

GNA

**NAVIGATING WITH
RESILIENCE**



GNA AXLES LIMITED
27th Annual Report 2019-20

ACROSS THE PAGES

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Please find our online version at <http://gnagroup.com/investor-relations/>

Investor Information

CIN : L29130PB1993PLC013684

BSE Code : 540124

NSE Symbol : GNA

Bloomberg Code : GNA:IN

AGM Date : September 15, 2020

AGM Mode : Video Conferencing (VC)
and Other Audio Visual
Means (OAVM)

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

RESILIENCE, FOR US, TRANSLATES AS THE ABILITY TO SWIFTLY ADAPT TO UNCERTAINTIES BY REALIGNING STRATEGIES. WE ALSO VIEW IT AS A CATALYST OF SUSTAINABLE GROWTH. OUR PERSEVERANCE AND COMMITMENT IN THE FACE OF ADVERSITY HAS ALLOWED US TO MOVE FORWARD TO EXPLORE EVENTFUL ENDEAVOURS, DESPITE TURBULENT CIRCUMSTANCES.

The economy experienced a tumultuous year with increased market uncertainties. However, GNA consistently demonstrated its capability to deliver the best-in-class products and par-excellence services to a burgeoning clientele. Our solid foundation, up-to-the-minute technologies and operational proficiency has enabled us to explore new business avenues and provide our customers a world-class experience. With prudent strategies, we continue to focus on creating greater value for our stakeholders with a long-term perspective.



Key Performance Indicators 2019-20

₹ **90,901.58** Lacs

Annual Turnover

₹ **12,450.43** Lacs

EBITDA

13.70%

EBITDA Margin

₹ **5,275.48** Lacs

PAT

5.80%

PAT Margin

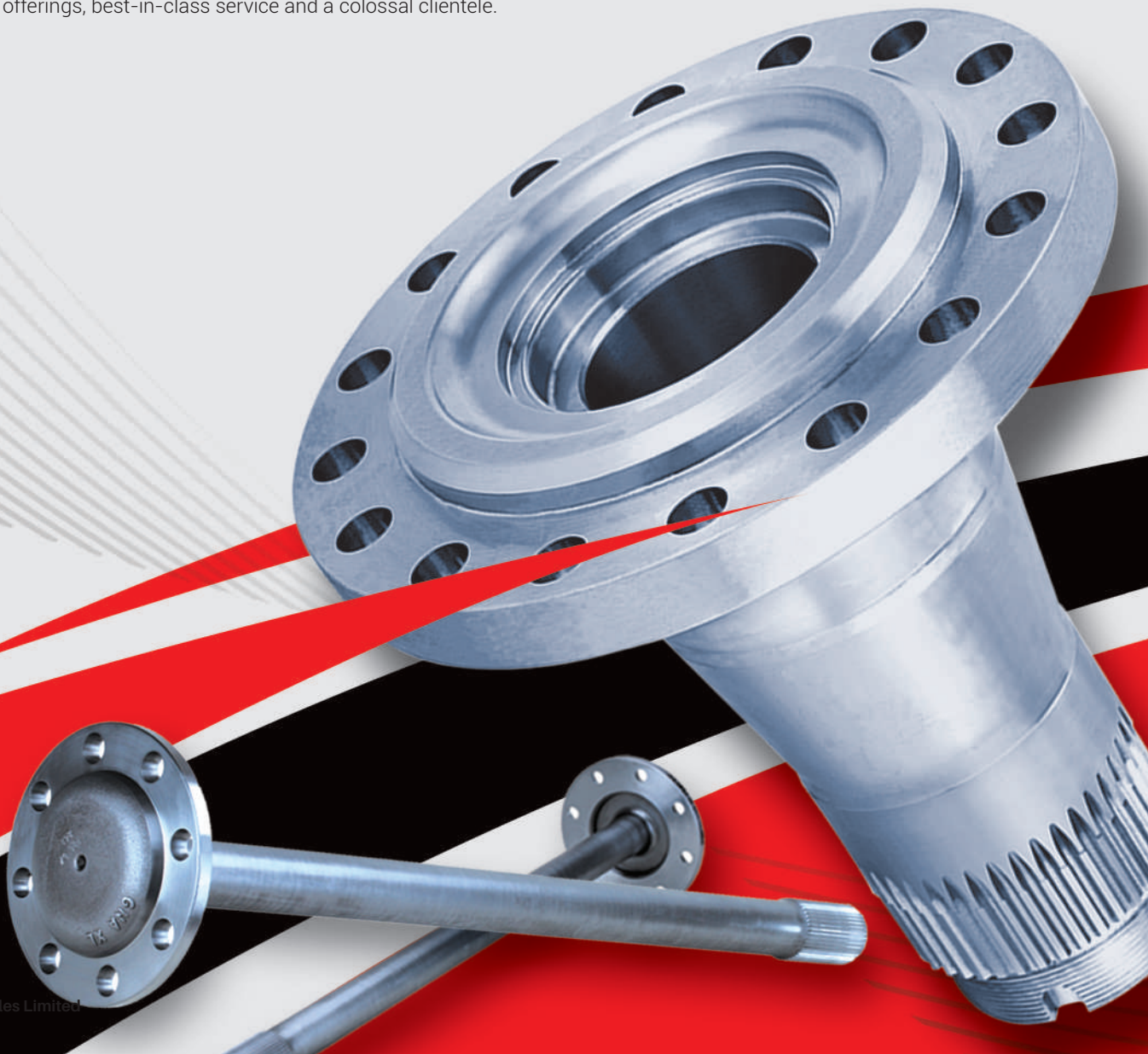
Note: EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortisation, PAT: Profit after Tax

THE WORLD OF **GNA AXLES**

Incorporated in 1993 and headquartered in Mehtiana, Punjab, GNA Axles Limited ('GNA' or 'The Company') is one of the largest manufacturers of automotive transmission components globally.

GNA MANUFACTURES AND SUPPLIES A WIDE ARRAY OF REAR AXLE SHAFTS, OTHER SHAFTS AND SPINDLES FOR LIGHT COMMERCIAL VEHICLES (LCVS), MEDIUM COMMERCIAL VEHICLES ('MCVS') AND HEAVY COMMERCIAL VEHICLES ('HCVS'), OTHER TRANSPORT VEHICLES SUCH AS BUSES AND FOR OFF-HIGHWAY APPLICATIONS.

GNA has strong manufacturing prowess with one of the largest integrated plants. The Company's world-class manufacturing facilities are located at Mehtiana (Hoshiarpur) and Gulabgarh Jattan (Kapurthala) in Punjab. Over the years, the Company has positioned itself as a major supplier in the automotive components market with reliable offerings, best-in-class service and a colossal clientele.





26+ Years
Experience

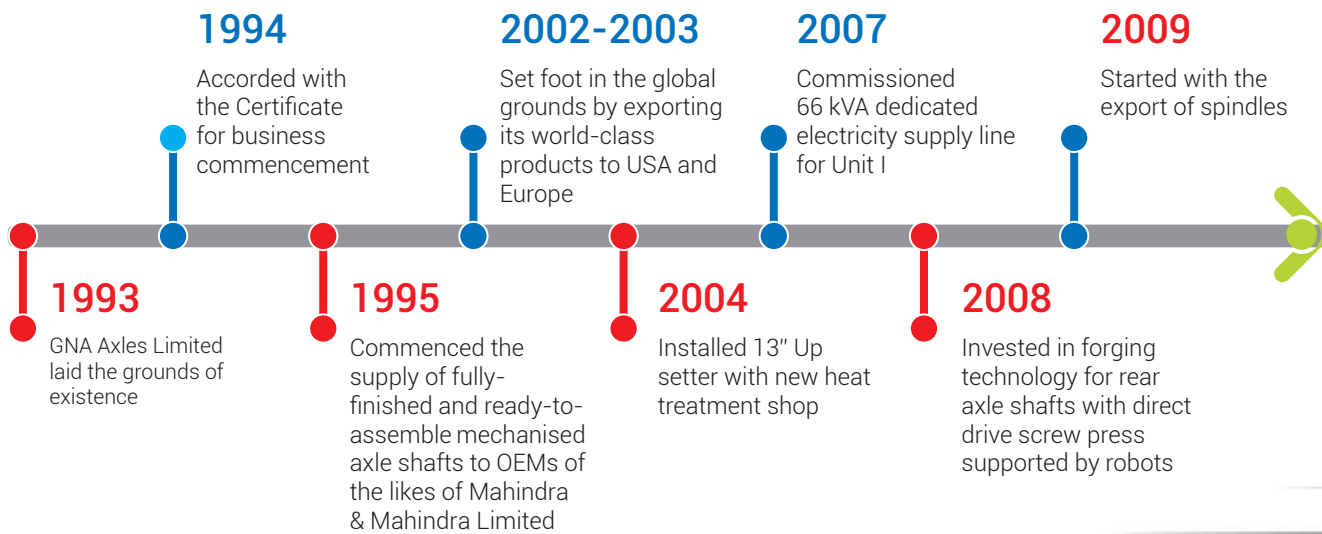
25.92 Lac Units
Rear Axle Shafts Manufactured
in 2019-20

2.73 Lac Units
Other Shafts Manufactured
in 2019-20

5.18 Lac Units
Spindles Manufactured
in 2019-20

1,272
Driven Employees as
on March 31, 2020

OUR JOURNEY OF CREATING EXCELLENCE



2013

Introduced the Lasco extrusion press, supported by robots and the electric heat treatment furnace at 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

2018

Commissioned a new machine shop for off-highway axle shafts

2020

[]

2012

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

2015

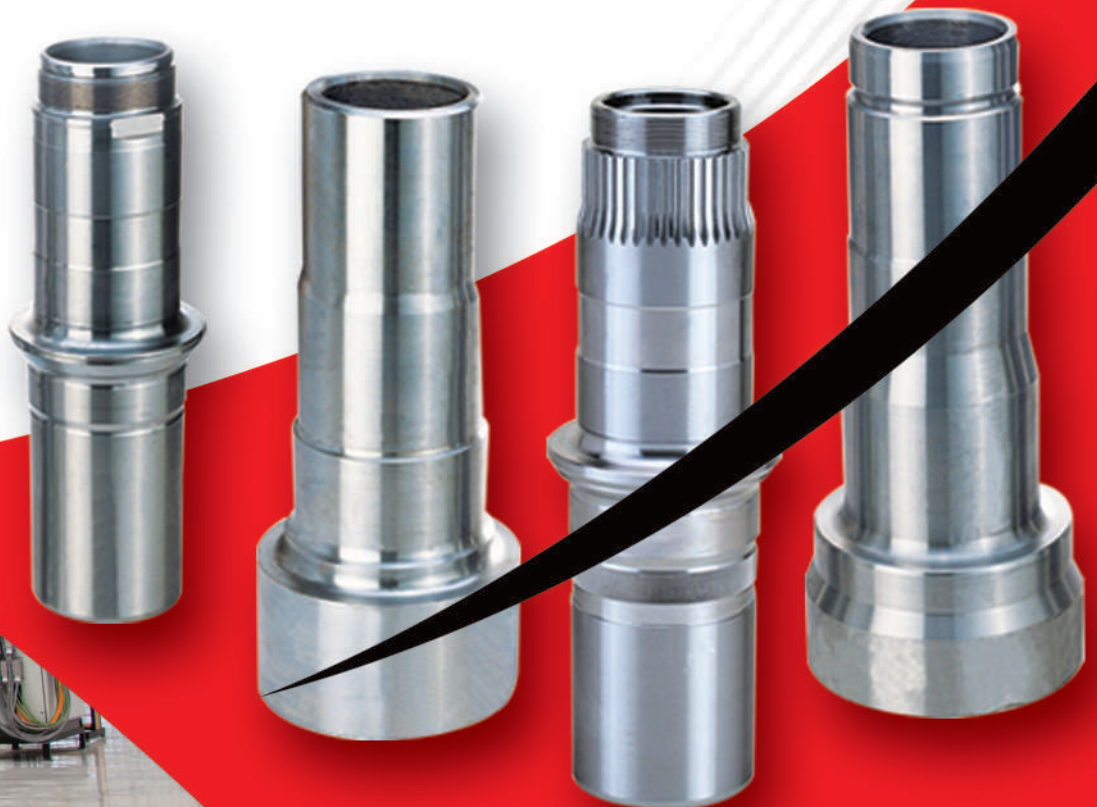
Commissioned 66 kVA dedicated electricity supply line for Unit II

2017

Started with the construction of the new forging shop and machining line for SUV axles

2019

Started setting up the SUV plant



OUR DIVERSIFIED PRODUCT SUITE

With comprehensive knowledge, extensive experience and continual innovation, we have created a diversified product portfolio.

REAR AXLE SHAFTS

GNA primarily manufactures and supplies a varied range of high-quality rear axle shafts for on-highway and off-highway vehicles. The Company manufactures various axle shafts that range from 5 kg to 65 kg with a capacity to manufacture up to 165 kg input weight. Rear axle shafts contributed to 82.26% of the total revenue and 76.62% of the components manufactured in 2019-20.

25.92 Lac Units

Manufactured in 2019-20

3.60 MPPA

Axle Shafts Capacity

₹ **69,233** Lacs

Contribution to the Total Revenue

SPINDLES

GNA manufactures spindles to cater the needs of on-highway vehicular segments. Spindle acts as a part of axle housing assembly for an automobile contributing to 13.17% of the total revenue and 15.30% of components manufactured in 2019-20.

5.18 Lac Units

Manufactured in 2019-20

0.80 MPPA

Spindles Capacity

₹ **11,083** Lacs

Contribution to the Total Revenue

OTHER SHAFTS

The Company manufactures various other shafts including the drive shafts, power take-off shafts, hydraulic lift shafts and transmission shafts. These shafts are a part of transmission assembly for any automobile. Other shafts contribute to 4.57% of the total revenue and 8.08% of components manufactured in 2019-20.

2.73 Lac Units

Manufactured in 2019-20

0.70 MPPA

Spindles Capacity

₹ **3,847** Lacs

Contribution to the Total Revenue

Note: Units in pieces, MPPA: Million pieces per annum



FROM THE MANAGING DIRECTOR'S DESK



Dear Shareholders,

I'm truly pleased to present the Annual Report for the financial year 2019-20 before all of you. The end of 2019-20 witnessed a global pandemic that transfigured our lifestyle, altering the way we live, work, and interact. Covid-19 had a severe impact on the social and economic activities across the world. The Company continued to navigate through the challenges by demonstrating its resilience and quickly adapting to the emerging realities.

We undertook all the necessary measures to ensure the safety and well-being of our people.

2019-20 was a period of significant external challenges, even before the Covid-19 crisis. Global markets witnessed slackened demand and low consumer sentiment. Weakening of the macroeconomic environment, liquidity crunch and policy uncertainties majorly contributed to volatility in the Indian economy. The crucial macro indicators such as GDP growth, Index of Industrial Production (IIP) growth, consumer price index along with automobile sales remained subdued during the year.

Despite the turbulent scenario, the Company delivered a satisfactory performance during the year. The Company reported a Total Revenue of ₹ 910 Cr and Profit after Tax of ₹ 52.75 Cr. The slowdown in the domestic tractor and CV industry impacted our business. Further, imposition of nationwide lockdown to contain the pandemic impacted our manufacturing operations and performance.

However, the anticipated demand revival in both the tractor and CV segments, in the domestic market, under the current financial year, poses more opportunities in the long-term. Post the lockdown, the Company has been experiencing good demand from the domestic tractor segment on the back of rural market growth. However, the demand from the CV segment has been impacted heavily and is only around 10% presently. Nevertheless, we anticipate the CV segment's demand to pick up from the second half of the year. The export market is also steadily gaining momentum and the Company is expecting to increase its volume in the coming months, hoping to diminish the effect of Covid-19 on the business.

The deployment of cutting-edge technologies, robust manufacturing capabilities and rich domain expertise enable us to consistently fulfil changing customer requirements. We are well-known for the best-in-class automotive components in the industry with unmatched quality and reliability. With strong fundamentals and comfortable liquidity position, we are well-equipped to navigate any evolving business landscape.

The Company firmly believes that our people are the driving force of its success and the competitiveness in

the industry. Our success is reliant on the knowledge, innovation, and commitment of our talent pool. During the year, we undertook several initiatives to up skill our workforce to stay ahead in the markets in which we operate. We also pride ourselves on being a responsible organisation that is committed to improving the quality of life of communities we live and work within.

Looking ahead, we will continue to serve our customers with quality and commitment. We aim to strengthen our manufacturing prowess and execution capabilities to deliver innovative products. We optimistically move towards the coming year as we see ourselves reaping the benefits of new customer segments while capturing emerging opportunities.

Conclusively, I would like to thank our team for their passion and commitment. I am also truly grateful to our customers and vendors for their unwavering support. With this backing, we will continue to create enduring value for all our stakeholders by building an enterprise that is increasingly agile and future-ready.

With Best Regards,

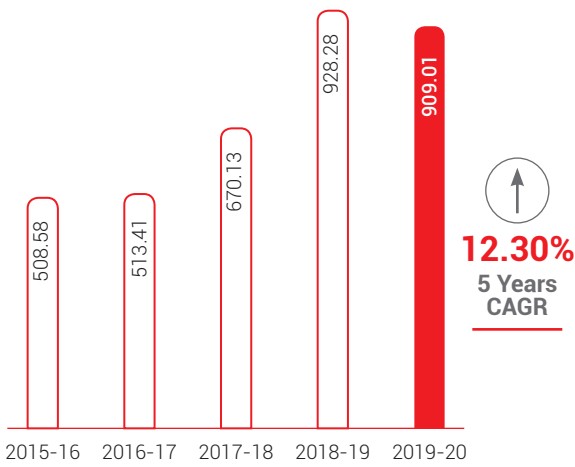
Gursaran Singh

We are well-known for the best-in-class automotive components in the industry with unmatched quality and reliability. With strong fundamentals and comfortable liquidity position, we are well-equipped to navigate any evolving business landscape.

