	228.33
Unpaid Dividend	0.37	0.00
Advance from Customer	19.43	0.00
	307.26	228.33

16. CURRENT PROVISIONS

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Outstanding Expenses Payable	1,116.76	729.79
	1,116.76	729.79

17. REVENUE FROM OPERATIONS

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Sale Of Products		
Sale Domestic	42,544.95	36,105.37
Sale Export (Direct)	49,164.90	30,031.22
Gross Sales	91,709.85	66,136.59
Less: Excise Duty	-	741.48
	91,709.85	65,395.11

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

18. OTHER OPERATING REVENUE

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
FPS Incentive	902.68	655.16
Duty Drawback	867.65	609.60
Exchange Difference	-652.19	353.64
	1,118.14	1,618.40

19. OTHER INCOME

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Interest Income	40.21	287.50
	40.21	287.50

20. COST OF MATERIALS CONSUMED

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Consumption Of Raw Material		
Raw Material -Steel	51,585.16	38,406.93
Raw Material-Non-Steel	20.84	27.98
	51,606.00	38,434.91
Consumption Of Store & Spares		
Consumption of operating supply	5,505.45	3,854.55
Consumption of Die Steel	429.54	336.22
Consumption of oil & Lubricants	644.61	525.39
Consumption of Packing Materials	2,165.36	1,937.76
Consumption of Furnace Oil	1,187.62	727.27
	9,932.58	7,381.19
	61,538.58	45,816.10

21. CHANGE IN INVENTORY OF-WORK IN PROGRESS & FINISHED GOODS

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
At the beginning of Accounting period	10,557.70	7,243.48
At the end of the Accounting period	11,176.12	10,557.70
	-618.42	-3,314.22

22. EMPLOYEE BENEFIT EXPENSE

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Wages	1,159.88	902.72
Salary	1,450.48	1,191.13
Production Incentive Bonus	519.53	414.62
Contribution to Provident Fund	98.72	81.76
Family Pension	114.53	103.82
Administration charges	16.74	16.75
Group Gratuity Scheme	79.20	67.03

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Group Insurance	-	3.31
Super Annuation Fund	27.52	22.30
Workers and Staff Welfare	161.30	145.23
Bonus	174.81	160.25
Leave with Wages	24.17	19.77
Medical reimbursement	36.82	56.17
	3,863.70	3,184.86

23. FINANCIAL COSTS

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
a) Interest Expense		
Interest on Term Loan	424.40	306.67
Interest on Cash Credit	221.52	319.41
Interest to Others	0.04	6.03
b) Other Borrowing Cost	0.00	0.00
Bank Commission	164.47	77.34
	810.43	709.45

24. DEPRECIATION AND AMORTISATION EXPENSE

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Depreciation		
Building	365.38	227.44
Plant & Machinery	2,833.42	2,033.22
Furniture & Fixture	37.82	27.06
Vehicle	136.15	71.59
Computers	64.50	87.46
Office Equipments	35.94	33.26
	3,473.21	2,480.03

25. OTHER EXPENSES

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Machining charges	1,670.40	1,441.67
Power & Fuel	5,395.67	4,782.37
Repair & Maintenance	376.76	359.48
Factory Expenses	45.35	31.65
Office Expenses	16.38	18.69
Donation / CSR	93.94	61.19
Subscription / Membership fees	7.99	12.77
Entertainment Expense	9.77	7.45
Fees & Taxes	20.88	37.05
Insurance	97.16	90.89
Legal & Professional Expenses	140.91	137.52
News Paper & Periodicals	1.01	1.23

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

		₹ in Lacs
Particulars	31st March, 2019	31st March, 2018
Payment To Auditors	-	-
As Audit Fee	7.50	7.50
For Taxation purpose	-	-
For any other matters	-	-
Vehicle Petrol	78.10	60.10
Vehicle Repair	59.97	55.55
Repair of Building	26.49	33.06
Postage & Courier expenses	12.68	6.96
Printing & Stationery	46.88	29.54
Generator / General Repair & Maintenance	301.17	251.21
Loss on sale of asset	-4.12	1.42
Repair & Maintenance of Computer	27.24	31.55
Telephone Expenses	12.37	12.68
Directors sitting fees	3.68	2.42
Rounded-off	-0.01	-1.64
Travelling Expenses	186.66	170.50
Travelling Expenses Foreign	126.52	58.27
IPO Expenses	130.41	130.41
Advertisement expenses	8.69	11.82
Club fee	0.80	0.92
Freight & Cartage outward	1,094.50	891.38
Business Promotion Expenses	27.03	28.12
Export Packing & Forwarding expenses	3,513.85	2,258.58
	13,536.63	11,022.31

26. EARNINGS PER SHARE

		₹ in Lacs
Particulars	31st March, 2019	31st March, 2018
Basic and Diluted Earnings Per Share		
Net Profit attributable to Equity Shareholders	6,586.47	5,088.41
Weighted Average number of Equity Shares outstanding during the year	2,14,65,400	2,14,65,400
Face Value	10	10
Basic Earnings Per Share	30.68	23.70
Diluted Earnings Per Share	30.68	23.70

27. RETIREMENT & OTHER BENEFITS

- a) **Gratuity:** - The Company has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service is entitled to gratuity on terms not less favorable than the Provisions of "The Payment of Gratuity Act 1972." The company contributes periodically with LIC of India.
- b) **Provident Fund:** - Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.
- c) **Superannuation Fund:-** Certain employees are also participants in the superannuation plan which is a defined contribution plan. The company has no further obligations to the plan beyond its monthly contribution which are periodically contributed to corpus which is invested with the Life Insurance Corp. of India.

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

28. CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of amended companies Act 2013 the companies having profit of 5CR or more has to spent 2% of their average profits of last 3 years upon specific activity falling within CSR. During the year the company has to spent ₹ 109.47 lacs on CSR activities but the company has spent ₹ 84.57 lacs on CSR activity with the approval of its CSR committee. The total unspent Amount upto 31.03.2019 was ₹ 56.00 lacs.

