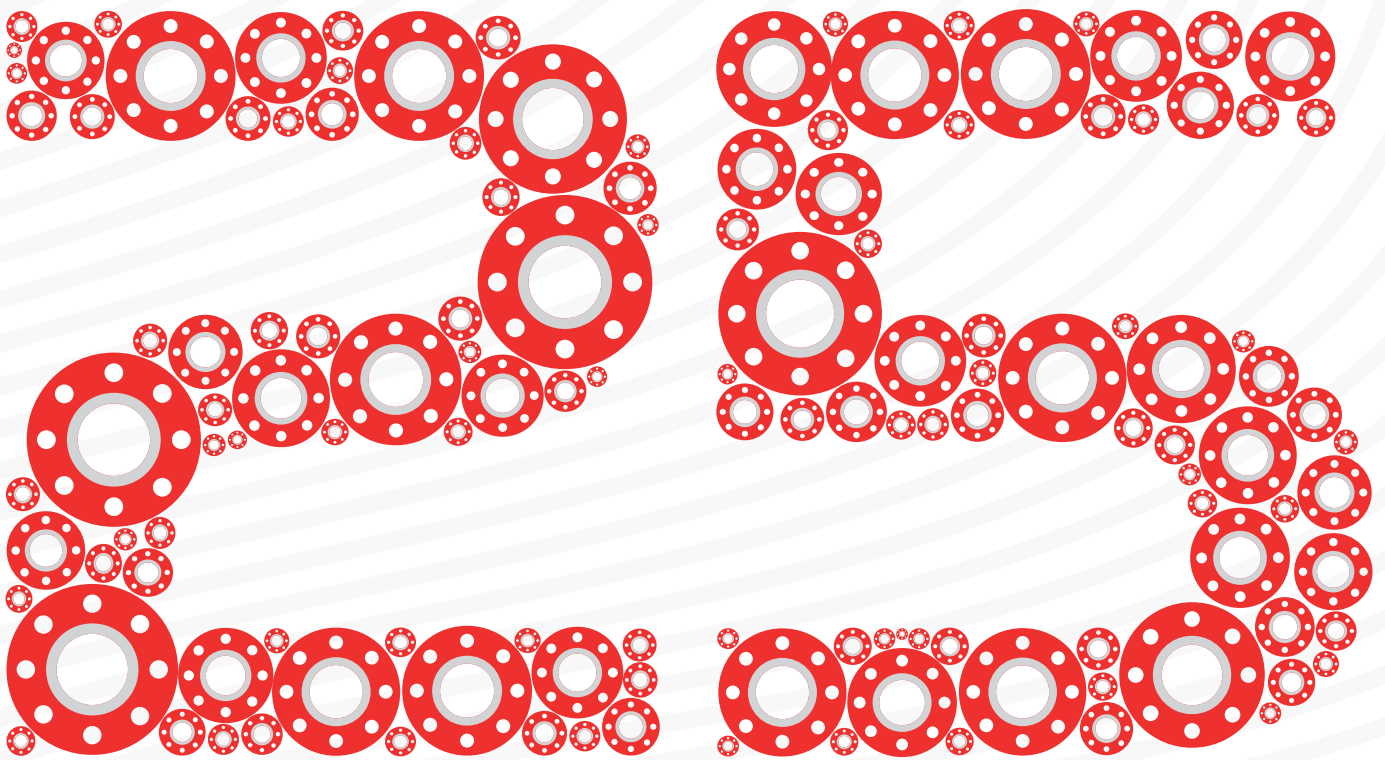


**GNA**



years of **Axlence**

# What's Inside

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Scan



The online version of the report could be downloaded from below URL

[www.gnagroup.com/investor-relations/](http://www.gnagroup.com/investor-relations/)

### Forward Looking Statement

This document contains statements about expected future events and financial and operating results of GNA Axles 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's discussion and analysis of this annual report.



# It's that time of our journey...

When our patience showed us  
the way to Succeed

# It's that time of our journey...

When we honour and cherish our  
25 years of Excellence

# It's that time of our journey...

When we are celebrating our past and  
getting ready for the Future

GNA Axles Ltd. (GNA or 'the Company') has carved a niche across India with its impeccable quality standards along with unmatched product offerings. The Company has always believed in sheer dedication, aspiration and enthusiasm which has driven the momentum over the past 25 years. The confidence and goodwill amongst its clients has been constantly evolving with a bevy of new-age innovations and smarter solutions.

Today, GNA is recognised amongst the world's leading manufacturers of automotive transmission components, delivering engineered products across leading OEMs in India and the world.

# Moments to cherish. 25 years of **Axlence**.

## 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 Original Equipment Manufacturers

## 2002-2003

Started exports to USA and Europe

Achieved sales of ₹ 10 Crs

## 2004

Installed 13" Upsetter with new heat treatment shop

## 2005-2006

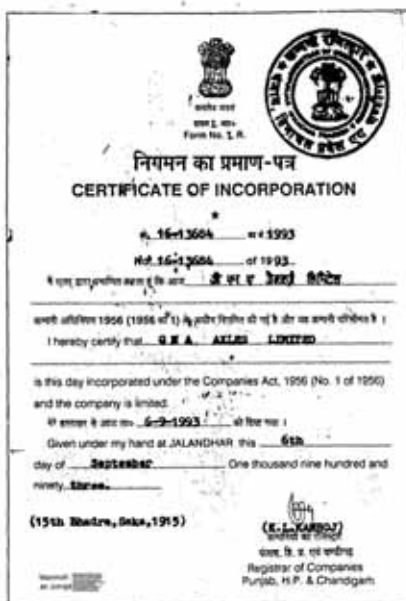
Started manufacturing Spindles For Commercial Vehicles

## 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



Beginning of our journey



Our Mentors:  
Present Chairman, S. Rachpall Singh & Managing Director, S. Gursaran Singh (Right to Left)



First visit of Meritor team in 2002



Initial years of GNA





Late S. Amar Singh Ji – Founder Chairman of GNA Axles Ltd – Our Guiding Force till eternity

### 2009

Started exporting spindles

### 2012

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

### 2013

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

### 2015

Commissioned 66kVA dedicated electricity supply line for Unit II

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

### 2016

Launched Initial Public Offering and got listed on NSE and BSE

Achieved sales of ₹ 500 Crs

### 2017

Started construction of new shed for SUV Axle Shafts

Installed Automatic Machining Line for Rear Axle Shafts

Instilled Automated Machining Line for Spindles

### 2018

Achieved sales of ₹ 670 Crs



Inauguration of Unit II of the Company in 2012



Listing of Equity Shares of the Company on BSE on September 26, 2016



Laying of foundation stone of SUV Shed of the Company in 2017



Inauguration of Automated Spindle Machining Line for Spindles by Ms. Linda, Taliaferro, Vice President, Global Quality, Meritor Inc.



Inauguration of Automated Machine Line for Rear Axle Shafts by Marta Masciaga, Sr. Director Procurement, Meritor Inc.

# Corporate with an ambition to **Axle!**



GNA Axle is a leading name in the Indian Auto Component Industry. Established in 1993, the Company manufactures a wide range of automotive transmission components that includes rear axles, shafts and spindles for on-highway vehicles (LCV, MCV and HCV, amongst others) and off-highway vehicles. The products find their application in number of industries viz, agricultural tractors and machines, forestry, construction equipment, defence and mining. It has one of the largest integrated plants in the Asian sub-continent.

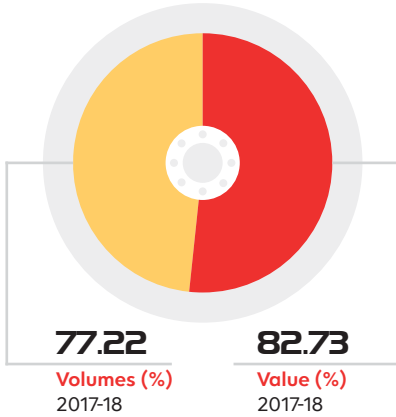
GNA Axles Ltd. (GNA or the Company), established as the Group's flagship company, is amongst India's leading manufacturers of Rear Axles Shafts, Spindles and Splined Shafts. The Company largely caters to the Original Equipment Manufacturers (OEMs) in India and globally.

GNA's two state-of-the-art manufacturing facilities are located at Mehtiana (District Hoshiarpur) and Gulabgarh Jattan (District Kapurthala) in Punjab with a total annual capacity of 2.8 Million Rear Axle Shafts, 0.4 Million Other Shafts and 0.8 Million Spindles.





### Rear Axles Shafts



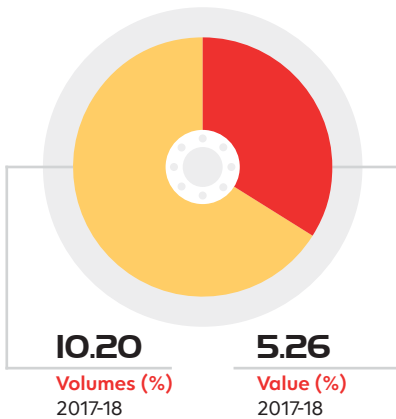
₹ **67013.52** Lacs

Annual turnover in FY18

**30.53** %

Improvement in Sales in FY18

### Other Shafts



₹ **10591.96** Lacs

EBITDA in FY18

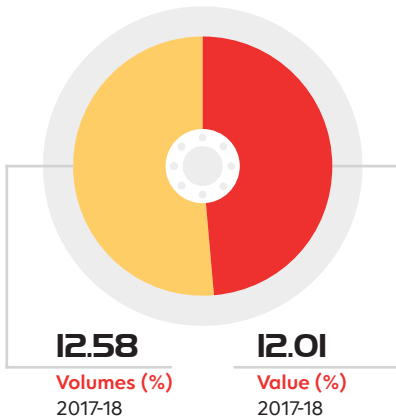
**15.21** %

EBITDA Margin in FY18

₹ **5088.43** Lacs

PAT in FY18

### Spindles



**7.59** %

PAT Margin in FY18

**1127**

Employees as on  
31st March 2018

# Our **Axlent** Offerings

GNA has garnered unmatched experience in the field of axles and the outcome is a multiplier effect of its quality and expertise.



## Rear axle shafts

Rear axle shafts is the primary product of the Company which contributes to 82.73 % of its revenues and 77.22% of components manufactured in FY18. The Company has a large variety of axle shafts ranging from 1.5 kg to 65 kg and with a capacity to manufacture up to 165 kg. Our long-standing global presence is owed to the experience in development and manufacture of this product.

**2.27** Million

Units manufactured in 2017-18

₹ **51769** Lacs

Contribution to total revenue

**2.8** MPPA

Axle shafts capacity





## Spindles

GNA manufactures spindles for on-highway vehicular segments. Spindle is a part of axle housing assembly of an automobile. Spindles contributed to approximately 12.01% of its FY18 sales and 12.58% of components manufactured in FY18.

**0.37 Million**

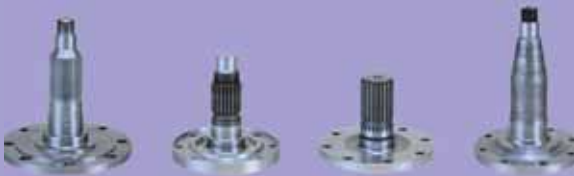
Units manufactured in 2017-18

**₹ 7512 Lacs**

Contribution to total revenue

**0.8 MPPA**

Spindles capacity



## Other shafts

GNA manufactures other shafts including drive shafts, power take-off shafts, hydraulic lift shafts and transmission shafts. These shafts are a part of transmission assembly of an automobile.

Other shafts contribute 5.26 % of its FY18 revenues and 10.20% of FY18 components manufactured.

**0.30 Million**

Units manufactured in 2017-18

**₹ 3292 Lacs**

Contribution to total revenue

**0.4 MPPA**

Other shafts capacity

\*Units Million pieces

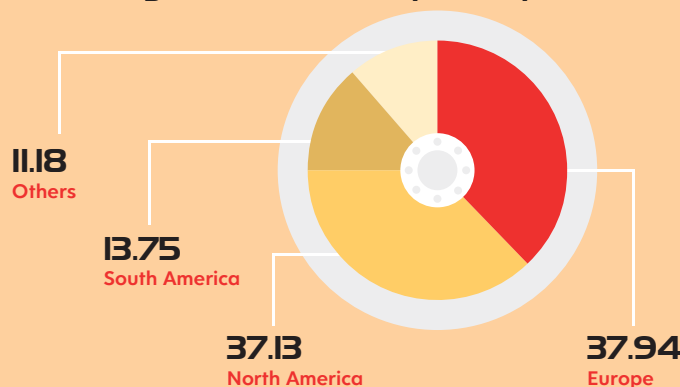
\*MPPA: Million pieces per annum

# Axleing customers' expectations!

GNA's customers have been an integral part of the 25 years of success story. The Company works in tandem with the customer's requirements across the automobile segment and delivers solutions as per their needs. Today 100% of the customers have been with the Company for over 15 years.

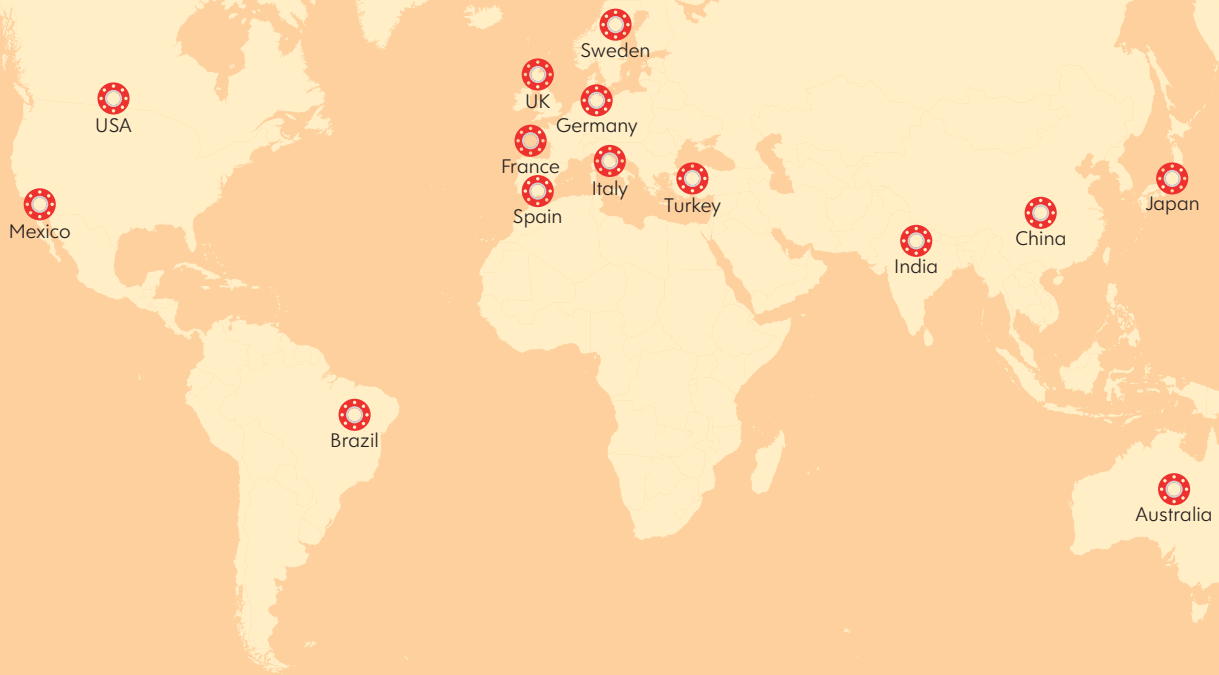
The Company's customers include global OEMs and tier-I suppliers such as Dana Limited (USA, Mexico and Brazil), John Deere (Brazil), Kubota Corporation (Japan) and Meritor HVS AB (Sweden, Italy, Brazil, USA, China and Australia), as well as leading Indian OEMs and tier-I suppliers such as TAFE, International Tractors Ltd, Escorts Limited, Axles India Ltd, Automotive Axles Limited and Mahindra & Mahindra Ltd.

**Region wise breakup of Exports revenue (%)**





# Axleing globally



**North America:** USA, Mexico

**South America:** Brazil

**Europe:** Sweden, Germany, France, Spain, Italy, Turkey, UK

**Asia:** Japan, China, India

**Australia:** Australia

# Axleing competitively

GNA has successfully built the foundation and are evenly placed to repeat the success through by leveraging its competitive advantages.

## Proximity to customers:

The Company is present in the vicinity of its clients' manufacturing facilities like International Tractors Limited, Mahindra & Mahindra, Escorts Limited and CNH Limited. This allows them to benefit from the lower transportation and logistics costs.

## Integrated setup:

The manufacturing capabilities and capacities are fully integrated right from forging to finished goods. As a result, GNA is in a position to produce and manufacture customised products for varied customer needs. This provides greater economies of scale.



## Full-service capabilities:

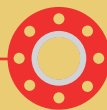
The facilities are equipped with all kinds of, machining and forging systems, thus providing all types of engineering solutions under one roof.

## Robust engineering capabilities:

The Company strongly emphasises on engineering and product development to enhance its product range and improve the manufacturing processes. Its in-house metallurgical and metrological laboratories offer continuous innovation and improvements in manufacturing processes which leads to low input cost and lower operational cost.

# Favourable positioning!

- Sustained market leadership in axle shafts in domestic MCV & HCV and OH segment and strong presence in major markets across the globe
- Consistent order inflows from domestic and exports markets
- Focus on cost reduction and process improvement, leading to higher profitability
- Immune to technology disruptions as the Company focuses on mobility components (axle shafts and spindle use in movement of the vehicle)



# Managing Director's take on the Company's performance





**I am delighted to inform you that your Company has reported a robust growth and delivered its best-ever performance, in terms of both sales and profitability in 2017-18.**



## Dear Shareholders,

Its indeed a great moment for GNA, as we complete 25 years of our existence. All throughout our journey, we have excelled in delivering the best solutions to our customers. And in doing so we have also earned your trust and support. Our current year's theme is a dedication to our smooth odyssey and the excellence we have built over the years.

I am delighted to inform that your Company has reported a robust growth and delivered its best-ever performance, in terms of both sales and profitability in 2017-18. It has registered a growth of 30% in sales and 72% in net profit on a consolidated basis. Your Company's performance coupled with the confidence reposed by all stakeholders helped it to double its market capitalisation as on March 31, 2018.

India reported a GDP growth of 6.7% during 2017-18, recovering to a great extent from the temporary disruptions caused by demonetisation and Goods and Service Tax implementation. The formalisation of economy was a great initiative by the Government as it strengthens the market positioning of organised players like us. As per the projections of the World Bank and the IMF, India is expected to grow around 7.3% in FY 2019 and 7.5% in FY 2020.