FINANCIAL PERFORMANCE

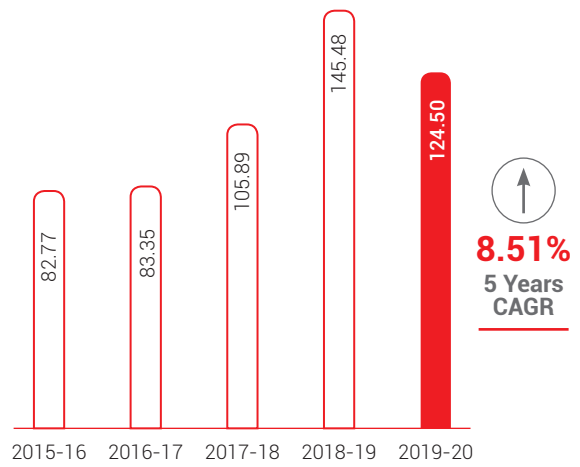
Net Revenue from Operations

(₹ Cr)



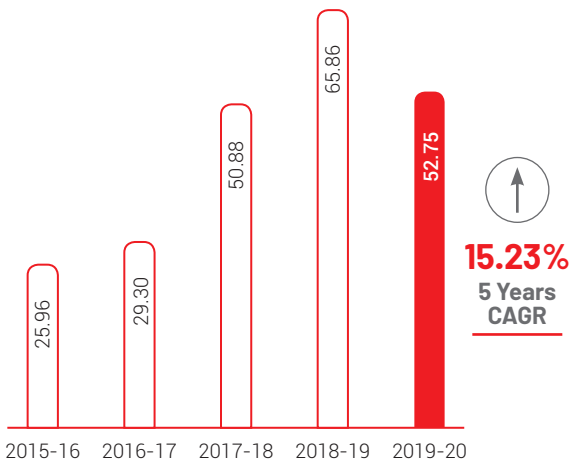
EBITDA

(₹ Cr)



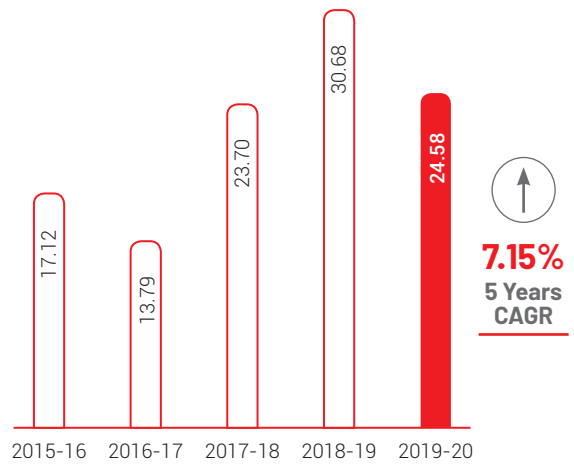
PAT

(₹ Cr)

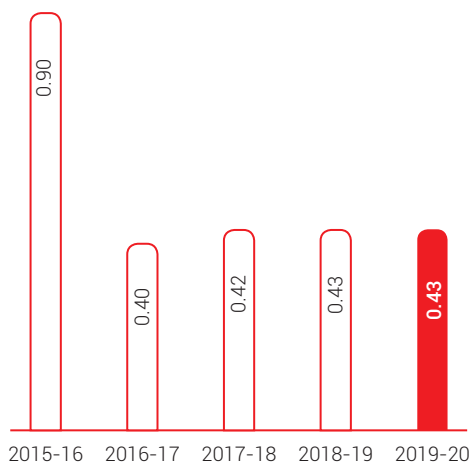


Earnings per Share

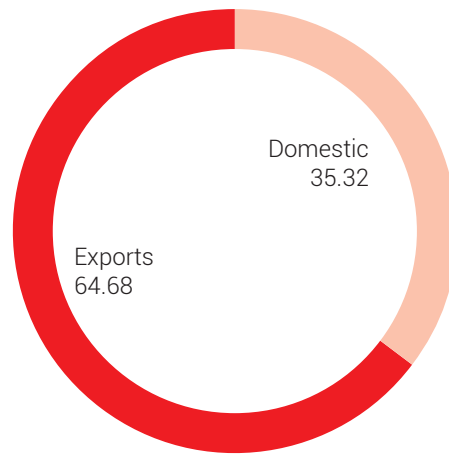
(₹)



Net Debt-Equity Ratio



Revenue Break-Up (%)



BUILDING VALUE BY EXPANDING OUTREACH

GNA's unrivalled expertise has helped it diversify across geographies and enhance visibility even amid challenges. Our focused and efficacious strategies are the strong catalyst that fortify our position domestically and globally with unique customer-centric solutions.

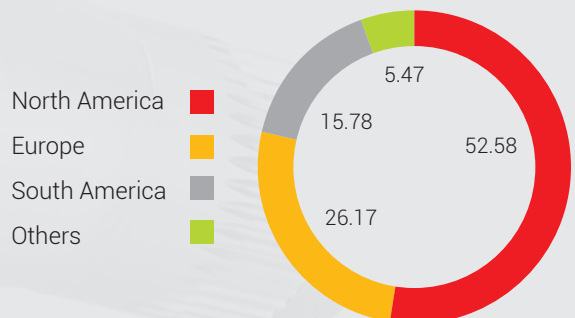
The Company exports its products to the global OEMs and the top companies including Dana Limited (USA, Mexico and Australia), John Deere (Brazil and USA), Kubota Corporation (Japan), Meritor (Sweden, Italy, Brazil, USA, China and Australia), and ZF (Germany, USA), among others. The Indian OEM and Tier-I customers mainly include TAFE, International Tractors Limited, Escorts Limited, John Deere, Automotive Axles Limited, Mahindra & Mahindra Limited and CNH, among others.

ENGRAVING FOOTPRINTS ACROSS GEOGRAPHIES



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

REGION-WISE BREAKUP OF EXPORT REVENUE (%)



STAYING AHEAD THROUGH OUR CORE STRENGTHS

AT GNA, WE ARE CONSCIENTIOUS TO THE CHANGING MARKET FORCES, AGILE IN SHIFTING OUR FOCUS WHEN REQUIRED, AND INNOVATIVE TO MEET THE DYNAMIC CUSTOMER NEEDS. IN THE PROCESS, WE HAVE CREATED A STRONG FOUNDATION THAT ENABLES US TO CONTINUOUSLY CAPITALISE ON NEW OPPORTUNITIES.



Customers Connect

Our manufacturing facilities that are strategically located in the vicinity of our key customers enable us to cater their requirements with utmost efficacy. It leads to reduced transportation and logistics costs with faster turnaround time.



Integrated Setup

The Company's fully integrated manufacturing facilities aid to bring about optimisation of manufacturing costs and global standard quality products.



Full-service Capabilities

The Company continuously strives to improve its servicing capabilities across the globe. It is comprehensively equipped with tooling, machining and forging systems to provide complete engineering solutions under one umbrella.



Robust Engineering Capabilities

GNA consistently delivers high-quality products by deploying cutting-edge technology in its manufacturing processes. Our dedicated R&D team is committed to developing processes and products to create a diverse range of innovative and cost-effective solutions.

TRANSFORMING ASPIRATIONS INTO REALITY

AT GNA, WE ARE DRIVEN BY THE CREDO OF MAKING THE WORLD A BETTER PLACE. ONE WAY WE DO THAT IS BY CONTRIBUTING TO THE COMMUNITIES WE SERVE AND HELP TRANSFORM THEIR ASPIRATIONS INTO REALITY, TAKING A STEP TOWARDS THE BENEVOLENT CHANGE.

Our Corporate Social Responsibility programmes are designed to create tangible impact for a promising future. We strive to create a constructive societal impact through initiatives in preventive healthcare, education, rural development and rural sports, among others.



BOARD OF DIRECTORS

Mr. Rachhhpall Singh

Chairman & Executive Director

Mr. Gursaran Singh

Managing Director

Mr. Jasvinder Singh

Jt. Managing Director

Mr. Ranbir Singh

CEO & Whole-time Director

Mr. Kulwin Seehra

Whole-time Director

Mr. Harwinder Singh

Whole-time Director

Mr. Gurdeep Singh

Director

Mr. Jasminder Singh Johal

Independent Director

Mr. Anish Kumar Dhingra

Independent Director

Air Cmde

Shailindra Singh Kaushik (Retd.)

Independent Director

Mr. Vikas Uppal

Independent Director

Mr. Ajit Singh

Independent Director

Mr. Manbhupinder Singh Atwal

Independent Director

Mrs. Geeta Khanna

Independent Director

Lt. General

Praveen Bakshi (Retd.)

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 4918 6000,
Fax: 022 4918 6060,
Email: rnt.helpdesk@linkintime.co.in

Units**GNA Axles Limited (Unit I)**

VPO Mehtiana
Phagwara-Hoshiarpur Road
Dist. Hoshiarpur

GNA Axles Limited (Unit II)

Village Gulab Garh Jattan|
Phagwara-Hoshiarpur Road
Dist. Kapurthala

Notice

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

Notice is hereby given that **TWENTY SEVENTH ANNUAL GENERAL MEETING** of the shareholders of GNA Axles Limited will be held on Tuesday 15th day of September, 2020 at 12:30 P.M though audio visual means to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheet as at 31st March, 2020, statement of Profit & Loss for the year ended on that date, together with the report of Auditor's and Directors thereon.
2. To appoint a Director in place of Mr. Gurdeep Singh, (DIN 01572748) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
3. 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.
4. To appoint a Director in place of Mr. Rachhpall Singh, (DIN: 00278948) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
5. To Consider to ratify the Appointment of M/s Harish & Co., Chartered Accountants Jalandhar as Statutory Auditors of the Company.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and

other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015, Mr. Jaswinder Singh Johal (DIN: 06933082), who was appointed as an Independent Director, not liable to retire by rotation, for a period of 5 years and in respect of whom the Company has received a notice in writing from a member proposing his candidature as an Independent Director of the Company not liable to retire by rotation and who is eligible for reappointment, be and is hereby reappointed as an Independent Director of the Company, for a term of five (5) consecutive years w.e.f. June 10, 2020 to June 9, 2025".

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

"RESOLVED THAT pursuant to section 196, 197, 198, and 203 read with Schedule V and rules made thereunder 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, and applicable provision of SEBI (LODR) Regulations, 2015, Mr. Rachhpall Singh (DIN: 00278948) be and is hereby reappointed as Executive Director of the Company at a monthly remuneration in the scale of Rs. 450000-50000-550000 plus such perks and Allowances as given below for the period of three years w.e.f 01/04/2020 to 31/03/2023.

Notice (Contd.)

Sr. NO.	REMUNERATION	DETAILS
I.	Salary	450000-50000-550000
II.	Perquisites	The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-
a)	Housing	House Rent Allowance equal to 40% of basic salary. If the Company's accommodation is provided HRA is not applicable
b)	Medical Reimbursement	Mediclaime policy for self and family. Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and her family, subject to a ceiling of one month's salary in a year or Two months' salary over a period of Two years.
c)	Leave Travel Concession	To and fro air Fare, Boarding, lodging expenses with in India or Abroad for self and family once in a year incurred in accordance with the rules of the Company.
d)	Club Fees	Fees of the clubs subject to maximum held by the beneficiary prior to appointment as Executive Chairman of the Company. Admission fee, life membership fee will not be a part of the above.
e)	Personal Accident Insurance	Premium not to exceed Rs. 10,000/- per annum.
f)	Leave encashment	Encashment of unutilized leaves as per the rules of the Company. Encashment of leaves at the end of tenure of services will not be a part or included in the computation of ceiling of perquisite.
g)	Children's Education Allowance	In case of children studying in or outside India, actual expenses incurred on children education will be reimbursed. Such allowance is admissible up to a maximum of two children. Such allowance will not be included in the computation of ceiling of perquisite.
f)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961. The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car & Telephone	Provision for car for use of Company's business and telephone at residence will not be considered as a perquisite.

Notice (Contd.)

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

RESOLVED FURTHER THAT in case of inadequacy of Profits or loss, Mr. Raccpall Singh be paid remuneration as per the provisions Contained in Schedule V and rules made thereunder of the Companies Act, 2013..

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 reappointment of Mr. Rachhpall Singh as Executive Director of the Company."

8. To consider and if thought fit to pass the following Resolution with or without modification(s) as a **Special 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, Association of the Company, and applicable provision of SEBI (LODR) Regulations, 2015, Mr. Gursaran Singh (DIN: 00805558) be and is hereby reappointed as Managing Director of the Company at a monthly remuneration in the scale of Rs. 450000-50000-5500000 plus such perks and Allowances as given below for the period of three years w.e.f 01/04/2020 to 31/03/2023.

Sr. NO.	REMUNERATION	DETAILS
I.	Salary	450000-50000-550000
II.	Perquisites	The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-
a)	Housing	House Rent Allowance equal to 40% of basic salary. If the Company's accommodation is provided HRA is not applicable
b)	Medical Reimbursement	Mediclaime policy for self and family. Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and her family, subject to a ceiling of one month's salary in a year or Two months' salary over a period of Two years.
c)	Leave Travel Concession	To and fro air Fare, Boarding, lodging expenses with in India or Abroad for self and family once in a year incurred in accordance with the rules of the Company.
d)	Club Fees	Fees of the clubs subject to maximum held by the beneficiary prior to appointment as Executive Chairman of the Company. Admission fee, life membership fee will not be a part of the above.
e)	Personal Accident Insurance	Premium not to exceed Rs. 10,000/- per annum.
f)	Leave encashment	Encashment of unutilized leaves as per the rules of the Company. Encashment of leaves at the end of tenure of services will not be a part or included in the computation of ceiling of perquisite.
g)	Children's Education Allowance	In case of children studying in or outside India, actual expenses incurred on children education will be reimbursed. Such allowance is admissible up to a maximum of two children. Such allowance will not be included in the computation of ceiling of perquisite.
f)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961 .The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car & Telephone	Provision for car for use of Company's business and telephone at residence will not be considered as a perquisite.

Notice (Contd.)

RESOLVED FURTHER THAT in case of inadequacy of Profits or loss, Mr. Gursaran Singh be paid remuneration as per the provisions Contained in Schedule V and rules made thereunder of the Companies Act, 2013..

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 reappointment of Mr. Gursaran Singh as Managing Director of the Company.”

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

“RESOLVED THAT pursuant to 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, and applicable provision of SEBI (LODR)Regulations, 2015, approval of the members be and is hereby given for the reappointment of Mr. Harwinder Singh (DIN: 03522842) as Executive Director of the Company at a monthly remuneration in the scale of Rs. 300000-50000-400000 plus such perks and Allowances as given below for the period of three years w.e.f 01/10/2020 to 30/09/2023.

Sr. NO.	REMUNERATION	DETAILS
I.	Salary	300000-50000-400000
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 35% of basic salary. If the Company’s accommodation is provided HRA is not applicable
b)	Medical Reimbursement	Mediclaim policy for self and family. Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and her family, subject to a ceiling of one month’s salary in a year or Two months’ salary over a period of Two years.
c)	Leave Travel Concession	To and fro air Fare, Boarding, lodging expenses with in India or Abroad for self and family once in a year incurred in accordance with the rules of the Company.
d)	Club Fees	Fees of the clubs subject to maximum held by the beneficiary prior to appointment as Executive Chairman of the Company. Admission fee, life membership fee will not be a part of the above.
e)	Personal Accident Insurance	Premium not to exceed Rs. 10,000/- per annum.
f)	Leave encashment	Encashment of unutilized leaves as per the rules of the Company. Encashment of leaves at the end of tenure of services will not be a part or included in the computation of ceiling of perquisite.
g)	Children’s Education Allowance	In case of children studying in or outside India, actual expenses incurred on children education will be reimbursed. Such allowance is admissible up to a maximum of two children. Such allowance will not be included in the computation of ceiling of perquisite.
f)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961 .The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month’s salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car & Telephone	Provision for car for use of Company’s business and telephone at residence will not be considered as a perquisite.

Notice (Contd.)

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

RESOLVED FURTHER THAT in case of inadequacy of Profits or loss, Mr. Harwinder Singh be paid remuneration as per the provisions Contained in Schedule V and rules made thereunder of the Companies Act, 2013.

RESOLVED FURTHER THAT Mr. Ranbir Singh CEO & Wholtime 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 reappointment of Mr. Harwinder Singh as Executive Director of the Company."

10. To consider and if thought fit to pass the following Resolution with or without modification(s) as a **Special 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, and applicable provision of SEBI (LODR) Regulations, 2015, approval of the members be and is hereby given for the reappointment of Mr. Kulwin Seehra (DIN: 03522812) as Executive Director of the Company at a monthly remuneration in the scale of Rs. 300000-50000-400000 plus such perks and Allowances as given below for the period of three years w.e.f 01/10/2020 to 30/09/2023.

Sr. NO.	REMUNERATION	DETAILS
i.	Salary	300000-50000-400000
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 35% of basic salary. If the Company's accommodation is provided HRA is not applicable
b)	Medical Reimbursement	Mediclaime policy for self and family. Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and her family, subject to a ceiling of one month's salary in a year or Two months' salary over a period of Two years.
c)	Leave Travel Concession	To and fro air Fare, Boarding, lodging expenses with in India or Abroad for self and family once in a year incurred in accordance with the rules of the Company.
d)	Club Fees	Fees of the clubs subject to maximum held by the beneficiary prior to appointment as Executive Chairman of the Company. Admission fee, life membership fee will not be a part of the above.
e)	Personal Accident Insurance	Premium not to exceed Rs. 10,000/- per annum.
f)	Leave encashment	Encashment of unutilized leaves as per the rules of the Company. Encashment of leaves at the end of tenure of services will not be a part or included in the computation of ceiling of perquisite.
g)	Children's Education Allowance	In case of children studying in or outside India, actual expenses incurred on children education will be reimbursed. Such allowance is admissible up to a maximum of two children. Such allowance will not be included in the computation of ceiling of perquisite.
f)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961. The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car & Telephone	Provision for car for use of Company's business and telephone at residence will not be considered as a perquisite.

Notice (Contd.)

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

RESOLVED FURTHER THAT in case of inadequacy of Profits or loss, Mr. Kulwin Seehra be paid remuneration as per the provisions Contained in Schedule V and rules made thereunder of the Companies Act, 2013.

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 reappointment of Mr. Kulwin Seehra as Executive Director of the Company."

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

**Gourav Jain
(Company Secretary)**

Date: July 17, 2020

Place: Mehtiana

NOTES:**Notes:**

- 1) In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20 dated May 5, 2020 read with Circular No. 14 dated April 8, 2020 and Circular No. 17 dated April 13, 2020 (hereinafter collectively referred to as "MCA Circulars") permitted the holding of Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual General Meeting of the Members of the Company is being held through VC/OAVM.
- 2) Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
- 3) Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board

Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through their registered email address to simran.cs@gmail.com with copies marked to the Company at gjain@gnagroup.com and to its RTA at bharatb@linkintime.co.in

4) Registration of email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

- (i) Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration- fill in the details and upload the required documents and submit. **OR**

(ii) In the case of Shares held in Demat mode:

The shareholder may please contact the Depository Participant ("DP") and register the email

Notice (Contd.)

address and bank account details in the demat account as per the process followed and advised by the DP.

- 5) The Notice of the Annual General Meeting along with the Annual Report for the financial year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/ Depositories in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated May 12, 2020. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2019-20 will also be available on the Company's website www.gnagroup.com websites of the Stock Exchanges i.e. National Stock Exchange of India Ltd and BSE Limited at nseindia.com and bseindia.com respectively. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.
- 6) Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
- 7) 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 from 9th September 2020 to 15th September 2020.
- 8) The respective explanatory statements, pursuant to section 102 of the companies Act 2013 in respective of items of Special Business are attached as Annexure to this notice.
- 9) 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.

- 10) 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.

11. 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 27th Annual General Meeting (AGM) by electronic means and business may be transacted through e-voting services provided by Link Intime India Private Limited.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 12th September 2020 at 9:00 AM and ends on 14th September 2020 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 2020, 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. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

► Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -

A. User ID: Enter your User ID

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares **in physical form shall provide** Event No + Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP) / Company shall use the sequence number provided to you, if applicable.

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C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

- Shareholders/ members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
- Shareholders/ members holding shares in **NSDL demat account shall provide 'D', above**
- Shareholders/ members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

▶ Set the password of your choice (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).

▶ Click "confirm" (Your password is now generated).

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under '**SHARE HOLDER**' tab.
 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.
 4. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.
 5. E-voting page will appear.
 6. Refer the Resolution description and cast your vote by selecting your desired option '**Favour / Against**' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).
 7. After selecting the desired option i.e. Favour / Against, 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.
 8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <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.
- Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on '**Submit**'.
 - In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
 - Shareholders/ members can set the password of his/ her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
 - 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.
 - It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/ members have any queries regarding e-voting, they may refer the **Frequently**

If you have forgotten the password:

- Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'

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Asked Questions ('FAQs') and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under **Help** section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 -4918 6000.

Process and manner for attending the Annual General Meeting through InstaMeet platform provided by Linkintime India Private Limited.:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>

► Select the "**Company**" and '**Event Date**' and register with your following details: -

B. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in **physical form shall provide Folio Number** registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/

Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

► Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer/moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/Against" for voting.
4. 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'.