29.

The following are the contingent liabilities during the year.

Particulars	₹ in Lacs	
	2018-19	2017-18
(A) CONTINGENT LIABILITIES		
1. Bank Guarantees	2.00	2.00
2. Excise Duty and Service Tax demand against which the company has preferred appeals.	56.75	96.26
3. Income Tax Demands against which the company has preferred appeals.	2.49	135.05
4. Value Added Tax Liabilities	195.53	195.53
(B) COMMITMENTS		
Capital Commitments	0	0

The Company management believes that ultimate outcome of these contingent liabilities will not have a material adverse effect on the company's financial position & results of operations.

30. RELATED PARTY DISCLOSURE

Disclosures as required by Accounting Standards (Ind AS-24) "Related Party Disclosure" are given below".

(a) Chairman, Managing Director & Directors

S. Rachhpal Singh – Chairman
S. Gursaran Singh – Managing Director
S. Jasvinder Singh – Joint Managing Director
S. Ranbir Singh – Whole time Director & CEO
S. Kulvin Seehra – Executive Director
S. Harvinder Seehra – Executive Director

(b) Key Managerial Personnel

Mr. Rakesh Gupta – Chief Financial Officer
Mr. Gaurav Jain – Company Secretary
S. Maninder Singh – Sr. Vice-President (Planning)
Mrs. Loveleen Kaur – Sr. Vice-President (Corporate Affairs)

(c) Wholly owned Subsidiary Company

GNA Axles INC Michigan

(d) Company in which Directors and their relatives are directors

GNA Gears Limited
GNA Udyog Limited
GNA Transmission (Punjab) Limited
GNA Investment Limited
Amarson Automotive Limited

Notes

Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

(e) Firms in which Directors and their Relatives are Partners

M/s Seehra Overseas

M/s GNA Sons

M/s GNA Consultancy

M/s GNA Autotech

Nature of Transaction	₹ in Lacs	
	2018-19	2017-18
(a) Security Deposit with-		
GNA Udyog Limited	488.95	488.96
GNA Sons	565.21	565.21
Seehra Overseas	10.00	10.00
(b) Remuneration		
S. Rachhpal Singh	54.60	50.40
S. Gursaran Singh	54.60	52.92
S. Ranbir Singh	174.79	82.08
S. Jasvinder Singh	174.79	82.08
S. Kulvin Seehra	30.87	26.46
S. Harvinder Seehra	30.87	26.46
(c) Remuneration Paid to Key Managerial Personnel		
Mr. Rakesh Gupta	12.36	10.84
Mr. Gaurav Jain	6.32	6.10
(d) Remuneration paid to Director's relatives		
S. Maninder Singh	26.99	4.50
Mrs. Loveleen Kaur	26.99	4.50

31. TRADE RECEIVABLE AND TRADE PAYABLES ARE SUBJECT TO CONFIRMATION**32. SEGMENT REPORTING**

The Company is in the business of manufacturing automobile components which is a single business segment, so separate segment reporting is not required.

33. REMUNERATION TO DIRECTORS

Particulars	₹ in Lacs	
	2018-19	2017-18
Salary	520.51	320.40

34. In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The Provision for all known liabilities is adequate and not in excess of amount reasonably necessary.

35. The company has called for information from the vendors regarding their status under the micro, small and medium enterprises. Based on the information received regarding the status of vendors under MSME ACT the amount of ₹ 28448496 has been derived as due to vendors under MSME ACT as on 31.03.2019.



Notes Forming Part of Financial Statements for the Year Ended 31st March, 2019 (Contd.)

36. AUDITORS REMUNERATION:

₹ in Lacs		
Sr. No. Particulars	Current year	Previous year
1. Audit Fee	7.50	7.50

37. Dividend : Final dividend is accounted for in books when approved by shareholders and interim dividend, if any, will be accounted for on declaration.

38. Previous Years Figures have been re-grouped/ re-arranged wherever consider necessary.

As per our Report of even date annexed.

For **Harish & Co.**
Chartered Accountants (FRN017372N)

(Vasu Aggarwal)
Partner
M.No. 091343

Place: Jalandhar
Date: May 11, 2019

Gursaran Singh
Mg. Director

Rakesh Kumar
Chief Financial Officer

Ranbir Singh
Director

Gourav Jain
Company Secretary

Independent Auditors' Report

To the Members of

GNA AXLES LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **GNA Axles Limited** ("the Holding Company") and its subsidiaries (collectively referred to as "the Group"), comprising of the consolidated balance sheet as at 31st March, 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows of the Company and consolidated changes in equity of the group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The holding companies Board of Directors and the respective Board of Directors of the Companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2019, and their consolidated profit (including other comprehensive income), their consolidated cash flows, and consolidated changes in equity for the year ended on that date.

Independent Auditors' Report (Contd.)

OTHER MATTERS

We did not audit the financial statements of GNA Axles Inc. Michigan and placed reliance on the accounts reviewed by certified public Accountant Alina Rits of RITS Accounting PC Birmingham Michigan which shows the net operating loss \$4021.06.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow, and statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company and the report

of the statutory auditors of its subsidiary companies incorporated outside India, none of the Directors of the Group companies incorporated outside India is disqualified as on 31st March, 2019 from being appointed as a Director of that company in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - h. i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note **(28)** to the consolidated financial statements;
 - ii) The holding company and its subsidiaries did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to investor education and protection fund by the holding and its subsidiaries.

For **Harish & Co.**
Chartered Accountants (FRN017372N)
(Vasu Aggarwal)
Partner
 M. No. 091343
 Place: Jalandhar
 Date: May 11, 2019

"Annexure "A" to the Independent Auditors'

"Annexure A" to the Independent Auditors' Report of even date on the Consolidated Financial Statements of GNA Axles Limited Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting of **GNA Axles Limited** ("the Holding Company") and its subsidiary companies which are companies incorporated outside India as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated outside India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if

such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future



"Annexure "A" to the Independent Auditors' (Contd.)