Your Company during the year under review put up a very good show and clocked in highest ever revenue from operations of ₹ 670 crores against ₹ 513 crores, thereby showing an increase of 30% on account of an increased demand from its customers, both in India and abroad. Your Company also achieved another milestone during the year by clocking an export turnover of ₹ 300 crores in FY 2018 as against ₹ 233 crores in FY 2017, thereby showing an increase of 29%. With improving sentiments and good monsoons, we expect a steady demand in the domestic segment for the Company's products.

The export demand from the European and North American markets have also been increasing and we expect the same to continue in the coming years.

At GNA, we continuously strive to increase our market share with the existing customers and also penetrate into newer markets and by diversifying our product portfolio. As a de-risking measure, we decided to foray into the manufacture of SUV Axle Shafts which will be a new product from GNA stable. We have started the construction of the factory shed, adjacent to our existing unit – II for the manufacturing of the SUV Axles for the domestic and the export markets. We are hoping to commence the commercial production from the new unit during the financial year 2019-20.

Your Company has always focused on the technology upgradations with automation and efficiency improvement for lower cost of production. Our investments in technology benefits our customers, without compromising on the quality of our products. This helps us maintain our leadership position in the industry.

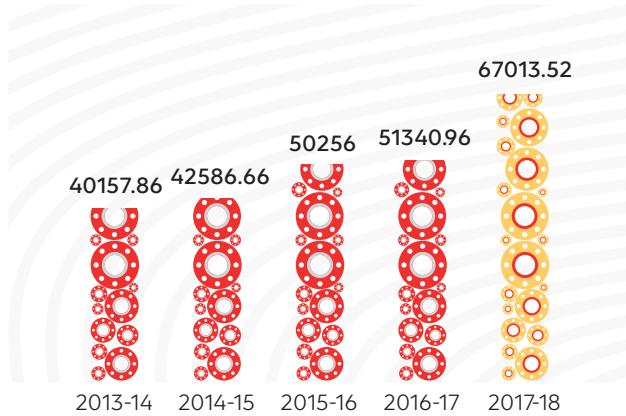
On this note, I would like to thank our customers for their faith and un-relented confidence imposed by them in GNA for the last 25 years. I would also like to appreciate my fellow Board Members for their guidance and support, our employees for their dedication, our lenders and other business associates for their trust in GNA. I am hopeful that we will continue to achieve the next level of growth in leaps and bounds over the years to come.

Best Wishes,  
**Gursaran Singh**

# Financials

## Net Sales

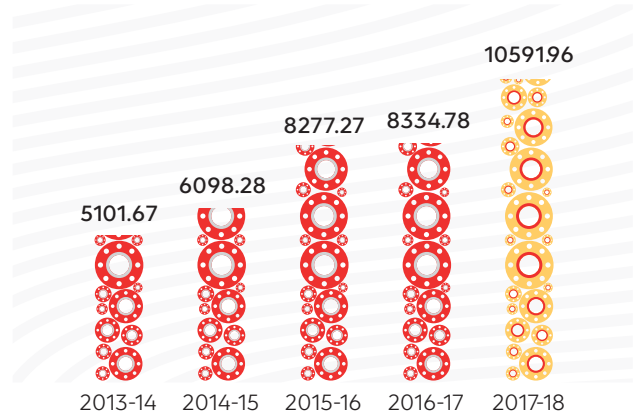
(₹ Lacs)



YOY Growth: **30.53 %** | 5-year CAGR: **10.78 %**

## EBIDTA

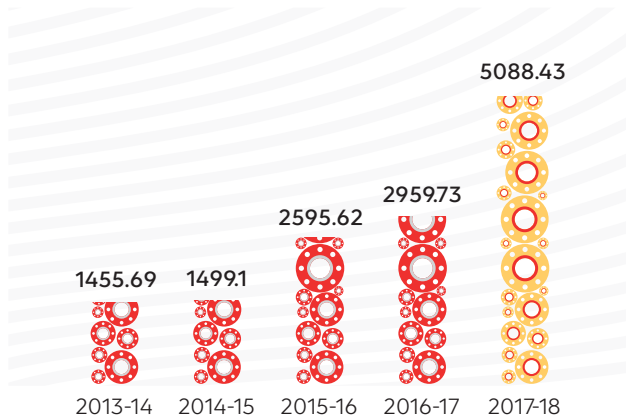
(₹ Lacs)



YOY Growth: **27.08 %** | 5-year CAGR: **15.72 %**

## PAT

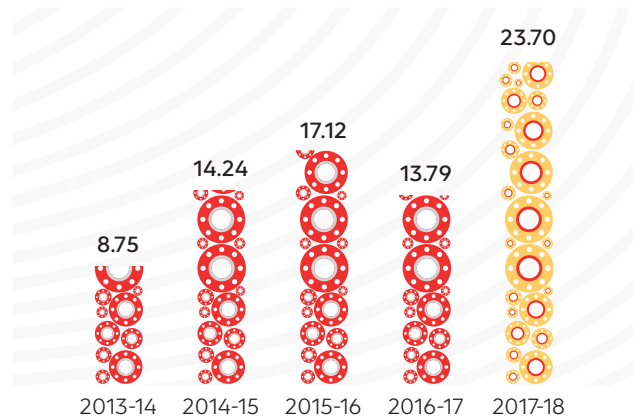
(₹ Lacs)



YOY Growth: **71.92 %** | 5-year CAGR: **28.44 %**

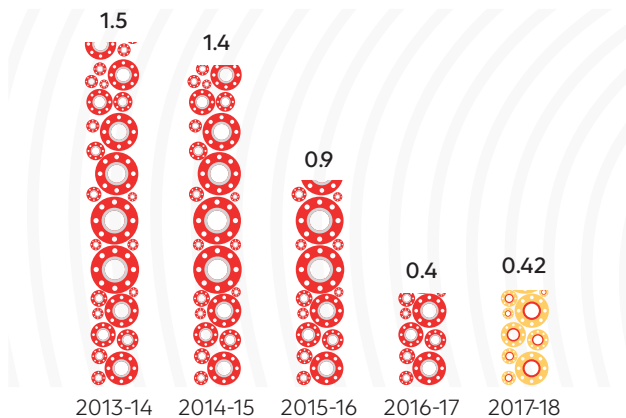
## Earnings Per Share

(₹)



YOY Growth: **71.86 %** | 5-year CAGR: **22.04 %**

## Net Debt Equity Ratio







# Corporate Social Responsibility

As a part of our business and sustainability philosophy, we continuously engage with communities and society around us, to leave a positive impact on their lives.

GNA firmly believes that growth does not happen in isolation. We are of the view that opportunities for education and technical upgradation of our youth must be created locally. Hence, we as corporate citizens, assume responsibility of doing it as best as we can.

During the year under review, GNA made active contributions in the field of Healthcare, Rural Development & Education to support the community at large.

₹ **57.59** Lacs  
Total CSR spent in 2017-18

## Awards



Award for best quality conferred by Escorts Limited



Platinum Award in forging category by Automotive Axles Limited



Commendable performance award conferred by John Deere India



Forging supplier of the year award conferred by Arvin Meritor

# CORPORATE INFORMATION

## Board of Directors

**Mr. Rachhhpall Singh**

Executive Chairman

**Mr. Jasinder Singh Johal**

Independent Director

**Mr. Gursaran Singh**

Managing Director

**Mr Anish Kumar Dhingra**

Independent Director

**Mr. Jasvinder Singh**

Jt. Managing Director

Air Cmde (Retd.)

**Shailindra Singh Kaushik**

Independent Director

**Mr. Ranbir Singh**

CEO and Whole-Time Director

**Mr Vikas Uppal**

Independent Director

**Mr. Kulwin Seehra**

Whole-Time Director

**Mr. Ajit Singh**

Independent Director

**Mr. Harwinder Singh**

Whole-Time Director

**Mr. Manbhupinder Singh Atwal**

Independent Director

**Mr. Gurdeep Singh**

Director

**Mrs Geeta Khanna**

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

### GNA AXLES LIMITED

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

**Notice** is hereby given that **TWENTY FIFTH ANNUAL GENERAL MEETING** of the shareholders of GNA Axles Limited will be held on 15th September, 2018 at 12:30 P.M at Hotel Aveda Kamal Palace, Civil Lines Jalandhar – 144001 to transact the following business:-

#### ORDINARY BUSINESS

- To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheet as at 31st March, 2018, statement of Profit & Loss for the year ended on that date, together with the report of Auditor's and Director's thereon.
- To declare Dividend on Equity Shares.
- To appoint a Director in place of Mr. Harwinder Singh, (DIN 03522842) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
- To appoint a Director in place of Mr. Rachhpall Singh, (DIN 00806002) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
- To appoint a Director in place of Mr. Gursaran Singh, (DIN 00805558) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
- 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) and pursuant to approval of members in

the 24th Annual General Meeting, the appointment of M/s Harish & Co., (Firm Registration Number 0017372N) Chartered Accountants, Jalandhar, as Statutory Auditors of the Company, be and is hereby ratified to hold office as such from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, on such remuneration as may be decided by the Managing Director in consultation with the Auditor."

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this resolution."

#### SPECIAL BUSINESS:

- To Reappoint Mr. Jasvinder Singh as Jt. Managing Director of the Company.

To consider and if thought fit to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to section 196, 197, 198, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modifications or re-enactments thereof), the relevant clauses of Articles of Association of the Company, Mr. Jasvinder Singh (DIN : 01831572) be and is hereby reappointed as Jt. Managing Director of the Company at a monthly remuneration in the scale of ₹ 6,00,000-50,000-8,00,000 plus such perks and Allowances as given below for the period of Five years w.e.f 01/04/2018 to 31/03/2023.

S.NO.	REMUNERATION	DETAILS
I.	Salary	6,00,000-50,000-8,00,000
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.

## Notice (Contd.)

S.NO.	REMUNERATION	DETAILS
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 per annum on the net profits of the Company, before charging such commission.

**RESOLVED FURTHER THAT** Mr. 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 appointment of Mr. Jasvinder Singh as Jt. Managing Director."

8. To Reappoint Mr. Ranbir Singh as Wholetime Director of the Company.

To consider and if thought fit to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to section 196, 197, 198, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modifications or re-enactments thereof) and the relevant clauses of Articles of Association of the Company, Mr. Ranbir Singh (DIN : 01572708) be and is hereby appointed as Whole time Director of the Company at a monthly remuneration in the scale of ₹ 6,00,000-50,000-8,00,000 plus such perks and Allowances as given below for the period of Five years w.e.f. 01/04/2018 to 31/03/2023.

S.NO.	REMUNERATION	DETAILS
I.	Salary	6,00,000-50,000-8,00,000
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.



## » Notice (Contd.)

S.NO.	REMUNERATION	DETAILS
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.
h)	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.
i)	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.
j)	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. Ranbir Singh Whole time Director will be entitled to a commission of 1 percent per annum on the net profits of the Company, before charging such commission.

**RESOLVED FURTHER THAT** Mr. Gurdeep Singh - 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 appointment of Mr. Ranbir Singh as Whole time Director."

**By order of the Board**  
FOR **GNA AXLES LIMITED**

**Gourav Jain**  
**(Company Secretary)**

Place: Mehtiana  
Dated: 19th July, 2018

## ▶▶ 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 7th September, 2018.
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 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.
9. 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 25th 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](http://www.gnagroup.com) for their download.
10. 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.
11. 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.
12. 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.
13. 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.

### 14. 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 25th Annual General Meeting (AGM) by electronic means and business may be transacted through e-voting services provided by Link Intime India Private Limited.



## Notes: (Contd.)

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 12th September 2018 at 9:00 AM and ends on 14th September 2018 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 8th September 2018, 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).

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). <ul style="list-style-type: none"> <li>• 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.</li> </ul>
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. <ul style="list-style-type: none"> <li>• 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).</li> </ul>

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)

## ▶▶ Notes: (Contd.)

**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**

6. 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.

7. 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’.

8. If you wish to view the entire Resolution details, click on the ‘View Resolutions’ File Link.

9. 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.

10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

11. 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.

- 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](mailto: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](http://www.gnagroup.com) and on the website of Link Intime India Private Limited and will be communicated to the Stock Exchanges.





## »» ANNEXURE TO THE NOTICE

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT

#### ITEM NO 7 OF THE SPECIAL BUSINESS.

Mr. Jasvinder Singh was appointed as Wholetime Director of the Company w.e.f 1st April 2013 for a period of 5 years and he was redesignated as Jt. Managing Director of the Company w.e.f 1st June 2015 till 31st March 2018. The Board of Directors of the Company in its meeting held on 19th January 2018, upon the recommendations of the Nomination and Remuneration committee of the company, had reappointed Mr. Jasvinder Singh as Jt. Managing Director of the Company, for a further period of 5 years from 1st April 2018 to 31st March 2023, subject to the approval of the shareholders of the company in the 25th Annual General Meeting, on such remuneration as provided in the resolution. He is having an experience of more than 35 years in the auto components industry and the Company has gained immensely from his experience and the Company intends to gain from his experience in the time to come.

The details of Mr. Jasvinder Singh, as required to be given pursuant to Listing Regulations and Secretarial Standards, are attached to the notice.

The Board recommends the Special Resolution as set out at Item No 7 of the Notice for the approval by the shareholders. This statement may also be regarded as a disclosure under the SEBI (LODR), Regulations, 2015.

#### 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 7.

#### ITEM NO 8 OF THE SPECIAL BUSINESS.

Mr. Ranbir Singh was appointed as Wholetime Director of the Company w.e.f 1st April 2013 for a period of 5 years till 31st March 2018. The Board of Directors of the Company in its

meeting held on 19th January 2018, upon the recommendations of the Nomination and Remuneration committee of the company, had reappointed Mr. Ranbir Singh as Wholetime Director of the Company, for a further period of 5 years from 1st April 2018 to 31st March 2023, subject to the approval of the shareholders of the company in the 25th Annual General Meeting, on such remuneration as provided in the resolution. He is having an experience of more than 35 years in the auto components industry and the Company has gained immensely from his experience and the Company intends to gain from his experience in the time to come.

The details of Mr. Ranbir Singh, as required to be given pursuant to Listing Regulations and Secretarial Standards, are attached to the notice.

The Board recommends the Special Resolution as set out at Item No 8 of the Notice for the approval by the shareholders. This statement may also be regarded as a disclosure under the SEBI (LODR), Regulations, 2015.

The details of S. Ranbir Singh, as required to be given pursuant to Listing Regulations and Secretarial Standards, are attached to the notice.

The Board recommends the Special Resolution as set out at Item No 8 of the Notice for the approval by the shareholders. This statement may also be regarded as a disclosure under the SEBI (LODR), Regulations, 2015.

#### 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 8.

By order of the Board  
FOR **GNA AXLES LIMITED**

**Gourav Jain**  
(Company Secretary)

Place: Jalandhar  
Dated: 19th July, 2018

## Annexure To The Notice (Contd.)

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 2018

Name of Director	Mr. Harwinder Singh	Mr. Rachhpall Singh	Mr. Gursaran Singh
<b>Date of Birth</b>	18-10-1982	15-10-1933	20-04-1936
<b>Date of Appointment</b>	01-04-2011	01-04-2014	01-04-2014
<b>Expertise in specific functional area</b>	Experience of more than 8 years in Auto Components Industry.	Experience of more than 55 years in the auto components industry	Experience of more than 55 years in the auto components industry
<b>Qualification</b>	Graduate	Under Graduate	Under Graduate
<b>Directorship of other Companies as on 31st March 2018</b>	-	-	1. GNA Gears Limited 2. Guru Nanak Transmissions Punjab Limited.
<b>Chairman / Member of committees of other Companies as on 31st March 2018.</b>	-	-	
<b>Number of shares held</b>	NIL	5,02,400	17,14,886
<b>Relationship with other Director(s)</b>	Son of Mr. Jasvinder Singh	Brother of Mr. Gursaran Singh and father of Mr. Jasvinder Singh	Brother of Mr. Rachhpall Singh and father of Mr. Ranbir Singh and Mr. Gurdeep Singh

Name of Director	Mr. Jasvinder Singh	Mr. Ranbir Singh
<b>Date of Birth</b>	26-07-1958	04-12-1961
<b>Date of Appointment</b>	06-09-1993	06-09-1993
<b>Expertise in specific functional area</b>	Experience of more than 35 years in Auto Components industry.	Experience of more than 35 years in Auto Components industry.
<b>Qualification</b>	Graduate	Diploma in Mechanical Engineering
<b>Directorship of other Companies as on 31st March 2018</b>	1. GNA Investment Limited 2. Guru Nanak Transmissions Punjab Limited 3. Automotive Components Manufacturers Association of India	1. GNA Gears Limited. 2. GNA Investments Limited 3. Guru Nanak Transmissions Punjab Limited. 4. Association of India Forging Industry.
<b>Chairman / Member of committees of other Companies as on 31st March 2018.</b>	-	-
<b>Number of shares held</b>	26,30,400	26,93,520
<b>Relationship with other Director(s)</b>	Son of Mr. Rachhpall Singh and father of Mr. Harwinder Singh	Son of Mr. Gursaran Singh, brother of Mr. Gurdeep Singh and father of Mr. Kulwin Seehra



# Management Discussions and Analysis

## ECONOMY OVERVIEW

### Global Economy

As per the report of IMF the global economy has grown at a rate of around 3.7% in 2017 which is 0.5 % higher than in 2016 on the back of global economic turnaround that started in 2016 and which has become more stronger in 2017.

According to World Bank despite recent softening, global economic growth will remain robust at 3.9 percent in 2018 and 2019 before slowing gradually over the next two years, as advanced-economy growth decelerates and the recovery in major commodity-exporting emerging market and developing economies levels off.

Activity in advanced economies is expected to grow 2.2 percent in 2018 before easing to a 2 percent rate of expansion next year, as central banks gradually remove monetary stimulus, the June 2018. Growth in emerging market and developing economies overall is projected to strengthen to 4.5 percent in 2018, before reaching 4.7 percent in 2019 as the recovery in commodity exporters matures and commodity prices level off following this year's increase.

This outlook is subject to considerable downside risks. The possibility of disorderly financial market volatility has increased, and the vulnerability of some emerging market and developing economies to such disruption has risen. Trade protectionist sentiment has also mounted, while policy uncertainty and geopolitical risks remain elevated.

### Indian Economy

India has witnessed many path breaking reforms in the year 2017-2018 and the Government has taken initiatives to increase the agricultural growth, reforming the Indirect Tax Structure by introduction of GST, increasing the ambit of financial services by enhancing financial inclusion. All these initiatives are helping India to move steadily and continuously in new Growth trajectories.