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5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

ANNEXURE TO THE NOTICE**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT****ITEM NO 6 OF THE SPECIAL BUSINESS.**

In terms of the provisions of section 149 of the Companies Act 2013 which came into effect from April 1, 2014 and SEBI (LODR) Regulations, 2015 the Company is required to have atleast 50 percent of its Board to comprise of Non Executive Independent Directors who are not liable to retire by rotation. In Compliance of the said provisions, the shareholders of the Company upon the recommendation of the the Board of Directors of the Company had appointed Mr. Jasinder Singh Johal as Non Executive Independent Director of the

company for a term of five years from 10th June, 2015 to 9th June 2020. As the tenure of Mr. Jasinder Singh Johal was going to expire on June 9, 2020, the Board of Directors in its meeting held on 19th May 2020, upon the recommendation of the Nomination and Remuneration Committee had reappointed Mr. Jasinder Singh Johal as Non Executive Independent Director of the Company for a second term of five (5) consecutive years from 10th June 2020 to 9th June 2025, subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has received the consent from Mr. Jasinder Singh Johal and also declaration confirming that he is not disqualified from being appointed as a Director in terms of section 164 of the Companies Act, 2013 and meets the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and SEBI (LODR), Regulations 2015. In this regard, requisite notice in writing from a member has been received proposing the reappointment of Jasinder Singh Johal for the office of Non Executive Independent Director of the Company.

Mr. Jasinder Singh Johal is Independent of the Management and in the opinion of the Board he fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder. The copy of the draft letter of his appointment as Independent Director will be available for inspection at the Registered Office of the Company without any fee to the members during the normal business hours of any working day. A brief profile along with other details of the Independent Directors are provided at the end of this statement.

The Board recommends the Special Resolutions as set out at Item No 6 of the Notice for the approval by the shareholders.

MEMORANDUM OF INTEREST

None of the Directors or any of the Key Managerial Personnel of the Company or any relatives of the Directors or Key Managerial Personnel of the Company are not in anyway concerned or interested, financially or otherwise, in the proposed resolution as set out in item No. 6 this notice except the appointee himself. This statement may also be regarded as a disclosure under the SEBI (LODR), Regulations

ITEM NO 7 OF THE SPECIAL BUSINESS.

Mr. Rachhpall Singh was appointed as Executive Director of the Company vide Board resolution dated 19th January 2017 and shareholders' resolution dated 5th September, 2017 for a period of 3 years from 1st April 2017 to 31st March 2020. The Board of Directors of the Company in its meeting held on 17th May 2020, upon the recommendations of the Nomination and Remuneration committee of the company, has reappointed Mr. Rachhpall Singh as Executive Director of the Company, designated as Chairman of the Company, for a further period of 3 years from 1st April 2020 to 31st March 2023, subject to the approval of the shareholders of the company in the

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ensuing Annual General Meeting, on such remuneration as provided in the resolution. He is having an experience of more than 58 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. As Mr. Rachhpall Singh is more than 75 years of age, hence the special resolution for his appointment is proposed.

The details of Mr. Rachhpall Singh, as required to be given pursuant to Listing Regulations, Secretarial Standards and schedule V of the Companies Act, 2013 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. Rachhpall Singh the appointee himself, Mr. Jasvinder Singh and Mr. Gursaran Singh being the appointee's relatives, none of the Directors / Key Managerial Personnel of the Company / their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no 7 of this notice.

ITEM NO 8 OF THE SPECIAL BUSINESS.

Mr. Gursaran Singh was appointed as Managing Director of the Company vide Board resolution dated 19th January 2017 and shareholders' resolution dated 5th September 2017 for a period of 3 years from 1st April 2017 to 31st March 2020. The Board of Directors of the Company in its meeting held on 17th May 2020, upon the recommendations of the Nomination and Remuneration committee of the company, has reappointed Mr. Gursaran Singh as Managing Director of the Company, for a further period of 3 years from 1st April 2020 to 31st March 2023, subject to the approval of the shareholders of the company in the ensuing Annual General Meeting, on such remuneration as provided in the resolution. Mr. Gursaran Singh is the doyen of the Indian Auto Components Industry and has an experience of more than 58 years. He has been on the Board of the Company since inception of the Company and has been instrumental in making the Company a renowned name, in the manufacture of Axle shafts, around the world. The Company intends to gain from his experience in the Industry in future also. As Mr Gursaran Singh is more than 75 years of Age, hence the special resolution for his appointment is proposed.

The details of Mr. Gursaran Singh, as required to be given pursuant to Listing Regulations, Secretarial Standards and schedule V of the Companies Act, 2013 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. Gursaran Singh the appointee himself, Mr. Rachhpall Singh, Mr. Ranbir Singh and Mr. Gurdeep Singh being the appointee's relatives, none of the Directors / Key Managerial Personnel of the company / their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no 8.

ITEM NO 9 OF THE SPECIAL BUSINESS.

Harwinder Singh Sehra was reappointed as the Whole-time Director of the Company pursuant to a shareholder resolution passed by the shareholders in their Extra Ordinary General Meeting held on 30th March 2016 for a tenure of 5 years starting 1st April 2016 to 31st March 2021. The tenure of his appointment is schedule to conclude on 31st March 2021. The Board of Directors of the Company in its meeting held on 17th July 2020, upon the recommendations of the Nomination and Remuneration Committee had reappointed Mr. Harwinder Singh as Wholetime Director of the Company for a further period of three years commencing 1st October 2020 till 30th September 2023 upon such remuneration as provided in the resolution. Mr. Harwinder Singh has been a wholetime Director of the Company for since 1st April 2011 and has an experience of more than 12 years in the Auto Component Industry.

The details of Mr. Harwinder 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 9 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. Harwinder Singh the appointee himself and Mr. Jasvinder Singh being the appointee's relative, none of the Directors / Key Managerial Personnel of the company / their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no 9.

ITEM NO 10 OF THE SPECIAL BUSINESS.

Mr. Kulwin Seehra was reappointed as the Whole-time Director of the Company pursuant to a shareholder resolution passed by the shareholders in their Extra Ordinary General Meeting held on 30th March 2016 for a tenure of 5 years starting 1st April 2016 to 31st March 2021. The tenure of his appointment is schedule to conclude on 31st March 2021. The Board of Directors of the Company in its meeting held on 17th July 2020, upon the recommendations of the Nomination and Remuneration Committee had reappointed

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Mr. Kulwin Seehra as Wholetime Director of the Company for a further period of three years commencing 1st October 2020 till 30th September 2023 upon such remuneration as provided in the resolution. Mr. Kulwin Seehra has been a wholetime Director of the Company for since 1st April 2011 and has an experience of more than 12 years in the Auto Component Industry.

The details of Mr. Kulwin Seehra, as required to be given pursuant to Listing Regulations, Secretarial Standards and schedule V of the Companies Act, 2013 are attached to the notice.

The Board recommends the Special Resolution as set out at Item No 10 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. Kulwin Seehra the appointee himself and Mr. Ranbir Singh being the appointee's relative, 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 10.

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

**Gourav Jain
(Company Secretary)**

Dated: 17th July, 2020

Place: Jalandhar

ANNEXURE TO THE NOTICE

Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting (in pursuance of Regulation 36(3) of the SEBI (LODR) Regulations, 2015) as at 31st March 2020.

Name of Director	Mr. Jaswinder Singh Johal	Mr. Rachhpall Singh	Mr. Gursaran Singh	Mr. Harwinder Singh	Mr. Kulwin Seehra	Mr. Gurdeep Singh
Date of Birth	16-11-1965	15-10-1933	20-04-1936	18-10-1982	02-11-1986	04-01-1967
Date of Appointment	10-06-2015	01-04-2014	01-04-2014	01-04-2011	01-04-2011	06-09-1993
Expertise in specific functional area	Experience of more than 20 years in Legal Matters	Experience of more than 38 years in Auto Component industry.	Experience of more than 38 years in Auto Component industry.	Experience of more than 10 years in Auto Component industry.	Experience of more than 10 years in Auto Component industry.	Experience of more than 28 years in Auto Component industry.
Qualification	LL.B	Undergraduate	Under Graduate	Graduate	Graduate	Graduate
Directorship of other Companies as on 31st March 2020	-	-	1. GNA Gears Limited. 2. Guru Nanak Transmissions Punjab Limited. 3. Association of India Forging Industry.	-	1. GNA Gears Limited.	1. GNA Gears Limited. 2. Guru Nanak Transmissions Punjab Limited. 3. GNA Investment Limited 4. Amarsons Automotives Limited 5. Capital Small Finance Bank Limited
Chairman / Member of committees of other Companies as on 31st March 2020.	-	-	-	-	-	1. Member Audit Committee of GNA Gears Limited 2. Member of CSR, nomination and Remuneration Committee and Stakeholder relationship Committee of Capital Small Finance Bank Limited
Number of shares held	NIL	3,75,600	17,39,339	-	2,12,750	28,52,756
Relationship with other Director(s)	Not related to any other Director	Related to Mr. Gursaran Singh and Mr. Jasvinder Singh	Related to Mr. Rachhpall Singh, Mr. Ranbir Singh and Mr. Gurdeep Singh	Related to Mr. Jasvinder Singh	Related to Mr. Ranbir Singh	Related to Mr. Gursaran Singh and Mr. Ranbir Singh

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STATEMENT PURSUANT TO SCHEDULE V (PART - II SECTION II) OF THE COMPANIES ACT, 2013.

I. GENERAL INFORMATION

1. Nature of Industry	GNA Axles Limited is an integrated Auto components Manufacturer and is a approved supplier to various OEM's in India and abroad.			
2. Date of Commencement of commercial production.	The Company started Commercial production in the year 1994.			
3. In case of new companies, expected date of commencement of activities as per project approved by FI's appearing in the prospectus.	NA			
4. Financial Performance based on given indicators.	The financial results for the last three Financial years is given as under: (Rs. In lacs)			
	Particulars	2019-20	2018-19	2017-18
	Total Income	91,028.54	92,868.20	67,013.52
	PBDT	11,219.94	13,737.30	9,882.51
	PBT	6984.12	10,264.07	7,402.48
	PAT	5,275.48	6,586.46	5,088.43
5. Foreign Investments or Collaborations if any	The Company has not made any material foreign investments and has also not entered into any Foreign Collaborations.			

II INFORMATION ABOUT THE MANAGERIAL PERSONNEL

	Mr. Rachhpall Singh	Mr. Gursaran Singh	Mr. Harwinder Singh	Mr. Kulwin Seehra
1. Background Details	Mr. Rachhpall Singh, is the Chairman of the Company.	Mr. Gursaran Singh is the Managing Director of the Company.	Mr. Harwinder Singh is the wholetime Director of the Company	Mr. Kulwin Seehra, is the Wholetime Director of the Company.
2. Past Remuneration	Gross Remuneration of Rs. 58.80 Lacs paid in 2019-2020.	Gross Remuneration of Rs. 58.80 Lacs paid in 2019-2020.	Gross Remuneration of Rs. 34.43 Lacs paid in 2019-2020.	Gross Remuneration of Rs. 34.43 Lacs paid in 2019-2020.
3. Recognition and awards	Has been the Chairman of the Company since 1993 and under his guidance the Company has been able to establish itself as a preferred source of rear axle shafts.	Has been the Managing Director of the Company since 1993. Under His leadership the Company has attained newer heights, He had been a Director on the Board of UCO Bank and other listed Companies in the past. He has been conferred upon the the Udyog Rattan Award by the Government of Punjab and is Presently also Chancellor of GNA University.	He has been the Wholetime Director of the Company since 2011.	He has been the Wholetime Director of the Company since 2011. He is Currently also the Chairman of the Punjab State Council of ASSOCHAM.

Notice (Contd.)

4. Job profile and his suitability	Mr. Rachhpall Singh has an experience of more than 58 years in the Auto component Industry and the Company has gained immensely from his experience.	Mr. Gursaran Singh has an experience of more than 58 years in the Auto Component Industry and is regarded as doyen of Indian Auto Component Industry. Under his leadership the Company has attained Newer heights. Taking this into consideration, the Board has resolved to continue to bestow the leadership of the Organisation to Mr. Gursaran Singh.	Mr. Harwinder Singh has an experience of more than 10 years in the auto component industry and overall managerial area.	Mr. Kulwin Seehra has an experience of more than 10 years in the filed of production, marketing and finance function of the Company.
5. Remuneration proposed	Details of the proposed remuneration have been provided in the resolution.	Details of the proposed remuneration have been provided in the resolution.	Details of the proposed remuneration have been provided in the resolution.	Details of the proposed remuneration have been provided in the resolution.
6. Comparative remuneration profile with respect to Industry.	The Remuneration is compareable with the remuneration of the of the Executive Chairman of the similar sized Companies.	The Remuneration is compareable with the remuneration of the of the Managing Director / CEO of the similar sized Companies.	The Remuneration is compareable with the remuneration of the of the Executive Directors of the similar sized Companies having similar experience.	The Remuneration is compareable with the remuneration of the of the Executive Directors of the similar sized Companies having similar experience.
7. Pecuniary Relationship directly or indirectly with the Company, or relationship with managerial personnel, if any	Besides the remuneration, Mr. Rachhpall Singh does not have anyother pecuniary relationship with the Company. He holds 3,75,600 Equity shares of the Company and is related to Mr. Gursaran singh Managing Director and Mr. Jasvinder Singh Jt. Managing Director of the Company	Besides the remuneration, Mr. Gursaran Singh does not have any other pecuniary relationship with the Company. He holds 17,39,939 equity shares of the company and is related to Mr. Rachhpall Singh Chairman, Mr. Ranbir Singh CEO and Mr. Gurdeep Singh Director of the Company.	Besides the remuneration, Mr. Harwinder Singh does not have any other pecuniary relationship with the Company. He is related to Mr. Jasvinder Singh Jt. Managing Director of the Company.	Besides the remuneration, Mr. Kulwin Seehra does not have any other pecuniary relationship with the Company. He is related to Mr. Ranbir Singh CEO & Wholetime Director of the Company. He holds 2,12,750 Equity Shares of The Company.

Notice (Contd.)

III. OTHER INFORMATION

1. Reason for loss or inadequate profits.	Due to the unprecedented present situation arising out of COVI-19 globally, the Company expects a dip in its profits this year which will lead to inadequacy of profits.	Due to the unprecedented present situation arising out of COVI-19 globally, the Company expects a dip in its profits this year which will lead to inadequacy of profits.	Due to the unprecedented present situation arising out of COVI-19 globally, the Company expects a dip in its profits this year which will lead to inadequacy of profits.	Due to the unprecedented present situation arising out of COVI-19 globally, the Company expects a dip in its profits this year which will lead to inadequacy of profits.
2. Steps taken or proposed to be taken for improvements.	The Management of the Company is working hard to overcome the present situation which has arisen across the industries worldover and expects the business to become normal in the year going forward.	The Management of the Company is working hard to overcome the present situation which has arisen across the industries worldover and expects the business to become normal in the year going forward.	The Management of the Company is working hard to overcome the present situation which has arisen across the industries worldover and expects the business to become normal in the year going forward.	The Management of the Company is working hard to overcome the present situation which has arisen across the industries worldover and expects the business to become normal in the year going forward.
3. Expected increase in productivity and profits in measurable terms.	The Company expects to regain the sales and profits going forward once the industries and economies come out of the Pandemic situation and the business gets back to normal.	The Company expects to regain the sales and profits going forward once the industries and economies come out of the Pandemic situation and the business gets back to normal.	The Company expects to regain the sales and profits going forward once the industries and economies come out of the Pandemic situation and the business gets back to normal.	The Company expects to regain the sales and profits going forward once the industries and economies come out of the Pandemic situation and the business gets back to normal.

IV. DISCLOSURES

1. Elements of remuneration package such as salary, benefits, bonuses	Refer Corporate Governance Report.	Refer Corporate Governance Report.	Refer Corporate Governance Report.	Refer Corporate Governance Report.
2. Details of fixed Components and performance linked incentives alongwith performance criteria.	Refer Corporate Governance Report.	Refer Corporate Governance Report.	Refer Corporate Governance Report.	Refer Corporate Governance Report.
3. Service Contract, notice period, severance pay.	Refer Corporate Governance Report.	Refer Corporate Governance Report.	Refer Corporate Governance Report.	Refer Corporate Governance Report.
4. Stock option details, if any, and whether that has been issued at discount as well as period over which accrued and over which exercisable.	Nil	Nil	Nil	Nil

Management Discussion Analysis

Even before the onset of COVID-19 in India, two things had become obvious. The first was that throughout FY2020, the country’s economic growth was slowing down and the second was that the automotive sector was facing declining demand across the board.

ECONOMIC OVERVIEW

Let us start with India’s economic growth. The growth of GDP was 5.6% in April-June 2019, 5.1% in July-September 2019; followed by 4.7% growth in October-December 2019 and it dropped to 3.1 % in the fourth quarter of FY 2019-2020. It was also impacted due to the nationwide lockdown imposed at the end of the March 2020. The RBI and Central Statistical Office (CSO) of the Government of India had revised its projections for the growth rate downwards from 7.2 % to 5.00 % for the year 2019-2020. This was done even before the COVID-19 lockdown was imposed. The official GDP data released by CSO for the year 2019-2020 showed the GDP growth of the country at 4.2% in 2019-2020 which is at a 11 year low.

The global Economy slowed to a decade-low last year, largely as a result of prolonged trade disputes and high policy uncertainty. World gross product growth slipped to 2.3 per cent in 2019-the lowest rate since the global financial crisis of 2008-2009. This slowdown is occurring alongside growing discontent with the social and environmental quality of economic growth, amid pervasive inequalities and the deepening climate crisis. Policy uncertainties will continue to weigh on investment plans, and the risks of a further deterioration in the economic situation are high, amid trade tensions, escalating geopolitical conflicts, elevated debt levels, as well as increasing climate risks. The impact of the COVID-19 pandemic and further lockdowns imposed in the various developed and developing economies world over have also impacted the economic affairs of the world and these will also hamper the recovery of the global economy going forward.

INDUSTRY OVERVIEW

Tractors

After forging ahead with strong double digit growth for three consecutive years, the domestic tractor industry suddenly lost steam in the financial year 2019-2020 due to sagging rural income, unpaid and discontinued subsidies and the simultaneous attack of coronavirus. The Indian tractor market declined over 10 percent to about 709,002 units in the financial year 2019-2020, even lower than earlier expected drop of 5-7 percent.

While the tractor industry rose by 10.5 percent and 22

percent in FY’19 and FY’18 respectively, the growth stood at 18 percent in FY’17 respectively. The previous biggest drop in domestic tractor sales was recorded in FY 16 when it fell by about 9 percent. In the month of March alone, the tractor sales volume in the domestic market plunged to 43 percent at 35,216 units against 62,315 units in the same month year ago.

Domestic tractor sales in last four fiscal years:

Fiscal year	Total domestic sales	% change
FY17	582,884	18
FY18	711,478	22
FY19	786,381	10.5
FY20	705,018	- 11.54

The COVID-19 has also played a spoil sport for the Tractor Industry as the Industry was down under from the second half of the FY 2020. The With the early arrival of festivals such as Gudi Padwa, dealers had hoped to continue selling tractors at the beginning of March, but customer traffic quickly dwindled as it became clear that the virus was spreading rapidly. The escalating coronavirus cases and the lockdown extension swept away the chances of retail offtake during April and May 2020.

Commercial Vehilces

The commercial vehicle segment is known to be the barometer of a country’s economic progress and therefore it comes as no surprise that the last month of FY2020 has seen one of the biggest sales declines in recent times.

The CV segment has been hit with a number of growth-impacting factors such as revised axle load norms, the shift to BS VI emission norms and also a demand crunch due to a prolonged economic slowdown. CV OEMs were fervently hoping for a decent uptick in BS IV-compliant vehicle sales in the last month of FY 2020 but Covid-19 pandemic has put brakes to those hopes. OEMs have shuttered their factories, dealers have closed operations and any hopes of discounted truck and bus sales were also dashed. Now, some dealers who still hold unsold BS IV stock will be battling to sell that or face losses. During the year 2019-2020 the total number of CV’s manufactured / produced by the various OEM’s was 7,52,022 against 11,12,405 thus showing a drop of 32.40 % (as per SIAM). This drop has been after 4 years of continuous uptrend witnessed in the Domestic CV markets. As your Company is in the business of manufacturing Axle Shafts and Spindles for the Commercial Vehicles, this drop in the demand of the Commercial Vehicles has dented the sales of your Company also.