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated outside India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

We did not audit the financial statements of GNA Axles Inc. Michigan and placed reliance on the accounts reviewed by certified public Accountant Alina Rits of RITS Accounting PC Birmingham Michigan which shows the net operating loss \$4021.06. Our opinion is not qualified in respect of the above matter with respect to our reliance on the work done by and the reports of certified public accountants.

For **Harish & Co.**

Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M. No. 091343

Place: Jalandhar

Date: May 11, 2019

Balance Sheet

As At 31st March, 2019

₹ in Lacs			
Particulars	Note No.	31st March, 2019	31st March, 2018
NON-CURRENT ASSETS			
Property, Plant & Equipment	1.00	22,884.70	19,069.36
Capital Work in Progress	2.00	1,570.00	-
Investment Property			
Intangible Assets			
Intangible Assets under Development			
Financial Assets			
Investments			
Loans			
Other Financial Assets			
Current Tax Assets (net)			
Deferred Tax Assets			
Other Non-Current Assets	3.00	3,412.03	2,833.48
		27,866.73	21,902.84
CURRENT ASSETS			
Inventories	4.00	16,096.76	15,363.51
Financial Assets			
Investments			
Trade Receivables	5.00	31,245.00	23,546.60
Cash & Cash Equivalents	6.00	36.66	45.14
Bank Balance Other than Cash and Cash Equivalents	7.00	0.37	2,564.13
Loans			
Other Financial Assets			
Other Current Assets	8.00	2,971.91	4,807.04
		50,350.70	46,326.42
Total Assets		78,217.43	68,229.26
EQUITY AND LIABILITIES			
Equity			
Share Capital	9.00	2,146.54	2,146.54
Other Equity	10.00	38,016.58	31,987.81
Equity Attributable to Owner			
Non-Controlling Interest			
Total Equity		40,163.12	34,134.35
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	11.00	7,353.65	2,470.02
Other Financial Liabilities			
Provisions			
Deferred Tax Liabilities		330.35	202.75
Other Non-Current Liabilities			
		7,684.00	2,672.77
Current Liabilities			
Financial Liabilities			
Borrowings	11.00	7,867.55	9,883.17
Trade Payable	12.00	18,800.29	18,305.09
Other Current Financial Liabilities	13.00	2,050.93	2,029.05
Other Current Liabilities	14.00	307.26	228.33
Current Provisions	15.00	1,116.76	729.79
Current Tax Liabilities (Net)		227.52	246.71
		30,370.31	31,422.14
Total Liabilities		38,054.31	34,094.91
Total Equity & Liabilities		78,217.43	68,229.26
Notes forming Parts of Financial Statements 1 to 37			
Notes on Accounting Policies I to II			

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Date: May 11, 2019

Gursaran Singh

Mg. Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

Director

Gourav Jain

Company Secretary

Statement of Profit & Loss

for year ended 31st March, 2019

₹ in Lacs

Particulars	Notes No.	31st March, 2019	31st March, 2018
REVENUE FROM OPERATIONS			
Revenue from Sale of Products	16.00	91,709.85	65,395.11
Other Operating income	17.00	1,118.14	1,618.40
		92,827.99	67,013.51
Other Income	18.00	40.21	287.50
		92,868.20	67,301.01
EXPENDITURE			
Cost of Material consumed	19.00	61,538.58	45,816.10
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	20.00	-618.42	-3,314.22
Employee Benefits Expense	21.00	3,863.70	3,184.86
Financial Costs	22.00	810.75	709.76
Depreciation, Impairment and Amortisation Expenses	23.00	3,473.21	2,480.03
Other Expenses	24.00	13,538.80	11,024.91
		82,606.62	59,901.44
Profit Before Exceptional items and Tax		10,261.58	7,399.57
Exceptional items		-	-
Profit Before Tax		10,261.58	7,399.57
Tax Expense			
Current Tax (net)		3,550.00	2,360.00
Deferred Tax Charge (Credit)		127.61	-45.95
Profit for the year		6,583.97	5,085.52
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to Statement of Profit and Loss		-	-
Other Comprehensive Income/(Loss) for the year		-	-
Total Comprehensive Profit for the year		6,583.97	5,085.52
Earnings Per Equity Share of face value of ₹ 10/- each			
Basic		30.68	23.69
Diluted		30.68	23.69
Notes forming Parts of Financial Statements 1 to 37			
Notes on Accounting Policies I to II			

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Date: May 11, 2019

Gursaran Singh

Mg. Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

Director

Gourav Jain

Company Secretary

Consolidated Cash Flow Statement

As At 31st March, 2019

Particulars	₹ in Lacs	
	For the Year Ending 31st March, 2019	For the Year Ending 31st March, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	10,261.58	7,399.56
Adjustments for :		0.00
Depreciation	3,473.22	2,480.03
Interest income	-40.21	-287.50
Interest paid	645.96	632.11
IPO Expenses W/off	130.41	130.41
Profit/Loss on sale of assets	-4.12	1.42
Operating profit before working capital changes	14,466.84	10,356.03
Adjustments for :		
Inventories	-733.24	-4,334.09
Increase in Trade Rec./Other Current/Non-Current Assets	-4,008.47	-1,261.85
Decrease/Increase in Trade payable/Other Current Liabilities	1,082.81	3,599.08
Income tax /Exchange Diff. of earlier year	-37.65	-28.17
Income Tax Paid	-3,550.00	-2,360.00
Net cash from operating activities	7,220.29	5,971.00
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets	-8,867.16	-8,124.59
Sale of fixed assets	12.72	1.00
Interest received	40.21	287.50
Net cash used in Investing activities	-8,814.23	-7,836.09
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term Borrowings	7,244.45	1,754.59
Repayment of long term borrowings	-2,479.83	-1,868.03
Dividend Paid	-517.55	-
Increase/ (Decrease) in cash credits & Packing credits	-2,015.64	2,616.23
Interest Paid	-645.96	-632.11
Net cash flow from financing activities	1,585.47	1,870.68
Net increase/ (decrease) in cash & cash equivalents (A+B+C)	-8.47	5.59
Cash & Cash equivalents at the beginning of year (see note 2)	45.14	39.54
Cash & Cash equivalents at the end of year	36.67	45.13
	- 8.48	5.60

Consolidated Cash Flow Statement As At 31st March, 2019 (Contd.)