During the year 2017-2018 the Indian Economy grew by 6.7 % which was a tad lower than 7.1 % growth achieved in 2017. But the growth showed revival from the third quarter of FY 18

where it stood at 7.2 % and it is an indicator of the good times that are in the offing. India has also climbed 30 steps and is now ranked at 100th position in ease of doing business report of the World Bank. India is expected to grow by 7.3 to 7.5 % in 2018 and 2019 as the Government is focussed on improving the economy by taking care of all the pillars of the economy like agriculture, infrastructure, manufacturing and the services sector. The rural economy is expected to grow at a healthy pace on the back of various steps like plans to spend 14.34 lakh crores in the rural infra and plans to further increase the minimum support price of the farmers produce.

Overall, the pick up in the domestic economy and the optimism in the global economy are good for the overall growth of the Industry.

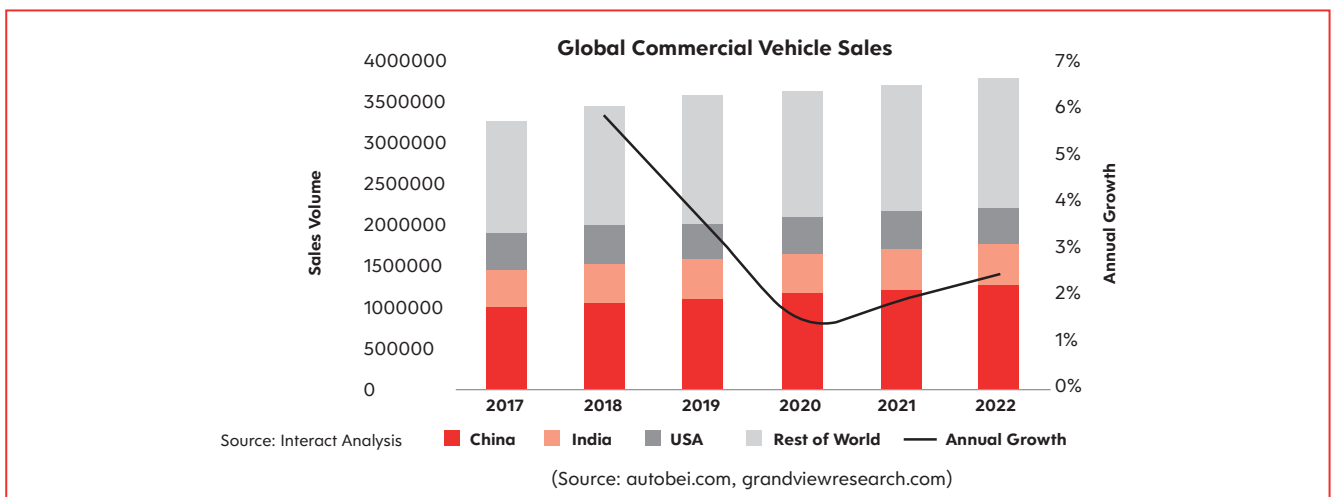
## INDUSTRY OVERVIEW

### A. Commercial Vehicles

#### Global

The global market for heavy-duty commercial vehicles grew strongly in CY2017. A good 3.3 million trucks were sold worldwide, which was a rise of 16 % compared with CY2016. The global commercial vehicles market size was valued at USD 1.32 trillion in CY2017 and is estimated to expand at a CAGR of 7.1% from 2018 to 2025. Although the market has been witnessing stagnant growth over the last few years, it is anticipated to recover with improved sales performance, particularly in emerging economies. Digitization along with increasing infrastructural spending is expected to elevate demand for commercial vehicles over the forecast period.

The North America market captured the largest share by revenue as well as volume and is expected to exhibit a value-based CAGR of over 6.0% over the forecast period. Increase in financing options, continuous investment in infrastructure development, and rising focus of governments on in-house automotive production are key factors positively impacting regional growth.



## Management Discussions and Analysis (Contd.)

### Indian

Currently the Indian market stands at 5th position in commercial market and is expected to be climbing up the ladder to 3rd level by 2025. During the year, the domestic sales of commercial vehicles created a new record by selling 856,453 units in FY2017-18. The segment surpassed its earlier sales record of 809,499 units in FY 2011-12. The overall Commercial Vehicles segment grew by 19.94 % in April-March 2018 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 12.48 % and Light Commercial Vehicles grew by 25.42 % in April-March 2018 over the same period last year.

The Indian market is projected to witness the highest CAGR of more than 8.0% over the coming years, in terms of both volume and revenue. Increasing road infrastructure, coupled with rising manufacturing facilities owing to cost-effective labor and raw materials, are expected to stimulate market growth.

(Source: SIAM)

### Key Growth Drivers

There is high hopes and hype in the Indian Commercial Vehicle Industry for the upcoming time. The Indian Commercial Vehicle Industry will witness overall positive changes in the year 2018-19. MHCV segment has shown signs of recovery from testing situations since July 2017. The implementation of GST and restriction of overloading has tempted the Truck Industry to make a shift towards higher tonnage and technical advance products. With the implementation of new strategies and tax policies, more trucks are required to carry the similar load which has created the demand for the new vehicle for transport services.

The 41T GVW truck which consists of 16 tyres is the new category introduced in the rigid haulage segment. All other segments like a small commercial vehicle, light commercial vehicle and the medium heavy commercial vehicle will also see some changes due changing in market dynamics in the near future.

### B. Tractors

#### Global

The total volumes globally (excluding India) grew at 3 per cent in CY2017. The global tractor market sales figure is forecast to reach 2.33 million tractor units by 2023. Rising global population resulting in surging demand for agricultural products, increasing consumer inclination towards small-sized tractors, and penetration of autonomous tractors are among the major factors expected to boost tractor sales, globally, during the forecast period.

#### Indian

The Indian tractor industry is believed to be among the largest tractor markets in volume terms, contributing 35 per cent of the global volumes. The Indian Tractor industry registered a strong growth of 22 percent in the year 2017-2018 touching a sales volumes of 711,478 units, compared to 582,846 units a year ago. Riding on the back of two high growth years, the Indian tractor industry is pegged to grow between 8-10 % in 2018-19. Supplementation of tractor usage with non-agri operations like haulage for construction activities as infrastructure development picks up steam pan-India, coupled with easy financing options, and various government support programmes will also give a boost to the domestic tractor

#### Key Growth Drivers

The Indian tractor industry is subjected to grow from different supporting industries. The forecast of a normal monsoon by the India Meteorological is expected to keep the tractor market sentiments positive. The positive market sentiment will trigger replacement demand with farmers exchanging old tractors for new ones.

Among other growth drivers for the tractor sector will be the regions, where tractor density has not been high and that have started showing signs of revival. For instance, Jharkhand, Telangana, Haryana as well as some pockets in the North and Punjab that are experiencing growth. Though the tractor market has faced low sales numbers in Maharashtra, it is set to recover during this fiscal.

Further, exports of the Indian tractor industry are pegged to grow at 15 per cent during the current FY, with Africa being an important market for the Indian products both in the above 50hp and 75hp range.



## » Management Discussions and Analysis (Contd.)

### C. Auto Components Industry

#### Global

The global auto parts manufacturing market is expected to witness a 3.6% value CAGR and is estimated to reach a value slightly higher than US\$ 350 Bn in 2017. The global auto parts manufacturing market is anticipated to touch a market valuation of around US\$ 466 Bn by the end of 2025.

Asia Pacific is expected to show high market attractiveness in the coming years. This region currently reflects high growth potential and scope for the auto parts manufacturing market owing to a favorable environment and presents various growth opportunities to the manufacturers operating in this market. The auto parts manufacturing market in Asia Pacific is projected to progress at a moderate CAGR to reach a valuation of just under US\$ 200 Bn by the end of 2025.

#### Indian

In 2017, overall automotive component industry grew by 18.3%. The demand from the OEMs remained stable with revival in domestic demand and also on account of exports but the replacement demand was slowed down due to demonetisation, therefore, reflecting a overall steady demand in the segment. Several auto component players are estimated to have incurred a higher capex. This can be accredited to BS VI norms and the possibility of new technology of hybrid and electric vehicles hitting the road soon.

Going ahead, it is estimated that the OEM off take will reflect a healthy growth pace of 13-15% owing to the growth in:

- Increased demand from the Tractor OEM's due to increased rural economic activity.
- The two-wheeler segment due to improved rural sentiment;
- PV (passenger vehicle) due to increasing affordability, easier access to finance and various new model launches and
- CV (commercial vehicle) space due to improvement in freight demand from sectors such as infrastructure (Source: Crisil).

According to the Automotive Component Manufacturers Association of India (ACMA), the Indian auto-components industry is set to become the third largest in the world by 2025.

#### Key Growth Drivers

The rapidly globalising world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric and hybrid vehicles, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic research and development.

### D. Rear Axle Market

#### Global

The Global Rear Axle Market is set to register substantial growth owing to increased sales of Commercial Vehicles including LCV's, Tractors etc. and is expected to reach approximately \$68.54 billion by 2025. The increasing demand for Commercial Vehicles and stringent norms by the government regarding emissions are expected to drive the industry over the forecast period. Lightweight rear axles are developed and designed to fulfill the consumer demands.

(Source: prnewswire.com)

#### Indian

India is expected to witness a significant growth, owing to the high production capacity of rear axle being an emerging market. In last few years, the region dominated the market in terms of light vehicle production. The Indian automobile industry is witnessing significant development in rear axle market supported by increasing demand for vehicles in the region. Increasing buying power of consumers and infrastructure development in metropolitan cities have resulted in an increase in demand for commercial vehicles and personal transportation. The increase in the demand of Tractors from Rural India and also increased use of Tractors for supplementary means will also propell demand for Rear Axles in India.

#### Key Growth Drivers

One of the major factors driving the growth of the rear axle market is increasing global automotive production. Further, the increasing need for high capacity lifting applications is fuelling demand for the rear axle market. Moreover, logistics operations of heavy weight equipment such as electrical machines and new vehicles is expected to increase the adoption of rear axles in the near future.

OEMs forming strategic alliances with manufacturing equipment providers to cope with the demand from vehicle manufacturers is a major trend identified in the global automotive rear axle market.

## Management Discussions and Analysis (Contd.)

### BUSINESS OVERVIEW

Given below is a brief overview of the Company's operational and financial performance in FY 2017-18

#### Product wise volume distribution

product types	No of Pcs in Lacs			
	2017-2018		2016-2017	
	Domestic	Exports	Domestic	Exports
Rear Axle Shafts	14.12	8.61	11.79	6.11
Spindes	0.77	2.93	0.42	2.51
Drive Shafts	2.11	0.90	1.71	0.85
<b>Total</b>	<b>17.00</b>	<b>12.44</b>	<b>13.92</b>	<b>9.47</b>

#### Segment - wise volume distribution

Segment	No of Pcs in Lacs			
	2017-2018		2016-2017	
	Domestic	Exports	Domestic	Exports
Off Highway	13.82	2.94	11.24	2.67
Commercial Vehicles	3.18	9.50	2.68	6.80
<b>Total</b>	<b>17.00</b>	<b>12.44</b>	<b>13.92</b>	<b>9.47</b>

Geography wise revenue	(₹ in Crs)	
	2017-18	2016-17
	Domestic	369.82
Exports	300.31	233.98
<b>Total</b>	<b>670.13</b>	<b>513.41</b>

### FINANCIAL PERFORMANCE

The Company posted a net operating revenue growth of 30.53% this year up from 51340.96 lacs in FY2016-17 to 67013.52 lacs in FY2017-18.

The Company posted an EBITDA growth of 27.08% this year up from 8334.78 lacs in FY2016-17 to 10591.96 lacs in FY2017-18.

The Company reported a PAT growth of 71.92% this year, up from 2959.73 lacs in FY2016-17 to 5088.43 lacs in FY2017-18.

With the overall support and good performance by team GNA the production and the sales volumes touched new peaks coupled with the improvement in all spheres. The operating revenues grew by 30.53 % touching 67013.52 Lacs and the net profit jumped 71.92 % to cross the 5000.00 lacs milestone. The production volumes increased on the back of increased demand for all the product segments of the Company both globally and domestically. During the year we successfully installed new capacities and also debottlenecked our production facilities.

Our Export volumes growth was on the led by robust demand of the Commercial Vehicles in Europe and North America which are our key export markets. As India sold a record number of tractors touching 7,11,000 units in the year 2017-2018 helped the Company to grow its sales domestically as well. As we have always focused on quality and timely delivery to our

customers, we were able to meet our customers demand and were up to their expectations leading to achieving ever highest sales both domestically and in the export markets.

For the year 2018-2019 we are focusing on the following parameters to achieve our targets:-

- Increasing our capacities to meet the enhanced demand.
- To increase our market share in both Domestic and Export Markets.
- To Strengthen our operational efficiencies.
- To penetrate into newer markets and new customers.

We are looking to further strengthen our relationship with our Customers both in the Tractor segment and Commercial Vehicle Segment in India and overseas and are also working to establish our foot print in the new segment i.e SUV Axle Shafts.

As we are operating in the Auto Component Industry our performance is dependent on the fortunes of the auto Industry. Indian Automobile sector is on a growth path and is poised to grow on the back of growing incomes in the rural areas and the growth impetus given by the Government to the Rural Economy. The Commercial Vehicle segment is also poised to perform well due to increased infrastructure and economic activity in the country. The commercial vehicle industry in North America and Europe is faring well and the growth of the same is also expected to continue in the future years also.



## » Management Discussions and Analysis (Contd.)

Any downtrend in the abovesaid sectors can hamper the growth momentum of the Company. To mitigate this risk, the Company has decided to venture into a new segment of SUV Axle Shafts. The Construction of the factory shed is complete for the said Unit and the machineries have started arriving and the management expects to start the commercial production from the said unit in the fiscal 2019-20. GNA has certain key customers which are core for its business and its growth and while the business with key customers has increased, the Company, as in the past, has been trying to mitigate the risk of its dependence on certain customers by making its customer base broad and also diversifying its product portfolio.

### QUALITY, EFFICIENCY & DELIVERY

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

- Focus on quality: ISO/TS-16949:2009 certifications obtained for both manufacturing units. Applicable to organisation sites manufacturing customer specified parts
- 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

The Company took active steps towards better utilisation of resources and maximising efficiency. This was done by increasing automation in the forging and machining processes. We use IT-enabled business processes such as advanced computer aided design and analysis capabilities. These help 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.

### HUMAN RESOURCE

The Company believes in crafting a workspace where people from diverse background can thrive and come together to contribute. The ever-changing customer needs is one of the key factors that dictates the direction of the People framework. The Company constantly works towards providing the best suited framework in partnership with business leadership. We have utilised the insights from the current, past and potential employees. These have helped us craft the employee value proposition for the organisation. The Company is committed towards its people's development. We have now institutionalized the people review process across the organisation. It encourages, promotes and supports developmental conversations across all levels. Within the overall people framework, we have placed priorities while creating a strategic workforce planning. This has helped us create a long-term roadmap for gaining and managing future capabilities in the most optimum manner.

### INTERNAL CONTROL SYSTEMS

The internal controls of the Company operate through standard operating procedures, policies and process guidelines. The Company has an adequate system of Internal Financial Control commensurate with its size and nature of business which helps in ensuring orderly and efficient conduct of its business.

Policies have been laid down for operation, approval and control of expenditure. Investment decisions involving capital expenditure are subject to formal detailed appraisal and review by appropriate levels of authority. Capital and Revenue expenditure are monitored and controlled with reference to pre-approved budgets and forecasts.

Significant internal audit observations are reported to the Audit Committee on a quarterly basis. The Audit Committee reviews the observations and assesses the adequacy of the actions proposed as well as monitors their implementation. Internal Auditors conduct a quarterly follow up for implementation/remediation of all audit recommendations and the status report is presented to the Audit Committee regularly. The management takes appropriate actions and all these steps are reviewed periodically.

### 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 25th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended 31st March, 2018.

### FINANCIAL RESULTS AND ANALYSIS

The Financial results for the year are as under:-

Particulars	₹ in Lacs	
	Year ended on 31st March, 2018	Year ended on 31st March, 2017
Net operating Revenue	67013.52	51340.96
Other Income	287.50	289.54
Profit Before Depreciation, Interest and Tax	10591.96	8334.78
Financial Costs	709.45	1251.79
Profit before Depreciation and Tax	9882.51	7082.99
Depreciation	2480.03	2394.10
Profit before Tax	7402.48	4688.89
Tax Expense		
- Current	2360.00	1852.00
- Deferred	-45.95	-122.84
Profit after tax	5088.43	2959.73
Earnings Per Share		
- Basic	23.70	13.79
- Diluted	23.70	13.79

### FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

#### SALES

Revenue from operations increased by ₹ 15,672.56 Lacs to ₹ 67,013.52 Lacs for the Fiscal 2018 from ₹ 51,340.96 Lacs for the Fiscal 2017, or an increase of 30.53%. Export sales increased by ₹ 6,633.37 Lacs to ₹ 30,031.22 Lacs for the Fiscal 2018 from ₹ 23,397.55 Lacs for the Fiscal 2017. Domestic net revenue from operations increased by ₹ 9038.89 Lacs to ₹ 36,982.30 Lacs in the Fiscal 2018 from ₹ 27,943.41 in the Fiscal 2017, or an increase of 32.35%.

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 ₹ 7,402.48 Lacs during the year under review against ₹ 4,688.89 Lacs for the Fiscal 2017 showing an increase of 57.87%.

Profit after tax increased by ₹ Lacs to ₹ 5,088.43 Lacs for the Fiscal 2018 from ₹ 2,959.73 Lacs for the Fiscal 2017, or an increase of 71.92%.

### RESOURCE UTILISATION:

#### Property Plant & Equipment

The property, plant & Equipment (including capital work in progress) as at 31st March, 2018 were ₹ 19,069.37 Lacs as against previous year's value of ₹ 13,427.22 Lacs.

#### Current Assets

The net current assets as on 31st March, 2018 were ₹ 14,911.89 Lacs as against ₹ 14,472.77 Lacs in the previous year.

#### DIVIDEND:

The Board of Directors in its meeting held on 28th May 2018 had recommended a dividend @ 20% i.e. of ₹ 2/- per Equity Share of ₹ 10/- each (Previous year NIL) to the shareholders of the Company for their consideration and approval at the ensuing Annual General Meeting of the Company. The dividend @ 20%, if approved at the forthcoming Annual General Meeting, will result in the outflow of ₹ 429.31 Lacs as Dividend and ₹ 88.27 Lacs by way of dividend distribution tax.





## » Director's Report (Contd.)

### **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 - I to this Report.

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

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company prepared after consolidating the accounts of the Subsidiary Company M/s GNA Axles Inc. are provided in this Annual 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 recognised 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 2017-18 is attached herewith in Annexure - II.

### **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 minimising threats or losses, and identifying and maximising opportunities. An enterprise-wide risk management framework is applied so that effective management of risks is an integral part of every employee's job.

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 details of the Contracts entered into with related parties are provided in Note No. 30 of Notes on Accounts of the standalone financial statements on page no. 75 of the Annual Report.