Management Discussion Analysis (Contd.)

Though there was a hope that in FY 2021 Indian truck market might revive, COVID 19 has wrecked it. Thus, the waiting period for revival seems to last longer than one could expect. Indeed, the Indian truck industry began showing progress in Q4 FY 2020

Auto Component Industry

The Auto Component Industry was already going through the rough patch in the financial year 2019-2020 due to slowdown in the domestic and foreign Auto Industry. The demand from the OEM's was down, especially from the CV manufacturers as for the CV's 2019-2020 was the worst year as there was very less demand in the segment. Domestic automotive production declined by about 14.7 percent in FY2020 and is expected to witness double-digit decline in FY2021 as well. The aftermarket component demand which accounts for 18% of the industry turnover, is also expected to be subdued in the near term. As per ICRA, the aftermarket performance during FY2020 was impacted due to continued credit crunch across the channel inventory, tight financing environment and overall economic slowdown leading to lower vehicle movement.

Weak demand across domestic OEM, replacement market and exports in the wake of COVID-19 outbreak is likely to squeeze the revenue of the automotive component sector by 14-18 percent in this fiscal, says a report.

The industry has been affected by the pandemic and continuing lockdowns which is directly impacting the economic environment and consumer sentiments, rating agency ICRA has said. The Auto Ancillary Companies, like us were less impacted as exports shielded us from the slowdown and we were able to maintain our topline in the year under review with slight dip in the margins.

Now the COVID-19 outbreak adds woes to the auto components industry, production and revenue is expected to decline for second consecutive year. Due to the COVID-19 outbreak, there has been an adverse impact on both supply side and demand side for the auto components industry. CAGR of the Indian automotive industry's sales between FY 2009 and FY 2020 comes around 8%. The Passenger Car segment registered a 5% growth rate, Commercial vehicle 6%, two Wheelers 8%, and three Wheelers segments registered a 6% growth rate between FY 2009 and FY 2020.

BUSINESS OVERVIEW

The Brief Summary of the operational and financial performance of the Company is given below:-

Product Wise Volume Distribution

Product Types	(No. of Pcs in Lacs)			
	2019-2020		2018-2019	
	Domestic	Exports	Domestic	Exports
Rear Axle Shafts	11.46	14.46	15.14	11.51
Spindles	1.33	3.84	1.72	4.14
Drive Shafts	1.36	1.38	2.03	1.34
Total	14.15	19.68	18.89	16.99

Segmentwise distribution

Segments	(No. of Pcs in Lacs)			
	2019-2020		2018-2019	
	Domestic	Exports	Domestic	Exports
Off Highway	12.32	2.63	14.50	2.72
CV	1.83	17.05	4.39	14.27
Total	14.15	19.68	18.89	16.99

Geography-wise Revenue

	(₹ in Crores)	
	2019-2020	2018-2019
	Domestic	564.40
Exports	308.14	425.45
Total	872.54	917.10

Management Discussion Analysis (Contd.)

Financial Highlights	Amount (₹ in Crores)	
	2019-2020	2018-2019
Total operating Revenue	909.02	928.28
Profit Before Depreciation, Interest and Tax	125.79	145.48
Financial Costs	13.59	8.10
Depreciation	42.36	34.73
Profit before Tax	69.84	102.64
Tax Expense		
- Current	19.84	35.50
- Deferred	(2.75)	1.28
Profit after tax	52.75	65.86
Earnings Per Share		
- Basic	24.58	30.68
- Diluted	24.58	30.68

Future Outlook

FY 2020 was a satisfactory year for GNA. It was not as spectacular as FY2019. But given the huge headwinds faced by all auto Industry in India throughout FY2020, GNA managed to do well on account of its exposure in the overseas markets which helped the Company to steer away in these turbulent times. Before the spread of COVID-19, the Company has expected the year FY 2021 to be a good year but as you are very well aware that FY 2020-21 has been rocked by COVID - 19 and it will not do any good for the demand of the Automobiles in India and abroad.

Weak demand across domestic OEM, replacement market and exports in the wake of COVID-19 outbreak is likely to squeeze the revenue of the Company by around 30 percent in the current financial year. The Tractor segment is doing very well at present and we hope that it will continue to do good in the coming months also. The CV segment is almost blank at the moment and the Company expects the CV segment to start during the second half of this fiscal. The pandemic has also slowed down the progress of the SUV Unit of the Company as the Company is again starting afresh in the SUV business. We are taking all measures to insulate ourselves and our business in these turbulent times so that the impact of this slowdown and lockdown can be kept at the minimal level. Though terrible in the number of worldwide infections and deaths, the global economy is projected to contract by 3% in 2020 [International Monetary Fund, World Economic Outlook, April 2020]. It also needs stating that much of the world should come out of the slump by the last quarter of CY2020, and that the global economy is projected to return to growth by CY2021.

The company has not availed any kind of the moratorium in these stressful financial times and has been able to meet its financial and other Statutory Liabilities well and within its resources as we know that GNA has serious financial muscle

to fashion its path to growth. Enabled by our financial power, if the growth path becomes a reality, it is quite possible that demand effects of COVID-19 may be less overwhelming than what these appear today. Soon enough, the effects of the lockdown will be things of the past. And then, unified in our resolve and commitment, we will fight back and will convert the challenge into opportunities.

Human Resource

The Company believes that human resources is the strong foundation for creating many possibilities for its business.

We also know that our Company has best-in-class talent — right from the shop floor level to the senior managers. With the robust mix of experience and young talent, Company emphasis on continuous enrichment of knowledge of employees. We nurture our people by investing in their empowerment through learning and development, wellness and safety besides providing contemporary workplace facilities. Continuous emphasis is laid on training and development of all the employees. The skill levels of the workforce have been honed continuously by conducting in-house training programmes. The skills, experience and passion of our people facilitate deeper customer understanding and engaging relationships and strengthen our brand value as a preferred employer. We continue to step up efforts to accelerate our value-based growth strategy and the overall development of our employees.

Quality, Efficiency & Delivery

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

- In-house execution of manufacturing processes to monitor product quality, control production costs and maintain delivery schedules

Management Discussion Analysis (Contd.)

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

Technology and Automation

Technology define one's competitive edge in the market. The Company realizes that and has been investing in technological upgradation and also fine-tuning the systems and processes to ensure that those are in sync with the technology platforms. Thus, helping us provide a variety of customer specifications. The forging facilities are supported by robots. We intend to invest in automation for most stages of production process. This will help ensure optimal use of resources, reduction of industrial risk to human workers, economies of scale and significantly higher accuracy in the overall manufacturing and design of products.

Internal Control Systems

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

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

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

The Internal Audit plan as approved by the Audit Committee of the Board and then the same it implemented at various levels in the organization. The Internal Audit function of the Company reviews the Compliance of the established designs of Internal Control and the shortfalls and discrepancies, if any, are looked upon into and tracked for closure. The summary of the Internal Audit findings and status of implementation of action plans for risk mitigation, are submitted to the Audit Committee every quarter for review, and concerns around residual risks if any, are presented to the Board.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global economy, political stability, stock performance on stock markets, changes in Government regulations, tax regimes, economic developments and other incidental factors. Except as required by law, the Company does not undertake to update any forward looking statements to reflect future events or circumstances. Investors are advised to exercise due care and caution while interpreting these statements

Annual Business Responsibility Report (2019-20)

PART A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L29130PB1993PLC013684
2	Name of the Company	GNA Axles Limited
3	Registered address	GNA House, 1-C Chhoti Baradari - II Garha Road Jalandhar 144001 Punjab
4	Website	www.gnagroup.com
5	Email Address	gjain@gnagroup.com
6	Financial Year Reported	2019-2020
7	Sector(s) that the Company is engaged in	Auto Components
8	List three key products/services that the Company manufactures	Rear Axle Shafts, Spindles and Drive Shafts
9	Total number of locations where business activity is undertaken by the Company	Mehtiana and Gulabgarh Jattan in Punjab
10	Markets served by the Company	India and 12 countries around the world

PART B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	21.47 Cr
2	Total Turnover	910.28 Cr.
3	Total profit after taxes	52.75 Cr
4	Total spending on (CSR) as % of PAT	Refer Annual Report on CSR Activities
5	List of activities in which CSR expenditure has been incurred	Refer Annual Report on CSR Activities

PART C : OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies	YES
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company	NO
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	NO

PART D : BR INFORMATION

1	Details of Directors (s) responsible for BR	
a)	Details of the Director/Directors responsible for implementation of the BR policy/ policies	
	DIN Number	01572708
	Name	Mr. Ranbir Singh
	Designation	CEO & Wholetime Director
b)	Details of the BR Head:	
	DIN Number	03522812
	Name	Mr. Kulwin Seehra
	Designation	Wholetime Director
	Telephone Number	01882-262273
	Email ID	kulwin@gnagroup.com

PREFACE

Securities and Exchange Board of India has mandated that top 1000 listed entities based on market Capitalization are required to submit Business Responsibility Report (BRR) alongwith their Annual Report for the year 2019-2020. This report has to be in line with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, as released by Ministry of Corporate Affairs in 2011.

Annual Business Responsibility Report (2019-20) (Contd.)

GNA Axles Limited (GNA) hereby present its BRR which provides information on key business responsibility initiatives undertaken by the Company. The BR report is a part of the Annual report and is placed on the website of the Company. The requisite policies have been developed based on the best practices and as per the regulatory requirements. The Board of Directors of the Company assesses the business responsibility of the Company annually.

PRINCIPLE 1

Business should conduct and govern themselves with ethics, transparency and accountability:

The Business at GNA is driven by the certain professional ethics like trust, transparency integrity and credibility. The Company is transparent and compliant with the laws of the land and do not compromise on professional ethics and follows zero tolerance for bribery and corruption. The company has formulated the Code of Conduct which is applicable to the Company as a whole. This Code of Conduct covers the exhaustive list of topics like anti-bribery, anti-corruption, the prevention of sexual harassment at the work place, and other similar laws of the land. This CoC is applicable to all the employees of the Company at all levels. This Code of Conduct is reviewed periodically and required changes are made in it as per the requirements. Failure to comply with the code leads to disciplinary action. The Company adheres to all the applicable Statutory and regulatory rules and ensures its compliance to the law of the land and breach of the same is viewed seriously by the Management and appropriate action is taken.

The company has also formulated the whistle blower policy to enable its employees to raise their concerns in a responsible and effective manner. During the year no complaint was received with respect to the above mentioned policy.

GNA has also formulated a Code of Conduct for its Board of Directors and other Senior Management to ensure the highest ethical standards to manage the affairs of the Company. The the Directors and senior management personnel have affirmed compliance with the said code. The Annual Report contains declaration to the said effect signed by the Managing Director of the Company.

PRINCIPLE 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle:

The Sustainable Business Model and the framework driving towards identifying and implementation of strategies that add value to the lives of numerous people linked, directly or

indirectly, with the organization is a core strength of GNA. The Company provides and maintains a clean, safe, and healthy work environment for employees, customers, investors and other stakeholders. The Company has its dedicated Development section which works tirelessly to reduce the cost for the products of the Company and ensures that the products of the Company are safe and have sustainable product life. As the Company is a preferred OEM supplier and supplies its products to renowned OEM customers both in India and in overseas markets, the company has to adhere to best manufacturing practices so as to ensure the best quality for its products as the products of the company are safety items in their respective use. 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 gives preference to local vendors wherever possible and procures the material from those vendors who are close to its plants. The main raw material, i.e Steel, is sourced by the Company from the vendors which are approved by its customers and which are adhering to certain quality standards like ISO, TS etc so as to maintain the continuity of supplies.

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. 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. 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. The Company has rationalised consumption of electricity and usage of natural resources to save energy

We have Effluent Treatment Plant (ETP) which utilize advanced technology to treat 0.1 million KL of water annually. The waste generated at the Company's plants is managed as per waste disposal processes and rules. It is our earnest desire to replenish ground water and we have been continuously investing in water conservation initiatives. Since 2005, we are working on ground water recharge and have installed Rain Water Harvesting Systems (RWH) within our premises.

Annual Business Responsibility Report (2019-20) (Contd.)**PRINCIPLE 3****Business should promote the well being of all employees:**

In a world where everything else is equal, human effort makes all the difference. We place immense value on our workforce and consider it our biggest, most valuable asset. At GNA, we have a culture of empowerment that values and respects individual potential and helps each one achieve it to the fullest. We continuously strive to improve quality of work-life for total job satisfaction and social harmony for the employees.

As on March 31, 2020, the Company had a total of 1,272 full time employees on its rolls. The Company has 6 women employees. There was no employee with permanent disability. The Company does not have any employee association that has been recognized by the management.

The Company provides safe and hygienic environment for its employees. No Child labour has been employed by the Company. The Company has a Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and has constituted an Internal Complaints Committee, which is in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013. The said policy is in line with relevant Act passed by the Parliament in 2013. The Company has not received any complaints relating to child labour, forced labour, and involuntary labour.

During the year, the Company trained 323 employees and 18 training programmes were imparted by the Company to its employees for enhancing their skill levels. During these COVID-19 times, regular health and hygiene tips were being shared with employees to educate them about the safety and preventive measures.

PRINCIPLE 4**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

The Company has mapped its key stakeholders comprising of promoters, employees, customers, business associates, investors (including shareholders), lenders, suppliers, regulatory agencies, local communities surrounding our factories, CSR implementing agencies etc. The Company values the support of all its stakeholders and respects their interest and concerns. The Company identifies the

communities around its manufacturing facilities with focus on elderly, children, women from these communities. Through our CSR programmes we continuously strive to help the and support the marginalized people by supporting in the field of Education, Rural development, eradication of hunger, women empowerment etc. We have also extended support towards following social issues; Ensuring formal education to underprivileged children Improving access to health care.

PRINCIPLE 5**Businesses should respect and promote human rights.**

GNA, as a responsible corporate citizen remain committed to its efforts to ensure compliance to all the human rights laws framed under the Constitution of India and other Statutes. The Company has not received any complaint pertaining to violation of human rights from stakeholders in this regard.

PRINCIPLE 6**Businesses should respect, protect and make efforts to restore the environment.**

The Company always strives to pay back to the environment. GNA has implemented stringent standards and policies for Environment, Health and Safety in both of manufacturing units. The promotes green environment by adopting the electronic mode of communication internally and also with its various stakeholders including shareholders by sending the Annual Reports and other communications electronically. The Environmental Policy of the company extends to all the units of the Company. The Company has replaced its furnaces using the Diesel and Furnace Oils as fuel with electricity and has been also using the metal gathering machines which uses electricity in place of fossil fuels. The use of these machines has helped the Company in to clean the environment as the pollution caused by the fossil fuels has been negated. We have also set up Effluent Treatment Plant (ETP) which utilize advanced technology to treat 0.1 million KL of water annually. . The Company uses equipment and technologies that reduces waste, consume less electricity and are energy efficient.

The Company strives to comply with all legal / regulatory requirements related to environment protection, management and sustainable development. The emissions and wastages generated by the Company are well within the permissible limits laid out by the Pollution Control Boards. The Company has not received any legal notice from the CPCB / SPCB during the year under review.

Annual Business Responsibility Report (2019-20) (Contd.)

PRINCIPLE 7

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

GNA is the member of the following trade and chamber associations:

- a. Federation of Indian Chambers of Commerce and Industry (FICCI), Delhi
- b. Confederation of Indian Industries (CII), Delhi
- c. The Associated Chambers Of Commerce and Industry of India (ASSOCHAM)
- d. Association of Indian Forging Industry (AIFI)
- e. Automotive Components Manufacturers Association of India (ACMA, New Delhi)
- f. Engineering Export Promotion Council of India
- g. PHD Chambers of Commerce and Industries
- h. Indo German Chambers of Commerce

The Company being a Industrial House is always concerned or interested in the policies effecting the auto component industry. These platforms are utilized to update the industry concerns to the relevant government offices through seminars, delegations and memorandums. Through these forums, we also provide our inputs sought by the State & Central Governments related to the current problems faced by the industry, future prospects and policy imperatives required to overcome bottlenecks. These forums are used to advance the cause of the industry and are not used to take up company specific issues.

PRINCIPLE 8

Businesses should support inclusive growth and equitable development.

GNA has always believed in inclusive growth and equitable development. The CSR activities undertaken by the Company mirror the philosophy of the founder of GNA Group Late S. Amar Singh ji which always advocated the inclusive growth of all the people, promoting health and family welfare, imparting quality education, taking care of the elderly and those who need most. The Company has partnered with various Charitable organizations and NGO's for implementing its CSR objectives like Bibi Kaulan ji Bhalai Kender Trust, Shri Guru Gobind Singh Charitable Trust, People for Animals, Welfare Association HBC Bindraban, Mehtiana Football club, Govt. School Ahirana, Helpage India NGO at Phagwara.

The following major programmes have been implemented:

- The Company has worked for and donated amount for construction of school for the poor and needy children by Guru Gobind Singh Charitable Trust.

- The Company has donated amount for the construction of old age home by Helpage India at Phagwara.
- The Company has donated amount to Bibi Kaulan ji Bhalai Kender Trust which runs charitable schools for the needy, charitable hospitals, given rations to the poor and needy widows and poor.
- During the lockdown imposed in March 2020 the Company also distributed the ration packets to the needy and poor in the vicinity of its manufacturing units.
- The Company also donated amount to the Welfare Association Bindraban in Palampur for the construction of community centre where the Guest house of the Company is situated.
- The Company has also been organizing the Health Check up and Eye Camps in the villages where the units of the Company are situated for the benefit of the villagers.

All the programmes/projects under the Corporate Social Responsibility Policy of the Company are undertaken through external NGOs and other organisations namely as named above. The Company has partnered with those NGO's which have a regular track record while extending its CSR contribution. The Company's officials regularly conduct site visits to assess the overall progress of the project.

The Company has contributed approximately ₹ 175.25 Lacs towards various Corporate Social Responsibility projects

PRINCIPLE 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner:

Customer centric is one of the core values of the Company. We always try to offer best quality to our customers and match the required standards with prime focus on developing memorable customer experience. The Company has been constantly investing in upgrading technology and in acquiring new technology so as to meet customer expectations. We consistently work to improve customer satisfaction and deliver value proactively by anticipating changes in customer's needs.

No customer complaint was pending at the end of the financial year. The Company displays the relevant information on the product labels as per customer's drawing specifications. No stakeholder of the Company has filed any case pertaining to unfair trade practices.

The Company engages with its customers to continuously improve the customer satisfaction levels. The Company engages with its customers and carries consumer surveys for different products every year to know the customer satisfaction level so that necessary steps may be taken to enhance the same.

Director's Report

Dear Members,

The Directors of your Company have pleasure in presenting their 27th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended March 31, 2020.

FINANCIAL RESULTS AND ANALYSIS

The Financial results for the year are as under:-

Particulars	(₹ in Lacs)	
	Year ended on March 31, 2020	Year ended on March 31, 2019
Net operating Revenue	90,901.58	92,827.99
Other Income	126.96	40.21
Profit Before Depreciation, Interest and Tax	12,579.35	14,547.71
Financial Costs	1,359.43	810.43
Profit before Depreciation and Tax	11,219.92	13,737.28
Depreciation	4,235.80	3,473.21
Profit before Tax	6,984.12	10,264.07
Tax Expense		
- Current	1,984.00	3,550.00
- Deferred	(275.36)	127.61
Profit after tax	5,275.48	6,586.46
Earnings Per Share		
- Basic	24.58	30.68
- Diluted	24.58	30.68

FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

SALES

Revenue from operations decreased by ₹ 1,926.41 Lacs to ₹ 90,901.58 Lacs for the Fiscal 2020 from ₹ 92,827.99 Lacs for the Fiscal 2019, or a decrease of 2.07 %. Export sales increased by ₹ 7,275.43 Lacs to ₹ 5,6440.33 Lacs for the Fiscal 2020 from ₹ 4,9164.90 Lacs for the Fiscal 2019 owing to better demand of the Company's products in the overseas market. Domestic sales decreased by ₹ 1,1730.78 Lacs to ₹ 3,0814.16 Lacs in the Fiscal 2020 from ₹ 42,544.94 in the Fiscal 2019 thereby showing a decrease of 27.57 % due to the slowdown in the domestic auto industry.