Notes :

The Cash flow is based on and derived from the accounts of company for the year ended 31st March, 2019 and 31st March, 2018

Particulars	For the Year Ending 31st March, 2019	For the Year Ending 31st March, 2018
Cash & cash equivalents comprise of :		
Cash in hand	28.84	25.59
With scheduled banks :		
On current accounts	7.82	19.55
On fixed deposit accounts		
Cash and cash equivalents at the end of year	36.66	45.14

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Date: May 11, 2019

Gursaran Singh

Mg. Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

Director

Gourav Jain

Company Secretary

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019.

I. GROUP INFORMATION

GNA Axles Ltd. ("the Company") is a Company established in 1993. The Company manufactures auto components for the four-wheeler industry, primary product being Rear Axles, Shafts, Spindles & other Automobiles Components for sale in domestic and foreign market. The Company has manufacturing location in the state of Punjab Unit -I at Mehtiana & Unit-II at VPO Gulabgarh Jattan (Phagwara-Hoshiarpur Road).

The Company & its subsidiary (Jointly referred to as the "Group") herein considered in these consolidated financial statements are:

A) Subsidiaries:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2019	% voting power held as at 31st March, 2018
GNA Axles Inc.	Michigan	100%	100%

II. SIGNIFICANT ACCOUNTING POLICIES:

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

II.1 Basis of Preparation:

(i) Compliance with Ind AS

These Consolidated financial statements of group comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standard) Rules, 2015 and other relevant provision of the Act.

(ii) Historical Cost Convention

The Consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

(iii) Classification of asset and liabilities

The classification of assets and liabilities into current and non-current, wherever applicable, are based on normal operating cycles of business activities of the Company, which is twelve months.

(iv) Principles of Consolidation

The consolidated financial statements relate to GNA Axles Ltd. And its Subsidiary. Subsidiary is an entity over which GNA Axles Ltd. Exercise control. The Consolidated financial statements have been prepared on the following basis:

The financial Statements of the Group have been combined on a line by line basis by adding together the books values of like items of assets, liabilities income and expenses, after fully eliminating intra-Group balance and intra group transactions and resulting unrealised profits/unrealised losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.

The financial statements of the subsidiary used for the purpose of consolidation are drawn upto the same reporting date as of the group. The consolidated financial statement have been prepared using uniform account policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the companies separate financial statements. On consolidation the assets and liabilities have been translated into INR at the closing rate at the reporting date.

II.2 Summary of Significant Accounting Policies:

a) Property, Plant and Equipment:

Freehold land is carried at historical cost. All other items of Property, plant and equipment are shown at cost, less accumulated depreciation and impairment, if any. The cost of an item of property, plant and equipment comprises its cost of acquisition inclusive of inward freight, import duties, and other non-refundable taxes or levies and any cost directly attributable to the acquisition/construction of those items: any trade discounts and

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

rebates are deducted in arriving at the cost of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statements of profit or loss during the reporting period in which they are incurred.

Gain or losses arising on disposal of property, plant and equipment are recognised in profit or loss.

b) Capital Work in Progress

Property, plant and equipment under construction are disclosed as capital work in progress.

c) Depreciation on tangible fixed assets.

Depreciation on tangible fixed assets is provided using the Written down value Method as per rate prescribed by Co. Law.

d) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Gross Sales are Net of returns, Claims, and Discount. The Company recognises Revenue when amount of revenue can be measured reliably and it is probable that the economic benefits associated with transaction will flow to the entity.

Interest Income is accounted on accrual basis and Fixed deposit interest is accounted as per statement/documents issued by bank.

e) Inventories

Inventories are valued as follows:

- | | | |
|-----------------------------------|---|--|
| a) Stock of Raw Material & Stores | : | At Purchase Price plus Direct Expenses |
| b) Stock of work-in-progress | : | At Estimated Cost Price |
| c) Stock of Finished Goods | : | At cost or Net realisable value whichever is less. |

f) Insurance and other claims

Revenue in respect of claims is recognised when no significant uncertainty exists with regard to the amount to be realised and ultimate collection thereof.

g) Tax Expenses

Current income tax is measured at the amount expected to be paid to the income tax authorities in accordance with the income-tax Act, 1961 enacted in India. **Deferred Income tax** assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax assets is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The company offsets current tax assets and current tax liabilities where it has a legally enforceable right to set-off the recognised amounts and where it intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

h) Earning per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue: bonus element in a rights issue to existing shareholders: share split: and reverse share split (consolidation of shares).

i) Impairment of assets

At each balance sheet date an assessment is made whether any indication exists that an assets has been impaired. If any such

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

indication exists, an impairment loss i.e. the amount by which the carrying amount of an assets exceeds its recoverable amount is provided in the books of accounts

j) Borrowing Costs:

Borrowing cost that is attributable to acquisition or construction of a qualifying asset is capitalised as part of cost of such assets. Qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing cost is recognised as expenses in the period in which they are incurred.

k) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flow, cash & cash equivalents includes cash in hand, cash at bank and demand deposits with banks with an original maturity of three months or less which are subject to an in significant risk of change in value.

l) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent. The company does not recognise a contingent liability but discloses

its existence in consolidated financial statements

m) Cash flow statement

Cash flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating investing and financing activities of the Company are segregated.

n) Foreign Current Transactions

The functional currency of the company is Indian Rupee. These financial statements are presented in Indian Rupee.

Transactions and Balances

The foreign current transactions are recorded, on initial recognition in the functional currency, by applying foreign current amount the spot exchange rate between the functional currency and the foreign current at the date of transaction.

The foreign current monetary items are translated using closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise.