### **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 2017-2018.

### **DIRECTORS**

In accordance with provisions of the Articles of Association of the Company, Mr. Harwinder Singh, Mr. Rachhpall Singh and Mr. Gursaran 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 19th January 2018, had reappointed Mr. Jasvinder Singh Seehra as Jt. Managing Director of the Company and Mr. Ranbir Singh as Wholetime Director of the Company for a

## ▷▷ Director's Report (Contd.)

period of 5 years w.e.f 1st April, 2018 to 31st March 2023, subject to the approval of the shareholders in the ensuing 25th Annual General Meeting of the Company. The Board recommends their reappointment at the forthcoming 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 - III.

### 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. The meeting of the Independent Directors of the Company for the year 2017-2018 was held on 19th January 2018 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 AUDITORS' REPORT:

#### a. Statutory Auditors:

The Board of Directors in its meeting held on 19th July 2018 has proposed to ratify the appointment of M/s Harish & Co., Chartered Accountants, as Statutory Auditors of the Company for a period of one year from the conclusion of this 25th Annual General Meeting till the Conclusion 26th Annual General Meeting of the Company.

Further, the Statutory Auditors of the Company M/s Harish & Co. have submitted Auditors' Report on the standalone and consolidated accounts of the Company for the Financial Year ended 31st March 2018. The Auditors' 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 2017-18. 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 - IV.

### BOARD MEETINGS:

During the Financial Year 2017-18, the Board met 4 times i.e on 5th May 2017, 19th July 2017, 13th October 2017, and 19th January 2018.

### AUDIT COMMITTEE DISCLOSURES:

#### Composition of Audit Committee:

The Audit Committee comprises of three directors i.e. Mr. Shailindra Singh Kaushik, Independent Director, Mr. Jasvinder Singh Johal, Independent Director, and Mr. Ranbir Singh Executive and Non-Independent Director. Mr. Shailindra Singh Kaushik is the Chairman of the committee and Mr. Gourav Jain is Secretary of the Committee.



## » Director's Report (Contd.)

### 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 victimisation 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 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 utilisation 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 - V.

### 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](http://www.gnagroup.com) under the link [http://gnagroup.com/wp-content/uploads/2018/09/Annual\\_Return\\_2017-2018.pdf](http://gnagroup.com/wp-content/uploads/2018/09/Annual_Return_2017-2018.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. The Company Employed 1127 personnel at the end of the Financial year 2017-18.

### PERSONNEL & RELATED INFORMATION:

The disclosures required under section 197(12) of the Companies Act 2013 and Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure VI hereto 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 safe guarding 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 Directors 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.

## ▷▷ Director's Report (Contd.)

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.

### **ACKNOWLEDGEMENT:**

Your Directors are pleased to place on record their appreciation to the Shareholders, Government Authorities, 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: July 19, 2018

Place: Mehtiana



## ▶▶ ANNEXURE - I

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

#### Part A

₹ in Lacs

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 = ₹ 65.0441
c) Capital	0.65
d) Reserves	0.00
e) Total Assets	0.55
f) Total Liabilities	0.55
g) Details of investments (Except in case of investment of subsidiaries)	NIL
h) Turnover (net)	NIL
i) Profit before taxation	(2.61)
j) Provision for taxation	0.00
k) Profit after taxation	(2.61)
l) Proposed dividend (including tax thereon)	0.00
m) % of shareholding	100.00

## ▶▶ ANNEXURE - II

### ANNUAL REPORT OF THE CSR ACTIVITIES FOR THE FINANCIAL YEAR 2016-2017

#### (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	2017-2018

S.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:- <ol style="list-style-type: none"> <li>1. Eradicating hunger and providing for healthcare.</li> <li>2. Empowerment of Women.</li> <li>3. Promoting Education</li> <li>4. Promotion of sports</li> <li>5. Rural Development</li> <li>6. Any other project / programme pertaining to the activities listed in the Companies (CSR) Rules, 2014.</li> </ol>
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 : Mr. Shailindra Singh Kaushik Members : Mr. Ranbir Singh & Anish Kumar Dhingra.
3	Average Net profit of the Company for the last three financial years	₹ 3682.15 Lacs

» **ANNEXURE - II** (Contd.)

S.No	Particulars	Details
	Prescribed CSR Expenditure	₹ 73.64 Lacs for Financial Year 2017-18 and ₹ 15.04 Lacs of previous year remaining unspent totalling to ₹ 88.68 Lacs
	Details of the CSR spent during the financial year	
	a. Total amount spent during the financial year	₹ 57.59 Lacs
	b. Amount unspent, if any	₹ 31.09 Lacs
	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 ₹ 88.68 Lacs in the financial year 2017-2018 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
S.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	₹ 35.81 Lacs	Direct amount of ₹ 35.81 Lacs	₹ 35.81 Lacs	Direct
2	Promoting Education Vocational Skills	Education	The programme is being implemented in the state of Punjab	₹ 17.72 Lacs	Direct amount ₹ 17.72 Lacs	₹ 17.72 Lacs	Direct
3.	Rural Development and Rural Sports	Development	The programme is being implemented in Himachal Pradesh and Punjab	₹ 4.06.Lacs	Direct Amount ₹ 4.06 Lacs	₹ 4.06 Lacs	Direct

**Responsibility Statement**

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

Date: 19th July, 2018  
Place : Mehtiana

**Air Cmde.(Retd.) Shailindra Singh Kaushik**  
Chairman of CSR Committee



## ▶▶ ANNEXURE - III

### **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.

#### **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

**»» ANNEXURE - III (Contd.)**

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 - IV****FORM NO. MR-3****SECRETARIAL AUDIT REPORT**

for the financial year ended 31st March 2018

[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, 2018 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 2018 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];





## » ANNEXURE - IV (Contd.)

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 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 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 no specific events/actions, having major bearing on the company's affairs in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

For **H. K. & Associates**  
**Company Secretaries**

**Harsimran Kaur**  
**Proprietor**

Place: Jalandhar

Dated: 28th May, 2018

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 - IV (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: 28th May, 2018

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

**Annexure - V****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, 2017.****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



## » ANNEXURE - V (Contd.)

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.

### Total Foreign Exchange earned and used:

Particulars	₹ in Lacs	
	Current Year	Previous Year
Earnings in Foreign Exchange	30,031.22	23,397.55
Foreign Exchange Outgo	1,689.28	1,667.08

For And on Behalf of the Board

**Gursaran Singh**  
Managing Director

**Ranbir Singh**  
CEO & Wholetime Director

Dated: 19th July, 2018  
Place: Mehtiana

**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 ₹ 1.32 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:-

S.No	NAME & DESIGNATION OF DIRECTOR	REMUNERATION (AMOUNT ₹ IN LACS)	RATIO TO MEDIAN REMUNERATION
1.	Mr. Rachhpall Singh – Executive Chairman	50.40	38.18
2.	Mr. Gursaran Singh – Managing Director	52.92	40.09
3.	Mr. Jasvinder Singh – Wholetime Director	82.08	62.18
4.	Mr. Ranbir Singh – Wholetime Director	82.08	62.18
5.	Mr. Gurdeep Singh – Director	0.00	0.00
6.	Mr. Harwinder Singh – WholeTime Director	26.46	20.04
7.	Mr. Kulwin Seehra – Wholetime Director	26.46	20.04
8.	Mr. Jasminder 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. Dilsher Singh Bhatti – 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

- II) The percentage increase in remuneration of each Director, CFO, CEO, CS or Manager if any in the financial year 2017-18 compared to 2016-17

SR. NO	NAME & DESIGNATION OF DIRECTOR, CFO, CEO AND CS	REMUNERATION FOR THE YEAR ENDED 2017-18 (₹ IN LACS)	REMUNERATION FOR THE YEAR ENDED 2016-17 (₹ IN LACS)	% CHANGE
1.	Mr. Rachhpall Singh – Chairman & Wholetime Director	50.40	46.20	9.09
2.	Mr. Gursaran Singh – Managing Director	52.92	50.16	5.50
3.	Mr. Jasvinder Singh – Jt. Managing Director	82.08	72.96	12.50
4.	Mr. Ranbir Singh – Wholetime Director & CEO	82.08	72.96	12.50
5.	Mr. Gurdeep Singh – Director	-	-	-
6.	Mr. Harwinder Singh – WholeTime Director	26.46	22.05	20.00
7.	Mr. Kulwin Seehra – Wholetime Director	26.46	22.05	20.00
8.	Mr. Jasminder Singh Johal – Independent Director	-	-	NA
9.	Mr. Anish Kumar Dhingra – Independent Director	-	-	NA
10.	Mr. Shailindra Singh Kaushik – Independent Director	-	-	NA
11.	Mr. Vikas Uppal – Independent Director	-	-	NA
12.	Mr. M S Atwal – Independent Director	-	-	NA
13.	Mr. Dilsher Singh Bhatti – Independent Director	-	-	NA



## Annexure - VI (Contd.)

SR. NO	NAME & DESIGNATION OF DIRECTOR, CFO , CEO AND CS	REMUNERATION FOR THE YEAR ENDED 2017-18 (₹ IN LACS)	REMUNERATION FOR THE YEAR ENDED 2016-17 (₹ IN LACS)	% CHANGE
14.	Mrs. Geeta Khanna –Independent Director	-	-	NA
15.	Mr. Rakesh Kumar - CFO	11.04	10.04	9.60
16.	Mr. Gourav Jain - CS	6.10	5.75	6.09

- III) The median remuneration of the employees has increased by 6.45% In 2017-18 as compared to 2016-17.
- IV) Number of permanent employees on the rolls of the company during Financial Year 2017-18 was 1127.
- 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 6.45% while the managerial remuneration increased by 11.88%. The increase in the managerial remuneration was on account of increased responsibilities.
- VI) We affirm that the remuneration paid to the Directors, Key Managerial Personnel and employees is as per the remuneration policy of the Company.
- I) Names of the Top ten employees of the Company in terms of remuneration drawn.

S. 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. Satwinder Singh	Sr. Vice President – Projects	13.41	Permanent	Diploma in Mechanical Engineering, 36 Years	01.03.2005	62	GNA Udyog Limited	- 0.00%	Not Related
2	Mr. Pradeep Sharma	Sr. General Manager - Marketing	12.14	Permanent	B.Com, 34 Years	16.05.1994	55	Guru Nanak Auto Enterprises Limited	101 0.0004%	Not Related
3	Mr. Surinder Singh	Sr. Vice President – Works	11.64	Permanent	Diploma in Mechanical Engineering 39 Years	16.05.1994	61	Guru Nanak Auto Enterprises Limited	100 0.0004%	Not Related
4	Mr. Rakesh Kumar	CFO	11.04	Permanent	B.Com, ACA 23 Years	06.05.2006	50	GNA Gears Limited	5 0.000%	Not Related
5	Mr. Anil Arora	General Manager (Marketing)	10.93	Permanent	B.Com, 30 years	16.05.1994	56	GNA Gears Limited	- 0.00%	Not Related
6	Mr. Manjit Singh Rihal	AGM - Exports	10.39	Permanent	B.Com 13 Years	01.11.2006	40	Genpact	- 0.00%	Not Related
7	Mr. G S Cheema	DGM – Personnel & HRD	9.80	Permanent	B.Sc, LL.B 23 Years	16.05.1994	51	Guru Nanak Auto Enterprises Limited	- 0.00%	Not Related

» **Annexure - VI** (Contd.)

S. 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.
8	Mr. Kirpal Singh	DGM - Engineering	9.11	Permanent	Diploma in Mechanical Engineering 29 Years	10.10.2005	54	-	175 0.0008%	Not Related
9	Dr. Jaswant Singh	DGM - Forging	9.09	Permanent	Ph.d in Metal Forming 23 Years	16.05.1994	49	Guru Nanak Auto Enterprises Limited	- 0.00%	Not Related
10	Surjit Singh Bilkhu	AGM- Commercial	7.95	Permanent	M.Com, MBA 33 years	01.07.2014	54	GNA Gears Limited	100 0.0005%	Not Related

- II) Name of the employees who were employed throughout the Financial Year 2017-18 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 2017-18 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 2017-18 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.

### 1. 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

### 2. BOARD OF DIRECTORS:

- Composition: The 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 Fourteen (14) Directors, seven Directors are independent.
- Board Meetings: During the Financial Year 2017-18, the Board met Four (4) times on 5th May, 2017, 19th July, 2017, 13th October, 2017 and 19th January, 2018.

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 held by them in other Public Limited Companies, during the Financial Year 2017-18 are given as follows:-

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	2	NO	NIL	-	-	-
GURSARAN SINGH	MANAGING DIRECTOR	4	YES	2	-	1	-
JASVINDER SINGH SEEHRA	JT. MANAGING DIRECTOR	2	YES	3	-	-	-
RANBIR SINGH	EXECUTIVE DIRECTOR AND CEO	4	YES	5	4	-	-
GURDEEP SINGH	NON-INDEPENDENT AND NON EXECUTIVE DIRECTOR	3	YES	4	1	-	-
HARWINDER SINGH SEHRA	EXECUTIVE DIRECTOR	4	YES	NIL	-	-	-
KULWINSEHRA	EXECUTIVE DIRECTOR	4	YES	1	-	-	-
ANISH KUMAR DHINGRA	INDEPENDENT DIRECTOR	4	YES	1	-	-	-
JASMINDER SINGH JOHAL	INDEPENDENT DIRECTOR	4	YES	NIL	-	-	-
VIKAS UPPAL	INDEPENDENT DIRECTOR	3	YES	1	-	-	-
GEETA KHANNA	INDEPENDENT DIRECTOR	3	YES	NIL	-	-	-
SHAILINDRA SINGH KAUSHIK	INDEPENDENT DIRECTOR	4	YES	NIL	NA	NA	-
AJIT SINGH	INDEPENDENT DIRECTOR	3	YES	1	NA	NA	-
MANBHUPINDER SINGH ATWAL	INDEPENDENT DIRECTOR	1	NO	4	NA	NA	-

## Corporate Governance Report (Contd.)

### 3. 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. Mr. Shailindra Singh Kaushik, Mr. Ranbir Singh and Mr. Jasminder Singh Johal. Mr. 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 2017-18, the Audit Committee met Three (4) times on 5th May, 2017, 19th July, 2017, 13th October, 2017 and 19th January, 2018.

The attendance of the members of the Committee for the Financial Year 2017-18 is as under

Committee Members	Category	No. of Audit Committee Meetings Attended
Shailindra Singh Kaushik	Independent Director	4
Ranbir Singh	Executive Director	4
Jasminder Singh Johal	Independent Director	4

### 4. 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 2017-18, the Committee met Two times on 05th May, 2017 and 19th January, 2018 and all the members attended the said committee

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

#### ii. Remuneration details:

##### a) Executive Directors:

The Company paid an amount of ₹ 320.40 Lacs as remuneration to the Executive Director(s) during the Financial Year 2017-18 as follows:-

					₹ in Lacs	
S.No	Name	Designation	Salary	Other Benefits	Gross Remuneration	
1	Mr. Rachhpall Singh	Chairman & Wholetime Director	50.40	-	50.40	
2	Mr. Gursaran Singh	Managing Director	52.92	-	52.92	
3	Mr. Jasvinder Singh	Jt. Managing Director	82.08	-	82.08	
4	Mr. Ranbir Singh	CEO & Wholetime Director	82.08	-	82.08	
5	Mr. Harwinder Singh	Wholetime Director	26.46	-	26.46	
6	Mr. Kulwin Seehra	Wholetime Director	26.46	-	26.46	
<b>Total</b>			<b>320.40</b>	-	<b>320.40</b>	

##### 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 2017-18 is given below:-

S.No	NAME OF THE DIRECTOR	SITTING FEE (₹)
1.	Mr. Anish Kumar Dhingra	32,000
2.	Mr. Jasminder Singh Johal	52,000
3.	Mr. Vikas Uppal	30,000
4.	Ms. Geeta Khanna	26,000
5.	Air Cmde. (Retd.) Shailindra Singh Kaushik	60,000
6.	Mr. Ajit Singh	26,000
7.	Mr. Manbhupinder Singh Atwal	6,000





## Corporate Governance Report (Contd.)

### (iii) Shareholding :

The Shareholding of the Directors in the equity share capital of the Company as at 31st March, 2018 is given as follows:-

S.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	26,30,400	4.	Mr. Ranbir Singh	26,93,520
5.	Mr. Gurdeep Singh	26,56,900	6.	Mr. Harwinder Singh	NIL
7	Air Cmde. (Retd.)Shailindra Singh Kaushik	1,300	8	Mr. KulwinSeehra	2,12,750
9	Mr. Anish Kumar Dhingra	NIL	10.	Mr. Manbhupinder Singh Atwal	NIL
11	Mr. Vikas Uppal	NIL	12.	Mr. Jasminder Singh Johal	NIL
13	Mrs. Geeta Khanna	NIL	14.	Mr. Ajit Singh	NIL

### (iv) Relationship interse:

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

1. Mr. Rachhpall Singh is the father of Mr. Jasvinder Singh
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 is the father of Mr. Harwinder Singh
6. Mr. Ranbir Singh is the father of Mr. Kulwin Seehra
7. Mr. Ranbir Singh is the brother of Mr. Gurdeep Singh

### 5. 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. The Committee met one time during the Financial Year 2017-2018 on 19th January, 2018.

### 6. 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
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
Extra Ordinary General Meeting	Wednesday, 30th March, 2016 at 12:30 P.M.	Corporate Office, Mehtiana, Dist Hoshiarpur	5
22nd Annual General Meeting for financial year ended 31st March, 2015	Saturday, 20th June, 2015 at 11:00 A.M.	Registered office, GNA House, 1- C, Chotti Baradari-Part-II, Garha Road, Jalandhar	9

- B. Postal Ballot : The Company has not passed any resolution through postal ballot during the Financial Year 2017-18.

### 7. 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.

## Corporate Governance Report (Contd.)

- c. 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.

### 8. 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](http://www.gnagroup.com)

### 9. GENERAL SHAREHOLDERS INFORMATION:

#### i) 25th Annual General Meeting:

Date : 15th September, 2018

Time : 12:30 PM

Venue : Hotel Aveda Kamal Palace, Civil Lines, Jalandhar

#### ii) Financial Calendar 2018-19 (Tentative):

First Quarter Results : July, 2018

Second Quarter Results : October, 2018

Third Quarter Results : January, 2019

Annual Results : May, 2019

#### iii) Date of Book Closure : 7th September, 2018

#### iv) Dividend payment date : 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 Street, Fort Mumbai – 400 001
2. The National Stock Exchange of India limited, “Exchange Plaza” Bandra Kurla Complex, Bandra (East) Mumbai 400051

The Company has duly paid the listing fees to both the Stock Exchanges for the Financial year 2018-19.