PROFITABILITY

The company earned Profit before Tax of ₹ 6,984.12 Lacs during the year under review against ₹ 10,264.07 Lacs for the Fiscal 2019 showing a decrease of 31.96%.

Profit after tax decreased by ₹ 1,310.98 Lacs to ₹ 5,275.48 Lacs for the Fiscal 2020 from ₹ 6,586.46 Lacs for the Fiscal 2019 thereby showing a decrease of 19.90 %.

RESOURCE UTILISATION:

Property Plant & Equipment

The property, plant & Equipment (including capital work in progress) as at March 31, 2020 were ₹ 25,055.50 Lacs as against previous year's value of ₹ 24,454.70 Lacs.

Current Assets

The net current assets as on March 31, 2020 were ₹ 22,743.63 Lacs as against ₹ 19,990.71 Lacs in the previous year.

DIVIDEND:

In view of the current tight liquidity arisen after the outbreak of the COVID-19 Pandemic and subsequent lockdown and acute slowdown in the business of the Company, the Directors have not recommended any dividend during the year under review so as to conserve the resources of the Company.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on March 31, 2020 stood at Rs. 2146.54 Lacs. During the year under review the Company has not issued shares or convertible securities or shares with differential voting rights nor has granted any stock options or sweat equity shares or warrants. None of the Directors of the Company hold instruments convertible into Equity Shares of the Company as on March 31, 2020.

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 an Annexure - 1 to this Report.

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

Director's Report (Contd.)

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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 2019-20 is attached herewith in Annexure - 2.

RISK MANAGEMENT

The Board of Directors of the Company had formulated and approved the Risk Management Policy of the Company under the provisions of the Companies Act 2013 and SEBI (LODR), Regulations, 2015. The objective of Risk Management at GNA Axles Limited is to create and protect shareholder value by 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 Company has not entered into any contract or arrangement with related parties during the period under review expect payment of remuneration to the Executive Directors.

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

The Company has not given any loan, provided any guarantee, provided any security or made any investments u/s 186 of the Companies Act during the financial year 2019-2020.

DIRECTORS

In accordance with provisions of the Articles of Association of the Company, Mr. Gurdeep Singh, Mr. Harwinder Singh and Mr. Rachhpall Singh Directors of your Company, retire 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 May 19, 2020 had reappointed Mr. Jasminder Singh Johal as an Independent Director of the Company for a second tenure of 5 years. His appointment as Independent Director of the Company for a period of 5 years will be from June 10, 2020 till June 09, 2025 if approved by the members in the ensuing Annual General Meeting.

The Board of Directors of the Company, in its meeting held on May 19, 2020, had reappointed Mr. Rachhpall Singh as Wholetime Director of the Company and Mr. Gursaran Singh as Managing Director of the Company for a period of 3 years w.e.f April 01, 2020 to March 31, 2023. The Board of Directors of the Company, in its meeting held on July 17, 2020, had reappointed Mr. Harwinder Singh and Mr. Kulwin Seehra as Wholetime Directors of the Company for a period

Director's Report (Contd.)

of 3 years w.e.f October 01, 2020 to September 30, 2023. All these appointments are subject to the approval of the shareholders in the ensuing 27th 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:-

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

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

Declaration under Section 149(6):

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

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

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

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

Familiarisation programmes for Board Members:

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

Board Evaluation:

The Company has put in place the policy for performance evaluation of the Individual Directors of the company and the Board as a whole including the Chairman of the Company. The meeting of the Independent Directors of the Company for the year 2019-2020 was held on January 18, 2020 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:

M/s Harish & Co., Chartered Accountants, the retiring Auditors of the Company have confirmed their eligibility to be re-appointed as Statutory Auditors of the Company at the ensuing Annual General Meeting. The Board of Directors recommend the re-appointment of M/s Harish & Co, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. The Company has paid a sum of ₹ 7.50 lacs (plus GST) to M/s Harish & Co, Chartered Accountants as audit fees during the Financial Year ended 31st March, 2020.

The Auditors' report does not have any qualification, reservation, adverse remark or disclaimer by the statutory auditors.

b. Secretarial Auditor:

M/s H.K & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditor for the year 2019-20. The Report of the Secretarial Auditor in form no MR-3 is annexed to this Report. The Secretarial Audit Report is self explanatory and do not call for any comments. The Secretarial Audit Report forms part of this report as Annexure - 4.

BOARD MEETINGS:

During the Financial Year 2019-20, the Board met 4 times on May 11, 2019, July 12, 2019, November 08, 2019 and January 18, 2020.

AUDIT COMMITTEE DISCLOSURES:

Composition of Audit Committee:

The Audit Committee comprises of four directors i.e. Mr. Shailindra Singh Kaushik, Independent Director, Mr. Jasvinder Singh Johal, Independent Director, Mr. Ajit Singh Walia, Independent Director and Mr. Ranbir Singh Executive and Non Independent Director. The Board of Directors in its meeting held on January 18, 2020 has inducted Mr. Ajit Singh Walia as member of the Audit Committee. Mr. Shailindra Singh Kaushik is the Chairman of the committee and Mr. Gourav Jain is Secretary of the Committee.

Vigil Mechanism and Whistle Blower:

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

Director's Report (Contd.)

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 - 5.

ANNUAL RETURN

In terms of the provisions of section 92(3) of the Companies Act, 2013 read with Companies (Amendment) Act 2017 and the relevant rules made thereunder, a copy of the Annual Return as prescribed under Section 92 of the Companies Act, 2013 as amended shall be made available at the website of the Company www.gnagroup.com under the link <http://gnagroup.com/wp-content/uploads/2019/20/Annual Return 2019-2020.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 all the plants of the Company during the year under review. As on March 31, 2020 1272 personnel were employed by the Company.

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 - 6 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 Director of the Company has laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
6. Devised proper systems to ensure compliance with the provisions of all applicable laws and those systems were adequate and operating effectively.

GENERAL DISCLOSURES:

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

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

21. ACKNOWLEDGEMENT:

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

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

For and on Behalf of the Board

Gursaran Singh
Managing Director

Date: July 17, 2020
Place: Mehtiana

Ranbir Singh
CEO & Wholtime Director

Annexure - 1

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

Part A

		Amount in ₹
Particulars		GNA Axles Inc.
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 = ₹ 75.39
c)	Capital	75,390.00
d)	Reserves	(15,34,040)
e)	Total Assets	1,38,110/-
f)	Total Liabilities	1,38,110/-
g)	Details of investments (Except in case of investment of subsidiaries)	NIL
h)	Turnover (net)	NIL
i)	Profit before taxation	(3,05,660.50)
j)	Provision for taxation	0.00
k)	Profit after taxation	(3,05,660.50)
l)	Proposed dividend (including tax thereon)	0.00
m)	% of shareholding	100.00

Annexure - 2

Annual report on the CSR Activities for the Financial Year 2019-2020

(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	2019-2020

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"> 1. Eradicating hunger and providing for healthcare. 2. Empowerment of Women. 3. Promoting Education 4. Promotion of sports 5. Rural Development 6. Any other project / programme pertaining to the activities listed in the Schedule VII of Companies Act, 2013 and Companies (CSR) Rules, 2014.
2	The Composition of the CSR Committee	The CSR Committee was constituted on September 29, 2014 and was reconstituted on June 9, 2015. Chairman of the Committee : Mr. Shailindra Singh Kaushik Members: Mr. Ranbir Singh & Mr. Anish Kumar Dhingra.
3	Average Net profit of the Company for the last three financial years	₹ 7,465.54 Lacs
	Prescribed CSR Expenditure	₹ 149.31 Lacs for Financial Year 2019-20 and ₹ 56.00 Lacs of previous year remaining unspent, totaling to ₹ 205.31 Lacs

Annexure - 2 (Contd.)

S. No	Particulars	Details
	Details of the CSR spent during the financial year	
a.	Total amount spent for the financial year	₹ 175.25 Lacs
b.	Amount unspent, if any	₹ 30.06 Lacs
c.	Manner in which the amount spent during the financial year	As per annexure - A
	In case the Company has failed to spend 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 ₹ 205.31 Lacs in the financial year 2019-2020 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.

Annexure A

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 Director of through implementing agency.
1	Healthcare and Promoting Preventive Healthcare and women empowerment	Healthcare	The Programme is being implemented in the state of Punjab.	₹ 62.90.00 Lacs	Direct amount of ₹ 62.90.00 Lacs	₹ 62.90 Lacs	Some amount has been spent directly and some through implementing agency.
2	Promoting Education Vocational Skills	Education	The programme is being implemented in the state of Punjab	₹ 25.65 Lacs	Direct amount ₹ 25.65 Lacs	₹ 25.65 Lacs	Direct
3.	Eradicating hunger	Hunger	Punjab	₹ 60.00 Lacs	Direct amount ₹ 60.00 Lacs	₹ 60.00 Lacs	Through Implementing Agency
4.	Setting up of Old age homes for Senior Citizens.	Reducing inequalities	The programme is being implemented in the state of Punjab and HP.	₹ 22.00 Lacs	Direct Amount of ₹ 25.65 Lacs	₹ 22.00 Lacs	Direct
5.	Rural Development and Rural Sports	Development	The programme is being implemented in and Punjab	₹ 4.70 Lacs	Direct Amount ₹ 4.70 Lacs	₹ 4.70 Lacs	Direct

Responsibility Statement

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

Date: July 17, 2020

Place: Mehtiana

S S Kaushik
Chairman of CSR Committee

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.

Annexure - 3 (Contd.)

- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

5. FREQUENCY OF MEETINGS:

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

6. COMMITTEE MEMBERS' INTERESTS:

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

7. SECRETARY:

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

8. VOTING:

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

9. MINUTES OF COMMITTEE MEETING:

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

10. EFFECTIVE DATE & AMENDMENTS:

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

for the financial year ended 31st March 2020

[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 2020 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 2020 according to the provisions of:

- I. The Companies Act, 2013 and the rules made thereunder;
- II. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - [Not Applicable during the audit period];
- V. The Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b. The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015
 - c. The Securities and Exchange Board of India (Prohibitions of Insider Trading) Regulations, 2015
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase scheme) Guidelines, 1999
 - f. 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]
 - g. 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]
 - h. 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]
 - i. 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]

Annexure - 4 (Contd.)

VI. The following laws 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 clauses 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.

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 Companies Act, 2013 and the rules made thereunder.

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, if any, are captured and recorded as part of the minutes. No dissenting views have been noticed during the period covered under audit.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

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

1. The Statutory Auditor of the company Mr. Harish Kumar Monga passed away on 9th February 2019. To fill the casual vacancy caused by death of the Auditor, the Company convened an extra-ordinary General Meeting on 29th April, 2019. Notice for the Extra-ordinary General Meeting was issued on 29th March, 2019.

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

**Harsimran Kaur
Proprietor**

Date: July 17, 2020
Place: Jalandhar

M. No: FCS-8174, C.P No: 9252
UDIN: F008174B000470053

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 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

Date: July 17, 2020

Place: Jalandhar

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

UDIN: F008174B000470053

Annexure - 5

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 MARCH 31, 2020.

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.

B. TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

i) Efforts made in Technology Absorption:

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

and imported by the Company in the past have been absorbed by the Company.

ii) Benefits derived as a result of the above:

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

iii) Expenditure on Research & Development

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

FOREIGN EXCHANGE EARNING AND OUTGO

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

Total Foreign Exchange earned and used :

	(₹ in Lacs)	
	Current Year	Previous Year
Earnings in Foreign Exchange	56,440.33	49,164.90
Foreign Exchange Outgo	5,538.88	3,472.96

For And on Behalf of the Board**Gursaran Singh**
Managing Director**Ranbir Singh**
CEO & Wholetime Director

Date: July 17, 2020

Place: Mehtiana

Annexure - 6

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

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

The Median Remuneration employees for the Financial Year is ₹ 1.41 Lacs

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

SR. NO	NAME & DESIGNATION OF DIRECTOR	REMUNERATION (AMOUNT ₹ IN LAKHS)	RATIO TO MEDIAN REMUNERATION
1.	Mr. Rachhpall Singh – Executive Chairman	58.80	41.70
2.	Mr. Gursaran Singh – Managing Director	58.80	41.70
3.	Mr. Jasvinder Singh – Wholetime Director	186.96	132.60
4.	Mr. Ranbir Singh – Wholetime Director	186.96	132.60
5.	Mr. Gurdeep Singh – Director	-	-
6.	Mr. Harwinder Singh – WholeTime Director	34.43	24.42
7.	Mr. Kulwin Seehra – Wholetime Director	34.43	24.42
8.	Mr. Jasinder Singh Johal – Independent Director	-	Not Applicable as only sitting fees is paid during the year
9.	Mr. Anish Kumar Dhingra – Independent Director	-	Not Applicable as only sitting fees is paid during the year
10.	Mr. Shailindra Singh Kaushik – Independent Director	-	Not Applicable as only sitting fees is paid during the year
11.	Mr. Vikas Uppal – Independent Director	-	Not Applicable as only sitting fees is paid during the year
12.	Mr. M S Atwal – Independent Director	-	Not Applicable as only sitting fees is paid during the year
13.	Mr. Ajit Singh – Independent Director	-	Not Applicable as only sitting fees is paid during the year
14.	Mrs. Geeta Khanna –Independent Director	-	Not Applicable as only sitting fees is paid during the year
15.	Lt. Gen. Praveen Bakshi (Retd.) - Independent Director	-	Not Applicable as only sitting fees is paid during the year

II) The percentage increase in remuneration of each Director, CFO , CEO, CS or Manager, if any, in the financial year 2019-20 compared to 2018-19

SR. NO	NAME & DESIGNATION OF DIRECTOR, CFO , CEO AND CS	REMUNERATION FOR THE YEAR ENDED 2019-20 (₹ IN LAKHS)	REMUNERATION FOR THE YEAR ENDED 2018-19 (₹ IN LAKHS)	% CHANGE
1.	Mr. Rachhpall Singh – Chairman & Wholetime Director	58.80	54.60	7.69
2.	Mr. Gursaran Singh – Managing Director	58.80	54.60	7.69
3.	Mr. Jasvinder Singh – Jt. Managing Director	186.96	174.79	6.96
4.	Mr. Ranbir Singh – Wholetime Director & CEO	186.96	174.79	6.96
5.	Mr. Gurdeep Singh – Director	-	0	-
6.	Mr. Harwinder Singh – WholeTime Director	34.43	30.87	11.53
7.	Mr. Kulwin Seehra – Wholetime Director	34.43	30.87	11.53
8.	Mr. Jasinder 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. Ajit Singh – Independent Director	-	-	NA
14.	Mrs. Geeta Khanna –Independent Director	-	-	NA
15.	Lt. Gen. Praveen Bakshi (Retd.) - Independent Director	-	-	NA
16.	Mr. Rakesh Gupta - CFO	13.20	12.36	6.80
14.	Mr. Gourav Jain - CS	6.77	6.32	7.12

- III) The median remuneration of the employees has increased by 3.68 % In 2019-2020 as compared to 3.03 % in 2018-2019..
- IV) Number of permanent employees on the rolls of the company during Financial Year 2019-20 was 1272.
- 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 3.68% while the managerial remuneration increased by 7.66 %. 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.

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

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. Maninder Singh	Sr. Vice President (Planning)	26.34	Permanent	Graduate, 36 years	01.02.2018	61	GNA Udyog Limited	11.36%	Relative of Mr. Rachhpall Singh and Mr. Jasvinder Singh
2	Mrs. Loveleen Kaur	Sr. Vice President (Corp. Affairs)	26.34	Permanent	Graduate, 21 years	01.02.2018	57	-	0.032 %	Relative of Mr. Ranbir Singh and Mr. Kulwin Seehra
3	Mr. Pradeep Sharma	Sr. Vice President - Marketing	14.59	Permanent	B.Com, 36 Years	16.05.1994	57	Guru Nanak Auto Enterprises Limited	0.004%	Not Related
4	Mr. Satwinder Singh	Sr. Vice President - Projects	14.52	Permanent	Diploma in Mechanical Engineering, 38 Years	01.03.2005	64	GNA Udyog Limited	-	Not Related
5	Mr. Surinder Singh	Sr. Vice President - Works	13.52	Permanent	Diploma in Mechanical Engineering 41 Years	16.05.1994	63	Guru Nanak Auto Enterprises Limited	0.001 %	Not Related
6	Mr. Rakesh Kumar	CFO	13.20	Permanent	B.Com, ACA 25 Years	06.05.2006	51	GNA Gears Limited	0.001%	Not Related
7	Mr. Manjit Singh Rihal	DGM - Exports	12.40	Permanent	B.Com 15 Years	01.11.2006	42	Genpact	0.033%	Not Related
8	Mr. Anil Arora	Sr. General Manager (Marketing)	11.58	Permanent	B.Com, 32 years	16.05.1994	59	GNA Gears Limited	0.00 %	Not Related
9	Mr. G S Cheema	DGM - Personnel & HRD	11.42	Permanent	B.Sc, LL.B 25 Years	16.05.1994	54	Guru Nanak Auto Enterprises Limited	-	Not Related
10	Dr. Jaswant Singh	GM - Forging	10.72	Permanent	Ph.d in Metal Forming 25 Years	16.05.1994	51	Guru Nanak Auto Enterprises Limited	0.00 %	Not Related

- II) Name of the employees who were employed throughout the Financial Year 2019-20 and were paid remuneration not less than ₹ 1.02 Crores per annum - NIL
- III) Name of employees who were employees in part during the Financial Year 2019-20 and were paid remuneration not less than ₹ 8.50 Lacs per month - NIL.
- IV) Name of employees who were employees throughout the Financial Year 2019-20 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:

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

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

- Composition: As on March 31, 2020, the Company's Board comprises of a Chairman, Executive Directors, Non Executive Directors, Managing Director and a Joint Managing Director. Out of the total strength of Fifteen (15) Directors, eight Directors are independent.
- Board Meetings: During the Financial Year 2019-20, the Board met Four (4) times on May 11, 2019, July 12, 2019, November 08, 2019 and January 18, 2020.

The composition of Board of Directors and Directors attendance at the Board Meetings and at last Annual General Meeting of the Company, as also the number of Directorship/Chairmanships, Committee Memberships and Committee Chairmanships held by them in other Public Limited Companies, as on March 31, 2020 are given below:-

Name of Director	Designation & Category	Number of Board Meetings Attended	Attendance at Last Annual General Meeting	Directorship in other Companies	Other Committee Membership	Board Chairmanship in other Companies	Committee Chairmanships in other Companies
RACHHPALL SINGH	CHAIRMAN & Executive Director	1	NO	NIL	-	-	-
GURSARAN SINGH	MANAGING DIRECTOR	4	YES	2	-	1	-
JASVINDER SINGH SEEHRA	JT. MANAGING DIRECTOR	2	YES	2	-	-	-
RANBIR SINGH	EXECUTIVE DIRECTOR AND CEO	4	YES	4	-	-	-
GURDEEP SINGH	NON-INDEPENDENT AND NON EXECUTIVE DIRECTOR	4	YES	5	4	-	-
HARWINDER SINGH SEEHRA	EXECUTIVE DIRECTOR	3	YES	-	-	-	-
KULWIN SEEHRA	EXECUTIVE DIRECTOR	3	YES	1	-	-	-
ANISH KUMAR DHINGRA	INDEPENDENT DIRECTOR	3	NO	0	-	-	-
JASMINDER SINGH JOHAL	INDEPENDENT DIRECTOR	3	YES	-	-	-	-
VIKAS UPPAL	INDEPENDENT DIRECTOR	4	YES	2	2	-	1
GEETA KHANNA	INDEPENDENT DIRECTOR	3	NO	-	-	-	-
SHAILINDRA SINGH KAUSHIK	INDEPENDENT DIRECTOR	4	YES	-	-	-	-
AJIT SINGH	INDEPENDENT DIRECTOR	4	YES	1	-	-	-
MANBHUPINDER SINGH ATWAL	INDEPENDENT DIRECTOR	3	YES	-	-	-	-
Lt. Gen. PRAVEEN BAKSHI (Retd.)	INDEPENDENT DIRECTOR	3	YES	1	-	-	-

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 Board of Directors in their meeting held on January 18, 2020, reconstituted the Audit Committee of the Company by inducting Mr. Ajit Singh as member of the Committee. Now the Audit Committee comprises of four directors viz. Air (Cmde.) Shailindra Singh Kaushik (Retd.), Mr. Ranbir Singh, Mr. Jasminder Singh Johal and Mr. Ajit Singh. Air (Cmde.) Shailindra Singh Kaushik (Retd.) 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 2019-20, the Audit Committee met Four (4) times on May 11, 2019, July 12, 2019, November 08, 2019 and January 18, 2020.