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

1. PROPERTY PLANT & EQUIPMENT

Particulars	Freehold Land	Factory Building	Plant & Machinery	Computers	Office Equipments	Furniture & Fixtures	Vehicle	Total
(A) Gross Block								
Balance as at 1st April, 2018	790.13	5,702.39	30,417.41	566.96	495.67	382.76	854.71	39,210.03
Addition during the year	281.23	1,496.44	4,971.72	87.12	74.15	55.15	331.34	7,297.15
Discarded/Disposed off during the year	-	-	-	-	-	-	141.81	141.81
Balance at at 31st March, 2019	1,071.36	7,198.83	35,389.13	654.08	569.82	437.91	1,044.24	46,365.37
(B) Accumulated Depreciation								
Balance as at 1st April, 2018	-	1,856.25	16,622.90	495.66	313.34	259.94	592.58	20,140.67
Depreciation for the year	-	365.38	2,833.42	64.50	35.94	37.82	136.15	3,473.21
Accumulated depreciation on discarded/disposal	-	-	-	-	-	-	133.21	133.21
Balance at at 31st March, 2019	-	2,221.63	19,456.32	560.16	349.28	297.76	595.52	23,480.67
(C) Net Carrying Amount								
Balance as at 1st April, 2018	790.13	3,846.14	13,794.51	71.30	182.33	122.82	262.13	19,069.36
Balance as at 31st March, 2019	1,071.36	4,977.20	15,932.81	93.92	220.54	140.15	448.72	22,884.70

2. CAPITAL - WORK IN PROGRESS

Particulars	Machinery
Balance as at 1st April, 2018	-
Addition	1,570.00
Less: Capitalised	-
Balance as at 31st March, 2019	1,570.00

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

3. OTHER-NON CURRENT ASSETS

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Advance for Fixed Assets	1,601.59	939.50
Security Deposits	1,549.62	1,502.75
Other Non-Current Assets	260.82	391.23
	3,412.03	2,833.48

4. INVENTORIES

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Raw Material		
Raw Material Steel	3,968.16	3,859.44
Raw Material Non Steel	18.88	14.55
Work in Progress	9,796.47	9,588.52
Finished Goods	1,358.35	938.38
Stores, Spares & Loose Tools		
Stock of Operating Supply	652.50	612.74
Stock of Spare Parts	115.26	124.19
Stock of Diesel	33.56	34.94
Stock of Die Steel	7.50	4.34
Stock of Oil Lubricant	65.51	61.93
Others		
Stock of Scrap Material	21.31	30.80
Stock of Packing	59.26	93.68
	16,096.76	15,363.51

5. TRADE RECEIVABLE

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
(Unsecured but considered good)		
Debtors outstanding for the period exceeding six months	719.13	898.46
Other	30,525.87	22,648.14
	31,245.00	23,546.60

6. CASH & CASH EQUIVALENTS

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Cash in hand	28.84	25.59
Balance with Banks		
(In Current Account)	7.82	19.55
	36.66	45.14

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

7. OTHER BANK BALANCE

₹ in Lacs

Particulars	31st March, 2019	31st March, 2018
In Dividend Account	0.37	-
In Deposit Account	-	2,564.13
(Maturity above 3 months but less 12 months)		
	0.37	2,564.13

8. OTHER CURRENT ASSETS

₹ in Lacs

Particulars	31st March, 2019	31st March, 2018
Pre-paid Expenses	80.93	74.39
Advance to Vendor	232.01	496.02
Advance to Employee	55.54	68.90
Other Current Assets	2,603.43	4,167.73
	2,971.91	4,807.04

9. EQUITY SHARE CAPITAL

₹ in Lacs

Particulars	31st March, 2019		31st March, 2018	
	Nos.	Amount	Nos.	Amount
Share Capital				
(1) Authorised Share Capital				
Equity Share of ₹ 10/- each.	3,000.00	3,000.00	3,000.00	3,000.00
(Previous year Equity Share of ₹ 10/- each)				
(2) Issued, Subscribed & Paid-up				
Equity Shares of ₹ 10/- each	2,146.54	2,146.54	2,146.54	2,146.54
(Previous year Equity Share of ₹ 10/- each)				
	2,146.54	2,146.54	2,146.54	2,146.54

Reconciliation of number of shares outstanding at the beginning and at the end of the year

₹ in Lacs

Equity Shares	31st March, 2019		31st March, 2018	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	2,14,65,400.00	2,146.54	2,146.54	2,146.54
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,14,65,400.00	2,146.54	2,146.54	2,146.54

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

Detail of Shareholding more than 5% share of the company

Particulars	31st March, 2019		31st March, 2018	
	Nos.	%age holding	Nos.	%age holding
Name of Shareholder				
(Equity Shares of ₹ 10/- each)				
S. Gursaran Singh	17,14,886.00	7.99	17,14,886.00	7.99
S. Maninder Singh	24,40,300.00	11.37	24,40,300.00	11.37
S. Jasvinder Singh	30,20,400.00	14.07	26,30,400.00	12.25
S. Ranbir Singh	27,64,862.00	12.88	26,93,520.00	12.55
S. Gurdeep Singh	26,56,900.00	12.38	26,56,900.00	12.38
HDFC Small Cap Fund	11,84,109.00	5.52	-	-

A. Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share 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 proportion to the number of equity shares held by the shareholders.

- B. There are Nil No. of shares (Previous Year: NIL) in respect of shares in our Company held by its holding or its ultimate holding company including shares held by or by subsidiary or associates of holding company or ultimate holding company in aggregate.
- C. There are NIL No. of shares (Previous year NIL) reserved for issue under option and contracts/commitment for the sale of shares/dis-investment including the terms and amounts.

Particulars	As at	
	31st March, 2019	31st March, 2018
1. Aggregate No and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash	NIL	NIL
2. Aggregate No. and class of shares allotted as fully paid-up by way of Bonus Shares	NIL	NIL
3. Aggregate No. and class of shares bought back.	NIL	NIL

- D. There are no securities(Previous year NIL) convertible into Equity shares

- E. There are no calls un-paid (Previous year NIL) including calls un-paid by Directors and officers as on balance sheet date.