#### vi) Stock Code:

BSE Limited : **540124**

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

#### vii) Stock Market Data:

The month-

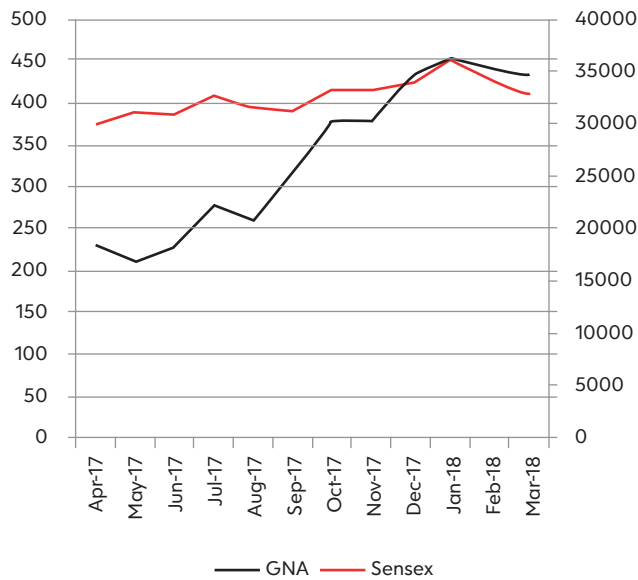
STOCK EXCHANGE	BSE LIMITED				NATIONAL STOCK EXCHANGE OF INDIA LIMITED			
	Highest (₹)	Lowest (₹)	Closing (₹)	Percentage change over last month closing	Highest (₹)	Lowest (₹)	Closing (₹)	Percentage change over last month closing
Month of the Year 2017-18								
April 2017	237.25	215.00	22995	5.41	237.00	215.65	230.15	5.14
May 2017	233.00	201.50	212.15	-7.74	234.00	202.30	211.55	-8.08
June 2017	248.78	205.10	229.35	8.11	248.70	208.75	230.25	8.84
July 2017	298.50	227.50	276.20	20.43	299.00	227.95	276.70	20.17
August 2017	282.00	236.00	262.15	-5.09	280.80	237.90	261.60	-5.46
September 2017	325.40	258.10	313.45	19.57	324.90	259.00	314.25	20.13
October 2017	395.40	312.20	379.60	21.10	396.00	312.55	379.55	20.78
November 2017	421.20	343.20	378.35	-0.33	421.55	347.00	377.75	-0.47
December 2017	447.00	357.00	432.45	14.30	446.55	358.40	433.25	14.69



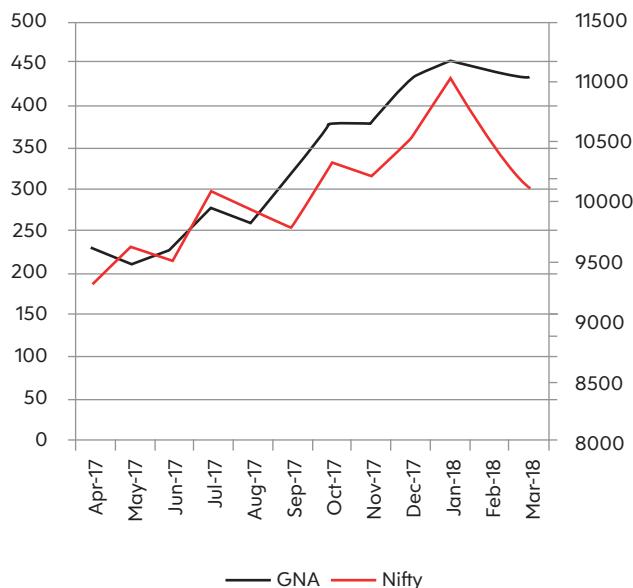
## Corporate Governance Report (Contd.)

STOCK EXCHANGE	BSE LIMITED				NATIONAL STOCK EXCHANGE OF INDIA LIMITED			
	Highest (₹)	Lowest (₹)	Closing (₹)	Percentage change over last month closing	Highest (₹)	Lowest (₹)	Closing (₹)	Percentage change over last month closing
Month of the Year 2017-18								
January 2018	475.00	422.05	453.15	4.79	474.40	421.20	452.85	4.52
February 2018	457.95	381.00	440.80	-2.73	467.60	383.55	441.70	-2.46
March 2018	449.05	411.10	434.10	-1.52	449.75	415.60	437.50	-0.95

The Company's share price movement during 2017-2018 in comparison with BSE Sensex.



The Company's share price movement during 2017-2018 in comparison with NSE Nifty.



## Corporate Governance Report (Contd.)

### viii) Information regarding Dividend Payment

The Company has not paid any dividend in last 8 financial years and accordingly there is no amount liable to be transferred to Investor Education and Protection Fund (IEPF).

### ix) Registrar and Transfer Agent

The Work related to share transfer registry in terms of both Physical and electronic mode is being dealt with by M/s Linkintime India Private Limited as per address given below:-

**M/s Linkintime India Private Limited (Unit : G N A Axles Limited)**

C-101, 247 Park, LBS Marg Vikhroli (West) Mumbai 400083

Phone : 022-49186000 Fax : 022-49186060 Email : [rnt.helpdesk@linkintime .co.in](mailto:rnt.helpdesk@linkintime.co.in)

### X) Share Transfer System

All the Equity shares of the Company are in the dematerialized form and there are no Physical Shares held by the shareholders of the Company as on 31st March, 2018. The Shares of the Company are traded on the Stock Exchanges in dematerialized form only.

S.No	Shares Range	Number of Shareholders	% of Total Shareholders	Total shares for range	% of issued Capital
1	1-500	17324	94.74	1475805	6.88
2	501-1000	514	2.81	398897	1.86
3	1001-2000	229	1.25	342638	1.59
4	2001-3000	70	0.38	175776	0.81
5	3001-4000	30	0.16	107317	0.50
6	4001-5000	17	0.09	80853	0.37
7	5001-10000	37	0.20	265128	1.23
8	Above 10000	65	0.36	18618986	86.74
	<b>Total</b>	<b>18286</b>	<b>100.00</b>	<b>21465400</b>	<b>100.00</b>

### xii) Dematerialisation of shares

As on 31st March, 2018, 100 percent of the issued Equity Capital of the Company comprising of 2,14,65,400 Equity Shares was dematerialized.

### xiii) Outstanding GDR's/ ADR's/ Warrants or any other Convertible Instruments, Conversion dates and likely impact on equity.

The Company has not issued any GDR's/ADR's/ Warrants or any other Convertible Instruments during the year.

### xiv) Address for Correspondence

Registered Office : GNA House, 1-C Chhoti Baradari – II Garha Road Opp. Medical College Jalandhar

Telephone : 0181-4630477, Fax : 0181-4630477, Email : [gjain@gnagroup.com](mailto:gjain@gnagroup.com)

share holders holding shares in the electronic mode should address all their correspondence to their respective depository.

### 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 2017-18.

Place : Mehtiana

Dated :19th July, 2018

**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, 2018 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 the rein, 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  
Place : Jalandhar  
Date : 28th May, 2018

**Rakesh Kumar**  
Chief Financial Officer

## 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, 2018, 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.

Place : Jalandhar  
Dated : 28th May, 2018

**For Harish & Co.**  
Chartered Accountants  
(Firm RegnNo.017372N)

**Harish Kumar**  
Proprietor  
M.No 016902

## 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, 2018, 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 issue 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, 2018
- (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 amended.
  - e. On the basis of written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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)**

**(Harish Kumar)**  
**Proprietor**

M. No. 016902

**Place: Jalandhar**

**Dated: 28th May, 2018**

## » "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, 2018:

- 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, 2018 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	2008-2009	Before Commissioner Appeal
Excise & Service Tax	Service Tax outward freight	8.66	2010-11	CESTAT
Excise & Service Tax	Service tax on others	192	2010-11	Before commissioner appeal
Excise & Service Tax	Service Tax on others	.37	2012-13	Before Commissioner Appeal





## » "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	1.46	2010-11	Before Commissioner Appeal
Excise & Service Tax	Service Tax on others	0.70	2013-14	Before Commissioner Appeal
Excise & Service Tax	Service Tax on others	0.40	2013-14	Before Commissioner Appeal
Excise & Service Tax	Service Tax on others	1.18	2013-14	Before Commissioner Appeal
Excise & Service Tax	Service Tax on others/Guest House	0.33	2014-15	Before Commissioner Appeal
Excise & Service Tax	Service Tax on Club Membership/Misc.	3.66	2013-14	Asstt. Commissioner SE
Income Tax Act	Income Tax Regular Assessment	135.04	2012-13	Before Commissioner of Income-tax (Appeals)
Excise & Service Tax	Excise Duty CENVAT	34.20	2016-17	Asstt. Commissioner
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)**

**(Harish Kumar)**  
**Proprietor**  
M. No. 016902

**Place: Jalandhar**  
**Dated: 28th May, 2018**

## » "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, 2018 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 periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of



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

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, 2018, 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)**

**(Harish Kumar)**

**Proprietor**

M. No. 016902

**Place: Jalandhar**

**Dated: 28th May, 2018**

## Balance Sheet

as at 31st March, 2018

₹ in Lacs				
Particulars	Note No.	31st March, 2018	31st March, 2017	1st April 2016
<b>NON-CURRENT ASSETS</b>				
Property, Plant & Equipment	1	19,069.37	13,174.12	14,731.35
Capital Work in Progress	2	-	253.10	4.98
Investment Property				
Intangible Assets				
Intangible Assets under Development				
Financial Assets				
Investments	3	0.66	0.66	0.66
Loans				
Other Financial Assets				
Current Tax Assets (net)				
Deferred Tax Assets				
Other Non-Current Assets	4	2,833.47	4,663.07	1,831.18
		<b>21,903.50</b>	<b>18,090.95</b>	<b>16,568.17</b>
<b>CURRENT ASSETS</b>				
Inventories	5	15,363.51	11,029.43	9,136.86
Financial Assets				
Investments				
Trade Receivables	6	23,546.60	18,227.32	16,208.43
Cash & Cash Equivalents	7	44.59	38.69	66.97
Bank Balance Other than Cash and Cash Equipments	8	2,564.13	7,206.09	-
Loans				
Other Financial Assets				
Other Current Assets	9	4,807.04	3,131.34	2,672.80
		<b>46,325.87</b>	<b>39,632.87</b>	<b>28,085.06</b>
<b>Total Assets</b>		<b>68,229.37</b>	<b>57,723.82</b>	<b>44,653.23</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	10	2,146.54	2,146.54	1,516.54
Other Equity	11	31,996.09	27,544.17	12,313.84
<b>SHARE APPLICATION MONEY PENDING FOR ALLOTMENT</b>		<b>34,142.63</b>	<b>29,690.71</b>	<b>13,830.38</b>
<b>NON-CURRENT LIABILITIES</b>				
<b>Financial Liabilities</b>				
Borrowings	12	2,470.02	2,624.31	4,220.42
Other Financial Liabilities				
Provisions				
Deferred Tax Liabilities		202.74	248.69	371.53
Other Non-Current Liabilities				
		<b>2,672.76</b>	<b>2,873.00</b>	<b>4,591.95</b>
<b>CURRENT LIABILITIES</b>				
<b>Financial Liabilities</b>				
Borrowings	12	9,883.17	7,266.94	7,492.98
Trade Payable	13	18,296.93	15,207.40	15,398.23
Other Financial Liabilities	14	2,029.05	1,965.73	2,273.94
Other Current Liabilities	15	228.33	210.90	189.54
Current Provisions	16	729.79	311.64	400.34
Current Tax Liabilities (Net)		246.71	197.49	475.87
		<b>31,413.98</b>	<b>25,160.10</b>	<b>26,230.90</b>
<b>Total Liabilities</b>		<b>34,086.74</b>	<b>28,033.10</b>	<b>30,822.85</b>
<b>Total Equity &amp; Liabilities</b>		<b>68,229.37</b>	<b>57,723.81</b>	<b>44,653.23</b>
Notes forming Parts of Financial Statements	1 to 39			
Notes on Accounting Policies	I to II			

As per our Report of even date annexed.

For **HARISH & CO.**  
Chartered Accountants (FRN017372N)

(Harish Kumar)  
Proprietor  
M. No. 016902

Place: Jalandhar  
Dated: 28th May, 2018

For and on behalf of Board of Directors of GNA Axles Limited

Gursaran Singh  
Managing Director

Rakesh Kumar  
Chief Financial Officer

Ranbir Singh  
CEO & Wholetime Director

Gourav Jain  
Company Secretary



## Statement of Profit & Loss

for year ended 31st March, 2018

₹ in Lacs

Particulars	Note No.	31st March, 2018	31st March, 2017
<b>REVENUE FROM OPERATIONS</b>			
Revenue from Sale of Products	17	65,395.11	50,333.36
Other Operating income	18	1,618.41	1,007.60
		<b>67,013.52</b>	<b>51,340.96</b>
Other Income	19	287.50	289.54
		<b>67,301.02</b>	<b>51,630.50</b>
<b>EXPENDITURE</b>			
Cost of Material consumed	20	45,816.09	32,275.26
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	21	-3,314.22	-421.07
Employee Benefits Expense	22	3,184.86	2,711.65
Financial Costs	23	709.45	1,251.79
Depreciation, Impairment and Amortisation Expenses	24	2,480.03	2,394.10
Other Expenses	25	11,022.33	8,729.88
		<b>59,898.54</b>	<b>46,941.61</b>
<b>Profit Before Tax</b>		<b>7,402.48</b>	<b>4,688.89</b>
<b>TAX EXPENSE</b>			
Current Tax (net)		2,360.00	1,852.00
Deferred Tax Charge (Credit)		-45.95	-122.84
<b>Profit for the year</b>		<b>5,088.43</b>	<b>2,959.73</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Items that will not be reclassified to Statement of Profit and Loss			
(i) Measurements of post-employment benefit obligation		-	-
(ii) Income tax relating to these items		-	-
<b>Other Comprehensive Income/(Loss) for the year</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Profit for the year</b>		<b>5,088.43</b>	<b>2,959.73</b>
Earnings Per Equity Share of face value of ₹ 10/- each			
Basic		<b>23.70</b>	<b>13.79</b>
Diluted		<b>23.70</b>	<b>13.79</b>
Notes forming Parts of Financial Statements	1 to 39		
Notes on Accounting Policies	I to II		

As per our Report of even date annexed.

For **HARISH & CO.**  
Chartered Accountants (FRN017372N)

(Harish Kumar)  
Proprietor  
M. No. 016902

Place: Jalandhar  
Dated: 28th May, 2018

For and on behalf of Board of Directors of GNA Axles Limited

Gursaran Singh  
Managing Director

Ranbir Singh  
CEO & Wholetime Director

Rakesh Kumar  
Chief Financial Officer

Gourav Jain  
Company Secretary

## ▶▶ Cash Flow Statement

as at 31st March, 2018

₹ in Lacs

Particulars	For the Year Ending 31st March, 2018	For the Year Ending 31st March, 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	7,402.47	4,688.90
<b>Adjustments for :</b>		
Depreciation	2,480.03	2,394.10
Interest income	-287.50	-289.54
Interest paid	632.11	1,110.34
IPO Expenses W/off	130.41	-
Loss on sale of assets	1.42	0.29
<b>Operating profit before working capital changes</b>	<b>10,358.94</b>	<b>7,904.09</b>
<b>Adjustments for :</b>		
Inventories	-4,334.09	-1,892.56
Increase in Trade Rec./Other Current/Non-Current Assets	-1,261.85	-12,515.41
Decrease/Increase in Trade Payable/Other Current Liabilities	3,596.79	-533.51
Income tax of earlier year	-28.48	-140.41
Income Tax Paid	-2,360.00	-1,852.00
<b>Net cash from operating activities</b>	<b>5,971.31</b>	<b>-9,029.80</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed assets	-8,124.59	-1,091.63
Sale of fixed assets	1.00	6.35
Interest received	287.50	289.54
<b>Net cash used in Investing activities</b>	<b>-7,836.09</b>	<b>-795.74</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of equity shares at premium	-	13,041.00
Proceeds from Long term Borrowings	1,754.59	45.00
Repayment of long term borrowings	-1,868.03	-1,952.35
Increase/ ( Decrease ) in cash credits & Packing credits	2,616.23	-226.04
Interest Paid	-632.11	-1,110.34
<b>Net cash flow from financing activities</b>	<b>1,870.68</b>	<b>9,797.27</b>
<b>Net increase/ (decrease ) in cash &amp; cash equivalents (A+B+C)</b>	<b>5.90</b>	<b>-28.27</b>
<b>Cash &amp; Cash equivalents at the beginning of year (see note 2)</b>	<b>38.69</b>	<b>66.97</b>
<b>Cash &amp; Cash equivalents at the end of year</b>	<b>44.59</b>	<b>38.69</b>
	<b>5.90</b>	<b>-28.27</b>



## ▶▶ Cash Flow Statement as at 31st March, 2018 (Contd.)

**Notes :**

1 The Cash flow is based on and derived from the accounts of company for the year ended 31st March, 2018 and 31st March, 2017

₹ in Lacs

Particulars	For the Year Ending 31st March, 2018	For the Year Ending 31st March, 2017
2 Cash & cash equivalents comprise of :		
Cash in hand	25.59	27.07
<b>WITH SCHEDULED BANKS :</b>		
On current accounts	19.00	11.62
On fixed deposit accounts	44.59	38.69
Cash and cash equivalents at the end of year		

As per our Report of even date annexed.

**For HARISH & CO.**  
Chartered Accountants (FRN017372N)

**(Harish Kumar)**  
Proprietor  
M. No. 016902

Place: Jalandhar  
Dated: 28th May, 2018

**For and on behalf of Board of Directors of GNA Axles Limited**

**Gursaran Singh**  
Managing Director

**Rakesh Kumar**  
Chief Financial Officer

**Ranbir Singh**  
CEO & Wholetime Director

**Gourav jain**  
Company Secretary

## Notes

Forming part of financial statements for the year ended 31st March 2018

### 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. These financial statements are the first financial statements under Ind AS.

The financial statements up to year ended 31st March, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions 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 recognised 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 recognised in profit or loss.

##### Transaction to Ind AS

On transition to Ind AS the company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April, 2016 measured as per the previous GAAP (Indian GAAP) and use that carrying value as the deemed cost of property, plant and equipment.

##### b) Capital Work in Progress

Property, plant and equipment under construction are disclosed as capital work in progress. On transition to Ind AS the Company has elected to continue with the carrying value of its capital work in progress recognised as at 1st April, 2016 measured as per the previous GAAP (Indian GAAP) and use that carrying value as the deemed cost of the capital work in progress.





## Notes

### Forming part of financial statements for the year ended 31st March 2018 (Contd.)

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 and inclusive of Excise Duty etc. up to 30th June, 2017. GST has been implemented w.e.f. 1st July, 2017 and as per AS-18 the revenue for the year ending 31.03.2018 is reported net of GST.