The attendance of the members of the Committee for the Financial Year 2019-20 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	3

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 2019-20, the Committee met One time on July 12, 2019 and all the members attended the said meeting.

The Company's approved Nomination & Remuneration Policy is already attached with Board Report (pls refer Annexure 3 of Directors' Report).

ii. Remuneration details:

a) Executive Directors:

The Company paid an amount of ₹ 560.38 Lacs as remuneration to the Executive Director(s) during the Financial Year 2019-2020 as follows:-

₹ in Lacs					
S. No	Name	Designation	Salary	Other Benefits	Gross Remuneration
1	Mr. Rachhpall Singh	Chairman & Wholetime Director	58.80	-	58.80
2	Mr. Gursaran Singh	Managing Director	58.80	-	58.80
3	Mr. Jasvinder Singh	Jt. Managing Director	106.56	80.40	186.96
4	Mr. Ranbir Singh	CEO & Wholetime Director	106.56	80.40	186.96
5	Mr. Harwinder Singh	Wholetime Director	31.62	2.81	34.43
6	Mr. Kulwin Seehra	Wholetime Director	31.62	2.81	34.43
	Total		393.96	166.42	560.38

The Employment of the Executive Directors if Contractual in nature and their tenure is as per the resolutions passed by the Share holders. They are Not entitled to severance pay and their Notice period is 6 months.

Corporate Governance Report (Contd.)

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 Non Executive Independent Directors during the Financial Year 2019-20 is given below:-

SR. NO.	NAME OF THE DIRECTOR	SITTING FEE (₹)
1.	Mr. Anish Kumar Dhingra	42,000
2.	Mr. Jasvinder Singh Johal	60,000
3.	Mr. Vikas Uppal	52,000
4.	Mr. Geeta Khanna	30,000
5.	Air (Cmde.) Shailindra Singh Kaushik (retd.)	76,000
6.	Mr. Ajit Singh	52,000
7.	Col. Manbhupinder Singh Atwal (Retd.)	36,000
8.	Lt. Gen Praveen Bakshi (Retd.)	36,000

(iii) Shareholding :

The Shareholding of the Directors in the equity share capital of the Company as at March 31, 2020 is given as follows:-

S R. NO.	NAME OF DIRECTOR	NUMBER OF SHARES HELD	S R. NO.	NAME OF DIRECTOR	NUMBER OF SHARES HELD
1.	Mr. Rachhpall Singh	3,75,600	2	Mr. Gursaran Singh	17,39,339
3.	Mr. Jasvinder Singh	30,20,400	4.	Mr. Ranbir Singh	29,17,284
5.	Mr. Gurdeep Singh	28,52,756	6.	Mr. Harwinder Singh	NIL
7	Air Cmde (Retd) Shailindra Singh Kaushik	1,714	8	Mr. Kulwin Seehra	2,12,750
9	Mr. Anish Kumar Dhingra	NIL	10.	Mr. Manbhupinder Singh Atwal	NIL
11	Mr. Vikas Uppal	400	12.	Mr. Jasvinder Singh Johal	NIL
13	Mrs. Geeta Khanna	NIL	14.	Mr. Ajit Singh	10
15	Lt. Gen Praveen Bakshi (Retd.)	NIL			

iv) Relationship inter se:

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

- Mr. Rachhpall Singh is the father of Mr. Jasvinder Singh Seehra
- Mr. Rachhpall Singh is the brother of Mr. Gursaran Singh
- Mr. Gursaran Singh is the father of Mr. Ranbir Singh
- Mr. Gursaran Singh is the father of Mr. Gurdeep Singh
- Mr. Jasvinder Singh Seehra is the father of Mr. Harwinder Singh Seehra
- Mr. Ranbir Singh is the father of Mr. Kulwin Seehra and is 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.

Corporate Governance Report (Contd.)

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

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

7. GENERAL BODY MEETINGS :

- a. 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
26th Annual General Meeting	Friday, August 23, 2019 at 12:30 PM	Hotel Country Inn and Suites, GT Road Jalandhar	2
Extra Ordinary General Meeting	Monday, April 29, 2019 at 9:30 AM	Hotel Aveda Kamal Palace, Civil Lines Jalandhar	0
25th Annual General Meeting	September 15, 2018 at 12:30 PM	Hotel Aveda Kamal Palace, Civil Lines Jalandhar	0
24th Annual General Meeting	September 05, 2017 at 11:30 AM	Majestic Grand Hotel, GT Road Jalandhar	7

- B: Postal Ballot: No Resolution was passed by postal ballot during the year 2019-2020.

8. DISCLOSURES:

- a. There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large.
- b. 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.
- c. The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. 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.

9. 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

10. GENERAL SHAREHOLDERS INFORMATION:

i) 27th Annual General Meeting:

Date : September 15, 2020

Time : 12:30 PM

Venue : Through Audio Visual Means

ii) Financial Calendar 2020-21 (Tentative):

First Quarter Results : July, 2020

Second Quarter Results : October, 2020

Third Quarter Results : January, 2021

Annual Results : May, 2021

Corporate Governance Report (Contd.)

iii) **Dates of Book Closure :** From September 9, 2020 to September 15, 2020

iv) **Dividend payment date :** No Dividend has been recommended by the Board .

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 imited, "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 2020-21.

vi) **Stock Code:**

BSE Limited : **540124**

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

vii) **Stock Market Data:**

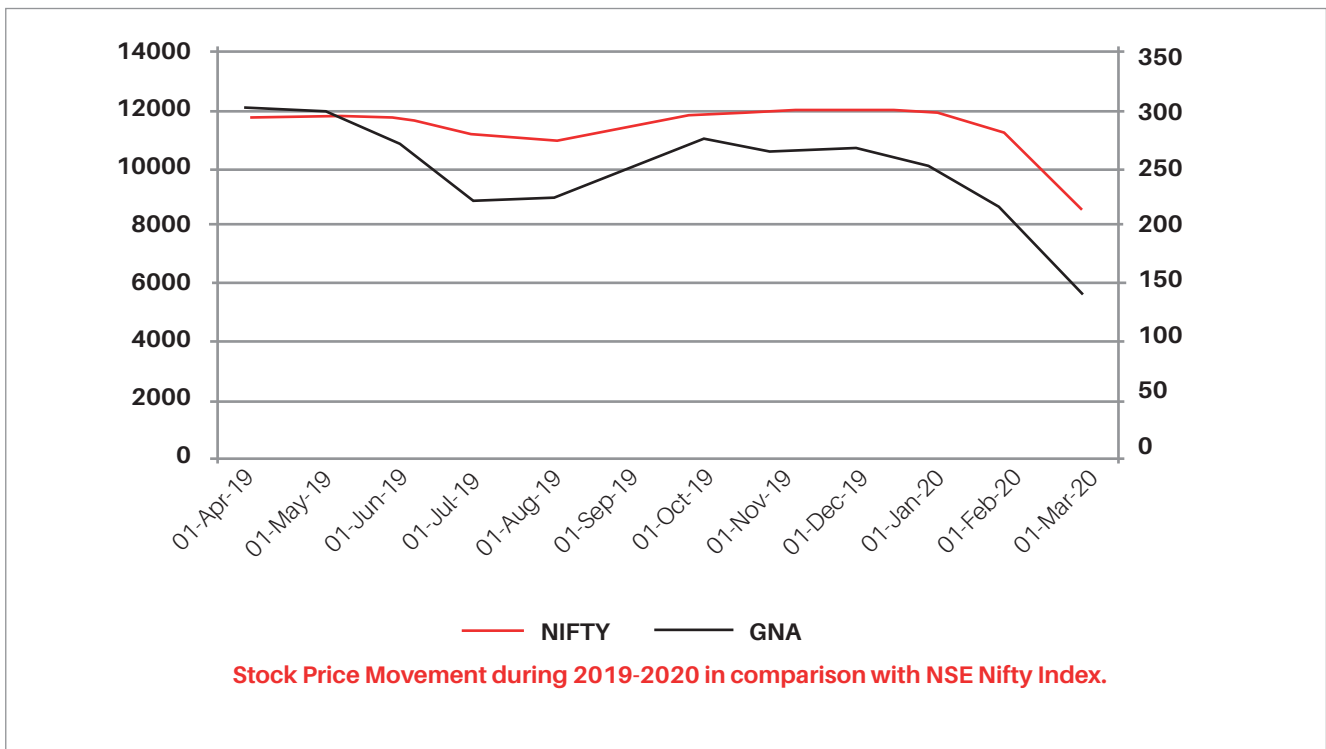
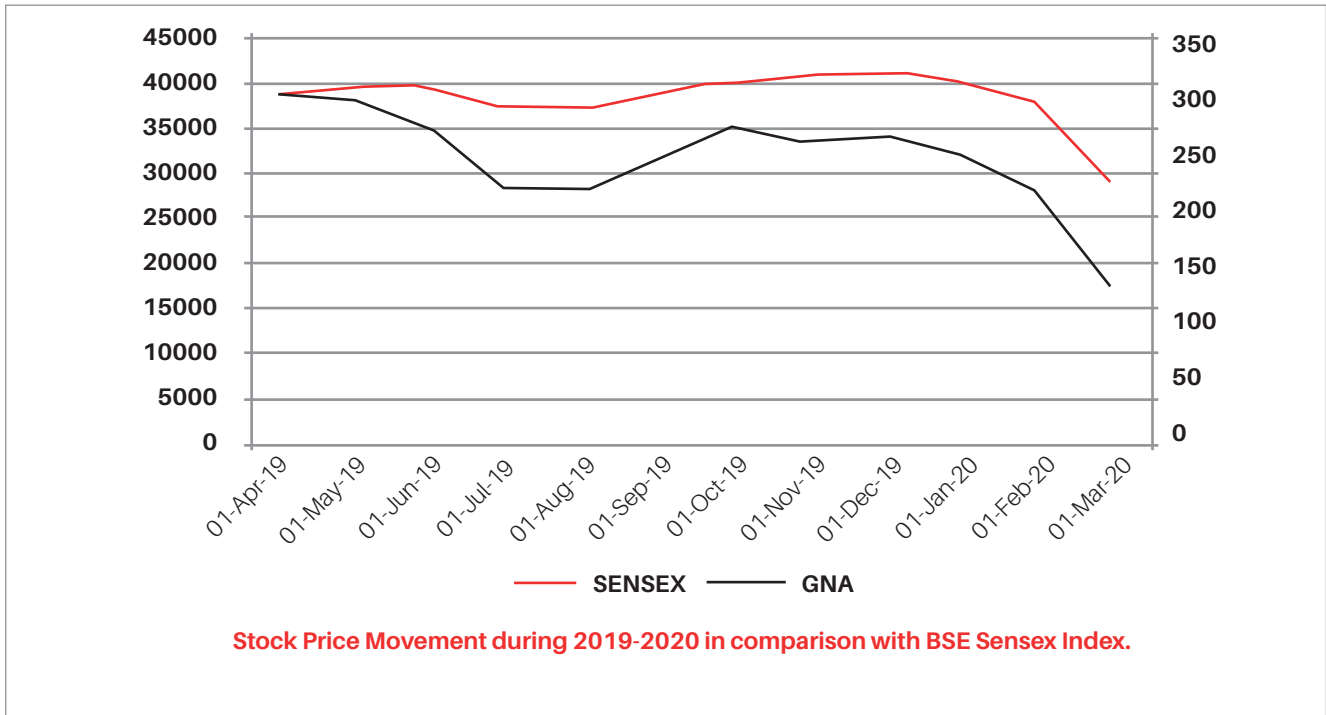
The month wise highest, lowest and closing price of the Company in NSE and BSE during the financial year 2019-20 are given below:-

National Stock Exchange of India Limited

MONTH	HIGHEST	LOWEST	CLOSE	% age Change over last month closing
Apr-19	345.40	302.25	303.70	-7.37
May-19	314.50	262.25	301.05	-0.87
Jun-19	303.20	260.50	272.50	-9.48
Jul-19	295.00	217.75	222.65	-18.29
Aug-19	245.00	210.30	225.65	1.35
Sep-19	284.00	220.60	249.75	10.68
Oct-19	268.30	221.90	276.95	10.89
Nov-19	291.85	253.30	264.00	-4.68
Dec-19	277.50	241.10	269.20	1.97
Jan-20	324.25	250.25	251.45	-6.60
Feb-20	277.50	211.00	214.00	-14.89
Mar-20	225.50	126.15	141.10	-34.07

BSE LIMITED

Month	High Price	Low Price	Close Price	% age Change over last month closing
Apr-19	343.65	302.00	304.00	-7.54
May-19	321.50	262.30	299.70	-1.41
Jun-19	302.55	261.60	272.50	-9.08
Jul-19	295.00	219.10	222.15	-18.48
Aug-19	243.90	211.05	225.60	1.55
Sep-19	283.00	223.00	249.05	10.39
Oct-19	287.60	221.95	277.40	11.38
Nov-19	290.95	254.10	264.65	-4.60
Dec-19	277.00	237.65	268.85	1.59
Jan-20	324.70	250.10	251.25	-6.55
Feb-20	278.00	211.10	215.10	-14.39
March-20	229.00	138.00	140.05	-34.89



Corporate Governance Report (Contd.)

viii) Information regarding dividend payment:

Members, who have not en-cashed their dividend warrants for Dividend declared for the financial year 2017-2018 and 2018-2019, should Contact the company for revalidation of the original dividend warrants or for obtaining duplicate dividend warrants. The unpaid / unclaimed amount will be deposited in the Investors Education and Protection Fund as per the schedule given below :

Dividend for Financial Year	Date of Declaration	Due date for Deposit in IEPF
2017-2018	15.09.2018	14.09.2025
2018-2019	23.08.2019	22.08.2026

ix) Registrar & Transfer Agent:

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

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

x) Share Transfer System:

99.999% of the Company's Equity shares are held in dematerialized form. Transfer of these shares is done through the Depositories with no involvement of the Company. Securities and Exchange Board of India has mandated that w.e.f April 1, 2019 the physical shares held by the shareholders will not be transferred except in the cases of transmission and transposition of names.

xi) Distribution of Shareholding pattern of the Company as on March 31, 2020.

S. No	Shares Range	Number of shareholders	% of total shareholders	Total shares for the range	% of issued Capital
1	1-500	20637	94.9788	1707612	7.9552
2	501-1000	585	2.6924	455616	2.1226
3	1001-2000	266	1.2242	391660	1.8246
4	2001-3000	82	0.3774	205721	0.9584
5	3001-4000	41	0.1887	147617	0.6877
6	4001-5000	17	0.0782	78848	0.3673
7	5001-10000	42	0.1933	298720	1.3916
8	Above 10001	58	0.2669	18179606	84.6926
	Total	21728	100.00	21465400	100.00

xii) Dematerialisation:

As on March 31, 2020, 2,14,65,398 Equity Shares of the Company i.e 99.99 percent of the Equity Capital of the Company comprising of 2,14,65,400 Equity shares were held in dematerialized form.

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

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

xiv) Address for correspondence:

Registered Office : GNA House, 1-C, Chotti Baradari- Part-II, Garha Road, Jalandhar-144001
Telephone : 0181 - 4630477
Fax : 0181 - 4630477

Corporate Governance Report (Contd.)

E-mail : gjain@gnagroup.com

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

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 2019-20.

Date: July 17, 2020.

Place: Mehtiana

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 March 31, 2019 and based on our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial

reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) Significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Ranbir Singh
Chief Executive Officer

Date: May 19, 2020
Place: Jalandhar

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, 2020, as stipulated under Regulation 15(2) read with Schedule V Part E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and Management, we

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Harish & Co.**
Chartered Accountants
(Firm Regn No.017372N)

Vasu Aggarwal

Partner

M.No 091343

Place : Jalandhar

Dated : May 19, 2020

Independent Auditor's Report

To the Members of

GNA AXLES LIMITED

Report on the audit of the standalone financial statements.

OPINION

We have audited the accompanying Standalone financial statements of **GNA AXLES LIMITED ("the Company")**, which comprise the Balance Sheet as at, March 31, 2020, the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the standards on auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors are 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 in accordance with the accounting principles generally accepted in India, including the 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 of 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

Independent Auditor's Report (Contd.)

that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, Statement of Profit and loss and the cash flow statements dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

Independent Auditor's Report (Contd.)

- 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 (FRN: 017372N)

(Vasu Aggarwal)

Partner

M. No. 091343

Place: Jalandhar

Date: May 19, 2020

UDIN: 20091343AAAAAT4312

“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 March 31, 2020.