10. STATEMENTS OF CHANGES IN EQUITY

Particulars	Security premium	Retained Earning	Total
Balance as at 1st April, 2017	12,411.00	15,127.49	27,538.49
Profit for the year	-	5,085.51	5,085.51
Other Comprehensive Income	-	-	-
Loss on fair valuation of equity shares	-	-	-
Total Comprehensive Income for the year	12,411.00	20,213	32,624.00
Utilised during the year in writing off Public Issue Expenses	-608.02	-	-608.02
Dividend Paid	-	-	-
Prior period adjustment of taxes/ exchange Transactions	-	-28.17	-28.17
Balance as at 31st March, 2018	11,802.98	20,184.83	31,987.81

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

Particulars	Security premium	Retained Earning	Total
Balance as at 1st April, 2018	11,802.98	20,184.83	31,987.81
Profit for the year	-	6,583.97	6,583.97
Other Comprehensive Income	-	-	-
Loss on fair valuation of equity shares	-	-	-
Total Comprehensive Income for the year	11,802.98	26,768.80	38,571.78
Dividend Paid	-	-517.55	-517.55
Prior period adjustment of taxes/exchange Transactions	-	-37.65	-37.65
Balance as at 31st March, 2019	11,802.98	26,213.60	38,016.58

11. BORROWINGS

₹ in Lacs		
Particulars	31st March, 2019	31st March, 2018
A) Non Current		
Secured		
From Banks		
Term Loan	4,113.26	4,348.63
Less: Current Maturities	1,759.61	1,878.61
	2,353.65	2,470.02
From Others		
Bajaj Finance Ltd.	5,000.00	-
Unsecured		
Others	-	-
	7,353.65	2,470.02
B) Current		
Secured		
From Banks (Repayable on Demand)	7,867.55	9,377.87
Unsecured		
Others	-	505.30
	7,867.55	9,883.17

11.1 The above non-current borrowings are secured by mortgage created on the immovable assets of the company both present and future and hypothecation of all moveable assets including movable machinery, tools and accessories and other movables, both present and future subject to charges created in favour of the Bankers/NBFC'S for securing the working capital limits and the personal guarantee of promoter directors.

11.2 Current Borrowings includes Cash Credit Limit, O/D Limit & PCFC from Consortium Banks which are secured by hypothecation of entire present and future tangible current assets of the company as well as second charges on the entire present and future fixed assets of company and personal guarantee of promoter directors.

12. TRADE PAYABLE

₹ in Lacs		
Particulars	31st March, 2019	31st March, 2018
Micro, Small & Medium Enterprises	284.48	-
Others	18,515.81	18,305.09
	18,800.29	18,305.09

12.1 The company has called for information from all the vendors regarding their status under MSME ACT.

Based on the information received regarding the status of the vendors the amount of ₹ 28448496 is out standing to the vendors concerned under MSME ACT as on 31.03.2019.

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

13. OTHER CURRENT FINANCIAL LIABILITIES

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Current Maturity of Non-Current Borrowings	1,759.61	1,878.61
Employee Dues	291.32	150.44
	2,050.93	2,029.05

14. OTHER CURRENT LIABILITIES

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Statutory Liabilities	287.46	228.33
Unpaid Dividend	0.37	-
Advance from Customer	19.43	-
	307.26	228.33

15. CURRENT PROVISIONS

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Outstanding Expenses Payable	1,116.76	729.79
	1,116.76	729.79

16. REVENUE FROM OPERATIONS

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Sale Of Products		
Sale Domestic	42,544.95	36,105.37
Sale Export (Direct)	49,164.90	30,031.22
Gross Sales	91,709.85	66,136.59
Less: Excise Duty	-	741.48
	91,709.85	65,395.11

17. OTHER OPERATING REVENUE

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
FPS Incentive	902.68	655.16
Duty Drawback	867.65	609.60
Exchange Difference	-652.19	353.64
	1,118.14	1,618.40

18. OTHER INCOME

	₹ in Lacs	
Particulars	31st March, 2019	31st March, 2018
Interest Income	40.21	287.50
	40.21	287.50

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

19. COST OF MATERIALS CONSUMED

₹ in Lacs

Particulars	31st March, 2019	31st March, 2018
Consumption Of Raw Material		
Raw Material -Steel	51,585.16	38,406.93
Raw Material-Non-Steel	20.84	27.98
	51,606.00	38,434.91
Consumption Of Store & Spares		
Consumption of operating supply	5,505.45	3,854.55
Consumption of Die Steel	429.54	336.22
Consumption of oil & Lubricants	644.61	525.39
Consumption of Packing Materials	2,165.36	1,937.76
Consumption of Furnace Oil	1,187.62	727.27
	9,932.58	7,381.19
	61,538.58	45,816.10

20. CHANGE IN INVENTORY OF-WORK IN PROGRESS & FINISHED GOODS

₹ in Lacs

Particulars	31st March, 2019	31st March, 2018
At the beginning of Accounting period	10,557.70	7,243.48
At the end of the Accounting period	11,176.12	10,557.70
	-618.42	-3,314.22

21. EMPLOYEE BENEFIT EXPENSE

₹ in Lacs

Particulars	31st March, 2019	31st March, 2018
Wages	1,159.88	902.72
Salary	1,450.48	1,191.13
Production Incentive Bonus	519.53	414.62
Contribution to Provident Fund	98.72	81.76
Family Pension	114.53	103.82
Administration charges	16.74	16.75
Group Gratuity Scheme	79.20	67.03
Group Insurance	-	3.31
Super Annuation Fund	27.52	22.30
Workers and Staff Welfare	161.30	145.23
Bonus	174.81	160.25
Leave with Wages	24.17	19.77
Medical reimbursement	36.82	56.17
	3,863.70	3,184.86