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 recognized 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 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.

## Notes

### Forming part of financial statements for the year ended 31st March 2018 (Contd.)

#### 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 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 financial statements for the year ended 31st March 2018 (Contd.)

Particulars	Freehold Land	Factory Building	Plant & Machinery	Computers	Office Equipments	Furniture & Fixtures	Vehicle	Total	₹ in Lacs
<b>1 PROPERTY PLANT &amp; EQUIPMENT</b>									
<b>(A) Gross Block</b>									
Balance as at April, 1, 2016	546.18	4,022.92	23,634.33	412.97	421.27	294.42	733.33	30,065.42	
Shifted to Investment	-	-	-	-	-	-	-	-	
Properties on 1st April 2016	546.18	4,022.92	23,634.33	412.97	421.27	294.42	733.33	30,065.42	
Addition during the year	214.75	-	489.50	32.51	35.74	15.95	55.06	843.51	
Discarded/Disposed off during the year	-	-	-	-	-	-	60.95	60.95	
<b>Balance at at March 31, 2017</b>	<b>760.93</b>	<b>4,022.92</b>	<b>24,123.83</b>	<b>445.48</b>	<b>457.01</b>	<b>310.37</b>	<b>727.44</b>	<b>30,847.98</b>	
Balance as at April 1, 2017	760.93	4,022.92	24,123.83	445.48	457.0	310.37	727.44	30,847.98	
Addition during the year	2920	1,679.47	6,293.59	121.49	38.67	72.39	142.91	8,377.72	
Discarded/Disposal during the year	-	-	-	-	-	-	15.63	15.63	
<b>Balance at at March 31, 2018</b>	<b>790.13</b>	<b>5,702.39</b>	<b>30,417.42</b>	<b>566.97</b>	<b>495.68</b>	<b>382.76</b>	<b>854.72</b>	<b>39,210.07</b>	
<b>(B) Accumulated Depreciation</b>									
Balance as at April 1, 2016	-	1,377.50	12,584.87	391.87	249.23	208.58	522.03	15,334.08	
Depreciation for the year	-	251.32	2,004.81	16.33	30.85	24.31	66.50	2,394.12	
Accumulated depreciation on discarded/ disposal	-	-	-	-	-	-	54.32	54.32	
<b>Balance at at March 31, 2017</b>	<b>-</b>	<b>1,628.82</b>	<b>14,589.68</b>	<b>408.20</b>	<b>280.08</b>	<b>232.89</b>	<b>534.21</b>	<b>17,673.88</b>	
Balance as at April 1, 2017	-	1,628.82	14,589.68	408.20	280.08	232.89	534.21	17,673.88	
Depreciation for the year	-	227.44	2,033.22	87.46	33.26	27.06	71.59	2,480.03	
Accumulated depreciation on discarded/disposal	-	-	-	-	-	-	13.21	13.21	
<b>Balance at at March 31, 2018</b>	<b>-</b>	<b>1,856.26</b>	<b>16,622.90</b>	<b>495.66</b>	<b>313.34</b>	<b>259.95</b>	<b>592.59</b>	<b>20,140.70</b>	
<b>(C) Net carrying Amount</b>									
Balance as at April 1, 2016	546.18	2,645.43	11,049.46	21.10	172.04	85.84	211.30	14,731.35	
Balance as at March 31, 2017	760.93	2,394.11	9,534.16	37.29	176.92	77.49	193.22	13,174.12	
<b>Balance as at March 31, 2018</b>	<b>790.13</b>	<b>3,846.13</b>	<b>13,794.52</b>	<b>71.31</b>	<b>182.34</b>	<b>122.81</b>	<b>262.13</b>	<b>19,069.37</b>	

## Notes

Forming part of financial statements for the year ended 31st March 2018

Particulars	Factory Building
<b>2. CAPITAL - WORK IN PROGRESS</b>	
Balance as at April 1, 2016	4.98
Addition	248.12
	253.10
Less: Capitalised	-
Balance as at March 31, 2017	<b>253.10</b>
Balance as at April 1, 2017	<b>253.10</b>
Addition	-
	<b>253.10</b>
Less: Capitalised	253.10
<b>Balance as at March 31, 2018</b>	<b>-</b>

Particulars	₹ in Lacs		
	31st March, 2018	31st March, 2017	1st April 2016
<b>3. NON-CURRENT INVESTMENT</b>			
Investment in Shares of GNA Axles Inc	0.66	0.66	0.66
Michigan			
	<b>0.66</b>	<b>0.66</b>	<b>0.66</b>

Particulars	₹ in Lacs		
	31st March, 2018	31st March, 2017	1st April 2016
<b>4. OTHER-NON CURRENT ASSETS</b>			
Advance for Fixed Assets	939.50	1,872.40	206.72
Security Deposits	1,502.74	1,540.64	1,408.14
Other Non-Current Assets	391.23	1,250.03	216.32
	<b>2,833.47</b>	<b>4,663.07</b>	<b>1,831.18</b>

Particulars	₹ in Lacs		
	31st March, 2018	31st March, 2017	1st April 2016
<b>5. INVENTORIES</b>			
<b>Raw Material</b>			
Raw Material Steel	3,859.44	3,203.83	1,826.06
Raw Material Non Steel	14.55	12.58	11.80
Work in Progress	9,588.52	6,504.72	6,022.83
Finished Goods	938.38	729.51	755.55
<b>Stores, Spares &amp; Loose Tools</b>			
Stock of Operating Supply	612.74	397.67	344.66
Stock of Spare Parts	124.19	99.21	70.09
Stock of Diesel	34.94	12.41	11.79
Stock of Die Steel	4.34	2.08	1.62
Stock of Oil Lubricant	61.93	30.51	22.64
<b>Others</b>			
Stock of Scrap Material	30.80	9.26	44.02
Stock of Packing	93.68	27.65	25.81
	<b>15,363.51</b>	<b>11,029.43</b>	<b>9,136.87</b>



## Notes

Forming part of financial statements for the year ended 31st March 2018 (Contd.)

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>6. TRADE RECEIVABLE</b>			
(Unsecured but considered good)			
Debtors outstanding for the period exceeding six months	898.46	2,067.32	833.16
Other	22,648.14	16,160.00	15,375.27
	<b>23,546.60</b>	<b>18,227.32</b>	<b>16,208.43</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>7. CASH &amp; CASH EQUIVALENT</b>			
Cash in hand	25.59	27.07	50.72
<b>Balance with Banks</b>			
(In Current Account)	19.00	11.62	16.25
In Deposit Account (with maturity of 3 months or less)	-	-	-
	<b>44.59</b>	<b>38.69</b>	<b>66.97</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>8. OTHER BANK BALANCE</b>			
In Deposit Account	2,564.13	7,206.09	-
(Maturity above 3 months but less 12 months)			
	<b>2,564.13</b>	<b>7,206.09</b>	<b>-</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>9. OTHER CURRENT ASSETS</b>			
Pre-paid Expenses	74.39	77.71	46.37
Advance to Vendor	496.02	156.61	213.22
Advance to Employee	68.90	56.37	2.64
Other Current Assets	4,167.73	2,840.65	2,410.57
	<b>4,807.04</b>	<b>3,131.34</b>	<b>2,672.80</b>

₹ in Lacs

Particulars	31st March, 2018		31st March, 2017		1st April 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
<b>10. EQUITY SHARE CAPITAL</b>						
<b>SHARE CAPITAL</b>						
(1) Authorised Share Capital						
Equity Share of ₹ 10/- each.	3,00,00,000.00	3,000.00	3,00,00,000.00	3,000.00	3,00,00,000.00	3,000.00
(Previous year Equity Share of ₹ 10/- each)						
(2) Issued, Subscribed & Paid-up						
Equity Shares of ₹ 10/- each	2,14,65,400.00	2,146.54	2,14,65,400.00	2,146.54	1,51,65,400.00	1,516.54
(Previous year Equity Share of ₹ 10/- each)						
	<b>2,14,65,400.00</b>	<b>2,146.54</b>	<b>2,14,65,400.00</b>	<b>2,146.54</b>	<b>1,51,65,400.00</b>	<b>1,516.54</b>

## Notes

Forming part of financial statements for the year ended 31st March 2018

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

₹ in Lacs

Particulars	31st March, 2018		31st March, 2017		1st April 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
<b>Equity Shares</b>						
Shares outstanding at the beginning of the year	2,14,65,400.00	2,146.54	1,51,65,400.00	1,516.54	1,51,65,400.00	1,516.54
Shares issued during the year	-	-	63,00,000.00	630.00	-	-
Shares bought back during the year	-	-	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>2,14,65,400.00</b>	<b>2,146.54</b>	<b>2,14,65,400.00</b>	<b>2,146.54</b>	<b>1,51,65,400.00</b>	<b>1,516.54</b>

### Detail of Shareholding more than 5% share of the Company

₹ in Lacs

Particulars	31st March, 2018		31st March, 2017		1st April 2016	
	Nos.	%age holding	Nos.	%age holding	Nos.	%age holding
<b>Name of Shareholder</b>						
(Equity Shares of ₹ 10/- each)						
S. Rachhpal Singh	-	-	17,90,400.00	8.34	17,90,400.00	12.00
S. Gursaran Singh	17,14,886.00	7.99	13,65,400.00	6.36	13,65,400.00	9.00
S. Maninder Singh	24,40,300.00	11.37	26,30,400.00	12.25	26,30,400.00	17.00
S. Jasvinder Singh	26,30,400.00	12.25	26,30,400.00	12.25	26,30,400.00	17.00
S. Ranbir Singh	26,93,520.00	12.55	26,30,400.00	12.25	26,30,400.00	17.00
S. Gurdeep Singh	26,56,900.00	12.38	26,30,400.00	12.25	26,30,400.00	17.00
HDFC Trustee Co. Ltd.	-	-	11,56,832.00	5.39	-	-

#### 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	31st March, 2018	31st March, 2017	1st April 2016
1. Aggregate No and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash	NIL	NIL	NIL
2. Aggregate No. and class of shares allotted as fully paid-up by way of Bonus Shares	NIL	NIL	NIL
3. Aggregate No. and class of shares bought back.	NIL	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 2018 (Contd.)

₹ in Lacs

Particulars	Securities Premium A/c	Retained Earnings	Total
<b>11. STATEMENTS OF CHANGES IN EQUITY</b>			
Balance as at April 1, 2016		12,313.84	12,313.84
Addition	12,411.00		12,411.00
Add profit for the year	-	2,959.74	2,959.74
other comprehensive income for the year	-	-	-
Capitalised during the year in the form of Bonus Issue	-	-	-
Transferred			
Less: Prior period adjustment of taxes	-	-140.41	-140.41
Dividend Paid	-	-	-
Adjustment to Opening retained Earnings			
<b>Balance as at March 31, 2017</b>	<b>12,411.00</b>	<b>15,133.17</b>	<b>27,544.17</b>

₹ in Lacs

Particulars	Securities Premium A/c	Retained Earnings	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	-	-	-
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
<b>Balance as at March 31, 2018</b>	<b>11,802.98</b>	<b>20,193.10</b>	<b>31,996.09</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>12. BORROWINGS</b>			
<b>A) Non Current</b>			
<b>Secured</b>			
<b>From Banks</b>			
Term Loan	4348.63	4462.07	6336.66
Less: Current Maturities	1878.61	1837.76	2149.00
<b>Unsecured</b>			
Others	0.00	0.00	32.76
	<b>2470.02</b>	<b>2624.31</b>	<b>4220.42</b>

## Notes

Forming part of financial statements for the year ended 31st March 2018

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>12. BORROWINGS</b>			
<b>B) Current</b>			
Secured			
From Banks (Repayable on Demand)	9377.87	7266.94	7492.98
Unsecured			
Others	505.30	0.00	0.00
	<b>9883.17</b>	<b>7266.94</b>	<b>7492.98</b>

12.1 The above non-current borrowings are secured by mortgage created on all 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 for securing the working capital limits and the personal guarantee of directors.

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 directors. Unsecured Loan is taken as working capital limit from Bajaj Finance Ltd.

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>13. TRADE PAYABLE</b>			
Micro, Small & Medium Enterprises	0.00	0.00	0.00
Others	18296.93	15207.40	15398.23
	<b>18296.93</b>	<b>15207.40</b>	<b>15398.23</b>

13.1 The information as required to be disclosed under the micro, small and medium enterprises has not been received so far so the disclosure requirement of balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>14. OTHER CURRENT FINANCIAL LIABILITIES</b>			
Current Maturity of Non-Current Borrowings	1878.61	1837.76	2149.00
Employee Dues	150.44	12797	124.94
	<b>2029.05</b>	<b>1965.73</b>	<b>2273.94</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>15. OTHER CURRENT LIABILITIES</b>			
Statutory Liabilities	228.33	210.90	189.54
	<b>228.33</b>	<b>210.90</b>	<b>189.54</b>





## Notes

Forming part of financial statements for the year ended 31st March 2018 (Contd.)

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>16. CURRENT PROVISIONS</b>			
Outstanding Expenses Payable	729.79	311.64	400.34
	<b>729.79</b>	<b>311.64</b>	<b>400.34</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>17. REVENUE FROM OPERATIONS</b>		
<b>SALE OF PRODUCTS</b>		
Sale Domestic	36,105.37	29,726.53
Sale Export (Direct)	30,031.22	23,397.55
Gross Sales including Excise Duty	<b>66,136.59</b>	<b>53,124.08</b>
Less: Excise Duty	741.48	2,790.72
	<b>65,395.11</b>	<b>50,333.36</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>18. OTHER OPERATING REVENUE</b>		
FPS	655.16	587.37
Duty Drawback	609.61	420.23
Exchange Difference	353.64	-
	<b>1,618.41</b>	<b>1,007.60</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>19. OTHER INCOME</b>		
Interest Income	287.50	289.54
	<b>287.50</b>	<b>289.54</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>20. COST OF MATERIALS CONSUMED CONSUMPTION OF RAW MATERIAL</b>		
Raw Material -Steel	38,406.93	27,098.67
Raw Material-Non-Steel	27.98	20.07
	<b>38,434.91</b>	<b>27,118.74</b>
<b>CONSUMPTION OF STORE &amp; SPARES</b>		
Consumption of operating supply	3,854.55	2,727.57
Consumption of Die Steel	336.21	344.32
Consumption of oil & Lubricants	525.39	526.64
Consumption of Packing Materials	1,937.76	1,188.12
Consumption of Furnace Oil	727.27	369.86
	<b>7,381.18</b>	<b>5,156.51</b>
	<b>45,816.09</b>	<b>32,275.25</b>

## Notes

Forming part of financial statements for the year ended 31st March 2018

Particulars	31st March, 2018	31st March, 2017
<b>21. CHANGE IN INVENTORY OF - WORK IN PROGRESS &amp; FINISHED GOODS</b>		
At the beginning of Accounting period	7,243.48	6,822.41
At the end of the Accounting period	10,557.70	7,243.48
	<b>-3,314.22</b>	<b>-421.07</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>22. EMPLOYEE BENEFIT EXPENSE</b>		
Wages	902.72	886.73
Salary	1,191.13	1,053.79
Production Incentive Bonus	414.62	102.97
Contribution to Provident Fund	81.76	75.36
Family Pension	103.82	99.33
Administration charges	16.75	12.45
Group Gratuity Scheme	67.03	60.72
Group Insurance	3.31	22.14
Super Annuation Fund	22.30	19.02
Workers and Staff Welfare	145.23	152.97
Bonus	160.25	156.29
Leave with Wages	19.77	19.79
Medical reimbursement	56.17	50.09
	<b>3,184.86</b>	<b>2,711.65</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>23. FINANCIAL COSTS</b>		
<b>a) Interest Expense</b>		
Interest on Term Loan	306.67	629.65
Interest on Cash Credit	319.41	355.37
Interest to Others	6.03	125.32
<b>b) Other Borrowing Cost</b>		
Bank Commission	77.34	141.45
	<b>709.45</b>	<b>1,251.79</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>24. DEPRECIATION AND AMORTISATION EXPENSE DEPRECIATION</b>		
Building	227.44	251.32
Plant & Machinery	2,033.22	2,004.80
Furniture	27.06	24.30
Vehicle	71.59	66.50
Computers	87.46	16.33
Officer Equipments	33.26	30.85
	<b>2,480.03</b>	<b>2,394.10</b>



## Notes

Forming part of financial statements for the year ended 31st March 2018 (Contd.)

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>25. OTHER EXPENSES</b>		
Machining charges	1,441.67	1,359.37
Power & Fuel	4,782.37	4,063.99
Repair & Maintenance	359.48	214.73
Factory Expenses	31.65	28.10
Office Expenses	18.69	12.97
Donation / CSR	61.19	73.18
Subscription / Membership fees	12.77	5.61
Entertainment Expense	7.45	8.48
Fees & Taxes	37.05	15.89
Insurance	90.89	60.51
Legal Expenses	137.52	90.40
News Paper & Periodicals	1.23	0.84
<b>PAYMENT TO AUDITORS</b>	-	-
As Audit Fee	7.50	11.50
For Taxation purpose	-	-
For any other matters	-	-
Vehicle Petrol	60.10	55.70
Vehicle Repair	55.55	62.32
Repair of Building	33.06	30.99
Postage & Courier expenses	6.96	5.73
Printing & Stationery	29.54	24.92
Generator / General Repair & Maintenance	251.21	251.83
Loss on sale of asset	1.42	0.30
Repair & Maintenance of Computer	31.55	29.29
Telephone Expenses	12.68	13.52
Directors sitting fees	2.42	1.53
Rounded-off	-1.64	0.02
Travelling Expenses	170.50	172.17
Travelling Expenses Foreign	58.27	42.49
IPO Expenses	130.42	-
Advertisement expenses	11.82	3.77
Club fee	0.93	1.14
Freight & Cartage outward	891.38	609.65
Business Promotion Expenses	28.12	16.52
Export Packing & Forwarding expenses	2,258.58	1,462.42
	<b>11,022.33</b>	<b>8,729.88</b>

## Notes

Forming part of financial statements for the year ended 31st March 2018

		₹ in Lacs	
Particulars		31.03.2018	31.03.2017
		Amount(₹)	Amount(₹)
<b>26. EARNINGS PER SHARE</b>			
Basic and Diluted Earnings Per Share			
Net Profit attributable to Equity Shareholders	₹	5088.41	2959.74
Weighted Average number of Equity Shares outstanding during the year	Nos.	21465400	21465400
Face Value	₹	10	10
Basic Earnings Per Share	₹	23.70	13.79
Diluted Earnings Per Share	₹	23.70	13.79

### 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 favourable 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 recognises contribution payable to the provident fund scheme as an expenses, 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.

### 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 ₹ 73.64 Lacs on CSR activities but the company has spent ₹ 57.59 Lacs on CSR activity with the approval of its CSR committee. The total unspent Amount up to 31.03.2018 was ₹ 31.09 Lacs.