- 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, Goods and Service Tax, Customs Duty, 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 March 31, 2020 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, excise duty, 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 (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Punjab Sales Tax Act	Demand P-VAT	54.67	2009-2010	VAT Tribunal
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	VAT Tribunal
Excise & Service Tax	Service Tax outward freight	5.23	2009-2010	Before Commissioner Appeal
Excise & Service Tax	Service Tax on others	2.16	2017-18	Before Asistant Commissioner
Excise & Service Tax	Service tax on others	1.56	2011-12	Before CESTAT
Excise & Service Tax	Service Tax on others	0.37	2012-13	Before CESTAT

**“Annexure “A”
to the Independent Auditors’ (Contd.)**

Nature of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Excise & Service Tax	Service Tax on others	1.46	2012-13	Before CESTAT
Excise & Service Tax	Service Tax on others	0.70	2013-14	Before CESTAT
Excise & Service Tax	Service Tax on others	4.20	2017-18	Before Assist. Comsioner.
Excise & Service Tax	Service Tax on others	0.82	2015-16	Before CESTAT
Excise & Service Tax	Service Tax on others/ Guest House	0.32	2014-15	Before CESTAT
Excise & Service Tax	Service Tax on Club Membership/Misc.	1.09	2013-14	Before CESTAT
Income Tax Act	Income Tax Regular Assessment 143(3)	1.39	2016-17	Before Commissioner of Income-tax (Appeals
Excise & Service Tax	Excise Duty CENVAT	38.13	2017-18	Asstt. Commissioner

- (c) The company management believes that the ultimate outcome of these contingent liabilities will not have a material adverse effect on the Company’s financial position and its results of operations.
- 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 (FRN: 017372N)

(Vasu Aggarwal)

Partner

M. No. 091343

Place: Jalandhar

Date: May 19, 2020

UDIN: 20091343AAAAT4312

“Annexure B” to the Independent Auditor’s

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

We have audited the internal financial controls over financial reporting of **GNA Axles Limited** (“the Company” as of March 31, 2020 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 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 March 31, 2020, 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 (FRN: 017372N)

(Vasu Aggarwal)

Partner

M. No. 091343

Place: Jalandhar

Date: May 19, 2020

UDIN: 20091343AAAAAT4312

Balance Sheet

As at March 31, 2020

Particulars	Note No.	(Amount in ₹ Lacs)	
		March 31, 2020	March 31, 2019
NON-CURRENT ASSETS			
Property, Plant & Equipment	1	24,445.06	22,884.70
Capital Work in Progress	2	6,104.36	1,570.00
Investment Property			
Intangible Assets			
Intangible Assets under Development			
Financial Assets			
Investments	3	0.66	0.66
Loans			
Other Financial Assets			
Current Tax Assets (net)			
Deferred Tax Assets			
Other Non-Current Assets	4	1,993.71	3,412.03
		32,543.79	27,867.39
CURRENT ASSETS			
Inventories	5	14,504.60	16,096.76
Financial Asset			
Investments			
Trade Receivables	6	29,628.06	31,245.00
Cash & Cash Equivalents	7	23.89	36.40
Bank Balance Other than Cash and Cash Equivalents	8	2,086.99	0.37
Loans			
Other Financial Assets			
Other Current Assets	9	3,295.83	2,971.91
		49,539.37	50,350.44
Total Assets		82,083.16	78,217.83
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	2,146.54	2,146.54
Other Equity	11	42,547.88	38,027.57
Total Equity		44,694.42	40,174.11
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	12	10,542.02	7,353.64
Other Financial Liabilities			
Provisions			
Deferred Tax Liabilities		54.99	330.35
Other Non-Current Liabilities			
		10,597.01	7,683.99
Current Liabilities			
Financial Liabilities			
Borrowings	12	5,710.92	7,867.54
Trade Payable	13	16,585.32	18,789.70
Other Current Financial Liabilities	14	3,115.79	1,759.62
Other Current Liabilities	15	261.94	307.27
Current Provisions	16	973.65	1,408.08
Current Tax Liabilities (Net)		144.11	227.52
		26,791.73	30,359.73
Total Liabilities		37,388.74	38,043.72
Total Equity & Liabilities		82,083.16	78,217.83
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 (FRN-017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Dated: May 19, 2020

UDIN: 20091343AAAAAT4312

Gursaran Singh

Managing Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

CEO & Wholetime Director

Gourav Jain

Company Secretary

Statement of Profit & Loss

For the year ended March 31, 2020

(Amount in ₹ Lacs)

Particulars	Notes No.	March 31, 2020	March 31, 2019
REVENUE FROM OPERATIONS			
Revenue from Sale of Products	17	87,254.48	91,709.85
Other Operating income	18	3,647.10	1,118.14
		90,901.58	92,827.99
Other Income	19	126.96	40.21
		91,028.54	92,868.20
EXPENDITURE			
Cost of Material consumed	20	58,699.09	61,538.58
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	21	415.48	-618.42
Employee Benefits Expense	22	4,083.62	3,863.70
Financial Costs	23	1,359.43	810.43
Depreciation, Impairment and Amortisation Expenses	24	4,235.80	3,473.21
Other Expenses	25	15,251.00	13,536.63
		84,044.42	82,604.13
Profit Before Exceptional items and Tax		6,984.12	10,264.07
Exceptional items		0.00	0.00
Profit Before Tax		6,984.12	10,264.07
Tax Expense			
Current Tax (net)		1,984.00	3,550.00
Deferred Tax Charge (Credit)		275.36	127.61
Profit for the year		5,275.48	6,586.46
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to Statement of Profit and Loss			0.00
Other Comprehensive Income/(Loss) for the year		0.00	0.00
Total Comprehensive Profit for the year		5,275.48	6,586.46
Earnings Per Equity Share of face value of ₹ 10/- each			
Basic		24.58	30.68
Diluted		24.58	30.68
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 (FRN-017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Dated: May 19, 2020

UDIN: 20091343AAAAAT4312

Gursaran Singh

Managing Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

CEO & Wholetime Director

Gourav Jain

Company Secretary

Cash Flow Statement

As at March 31, 2020

Particulars	(Amount in ₹ Lacs)	
	For the Year Ending March 31, 2020	For the Year Ending March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	6,984.11	10,264.08
Adjustments for :	0.00	0.00
Depreciation	4,235.80	3,473.22
Interest income	-126.96	-40.21
Interest paid	1,277.12	645.96
IPO Expenses W/off	130.41	130.41
Profit/Loss on sale of assets	-1.96	-4.12
Operating profit before working capital changes	12,498.52	14,469.34
Adjustments for :		
Inventories	1,592.15	-733.24
Decrease/Increase in Trade Rec./Other Current/Non-Current Assets	2,580.64	-4,008.47
Decrease/Increase in Trade Payable/Other Current Liabilities	-2,767.55	1,080.38
Income tax of earlier year	-43.53	-37.43
Income Tax Paid	-1,984.00	-3,550.00
Net cash from operating activities	11,876.23	7,220.58
B CASH FLOW FROM INVESTING ACTIVITIES :		
increase in fixed deposits	-2,086.32	0.00
Purchase of Fixed assets	-10,332.91	-8,867.16
Sale of Fixed Assets	4.35	12.72
Interest received	126.96	40.21
Net cash used in Investing activities	-12,287.92	-8,814.23
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term Borrowings	6,343.84	7,244.45
Repayment of long term borrowings	-1,799.28	-2,479.83
Dividend Paid	-711.64	-517.55
Decrease in cash credits & Packing credits	-2,156.61	-2,015.64
Interest Paid	-1,277.12	-645.96
Net cash flow from financing activities	399.19	1,585.47
Net increase/ (decrease) in cash & cash equivalents (A+B+C)	-12.50	-8.18
Cash & Cash equivalents at the beginning of the year (see Note 2)	36.40	44.59
Cash & Cash equivalents at the end of the year (see Note 2)	23.90	36.41
	-12.50	-8.19

Cash Flow Statement As at March 31, 2020 (Contd.)

1. Notes :

The Cash flow is based on and derived from the accounts of Company for the year ended March 31, 2020 and March 31, 2019

(Amount in ₹ Lacs)

Particulars	For the Year Ending March 31, 2020	For the Year Ending March 31, 2019
2. Cash & cash equivalents comprise of :		
Cash in hand	16.10	28.84
With scheduled banks :		
In current accounts	7.79	7.56
Cash and cash equivalents at the end of the year	23.89	36.40

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN-017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Dated: May 19, 2020

UDIN: 20091343AAAAAT4312

Gursaran Singh

Managing Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

CEO & Wholetime Director

Gourav Jain

Company Secretary

Notes

Forming part of standalone financial statements for the year ended March 31, 2020

I. CORPORATE INFORMATION

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

II. SIGNIFICANT ACCOUNTING POLICIES:

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

II.1 Basis of Preparation:

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

(iii) Classification of asset and liabilities

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

II.2 Summary of significant Accounting Policies:

a) Property, plant and Equipment:

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

and rebates are deducted in arriving at the cost of acquisition.

Subsequent costs are included in the asset's carrying amount or 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.

b) Capital Work in Progress

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

c) Depreciation on tangible fixed assets.

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

d) Revenue Recognition:

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

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

e) Inventories

Inventories are valued as follows:

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

Notes

Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)

g) Tax Expenses

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

h) Earning per Share

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

i) Impairment of assets

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

j) Borrowing Costs:

Borrowing cost that is attributable to acquisition or construction of a qualifying asset is capitalised as

part of cost of such assets. Qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing cost is recognised as expenses in the period in which they are incurred.

k) Cash and Cash Equivalents

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

l) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Notes**Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)**

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 standalone financial statements for the year ended March 31, 2020 (Contd.)

1. PROPERTY PLANT & EQUIPMENT

(Amount in ₹ Lacs)

Particulars	Freehold Land	Factory Building	Plant & Machinery	Computers	Office Equipments	Furniture & Fixtures	Vehicle	Total
(A) Gross Block								
Balance as at April, 1, 2019	1,071.36	7,198.83	35,389.14	654.08	569.83	437.91	1,044.23	46,365.38
Addition during the year	7.23	0.00	5,328.87	24.53	69.63	64.94	303.36	5,798.55
Discarded/Disposed off during the year	0.00	0.00	0.00	0.00	0.00	0.00	27.42	27.42
Balance as at March 31, 2020	1,078.59	7,198.83	40,718.01	678.61	639.46	502.85	1,320.17	52,136.52
(B) Accumulated Depreciation								
Balance as at April 1, 2019	0.00	2,221.64	19,456.32	560.17	349.29	297.76	595.51	23,480.68
Depreciation for the year	0.00	472.83	3,457.03	67.47	44.17	44.68	149.62	4,235.80
Accumulated depreciation on discarded/ disposal	0.00	0.00	0.00	0.00	0.00	0.00	25.03	25.03
Balance as at March 31, 2020	0.00	2,694.47	22,913.35	627.64	393.46	342.44	720.10	27,691.46
(C) Net carrying Amount								
Balance as at April 1, 2019	1,071.36	4,977.19	15,932.82	93.91	220.54	140.15	448.72	22,884.70
Balance as at March 31, 2020	1,078.59	4,504.36	17,804.66	50.97	246.00	160.41	600.07	24,445.06

Notes

Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)

2. CAPITAL - WORK IN PROGRESS

Particulars	(Amount in ₹ Lacs)	
	MACHINERY	
Balance as at April 1, 2019	1,570.00	
Addition	4,824.41	
	6,394.41	
Less: Capitalised	1,570.00	
Balance as at March 31, 2020	4,824.41	

Particulars	(Amount in ₹ Lacs)	
	BUILDING	
Balance as at April 1, 2019	0.00	
Addition	1,279.95	
	1,279.95	
Less: Capitalised	0.00	
Balance as at March 31, 2020	1,279.95	
Total	6,104.36	

3. NON-CURRENT INVESTMENT

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Investment in Shares of GNA Axles Inc, Michigan	0.66	0.66
	0.66	0.66

4. OTHER-NON CURRENT ASSETS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Advance for Fixed Assets	177.77	1,601.59
Security Deposits	1,685.53	1,549.62
Other Non-Current Assets	130.41	260.82
	1,993.71	3,412.03

5. INVENTORIES

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Raw Material		
Raw Material Steel	2,629.42	3,968.16
Raw Material Non Steel	23.38	18.88
Work in Progress	9,077.18	9,796.47
Finished Goods	1,665.26	1,358.35

Notes**Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)**

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
STORES, SPARES & LOOSE TOOLS		
Stock of Operating Supply	793.64	652.50
Stock of Spare Parts	142.96	115.26
Stock of Diesel	11.40	33.56
Stock of Die Steel	14.14	7.50
Stock of Oil Lubricant	63.64	65.51
OTHERS		
Stock of Scrap Material	18.20	21.31
Stock of Packing	65.38	59.26
	14,504.60	16,096.76

6. TRADE RECEIVABLE

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
(Unsecured but considered good)		
Debtors outstanding for the period exceeding six months	3,355.96	719.13
Other	26,272.10	30,525.87
	29,628.06	31,245.00

7. CASH & CASH EQUIVALENTS

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Cash in hand	16.10	28.84
Balance with Banks		
(In Current Account)	7.79	7.56
	23.89	36.40

8. OTHER BANK BALANCE

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
In Dividend Account	0.67	0.37
In Deposit Account	2,086.32	0.00
(Maturity above 3 months but less 12 months)		
	2,086.99	0.37

Notes

Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)

9. OTHER CURRENT ASSETS

(Amount in ₹ Lacs)

Particulars	March 31, 2020		March 31, 2019	
	Nos.	Amount	Nos.	Amount
Pre-paid Expenses		126.92		80.93
Advance to Vendor		237.55		232.01
Advance to Employee		16.34		55.54
Other Current Assets		2,915.02		2,603.43
		3,295.83		2,971.91

10. EQUITY SHARE CAPITAL

(Amount in ₹ Lacs)

Particulars	March 31, 2020		March 31, 2019	
	Nos.	Amount	Nos.	Amount
SHARE CAPITAL				
(1) Authorised Share Capital				
Equity Share of ₹ 10/- each.	300.00	3,000.00	300.00	3,000.00
(Previous year Equity Share of ₹ 10/- each)				
(2) Issued, Subscribed & Paid-up				
Equity Shares of ₹ 10/- each	214.65	2,146.54	214.65	2,146.54
(Previous year Equity Share of ₹ 10/- each)				
	214.65	2,146.54	214.65	2,146.54

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

(Amount in ₹ Lacs)

Equity Shares	March 31, 2020		March 31, 2019	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	214.65	2,146.54	214.65	2,146.54
Shares issued during the year	0.00	0.00	0.00	0.00
Shares bought back during the year	0.00	0.00	0.00	0.00
Shares outstanding at the end of the year	214.65	2,146.54	214.65	2,146.54

Detail of Shareholding more than 5% share of the company

Particulars	March 31, 2020		March 31, 2019	
	Nos.	%age holding	Nos.	%age holding
Name of Shareholder				
(Equity Shares of ₹ 10/- each)				
Mr. Gursaran Singh	17,39,339	8.10	17,14,886	7.99
Mr. Maninder Singh	24,40,300	11.37	24,40,300	11.37
Mr. Jasvinder Singh	30,20,400	14.07	30,20,400	14.07
Mr. Ranbir Singh	29,17,284	13.59	27,64,862	12.88
Mr. Gurdeep Singh	28,52,756	13.29	26,56,900	12.38
HDFC Small Cap Fund	11,84,109	5.52	11,84,109	5.52

Notes

Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)

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.

(Amount in ₹ Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
1. Aggregate No and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash	NIL	NIL
2. Aggregate No. and class of shares allotted as fully paid-up by way of Bonus Shares	NIL	NIL
3. Aggregate No. and class of shares bought back.	NIL	NIL

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

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

11. STATEMENTS OF CHANGES IN EQUITY

(Amount in ₹ Lacs)

Particulars	Security premium	Retained Earnings	Total
Balance as at April 1, 2018	11,802.98	20,193.10	31,996.09
Profit for the year	0.00	6,586.46	6,586.46
Other Comprehensive Income	0.00	0.00	0.00
Loss on fair valuation of equity shares	0.00	0.00	0.00
Total Comprehensive Income for the year	11,802.98	26,779.56	38,582.55
Dividend Paid	0.00	-517.55	-517.55
Prior period adjustment of taxes	0.00	-37.43	-37.43
Balance as at March 31, 2019	11,802.98	26,224.58	38,027.57

(Amount in ₹ Lacs)

Particulars	Security premium	Retained Earnings	Total
Balance as at April 1, 2019	11,802.98	26,224.59	38,027.57
Profit for the year	0.00	5,275.48	5,275.48
Other Comprehensive Income	0.00	0.00	0.00
Loss on fair valuation of equity shares	0.00	0.00	0.00
Total Comprehensive Income for the year	11,802.98	31,500.07	43,303.05
Dividend Paid	0.00	-711.64	-711.64
Prior period adjustment of taxes	0.00	-43.53	-43.53
Balance as at March 31, 2020	11,802.98	30,744.90	42,547.88

Notes

Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)

12. BORROWINGS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
A) Non Current		
Secured		
From Banks		
Term Loan	7,532.81	4,113.25
Less: Current Maturities	3,115.79	1,759.61
	4,417.02	2,353.64
From Others		
Bajaj Finance Ltd.	6,125.00	5,000.00
Unsecured		
Others	0.00	0.00
	10,542.02	7,353.64
B) Current		
Secured		
From Banks (Repayable on Demand)	5,710.92	7,867.54
Unsecured		
Others	0.00	0.00
	5,710.92	7,867.54

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

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

13. TRADE PAYABLE

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Micro, Small & Medium Enterprises	191.12	284.48
Others	16,394.20	18,505.22
	16,585.32	18,789.70

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

Based on the information received regarding the status of the vendors the amount of ₹ 191.12 Lacs is out standing to the vendors concerned under MSME ACT as on 31.03.2020

Notes**Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)****14. OTHER CURRENT FINANCIAL LIABILITIES**

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Current Maturity of Non-Current Borrowings	3,115.79	1,759.62
	3,115.79	1,759.62

15. OTHER CURRENT LIABILITIES

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Statutory Liabilities	261.28	287.47
Unpaid Dividend	0.66	0.37
Advance from Customer	0.00	19.43
	261.94	307.27

16. CURRENT PROVISIONS

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Outstanding Expenses Payable	850.45	1,116.76
Employee Dues	123.20	291.32
	973.65	1,408.08

17. REVENUE FROM OPERATIONS

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
SALE OF PRODUCTS		
Sale Domestic	30,814.16	42,544.95
Sale Export (Direct)	56,440.32	49,164.90
Gross Sales	87,254.48	91,709.85
	87,254.48	91,709.85

18. OTHER OPERATING REVENUE

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
FPS Incentive	922.54	902.68
Duty Drawback	1,169.27	867.65
Exchange Difference	1,555.29	-652.19
	3,647.10	1,118.14

Notes

Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)

19. OTHER INCOME

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Interest Income	126.96	40.21
	126.96	40.21

20. COST OF MATERIALS CONSUMED

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
CONSUMPTION OF RAW MATERIAL		
Raw Material -Steel	48,937.31	51,585.16
Raw Material-Non-Steel	7.79	20.84
	48,945.10	51,606.00
CONSUMPTION OF STORE & SPARES		
Consumption of operating supply	5,304.69	5,505.45
Consumption of Die Steel	465.34	429.54
Consumption of oil & Lubricants	725.45	644.61
Consumption of Packing Materials	2,378.20	2,165.36
Consumption of Furnace Oil	880.31	1,187.62
	9,753.99	9,932.58
	58,699.09	61,538.58

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

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
At the beginning of Accounting period	11,176.12	10,557.70
At the end of the Accounting period	10,760.64	11,176.12
	415.48	-618.42

22. EMPLOYEE BENEFIT EXPENSE

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Wages	1,248.60	1,159.88
Salary	1,589.93	1,450.48
Production Incentive Bonus	442.16	519.53
Contribution to Provident Fund	120.12	98.72
Family Pension	113.20	114.53
Administration charges	16.55	16.74
Group Gratuity Scheme	88.25	79.20
Group Insurance	0.12	0.00

Notes**Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)**

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Super Annuation Fund	31.69	27.52
Workers and Staff Welfare	171.53	161.30
Bonus	188.11	174.81
Leave with Wages	23.23	24.17
Medical Reimbursement	23.88	36.82
Employees State Insurance	26.25	0.00
	4,083.62	3,863.70

23. FINANCIAL COSTS

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
a) Interest Expense		
Interest on Term Loan	966.72	424.40
Interest on Cash Credit	306.91	221.52
Interest to Others	3.49	0.04
b) Other Borrowing Cost	0.00	0.00
Bank Commission	82.31	164.47
	1,359.43	810.43

24. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
DEPRECIATION		
Building	472.83	365.38
Plant & Machinery	3,457.03	2,833.42
Furniture & Fixture	44.68	37.82
Vehicle	149.62	136.15
Computers	67.47	64.50
Office Equipments	44.17	35.94
	4,235.80	3,473.21

25. OTHER EXPENSES

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Machining charges	1,645.43	1,670.40
Power & Fuel	5,606.39	5,395.67
Repair & Maintenance	416.31	376.76
Factory Expenses	72.90	45.35

Notes
Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Office Expenses	26.04	16.38
Donation / CSR	188.58	93.94
Subscription / Membership fees	8.49	7.99
Entertainment Expense	7.12	9.77
Fees & Taxes	45.74	20.88
Insurance	110.69	97.16
Legal & Professional Expenses	161.26	140.91
News Paper & Periodicals	1.27	1.01
PAYMENT TO AUDITORS	0.00	0.00
As Audit Fee	7.50	7.50
For Taxation purpose	0.00	0.00
For any other matters	0.00	0.00
Vehicle Petrol	85.54	78.10
Vehicle Repair	43.11	59.97
Repair of Building	53.79	26.49
Postage & Courier expenses	6.76	12.68
Printing & Stationery	76.60	46.88
Generator / General Repair & Maintenance	327.34	301.17
Loss on sale of asset	-1.96	-4.12
Repair & Maintenance of Computer	34.20	27.24
Telephone Expenses	12.14	12.37
Directors sitting fees	3.84	3.68
Rounded-off	0.00	-0.01
Travelling Expenses	155.75	186.66
Travelling Expenses Foreign	155.46	126.52
IPO Expenses	130.41	130.41
Advertisement expenses	5.64	8.69
Club Fee	0.98	0.80
Freight & Cartage outward	700.97	1,094.50
Business Promotion Expenses	18.28	27.03
Export Packing & Forwarding expenses	5,088.85	3,513.85
Sale Tax Paid	48.52	0.00
Unrecoverable Amount Written Off	7.06	0.00
	15,251.00	13,536.63

Notes**Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)****26. EARNINGS PER SHARE**

(Amount in ₹)

Particulars	March 31, 2020	March 31, 2019
Basic and Diluted Earnings Per Share		
Net Profit attributable to Equity Shareholders	52,75,47,403	65,86,47,324
Weighted Average number of Equity Shares outstanding during the year	2,14,65,400	2,14,65,400
Face Value	10	10
Basic Earnings Per Share	24.58	30.68
Diluted Earnings Per Share	24.58	30.68

27. RETIREMENT & OTHER BENEFITS

- a) **Gratuity:** - The Company has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service is entitled to gratuity on terms not less favorable than the Provisions of "The Payment of Gratuity Act 1972." The company contributes periodically with LIC of India.
- b) **Provident Fund:** - Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company 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 5 Cr or more has to spend 2% of their average profits of last 3 years upon specific activity falling within CSR. The CSR Budget for the year 2019-20 for the company was ₹ 2,05,31,182/- (including 56,00,000/- of previous year). The company has spent ₹ 1,75,25,000/- on CSR activities during the Financial Year 2019-20 with the approval of CSR Committee of the Board. The total unspent amount as on March 31, 2020 was ₹ 3006182/-.