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

22. FINANCIAL COSTS

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
a) Interest Expense		
Interest on Term Loan	424.40	306.67
Interest on Cash Credit	221.52	319.41
Interest to Others	0.04	6.03
b) Other Borrowing Cost		
Bank Commission	164.79	77.65
	810.75	709.76

23. DEPRECIATION AND AMORTISATION EXPENSE

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Depreciation		
Building	365.38	227.44
Plant & Machinery	2,833.42	2,033.22
Furniture & Fixture	37.82	27.06
Vehicle	136.15	71.59
Computers	64.50	87.46
Office Equipments	35.94	33.26
	3,473.21	2,480.03

24. OTHER EXPENSES

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Machining charges	1,670.40	1,441.67
Power & Fuel	5,395.67	4,782.37
Repair & Maintenance	376.76	359.48
Factory Expenses	45.35	31.65
Office Expenses	16.38	18.69
Donation / CSR	93.94	61.19
Subscription / Membership fees	7.99	12.77
Entertainment Expense	9.77	7.45
Fees & Taxes	20.88	37.05
Insurance	97.16	90.89
Legal & Professional Expenses	143.36	139.83
News Paper & Periodicals	1.01	1.23
Payment to Auditors		
As Audit Fee	7.50	7.50
For Taxation purpose	-	-
For any other matters	-	-
Vehicle Petrol	78.10	60.10
Vehicle Repair	59.97	55.55
Repair of Building	26.49	33.06
Postage & Courier expenses	12.68	6.96
Printing & Stationery	46.88	29.54
Generator / General Repair & Maintenance	301.17	251.21
Loss on sale of asset	-4.12	1.42

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Repair & Maintenance of Computer	27.24	31.55
Telephone Expenses	12.37	12.68
Directors sitting fees	3.68	2.42
Rounded-off	-0.01	-1.64
Travelling Expenses	186.66	170.50
Travelling Expenses Foreign	126.52	58.27
IPO Expenses	130.41	130.41
Exchange Difference (Consolidation)	-0.28	0.29
Advertisement expenses	8.69	11.82
Club fee	0.80	0.92
Freight & Cartage outward	1,094.50	891.38
Business Promotion Expenses	27.03	28.12
Export Packing & Forwarding expenses	3,513.85	2,258.58
	13,538.80	11,024.91

25. EARNINGS PER SHARE

Particulars	₹ in Lacs	
	31st March, 2019	31st March, 2018
Basic and Diluted Earnings Per Share		
Net Profit attributable to Equity Shareholders	6583.97	5085.51
Weighted Average number of Equity Shares outstanding during the year	2,14,65,400	21,46,54,00
Face Value	10	10
Basic Earnings Per Share	30.68	23.69
Diluted Earnings Per Share	30.68	23.69

26. RETIREMENT & OTHER BENEFITS

- Gratuity:** - The Company has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service is entitled to gratuity on terms not less favourable than the Provisions of "The Payment of Gratuity Act 1972." The company contributes periodically with LIC of India.
- Provident Fund:** - Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.
- Superannuation Fund:** - Certain employees are also participants in the superannuation plan which is a defined contribution plan. The company has no further obligations to the plan beyond its monthly contribution which are periodically contributed to corpus which is invested with the Life Insurance Corp. of India.

27. CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of amended companies Act 2013 the companies having profit of 5 CR or more has to spend 2% of their average profits of last 3 years upon specific activity falling within CSR. During the year the company has to spent ₹ 109.47 lacs on CSR activities but the company has spent ₹ 84.57 lacs on CSR activity with the approval of its CSR committee. The total unspent Amount upto 31.03.2019 was ₹ 56.00 lacs.

Notes**Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)****28.**

The following are the contingent liabilities during the year.

Particulars	₹ in Lacs	
	2018-19	2017-18
(A) CONTINGENT LIABILITIES		
1. Bank Guarantees	2	2
2. Excise Duty and Service Tax demand against which the company has preferred appeals.	56.75	96.26
3. Income Tax Demands against which the company has preferred appeals.	2.49	135.05
4. Value Added Tax Liabilities	195.53	195.53
(B) COMMITMENTS		
Capital Commitments	0	0

The Company management believes that ultimate outcome of these contingent liabilities will not have a material adverse effect on the company's financial position & results of operations.

29. RELATED PARTY DISCLOSURE

Disclosures as required by Accounting Standards (Ind AS-24) "Related Party Disclosure" are given below".

(a) Chairman, Managing Director & Directors

- S. Rachhpal Singh – Chairman
- S. Gursaran Singh – Managing Director
- S. Jasvinder Singh – Joint Managing Director
- S. Ranbir Singh – Whole time Director & CEO
- S. Kulvin Seehra – Executive Director
- S. Harvinder Seehra – Executive Director

(b) Key Managerial Personnel

- Mr. Rakesh Gupta – Chief Financial Officer
- Mr. Gaurav Jain – Company Secretary
- S. Maninder Singh – Sr. Vice-President (Planning)
- Mrs. Loveleen Kaur – Sr. Vice-President (Corporate Affairs)

(c) Wholly owned Subsidiary Company

- GNA Axles INC Michigan

(d) Company in which Directors and their relatives are directors

- GNA Gears Limited
- GNA Udyog Limited
- GNA Transmission (Punjab) Limited
- GNA Investment Limited
- Amarson Automotive Limited

(e) Firms in which Directors and their Relatives are Partners

- M/s Seehra Overseas
- M/s GNA Sons
- M/s GNA Consultancy
- M/s GNA Autotech

Notes

Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

		₹ in Lacs
Nature of Transaction	2018-19	2017-18
(a) Security Deposit with-		
GNA Udyog Limited	488.96	488.96
GNA Sons	565.21	565.21
Seehra Overseas	10.00	10.00
(b) Remuneration		
S. Rachhpal Singh	54.60	50.40
S. Gursaran Singh	54.60	52.92
S. Ranbir Singh	174.79	82.08
S. Jasvinder Singh	174.79	82.08
S. Kulvin Seehra	30.87	26.46
S. Harvinder Seehra	30.87	26.46
(c) Remuneration Paid to Key Managerial Personnel		
Mr. Rakesh Gupta	12.36	10.84
Mr. Gaurav Jain	6.32	6.10
(d) Remuneration paid to Director's relatives		
S. Maninder Singh	26.99	4.50
Mrs. Loveleen Kaur	26.99	4.50

30. TRADE RECEIVABLE AND TRADE PAYABLES ARE SUBJECT TO CONFIRMATION

31. SEGMENT REPORTING

The Company is in the business of manufacturing automobile components which is a single business segment, so separate segment reporting is not required.