The following are the contingent liabilities during the year.

		₹ in Lacs		
Particulars		2017-18	2016-17	1st April, 2016
		<b>29. (A) Contingent Liabilities</b>		
1. Bank Guarantees		2.00	7.34	2.00
2. Excise Duty and Service Tax demand against which the company has preferred appeals.		96.26	79.02	51.99
3. Income Tax Demands against which the company has preferred appeals.		135.05	135.05	135.05
4. Value Added Tax Liabilities		195.53	195.53	195.53
<b>(B) Commitments</b>				
Capital Commitments		0	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.



## Notes

### Forming part of financial statements for the year ended 31st March 2018 (Contd.)

#### 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

**(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

**(f) Director's Relatives**

- S. Maninder Singh – Sr. Vice-President (Planning)
- Mrs. Loveleen Kaur – Sr. Vice-President (Corporate Affairs)

Nature of Transaction	₹ in Lacs	
	2017-18	2016-17
<b>(a) Security Deposit with-</b>		
GNA Udyog Limited	488.96	488.96
GNA Sons	565.21	565.21
Seehra Overseas	10.00	10.00
<b>(b) Remuneration</b>		
S. Rachhpal Singh	50.40	46.20
S. Gursaran Singh	52.92	60.16
S. Ranbir Singh	82.08	72.96
S. Jasvinder Singh	82.08	72.96
S. Kulvin Seehra	26.46	22.05
S. Harvinder Seehra	26.46	22.05
<b>(c) Remuneration Paid to Key Managerial Personnel</b>		
Mr. Rakesh Gupta	10.84	10.04
Mr. Gaurav Jain	6.10	5.75
<b>(d) Remuneration Paid to Director's Relatives</b>		
S. Maninder Singh	4.49	0
Mrs. Loveleen Kaur	4.49	0

## Notes

### Forming part of financial statements for the year ended 31st March 2018

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.

Particulars	₹ in Lacs	
	2017-18	2016-17
<b>33. REMUNERATION TO DIRECTORS</b>		
Remuneration of Directors		
<b>Salary</b>	<b>320.40</b>	<b>286.38</b>

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 information as required to be disclosed under the micro, small and medium enterprises has been not received so far so the discloser requirement for balance outstanding, interest paid, payable as at the year-end as required by the Act, has not been given

#### 36. AUDITORS REMUNERATION:

Sr. No.	Particulars	₹ in Lacs	
		Current year	Previous year
1.	Audit Fee	7.50	11.50

#### 37. UTILISATION OF IPO PROCEEDS

The Equity shares of Company got listed on 26th September 2016 from where net proceeds amounting to ₹ 11,790.98 lacs were raised. The Utilisation of IPO proceeds upto 31st March 2018 is as under:-

Purchase of Plant & Machinery	:	₹ 7472.38 Lacs
Working Capital Requirement	:	₹ 3500.00 Lacs
For General Corporate Purpose	:	₹ 283.68 Lacs



- 38. DIVIDEND :** Final dividend is accounted for in books when approved by shareholders and interim dividend, if any, will be accounted for on declaration.
- 39.** Previous Years Figures have been re-grouped/ re-arranged wherever consider necessary. The Companies has complied the above accounts based on the revised/modified schedule III. Applicable for the accounting period 2017-18. The discloser requirement are made in the notes to accounts for by way of additional statements. The other discloser required by the companies Act, are made in the notes to accounts.
- 40.** The comparative financial information of the Company for the year ended. 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended 31st March, 2017 and 31st March, prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor (M/s G. S. Syal & Co.) who expressed an unmodified opinion vide reports dated 5th May, 2017 and 23rd May, 2016 respectively. The adjustments to those financial statements for the difference in accounting principles adopted by the Company on transition to the Ind AS have been audited by us and our opinion is not qualified in respect of this matter.

As per our Report of even date annexed.

**For HARISH & CO.**  
**Chartered Accountants (FRN017372N)**

**(Harish Kumar)**  
**Proprietor**  
M. No. 016902

**Place: Jalandhar**  
**Dated: 28th May, 2018**

## ▶▶ 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, 2018, 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, 2018, 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 \$4016.71.

### 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, 2018 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, 2018 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:
  - 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)

(Harish Kumar)  
Proprietor

M. No. 016902

Place: Jalandhar  
Dated: 28th May, 2018

## » 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, 2018, 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 periods are subject to the risk that the internal financial control over



## » **Annexure - A to the Independent Auditors' Report (Contd.)**

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, 2018, 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 \$4016.71. 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)**

**(Harish Kumar)**

**Proprietor**  
M. No. 016902

**Place: Jalandhar**  
**Dated: 28th May, 2018**

# Consolidated Balance Sheet

as at 31st March, 2018

₹ in Lacs

Particulars	Note No.	31st March, 2018	31st March, 2017	1st April 2016
<b>NON-CURRENT ASSETS</b>				
Property, Plant & Equipment	1	19,069.37	13,174.12	14,731.35
Capital Work in Progress	2	-	253.10	4.98
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	2,833.47	4,663.07	1,831.18
		<b>21,902.84</b>	<b>18,090.29</b>	<b>16,567.51</b>
<b>CURRENT ASSETS</b>				
Inventories	4	15,363.51	11,029.43	9,136.87
Financial Assets				
Investments				
Trade Receivables	5	23,546.60	18,227.32	16,208.43
Cash & Cash Equivalents	6	45.14	39.54	68.12
Bank Balance Other than Cash and Cash Equipments	7	2,564.13	7,206.09	-
Loans				
Other Financial Assets				
Other Current Assets	8	4,807.04	3,131.34	2,672.80
		<b>46,326.42</b>	<b>39,633.72</b>	<b>28,086.22</b>
<b>Total Assets</b>		<b>68,229.26</b>	<b>57,724.01</b>	<b>44,653.73</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	9	2,146.54	2,146.54	1,516.54
Other Equity	10	31,987.81	27,538.49	12,310.80
Equity Attributable to Owner				
Non-controlling interest		-	-	-
		<b>34,134.35</b>	<b>29,685.03</b>	<b>13,827.34</b>
<b>SHARE APPLICATION MONEY PENDING FOR ALLOTMENT</b>				
<b>NON-CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings	11	2,470.02	2,624.31	4,220.42
Other Financial Liabilities				
Provisions				
Deferred Tax Liabilities		202.75	248.69	371.53
Other Non-Current Liabilities				
		<b>2,672.77</b>	<b>2,873.00</b>	<b>4,591.95</b>
<b>CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings	11	9,883.17	7,266.94	7,492.98
Trade Payable	12	18,305.09	15,213.28	15,401.77
Other Financial Liabilities	13	2,029.05	1,965.73	2,273.94
Other Current Liabilities	14	228.33	210.90	189.54
Current Provisions	15	729.79	311.64	400.34
Current Tax Liabilities (Net)		246.71	197.49	475.87
		<b>31,422.14</b>	<b>25,165.97</b>	<b>26,234.44</b>
<b>Total Liabilities</b>		<b>34,094.91</b>	<b>28,038.98</b>	<b>30,826.39</b>
<b>Total Equity &amp; Liabilities</b>		<b>68,229.26</b>	<b>57,724.01</b>	<b>44,653.73</b>
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)**
**(Harish Kumar)**  
**Proprietor**  
 M. No. 016902

**Place: Jalandhar**  
**Dated: 28th May, 2018**
**For and on behalf of Board of Directors of GNA Axles Limited**
**Gursaran Singh**  
**Managing Director**
**Rakesh Kumar**  
**Chief Financial Officer**
**Ranbir Singh**  
**CEO & Wholetime Director**
**Gourav Jain**  
**Company Secretary**



# Consolidated Statement of Profit & Loss

for year ended 31st March, 2018

₹ in Lacs

Particulars	Note No.	31st March, 2018	31st March, 2017
<b>REVENUE FROM OPERATIONS</b>			
Revenue from Sale of Products	16	65,395.11	50,333.36
Other Operating income	17	1,618.41	1,007.60
		<b>67,013.52</b>	<b>51,340.96</b>
Other Income	18	287.50	289.54
		<b>67,301.02</b>	<b>51,630.50</b>
<b>EXPENDITURE</b>			
Cost of Material consumed	19	45,816.09	32,275.26
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	20	-3,314.22	-421.07
Employee Benefits Expense	21	3,184.86	2,711.65
Financial Costs	22	709.76	1,252.07
Depreciation, Impairment and Amortisation Expenses	23	2,480.03	2,394.10
Other Expenses	24	11,024.93	8,732.23
		<b>59,901.45</b>	<b>46,944.24</b>
<b>Profit Before Tax</b>		<b>7,399.57</b>	<b>4,686.26</b>
<b>TAX EXPENSE</b>			
Current Tax (net)		2,360.00	1,852.00
Deferred Tax Charge (Credit)		-45.95	-122.84
<b>Profit for the year</b>		<b>5,085.52</b>	<b>2,957.10</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Items that will not be reclassified to Statement of Profit and Loss			
(i) Measurements of post-employment benefit obligation		-	-
(ii) Income tax relating to these items		-	-
<b>Other Comprehensive Income/(Loss) for the year</b>		-	-
<b>Total Comprehensive Profit for the year</b>		<b>5,085.52</b>	<b>2,957.10</b>
Earnings Per Equity Share of face value of ₹ 10/- each			
Basic		23.69	13.78
Diluted		23.69	13.78
Notes forming Parts of Financial Statements	<b>1 to 38</b>		
Notes on Accounting Policies	<b>I to II</b>		

As per our Report of even date annexed.

**For HARISH & CO.**  
Chartered Accountants (FRN017372N)

**(Harish Kumar)**  
Proprietor  
M. No. 016902

Place: Jalandhar  
Dated: 28th May, 2018

For and on behalf of Board of Directors of GNA Axles Limited

**Gursaran Singh**  
Managing Director

**Rakesh Kumar**  
Chief Financial Officer

**Ranbir Singh**  
CEO & Wholetime Director

**Gourav Jain**  
Company Secretary

## Consolidated Cash Flow Statement

as at 31st March, 2018

₹ in Lacs

Particulars	For the Year Ending 31st March, 2018	For the Year Ending 31st March, 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	7,399.56	4,686.26
<b>Adjustments for :</b>		
Depreciation	2,480.03	2,394.10
Interest income	-287.50	-289.54
Interest paid	632.11	1,110.34
IPO Expenses W/off	130.41	-
Loss on sale of assets	1.42	0.29
<b>Operating profit before working capital changes</b>	<b>10,356.03</b>	<b>7,901.45</b>
<b>Adjustments for :</b>		
Inventories	-4,334.09	-1,892.56
Increase in Trade Rec./Other Current/Non-Current Assets	-1,261.85	-12,515.41
Decrease/Increase in Trade payable/Other Current Liabilities	3,599.08	-531.18
Income tax /Exchange Diff. of earlier year	-28.17	-140.41
Income Tax Paid	-2,360.00	-1,852.00
<b>Net cash from operating activities</b>	<b>5,971.00</b>	<b>-9,030.11</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed assets	-8,124.59	-1,091.63
Sale of fixed assets	1.00	6.35
Interest received	287.50	289.54
<b>Net cash used in Investing activities</b>	<b>-7,836.09</b>	<b>-795.74</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of equity shares at premium	-	13,041.00
Proceeds from Long term Borrowings	1,754.59	45.00
Repayment of long term borrowings	-1,868.03	-1,952.35
Increase/ ( Decrease ) in cash credits & Packing credits	2,616.23	-226.04
Interest Paid	-632.11	-1,110.34
<b>Net cash flow from financing activities</b>	<b>1,870.68</b>	<b>9,797.27</b>
<b>Net increase/ (decrease ) in cash &amp; cash equivalents (A+B+C)</b>	<b>5.60</b>	<b>-28.58</b>
<b>Cash &amp; Cash equivalents at the beginning of year (see note 2)</b>	<b>39.54</b>	<b>68.12</b>
<b>Cash &amp; Cash equivalents at the end of year</b>	<b>45.14</b>	<b>39.54</b>
	5.60	-28.58



## Consolidated Cash Flow Statement as at 31st March, 2018 (Contd.)

**Notes :**

1 The Cash flow is based on and derived from the accounts of company for the year ended 31st March, 2018 and 31st March, 2017

₹ in Lacs

Particulars	For the Year Ending 31st March, 2018	For the Year Ending 31st March, 2017
2 Cash & cash equivalents comprise of :		
Cash in hand	25.59	27.07
<b>WITH SCHEDULED BANKS :</b>		
On current accounts	19.55	12.47
On fixed deposit accounts		
Cash and cash equivalents at the end of year	<b>45.14</b>	<b>39.54</b>

As per our Report of even date annexed.

**For HARISH & CO.**  
Chartered Accountants (FRN017372N)

**(Harish Kumar)**  
Proprietor  
M. No. 016902

Place: Jalandhar  
Dated: 28th May, 2018

**For and on behalf of Board of Directors of GNA Axles Limited**

**Gursaran Singh**  
Managing Director

**Rakesh Kumar**  
Chief Financial Officer

**Ranbir Singh**  
CEO & Wholetime Director

**Gourav Jain**  
Company Secretary

## Notes

### Forming part of consolidated Financial Statements for the year ended 31st March 2018

#### 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, 2018	% voting power held as at 31st March, 2017	% voting power held as at 1st April, 2016
GNA Axles Inc.	Michigan	100%	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. These financial statements are the first consolidated financial statements under Ind AS.

The Consolidated financial statements up to year ended 31st March, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions 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 unrealized profits/unrealized 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.





# Notes

## Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

### 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 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 recognized in profit or loss.

#### Transaction to Ind AS

On transition to Ind AS the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at April 01, 2016 measured as per the previous GAAP (Indian GAAP) and use that carrying value as the deemed cost of property, plant and equipment.

#### b) Capital Work in Progress

Property, plant and equipment under construction are disclosed as capital work in progress. On transition to Ind AS the Company has elected to continue with the carrying value of its capital work in progress recognized as at April, 2016 measured as per the previous GAAP (Indian GAAP) and use that carrying value as the deemed cost of the 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 and inclusive of Excise duty etc. upto 30th June, 2017. GST has been implemented w.e.f. 1st July, 2017 and as per AS 18 the revenue for the year ending 31.03.2018 is reported net of GST.

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 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

## Notes

### Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

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).

#### l) 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 insignificant 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 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 recognized in profit or loss in the period in which they arise.



## Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

Particulars	₹ in Lacs							
	Freehold Land	Factory Building	Plant & Machinery	Computers	Office Equipments	Furniture & Fixtures	Vehicle	Total
<b>1 PROPERTY PLANT &amp; EQUIPMENT</b>								
<b>(A) Gross Block</b>								
Balance as at April, 1, 2016	546.18	4,022.92	23,634.33	412.97	421.27	294.42	733.33	30,065.42
Shifted to Investment	-	-	-	-	-	-	-	-
Properties on 01.04.2016	546.18	4,022.92	23,634.33	412.97	421.27	294.42	733.33	30,065.42
Addition during the year	214.75	-	489.50	32.51	35.74	15.95	55.06	843.51
Discarded/Disposed off during the year	-	-	-	-	-	-	60.95	60.95
<b>Balance at at March 31, 2017</b>	<b>760.93</b>	<b>4,022.92</b>	<b>24,123.83</b>	<b>445.48</b>	<b>457.01</b>	<b>310.37</b>	<b>727.44</b>	<b>30,847.98</b>
Balance as at April 1, 2017	760.93	4,022.92	24,123.83	445.48	457.01	310.37	727.44	30,847.98
Addition during the year	29.20	1,679.46	6,293.58	121.48	38.67	72.39	142.91	8,377.69
Discarded/Disposal during the year	-	-	-	-	-	-	15.63	15.63
<b>Balance at at March 31, 2018</b>	<b>790.13</b>	<b>5,702.38</b>	<b>30,417.41</b>	<b>566.96</b>	<b>495.68</b>	<b>382.76</b>	<b>854.72</b>	<b>39,210.04</b>
<b>(B) Accumulated Depreciation</b>								
Balance as at April 1, 2016	-	1,377.50	12,584.87	391.87	249.23	208.58	522.03	15,334.08
Depreciation for the year	-	251.32	2,004.81	16.33	30.85	24.31	66.50	2,394.12
Accumulated depreciation on discarded/ disposal	-	-	-	-	-	-	54.32	54.32
<b>Balance at at March 31, 2017</b>	<b>-</b>	<b>1,628.82</b>	<b>14,589.68</b>	<b>408.20</b>	<b>280.08</b>	<b>232.89</b>	<b>534.21</b>	<b>17,673.88</b>
Balance as at April 1, 2017	-	1,628.82	14,589.68	408.20	280.08	232.89	534.21	17,673.88
Depreciation for the year	-	227.44	2,033.22	87.46	33.26	27.06	71.59	2,480.03
Accumulated depreciation on discarded/disposal	-	-	-	-	-	-	13.21	13.21
<b>Balance at at March 31, 2018</b>	<b>-</b>	<b>1,856.26</b>	<b>16,622.90</b>	<b>495.66</b>	<b>313.34</b>	<b>259.95</b>	<b>592.59</b>	<b>20,140.70</b>
<b>(C) Net carrying Amount</b>								
Balance as at April 1, 2016	546.18	2,645.43	11,049.46	21.10	172.04	85.84	211.30	14,731.35
Balance as at March 31, 2017	760.93	2,394.11	9,534.16	37.29	176.92	77.49	193.22	13,174.12
<b>Balance as at March 31, 2018</b>	<b>790.13</b>	<b>3,846.13</b>	<b>13,794.52</b>	<b>71.30</b>	<b>182.33</b>	<b>122.82</b>	<b>262.13</b>	<b>19,069.37</b>

## Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

Particulars	Factory Building
<b>2. CAPITAL - WORK IN PROGRESS</b>	
Balance as at April 1, 2016	4.98
Addition	248.12
	<b>253.10</b>
Less: Capitalised	-
Balance as at March 31, 2017	<b>253.10</b>
Balance as at April 1, 2017	<b>253.10</b>
Addition	-
	<b>253.10</b>
Less: Capitalised	253.10
<b>Balance as at March 31, 2018</b>	<b>-</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>3. OTHER-NON CURRENT ASSETS</b>			
Advance for Fixed Assets	939.50	1,872.40	206.72
Security Deposits	1,502.74	1,540.64	1,408.14
Other Non-Current Assets	391.23	1,250.03	216.32
	<b>2,833.47</b>	<b>4,663.07</b>	<b>1,831.18</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>4. INVENTORIES</b>			
<b>Raw Material</b>			
Raw Material Steel	3,859.44	3,203.83	1,826.06
Raw Material Non Steel	14.55	12.58	11.80
Work in Progress	9,588.52	6,504.72	6,022.83
Finished Goods	938.38	729.51	755.55
	-	-	-
<b>Stores, Spares &amp; Loose Tools</b>			
Stock of Operating Supply	612.74	397.67	344.66
Stock of Spare Parts	124.19	99.22	70.09
Stock of Diesel	34.94	12.42	11.79
Stock of Die Steel	4.34	2.08	1.62
Stock of Oil Lubricant	61.93	30.50	22.64
<b>Others</b>			
Stock of Scrap Material	30.80	9.25	44.02
Stock of Packing	93.68	27.65	25.81
	<b>15,363.51</b>	<b>11,029.43</b>	<b>9,136.87</b>



# Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>5. TRADE RECEIVABLE</b>			
(Unsecured but considered good)			
Debtors outstanding for the period exceeding six months	898.46	2,067.32	833.16
Other	22,648.14	16,160.00	15,375.27
	<b>23,546.60</b>	<b>18,227.32</b>	<b>16,208.43</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>6. CASH &amp; CASH EQUIVALENT</b>			
Cash in hand	25.59	27.07	50.72
<b>Balance with Banks</b>			
(In Current Account	19.55	12.47	17.40
In Deposit Account	-	-	-
(with maturity of 3 months or less)			
	<b>45.14</b>	<b>39.54</b>	<b>68.12</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>7. OTHER BANK BALANCE</b>			
In Deposit Account	2,564.13	7,206.09	-
(Maturity above 3 months but less 12 months)			
	<b>2,564.13</b>	<b>7,206.09</b>	<b>-</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>8. OTHER CURRENT ASSETS</b>			
Pre-paid Expenses	74.39	77.71	46.37
Advance to Vendor	496.02	156.61	213.22
Advance to Employee	68.90	56.37	2.64
Other Current Assets	4,167.73	2,840.65	2,410.57
	<b>4,807.04</b>	<b>3,131.34</b>	<b>2,672.80</b>

₹ in Lacs

Particulars	31st March, 2018		31st March, 2017		1st April 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
<b>9. EQUITY SHARE CAPITAL</b>						
<b>Share Capital</b>						
(1) <b>Authorised Share Capital</b>						
Equity Share of ₹ 10/- each.	30000000	3000	30000000	3000	30000000	3000
(Previous year Equity Share of ₹ 10/- each)						
(2) <b>Issued, Subscribed &amp; Paid-up</b>						
Equity Shares of ₹ 10/- each	21465400	2146.54	21465400	2146.54	15165400	1516.54
(Previous year Equity Share of ₹ 10/- each)						
	<b>21465400</b>	<b>2146.54</b>	<b>21465400</b>	<b>2146.54</b>	<b>15165400</b>	<b>1516.54</b>

## Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

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

₹ in Lacs

Particulars	31st March, 2018		31st March, 2017		1st April 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
<b>Equity Shares</b>						
Shares outstanding at the beginning of the year	21465400	2146.54	15165400	1516.54	15165400	1516.54
Shares issued during the year	0	0	6300000	630	0	0
Shares bought back during the year			0	0	0	0
<b>Shares outstanding at the end of the year</b>	<b>21465400</b>	<b>2146.54</b>	<b>21465400</b>	<b>2146.54</b>	<b>15165400</b>	<b>1516.54</b>

### Detail of Shareholding more than 5% share of the company

₹ in Lacs

Particulars	31st March, 2018		31st March, 2017		1st April 2016	
	Nos.	%age holding	Nos.	%age holding	Nos.	%age holding
<b>Name of Shareholder</b>						
(Equity Shares of ₹ 10/- each)						
S. Rachhpal Singh	0	0	1790400	8.34	1790400	12
S. Gursaran Singh	1714886	7.99	1365400	6.36	1365400	9
S. Maninder Singh	2440300	11.37	2630400	12.25	2630400	17
S. Jasvinder Singh	2630400	12.25	2630400	12.25	2630400	17
S. Ranbir Singh	2693520	12.55	2630400	12.25	2630400	17
S. Gurdeep Singh	2656900	12.38	2630400	12.25	2630400	17
HDFC Trustee Co. Ltd.	0	0	1156832	5.39	0	0

#### 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	31st March, 2018	31st March, 2017	1st April 2016
1. Aggregate No and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash	NIL	NIL	NIL
2. Aggregate No. and class of shares allotted as fully paid-up by way of Bonus Shares	NIL	NIL	NIL
3. Aggregate No. and class of shares bought back.	NIL	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 consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

₹ in Lacs

Particulars	Securities Premium A/c	Retained Earnings	Non-controlling Interest	Total
<b>10. STATEMENTS OF CHANGES IN EQUITY</b>				
Balance as at April 1, 2016		12,310.80	-	12,310.80
Addition	12,411.00		-	12,411.00
Add profit for the year	-	2,957.10	-	2,957.10
other comprehensive income for the year	-	-	-	-
Capitalised during the year in the form of Bonus Issue	-	-	-	-
Transferred				
Less: Prior period adjustment of taxes/Exchange transaction	-	-140.41	-	-140.41
Dividend Paid	-	-	-	-
Adjustment to Opening retained Earnings				
<b>Balance as at March 31, 2017</b>	<b>12,411.00</b>	<b>15,127.49</b>	<b>-</b>	<b>27,538.49</b>

₹ in Lacs

Particulars	Securities Premium A/c	Retained Earnings	Non-controlling Interest	Total
Balance as at April 1, 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				
Utilized 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
<b>Balance as at March 31, 2018</b>	<b>11,802.98</b>	<b>20,184.83</b>	<b>-</b>	<b>31,987.81</b>

## Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>11. BORROWINGS</b>			
<b>A) Non Current</b>			
Secured			
<b>From Banks</b>			
Term Loan	4,348.63	4,462.07	6,336.66
Less: Current Maturities	1,878.61	1,837.76	2,149.00
Unsecured			
Others	-	-	32.76
	<b>2,470.02</b>	<b>2,624.31</b>	<b>4,220.42</b>
<b>B) Current</b>			
Secured			
From Banks (Repayable on Demand)	9,377.87	7,266.94	7,492.98
Unsecured			
Others	505.30	-	-
	<b>9,883.17</b>	<b>7,266.94</b>	<b>7,492.98</b>

11.1 The above non-current borrowings are secured by mortgage created on all 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 for securing the working capital limits and the personal guarantee of 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 directors. Unsecured Loan is taken as working capital limit from Bajaj Finance Ltd.

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>12. TRADE PAYABLE</b>			
Micro, Small & Medium Enterprises	-	-	-
Others	18,305.09	15,213.28	15,401.77
	<b>18,305.09</b>	<b>15,213.28</b>	<b>15,401.77</b>

12.1 The information as required to be disclosed under the micro, small and medium enterprises has not been received so far so the disclosure requirement of balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>13. OTHER CURRENT FINANCIAL LIABILITIES</b>			
Current Maturity of Non-Current Borrowings	1,878.61	1,837.76	2,149.00
Employee Dues	150.44	127.97	124.94
	<b>2,029.05</b>	<b>1,965.73</b>	<b>2,273.94</b>





## Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>14. OTHER CURRENT LIABILITIES</b>			
Statutory Liabilities	228.33	210.90	189.54
	<b>228.33</b>	<b>210.90</b>	<b>189.54</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017	1st April 2016
<b>15. CURRENT PROVISIONS</b>			
Outstanding Expenses Payable	729.79	311.64	400.34
	<b>729.79</b>	<b>311.64</b>	<b>400.34</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>16. REVENUE FROM OPERATIONS</b>		
<b>Sale Of Products</b>		
Sale Domestic	36,105.37	29,726.53
Sale Export (Direct)	30,031.22	23,397.55
Gross Sales including Excise Duty	<b>66,136.59</b>	<b>53,124.08</b>
Less: Excise Duty	741.48	2,790.72
	<b>65,395.11</b>	<b>50,333.36</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>17. OTHER OPERATING REVENUE</b>		
FPS	655.15	587.37
Duty Drawback	609.60	420.23
Exchange Difference	353.64	-
	<b>1,618.41</b>	<b>1,007.60</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>18. OTHER INCOME</b>		
Interest Income	287.50	289.54
	<b>287.50</b>	<b>289.54</b>

## Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>19. COST OF MATERIALS CONSUMED CONSUMPTION OF RAW MATERIAL</b>		
Raw Material -Steel	38,406.93	27,098.67
Raw Material-Non-Steel	2798	20.08
	<b>38,434.91</b>	<b>27,118.75</b>
<b>Consumption Of Store &amp; Spares</b>		
Consumption of operating supply	3,854.55	2,727.57
Consumption of Die Steel	336.21	344.32
Consumption of oil & Lubricants	525.39	526.64
Consumption of Packing Materials	1,937.76	1,188.12
Consumption of Furnace Oil	727.27	369.86
	<b>7,381.19</b>	<b>5,156.51</b>
	<b>45,816.09</b>	<b>32,275.26</b>

Particulars	31st March, 2018	31st March, 2017
<b>20. CHANGE IN INVENTORY OF - WORK IN PROGRESS &amp; FINISHED GOODS</b>		
At the beginning of Accounting period	7,243.48	6,822.41
At the end of the Accounting period	10,557.70	7,243.48
	<b>-3,314.22</b>	<b>-421.07</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>21. EMPLOYEE BENEFIT EXPENSE</b>		
Wages	902.72	886.73
Salary	1,191.13	1,053.79
Production Incentive Bonus	414.62	102.97
Contibution to Provident Fund	81.76	75.36
Family Pension	103.82	99.33
Administration charges	16.75	12.45
Group Gratuity Scheme	67.03	60.72
Group Insurance	3.31	22.14
Super Annuation Fund	22.30	19.02
Workers and Staff Welfare	145.23	152.97
Bonus	160.25	156.29
Leave with Wages	19.77	19.79
Medical reimbursement	56.17	50.09
	<b>3,184.86</b>	<b>2,711.65</b>



## Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>22. FINANCIAL COSTS</b>		
<b>a) Interest Expense</b>		
Interest on Term Loan	306.67	629.65
Interest on Cash Credit	319.41	355.37
Interest to Others	6.03	125.31
<b>b) Other Borrowing Cost</b>		
Bank Commission	77.65	141.74
	<b>709.76</b>	<b>1,252.07</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>23. DEPRECIATION AND AMORTISATION EXPENSE DEPRECIATION</b>		
Building	227.44	251.32
Plant & Machinery	2,033.22	2,004.81
Furniture	27.06	24.31
Vehicle	71.59	66.50
Computers	87.46	16.33
Officer Equipments	33.26	30.85
	<b>2,480.03</b>	<b>2,394.12</b>

₹ in Lacs

Particulars	31st March, 2018	31st March, 2017
<b>24. OTHER EXPENSES</b>		
Machining charges	1,441.67	1,359.37
Power & Fuel	4,782.37	4,063.99
Repair & Maintenance	359.48	214.73
Factory Expenses	31.65	28.10
Office Expenses	18.69	12.97
Donation / CSR	61.19	73.18
Subscription / Membership fees	12.77	5.61
Entertainment Expense	7.45	8.48
Fees & Taxes	37.05	15.89
Insurance	90.89	60.51
Legal Expenses	139.83	92.89
News Paper & Periodicals	1.23	0.84

## Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

		₹ in Lacs	
Particulars		31st March, 2018	31st March, 2017
<b>24. OTHER EXPENSES</b>			
<b>Payment To Auditors</b>			
As Audit Fee		7.50	11.50
For Taxation purpose		-	-
For any other matters		-	-
Vehicle Petrol		60.10	55.70
Vehicle Repair		55.55	62.32
Repair of Building		33.06	30.99
Postage & Courier expenses		6.96	5.74
Printing & Stationery		29.54	24.92
Generator / General Repair & Maintenance		251.21	251.83
Loss on sale of asset		1.42	0.29
Repair & Maintenance of Computer		31.55	29.29
Telephone Expenses		12.68	13.52
Directors sitting fees		2.42	1.53
Rounded-off		-1.64	0.02
Travelling Expenses		170.51	172.17
Travelling Expenses Foreign		58.27	42.49
IPO Expenses W/off		130.42	-
Exchange Difference (consolidation)		0.29	-0.14
Advertisement expenses		11.82	3.77
Club fee		0.92	1.14
Freight & Cartage outward		891.38	609.65
Business Promotion Expenses		28.12	16.52
Export Packing & Forwarding expenses		2,258.58	1,462.42
		<b>11,024.93</b>	<b>8,732.23</b>

		₹ in Lacs	
Particulars		31.03.2018	31.03.2017
		Amount(₹)	Amount(₹)
<b>25. EARNINGS PER SHARE</b>			
Basic and Diluted Earnings Per Share			
Net Profit attributable to Equity Shareholders	₹	5085.51	2957.10
Weighted Average number of Equity Shares outstanding during the year	Nos.	2,14,65,400	2,14,65,400
Face Value	₹	10	10
Basic Earnings Per Share	₹	23.69	13.78
Diluted Earnings Per Share	₹	23.69	13.78



# Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

## 26. 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 expenses , 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.

## 27. 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 ₹ 73.64 lacs on CSR activities but the company has spent ₹ 57.59 lacs on CSR activity with the approval of its CSR committee. The total unspent Amount up to 31.03.2018 was ₹ 31.09 Lacs.

The following are the contingent liabilities during the year.

₹ in Lacs

Particulars	2017-18	2016-17	1stApril, 2016
<b>28. (A) Contingent Liabilities</b>			
1. Bank Guarantees	2.00	7.33	2.00
2. Excise Duty and Service Tax demand against which the company has preferred appeals.	96.26	79.01	51.99
3. Income Tax Demands against which the company has preferred appeals.	135.05	135.05	135.05
4. Value Added Tax Liabilities	195.53	195.53	195.53
<b>(B) Commitments</b>			
Capital Commitments	0	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.



## Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

### 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

#### (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

#### (f) Director's Relatives

S. Maninder Singh – Sr. Vice-President (Planning)  
 Mrs. Loveleen Kaur – Sr. Vice-President (Corporate Affairs)

Nature of Transaction	₹ in Lacs	
	2017-18	2016-17
<b>(a) Security Deposit with-</b>		
GNA Udyog Limited	488.96	488.96
GNA Sons	563.21	565.21
Seehra Overseas	10.00	10.00
<b>(b) Remuneration</b>		
S. Rachhpal Singh	50.40	46.20
S. Gursaran Singh	52.92	60.16
S. Ranbir Singh	82.08	72.96
S. Jasvinder Singh	82.08	72.96
S. Kulvin Seehra	26.46	22.05
S. Harvinder Seehra	26.46	22.05
<b>(c) Remuneration Paid to Key Managerial Personnel</b>		
Mr. Rakesh Gupta	10.83	10.04
Mr. Gaurav Jain	6.10	5.75
<b>(d) Remuneration Paid to Director's Relatives</b>		
S. Maninder Singh	4.49	0
Mrs. Loveleen Kaur	4.49	0

30. Trade Receivable and Trade Payables are subject to confirmation



# Notes

Forming part of consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

## 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.

Particulars	₹ in Lacs	
	2017-18	2016-17
<b>32. REMUNERATION TO DIRECTORS</b>		
Remuneration of Directors		
<b>Salary</b>	<b>320.40</b>	<b>286.38</b>

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 information as required to be disclosed under the micro, small and medium enterprises has been not received so far so the discloser requirement for balance outstanding, interest paid, payable as at the year end as required by the Act, has not been given

## 35. AUDITORS REMUNERATION:

Sr. No.	Particulars	₹ in Lacs	
		Current year	Previous year
1.	Audit Fee	7.50	11.50

## 36. UTILISATION OF IPO PROCEEDS.

The Equity shares of Company got listed on 26th September 2016 from where net proceeds amounting to Rs. 11,790.98 lacs were raised. The Utilisation of IPO proceeds upto 31st March 2018 is as under:-

Purchase of Plant & Machinery	:	₹ 7472.38 Lacs
Working Capital Requirement	:	₹ 3500.00 Lacs
For General Corporate Purpose	:	₹ 283.68 Lacs

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. The Companies has complied the above accounts based on the revised/modified schedule III. Applicable for the accounting period 2017-18. The discloser requirement are made in the notes to accounts for by way of additional statements. The other discloser required by the companies Act, are made in the notes to accounts.

39. The comparative financial information of the Company for the year ended. 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS consolidated financial statement , are based on the previously issued statutory financial statements for the years ended 31st March, 2017 and 31st March, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor (M/s G. S. Syal & Co.) who expressed an unmodified opinion vide reports dated 5th May, 2017 and 23rd May, 2016 respectively. The adjustments to those consolidated financial statements for the difference in accounting principles adopted by the Company on transition to the Ind AS have been audited by us and our opinion is not qualified in respect of this matter.

As per our Report of even date annexed.

For **HARISH & CO.**

Chartered Accountants (FRN017372N)

(Harish Kumar)

Proprietor

M. No. 016902

Place: Jalandhar

Dated: 28th May, 2018





**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 25th Annual General Meeting of the Company, to be held on Saturday, the September 15, 2018 at 12:30 P.M. at Hotel Aveda Kamal Palace, Civil Lines Jalandhar – 144001 Punjab and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
<b>Ordinary Business</b>	
1	Adoption of Consolidated & Standalone Audited Balance Sheet as at March 31, 2018, 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. Harwinder Singh (DIN : 03522842), liable to retire by rotation and being eligible, offers himself for re-appointment.
4	Re-Appointment of Mr. Rachhpall Singh (DIN : 00806002), liable to retire by rotation and being eligible, offers himself for re-appointment.
5	Re-Appointment of Mr. Gursaran Singh (DIN : 00805558), liable to retire by rotation and being eligible, offers himself for re-appointment.
6	Ratification of appointment of Statutory Auditors of the Company
<b>Special Business</b>	
7	Reappointment of Mr. Jasvinder Singh Seehra (DIN 01831572) as Jt. Managing Director for a period of 5 years.
8	Reappointment of Mr. Ranbir Singh (DIN : 01572708) as Wholetime Director for a period of 5 years.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Affix  
Revenue  
Stamp of  
Rs. 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.

**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

**ATTENDANCE SLIP**

**[PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING AND HAND IT OVER AT THE ENTRANCE DULY FILLED IN]**

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

I hereby record my presence at the 25th Annual General Meeting of the Company held on Saturday, the September 15, 2018 at 12:30 P.M. at Hotel Aveda Kamal Palace, Civil Lines Jalandhar – 144001 Punjab.

\_\_\_\_\_  
Full name of Shareholder/Proxy (in Block Letters)

\_\_\_\_\_  
Signature of Shareholder/Proxy

\*Strike out which ever is not applicable

ELECTRONIC VOTING PARTICULARS		
EVEN	User ID / Folio No / DP / Client ID	SEQUENCE NO.
180104		



Bird's Eye view of the existing and new SUV shed in Unit II of the Company



Route map to the venue of 25th Annual General Meeting



**GNA**

**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