32. REMUNERATION TO DIRECTORS

	₹ in Lacs
Remuneration of Directors	2018-19
Salary	520.51

33. In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The Provision for all known liabilities is adequate and not in excess of amount reasonably necessary.

34. The company has called for information from the vendors regarding their status under the micro, small and medium enterprises. Based on the information received regarding the status of vendors under MSME ACT the amount of ₹ 28448496 has been derived as due to vendors under MSME ACT as on 31.03.2019.

35. AUDITORS REMUNERATION:

		₹ in Lacs
Sr. No.	Particulars	Current year
1.	Audit Fee	7.50

Notes**Forming Part of consolidated Financial Statements for the year ended 31st March 2019 (Contd.)**

36. Dividend : Final dividend is accounted for in books when approved by shareholders and interim dividend, if any, will be accounted for on declaration.

37. Previous Years Figures have been re-grouped/ re-arranged wherever consider necessary.

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Date: May 11, 2019

Gursaran Singh

Mg. Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

Director

Gourav jain

Company Secretary

G N A AXLES LIMITED**[CIN: L29130PB1993PLC013684]****Registered Office:** GNA House, 1-C Chhoti Baradari – II Garha Road, Oposite Medical College Jalandhar 144001 Punjab.**Email:** gjain@gnagroup.com **Website:** www.gnagroup.com**PROXY FORM****[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

Name of the member (s)	:
Registered Address	:
Email Id	:
Folio No./ DPID-Client ID	:

I/We, being the member (s) of _____ Shares of the above named Company, hereby appoint:

1. Name: _____ Address: _____

Email Id: _____ Signature: _____ or failing him

2. Name: _____ Address: _____

Email Id: _____ Signature: _____

as my/ our proxy to attend and vote (on a poll) for me as me/us and on my/ our behalf at the 26th Annual General Meeting of the Company, to be held on Friday 23rd August, 2019 at 12:30 P.M. Hotel Country Inn & Suites GT Road Jalandhar – 144001 Punjab and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
Ordinary Business	
1	Adoption of Consolidated & Standalone Audited Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2	To declare Dividend on equity Shares
3	Re-Appointment of Mr. Kulwin Seehra (DIN 03522812), liable to retire by rotation and being eligible, offers himself for re-appointment.
4	Re-Appointment of Mr. Jasvinder Singh (DIN 01831572), liable to retire by rotation and being eligible, offers himself for re-appointment.
5	Re-Appointment of Mr. Ranbir Singh (DIN 015727208), liable to retire by rotation and being eligible, offers himself for re-appointment.
6	Appointment of Statutory Auditors of the Company
Special Business	
7	Appointment of Lt. Gen Praveen Bakshi (DIN 08261443)
8	Approval of the remuneration payable to Mr. Jasvinder Singh (DIN 01831572)
9	Approval of the remuneration payable to Mr. Ranbir Singh (DIN 01572708)

Signed this _____ day of _____ 2019

Affix
Revenue
Stamp
of Re. 1
here_____
Signature of Proxy holder(s)_____
Signature of Shareholder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





Route map to the venue of 26th Annual General Meeting



If Undelivered please return to:

Registered Office

GNA Axles Limited, GNA House, 1-C, Chhoti Baradari - II, Garha Road, Jalandhar City - 144001, Punjab, India

Corporate Office

GNA Axles Limited, Mehtiana - 146001, District - Hoshiarpur, Punjab, India

CORRIGENDUM TO THE NOTICE DATED JULY 12, 2019 OF THE 26TH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON AUGUST 23, 2019

EXPLANATORY STATEMENT TO ITEM NO 6 (ORDINARY BUSINESS).

The Board of Directors in their meeting held on 12th July, 2019 upon the recommendations of the Audit Committee has decided to appoint M/s Harish & Co. Chartered Accountants as Statutory Auditors of the Company, subject to the approval of the shareholders, for a period of five years from the conclusion of the 26th Annual General Meeting till the conclusion of the 31st Annual General Meeting, i.e for a term of 5 years on such remuneration as will be decided by the Managing Director in consultation with the Statutory Auditors. M/s Harish & Co. was appointed as Statutory Auditors, upto the date of the ensuing Annual General Meeting by the shareholders, in the Extra Ordinary General Meeting held on 29th April 2019 to fill the casual vacancy created by the death of the erstwhile Statutory Auditor Mr. Harish Kumar Monga. The Statutory Auditors will be paid as per the policy of the Company which has been followed by the Company in the past. M/s Harish & Co. Chartered Accountants, Jalandhar is a partnership firm of Chartered Accountants practicing in Jalandhar and the partners have a combined experience of 35 years in the field of Audit and Compliance. The firm is engaged in the Audit and providing consultancy to various Companies and firms doing business of manufacturing and trading of Auto Components, Tiles and Ceramics, Service Sector, Public Transport etc. The Board of Directors and the Audit Committee of the Company is of the view and opinion that the proposed Auditors are having sufficient experience and are best suited to conduct the Audit of the Company and also they have conducted the Audit of the Company for the Financial Year 2018-2019 after their appointment by the shareholders in their EGM to fill the casual vacancy.

MEMORANDUM OF INTEREST

None of the Directors or Key Managerial Personnel of the Company are in any way interested or concerned financially or otherwise in the resolution set out in Item No 6.

Place: Jalandhar

Dated: July 27, 2019

By order of the Board
FOR GNA AXLES LIMITED

Gourav Jain
(Company Secretary)