29.

The following are the contingent liabilities during the year.

(Amount in ₹)

Particulars	2019-20	2018-19
(A) CONTINGENT LIABILITIES		
1. Bank Guarantees	2,00,000	2,00,000
2. Excise Duty and Service Tax demand against which the company has preferred appeals.	56,07,652	56,74,801
3. Income Tax Demands against which the company has preferred appeals.	1,39,835	2,49,200
4. Value Added Tax Liabilities	1,95,53,344	1,95,53,344
(B) COMMITMENTS		
Capital Commitments	0	0

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

Notes

Forming part of standalone financial statements for the year ended March 31, 2020 (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

Mr. Rachhpall Singh – Chairman
 Mr. Gursaran Singh – Managing Director
 Mr. Jasvinder Singh – Joint Managing Director
 Mr. Ranbir Singh – Whole time Director & CEO
 Mr. Kulwin Seehra – Executive Director
 Mr. Harwinder Seehra – Executive Director
 Mr. Jasvinder Singh Johal – Independent Director

(b) Key Managerial Personnel

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

(c) Wholly owned Subsidiary Company

GNA Axles INC Michigan

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

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

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

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

(Amount in ₹)

Nature of Transaction	2019-20	2018-19
(a) Security Deposit with-		
GNA Udyog Limited	4,88,95,603	4,88,95,603
GNA Sons	5,65,21,030	5,65,21,030
Seehra Overseas	10,00,000	10,00,000
(b) Remuneration		
Mr. Rachhpall Singh	58,80,000	54,60,000
Mr. Gursaran Singh	58,80,000	54,60,000
Mr. Ranbir Singh	1,86,95,811	1,74,78,713
Mr. Jasvinder Singh	1,86,95,811	1,74,78,713

Notes**Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)**

(Amount in ₹)		
Nature of Transaction	2019-20	2018-19
Mr. Kulwin Seehra	34,42,644	30,87,000
Mr. Harwinder Seehra	34,42,644	30,87,000
(c) Remuneration Paid to Key Managerial Personnel		
Mr. Rakesh Gupta	13,20,343	12,36,084
Mr. Gaurav Jain	6,76,770	6,32,272
(d) Remuneration paid to Director's relatives		
Mr. Maninder Singh	26,34,209	26,99,520
Mrs. Loveleen Kaur	26,34,209	26,99,520
(e) Professional Charges paid to Director		
Mr. Jasminder Singh Johal -	1,00,000	Nil

31. Trade Receivable and Trade Payables are subject to confirmation

32. SEGMENT REPORTING

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

33. REMUNERATION TO DIRECTORS

(Amount in ₹)		
Particulars	2019-20	2018-19
Salary	6,39,46,014	5,20,51,426

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

35. The company has called for information from the vendors regarding their status under the micro, small and medium enterprises. Based on the information received regarding the status of vendors under MSME ACT the amount of ₹ 1,91,12,138/- has been derived as due to vendors under MSME ACT as on March 31, 2020.

36. AUDITORS REMUNERATION:

(Amount in ₹)			
Sr. No.	Particulars	Current year	Previous year
1.	Audit Fee	7,50,000	7,50,000

Notes**Forming part of standalone financial statements for the year ended March 31, 2020 (Contd.)**

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

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

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN-017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Dated: May 19, 2020

UDIN: 20091343AAAAAT4312

Gursaran Singh

Managing Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

CEO & Wholetime Director

Gourav Jain

Company Secretary

Independent Auditor's Report

To the Members of

GNA AXLES LIMITED

Report on the audit of the consolidated financial statements.

OPINION

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 March 31, 2020, 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").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate audited financial statements of the subsidiary, the aforesaid consolidated annual financial results:

- a) Include the annual financial results of the subsidiary (GNA Axles Inc Michigan)
- b) Are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c) Give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net profit and other comprehensive income and other financial information of the Group for the year ended March 31, 2020.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the standards on auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we

have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Independent Auditor's Report (Contd.)

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.

In preparing the consolidated statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective board of directors of the company's including in the group is responsible for overseeing the Company's financial reporting process of each company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial statements made by management and Board of Directors.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of holding company and such other entities included in consolidated annual financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are

Independent Auditor's Report (Contd.)

therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHERS 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 USD 4054.45.

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 March 31, 2020 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 March 31, 2020 from being appointed as a Director of that company in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - h. i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note (28) to the consolidated financial statements;
 - ii) The holding company and its subsidiaries did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to investor education and protection fund by the holding and its subsidiaries.

For **Harish & Co.**
Chartered Accountants (FRN: 017372N)

(Vasu Aggarwal)

Partner

M. No. 091343

Place: Jalandhar

Date: May 19, 2020

UDIN: 20091343AAAAAU6078

"Annexure "A" to the Independent Auditors'

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, 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

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

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 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 March 31, 2020, 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 \$4054.39. 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 (FRN: 017372N)

(Vasu Aggarwal)

Partner

M. No. 091343

Place: Jalandhar

Date: May 19, 2020

UDIN: 20091343AAAAAU6078

Consolidated Balance Sheet

As at March 31, 2020

Particulars	Note No.	(Amount in ₹ Lacs)	
		March 31, 2020	March 31, 2019
NON-CURRENT ASSETS			
Property, Plant & Equipment	1	24,445.06	22,884.70
Capital Work in Progress	2	6,104.36	1,570.00
Investment Property			
Intangible Assets			
Intangible Assets under Development			
Financial Assets			
Investments			
Loans			
Other Financial Assets			
Current Tax Assets (net)			
Deferred Tax Assets			
Other Non-Current Assets	3	1,993.71	3,412.03
		32,543.13	27,866.73
CURRENT ASSETS			
Inventories	4	14,504.60	16,096.76
Financial Asset			
Investments			
Trade Receivables	5	29,628.06	31,245.00
Cash & Cash Equivalents	6	25.27	36.65
Bank Balance Other than Cash and Cash Equivalents	7	2,086.99	0.37
Loans			
Other Financial Assets			
Other Current Assets	8	3,295.83	2,971.91
		49,540.75	50,350.69
Total Assets		82,083.88	78,217.42
EQUITY AND LIABILITIES			
Equity			
Share Capital	9	2,146.54	2,146.54
Other Equity	10	42,534.13	38,016.58
Total Equity		44,680.67	40,163.12
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	11	10,542.02	7,353.64
Other Financial Liabilities			
Provisions			
Deferred Tax Liabilities		54.99	330.35
Other Non-Current Liabilities			
		10,597.01	7,683.99
Current Liabilities			
Financial Liabilities			
Borrowings	11	5,710.92	7,867.54
Trade Payable	12	16,599.79	18,800.29
Other Current Financial Liabilities	13	3,115.79	1,759.62
Other Current Liabilities	14	261.94	307.27
Current Provisions	15	973.65	1,408.08
Current Tax Liabilities (Net)		144.11	227.52
		26,806.20	30,370.32
Total Liabilities		37,403.21	38,054.31
Total Equity & Liabilities		82,083.88	78,217.43
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 (FRN-017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Dated: May 19, 2020

UDIN: 20091343AAAAAU6078

Gursaran Singh

Managing Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

CEO & Wholetime Director

Gourav Jain

Company Secretary

Consolidated Statement of Profit & Loss

For the year ended March 31, 2020

(Amount in ₹ Lacs)

Particulars	Notes No.	March 31, 2020	March 31, 2019
REVENUE FROM OPERATIONS			
Revenue from Sale of Products	16	87,254.48	91,709.85
Other Operating income	17	3,647.10	1,118.14
		90,901.58	92,827.99
Other Income	18	126.96	40.21
		91,028.54	92,868.20
EXPENDITURE			
Cost of Material consumed	19	58,699.09	61,538.58
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	20	415.48	-618.42
Employee Benefits Expense	21	4,083.62	3,863.70
Financial Costs	22	1,359.81	810.75
Depreciation, Impairment and Amortisation Expenses	23	4,235.80	3,473.21
Other Expenses	24	15,253.38	13,538.80
		84,047.18	82,606.62
Profit Before Exceptional items and Tax		6,981.36	10,261.58
Exceptional items		0.00	0.00
Profit Before Tax		6,981.36	10,261.58
Tax Expense			
Current Tax (net)		1,984.00	3,550.00
Deferred Tax Charge (Credit)		275.36	127.61
Profit for the year		5,272.72	6,583.97
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to Statement of Profit and Loss		0.00	0.00
Other Comprehensive Income/(Loss) for the year		0.00	0.00
Total Comprehensive Profit for the year		5,272.72	6,583.97
Earnings Per Equity Share of face value of ₹ 10/- each			
Basic		24.56	30.67
Diluted		24.56	30.67
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 (FRN-017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Dated: May 19, 2020

UDIN: 20091343AAAAAU6078

Gursaran Singh

Managing Director

Rakesh Kumar

Chief Financial Officer

Ranbir Singh

CEO & Wholetime Director

Gourav Jain

Company Secretary

Consolidated Cash Flow Statement

As at March 31, 2020

Particulars	(Amount in ₹ Lacs)	
	For the Year Ending March 31, 2020	For the Year Ending March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	6,981.35	10,261.58
Adjustments for :	0.00	0.00
Depreciation	4,235.80	3,473.22
Interest income	-126.96	-40.21
Interest paid	1,277.12	645.96
IPO Expenses W/off	130.41	130.41
Profit/Loss on sale of assets	-1.96	-4.12
Operating profit before working capital changes	12,495.76	14,466.84
Adjustments for :		
Inventories	1,592.15	-733.24
Decrease/Increase in Trade Rec./Other Current/Non-Current Assets	2,580.64	-4,008.47
Decrease/Increase in Trade Payable/Other Current Liabilities	-2,763.66	1,082.81
Income tax of earlier year	-43.53	-37.64
Income Tax Paid	-1,984.00	-3,550.00
Net cash from operating activities	11,877.36	7,220.30
B CASH FLOW FROM INVESTING ACTIVITIES :		
increase in fixed deposits	-2,086.32	0.00
Purchase of Fixed assets	-10,332.91	-8,867.16
Sale of Fixed Assets	4.35	12.72
Interest received	126.96	40.21
Net cash used in Investing activities	-12,287.92	-8,814.23
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term Borrowings	6,343.84	7,244.45
Repayment of long term borrowings	-1,799.28	-2,479.83
Dividend Paid	-711.64	-517.55
Decrease in cash credits & Packing credits	-2,156.61	-2,015.65
Interest Paid	-1,277.12	-645.97
Net cash flow from financing activities	399.19	1,585.45
Net increase/ (decrease) in cash & cash equivalents (A+B+C)	-11.37	-8.48
Cash & Cash equivalents at the beginning of the year (see Note 2)	36.65	45.14
Cash & Cash equivalents at the end of the year (see Note 2)	25.28	36.66
	-11.37	-8.48

Consolidated Cash Flow Statement As at March 31, 2020 (Contd.)

1. Notes :

The Cash flow is based on and derived from the accounts of Company for the year ended March 31, 2020 and March 31, 2019

(Amount in ₹ Lacs)

Particulars	For the Year Ending March 31, 2020	For the Year Ending March 31, 2019
2. Cash & cash equivalents comprise of :		
Cash in hand	16.10	28.84
With scheduled banks :		
In current accounts	9.18	7.82
Cash and cash equivalents at the end of the year	25.28	36.66

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN-017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Dated: May 19, 2020

UDIN: 20091343AAAAAU6078

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 March 31, 2020

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 March 31, 2020	% voting power held as at March 31, 2019
GNA Axles Inc.	Michigan, USA	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 reliant provision of the Act.

(ii) Historical Cost Convention

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

(iii) Classification of asset and liabilities

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

(iv) Principles of Consolidation

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

The financial Statements of the Group have been combined on a line by line basis by adding together the books values of like items of assets, liabilities

income and expenses, after fully eliminating intra-Group balance and intra group transactions and resulting 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.

II.2 Summary of significant Accounting Policies:

a) Property, plant and Equipment:

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

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

Notes

Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)

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

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

b) Capital Work in Progress

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

c) Depreciation on tangible fixed assets.

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

d) Revenue Recognition:

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

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

e) Inventories

Inventories are valued as follows:

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

f) Insurance and other claims

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

g) Tax Expenses

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

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

h) Earning per Share

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

i) Impairment of assets

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

j) Borrowing Costs:

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

k) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flow, cash & cash equivalents includes cash in hand, cash at bank and demand deposits with

Notes**Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)**

banks with an original maturity of three months or less which are subject to an in significant risk of change in value.

l) Provisions, Contingent Liabilities and Contingent Assets

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

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

m) Cash flow statement

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

cash flows. The cash flow from operating investing and financing activities of the Company are segregated.

n) Foreign Currency 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 March 31, 2020 (Contd.)

1. PROPERTY PLANT & EQUIPMENT

Particulars	(Amount in ₹ Lacs)							
	Freehold Land	Factory Building	Plant & Machinery	Computers	Office Equipments	Furniture & Fixtures	Vehicle	Total
(A) Gross Block								
Balance as at April, 1, 2019	1,071.36	7,198.83	35,389.14	654.08	569.83	437.91	1,044.23	46,365.38
Addition during the year	7.23	0.00	5,328.87	24.53	69.63	64.94	303.36	5,798.55
Discarded/Disposed off during the year	0.00	0.00	0.00	0.00	0.00	0.00	27.42	27.42
Balance as at March 31, 2020	1,078.59	7,198.83	40,718.01	678.61	639.46	502.85	1,320.17	52,136.52
(B) Accumulated Depreciation								
Balance as at April 1, 2019	0.00	2,221.64	19,456.32	560.17	349.29	297.76	595.51	23,480.68
Depreciation for the year	0.00	472.83	3,457.03	67.47	44.17	44.68	149.62	4,235.80
Accumulated depreciation on discarded/disposal	0.00	0.00	0.00	0.00	0.00	0.00	25.03	25.03
Balance as at March 31, 2020	0.00	2,694.47	22,913.35	627.64	393.46	342.44	720.10	27,691.46
(C) Net carrying Amount								
Balance as at April 1, 2019	1,071.36	4,977.19	15,932.82	93.91	220.54	140.15	448.72	22,884.70
Balance as at March 31, 2020	1,078.59	4,504.36	17,804.66	50.97	246.00	160.41	600.07	24,445.06

Notes

Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)

2. CAPITAL - WORK IN PROGRESS

Particulars	(Amount in ₹ Lacs)	
	MACHINERY	
Balance as at April 1, 2019	1,570.00	
Addition	4,824.41	
	6,394.41	
Less: Capitalised	1,570.00	
Balance as at March 31, 2020	4,824.41	

Particulars	(Amount in ₹ Lacs)	
	BUILDING	
Balance as at April 1, 2019	0.00	
Addition	1,279.95	
	1,279.95	
Less: Capitalised	0.00	
Balance as at March 31, 2020	1,279.95	
Total	6,104.36	

3. OTHER-NON CURRENT ASSETS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Advance for Fixed Assets	177.77	1,601.59
Security Deposits	1,685.53	1,549.62
Other Non-Current Assets	130.41	260.82
	1,993.71	3,412.03

4. INVENTORIES

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Raw Material		
Raw Material Steel	2,629.42	3,968.16
Raw Material Non Steel	23.38	18.88
Work in Progress	9,077.18	9,796.47
Finished Goods	1,665.26	1,358.35
STORES, SPARES & LOOSE TOOLS		
Stock of Operating Supply	793.64	652.50
Stock of Spare Parts	142.96	115.26

Notes**Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)**

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Stock of Diesel	11.40	33.56
Stock of Die Steel	14.14	7.50
Stock of Oil Lubricant	63.64	65.51
OTHERS		
Stock of Scrap Material	18.20	21.31
Stock of Packing	65.38	59.26
	14,504.60	16,096.76

5. TRADE RECEIVABLE

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
(Unsecured but considered good)		
Debtors outstanding for the period exceeding six months	3,355.96	719.13
Other	26,272.10	30,525.87
	29,628.06	31,245.00

6. CASH & CASH EQUIVALENTS

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Cash in hand	16.10	28.84
Balance with Banks		
(In Current Account)	9.17	7.81
	25.27	36.65

7. OTHER BANK BALANCE

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
In Dividend Account	0.67	0.37
In Deposit Account (Maturity above 3 months but less 12 months)	2,086.32	0.00
	2,086.99	0.37

Notes

Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)

8. OTHER CURRENT ASSETS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Pre-paid Expenses	126.92	80.93
Advance to Vendor	237.55	232.01
Advance to Employee	16.34	55.54
Other Current Assets	2,915.02	2,603.43
	3,295.83	2,971.91

9. EQUITY SHARE CAPITAL

Particulars	(Amount in ₹ Lacs)			
	March 31, 2020		March 31, 2019	
	Nos.	Amount	Nos.	Amount
SHARE CAPITAL				
(1) Authorised Share Capital				
Equity Share of ₹ 10/- each.	300.00	3,000.00	300.00	3,000.00
(Previous year Equity Share of ₹ 10/- each)				
(2) Issued, Subscribed & Paid-up				
Equity Shares of ₹ 10/- each	214.65	2,146.54	214.65	2,146.54
(Previous year Equity Share of ₹ 10/- each)				
	214.65	2,146.54	214.65	2,146.54

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

Equity Shares	(Amount in ₹ Lacs)			
	March 31, 2020		March 31, 2019	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	214.65	2,146.54	214.65	2,146.54
Shares issued during the year	0.00	0.00	0.00	0.00
Shares bought back during the year	0.00	0.00	0.00	0.00
Shares outstanding at the end of the year	214.65	2,146.54	214.65	2,146.54

Detail of Shareholding more than 5% share of the Company

Particulars	March 31, 2020		March 31, 2019	
	Nos.	%age holding	Nos.	%age holding
Name of Shareholder				
(Equity Shares of ₹ 10/- each)				
Mr. Gursaran Singh	17,39,339	8.10	17,14,886	7.99
Mr. Maninder Singh	24,40,300	11.37	24,40,300	11.37
Mr. Jasvinder Singh	30,20,400	14.07	30,20,400	14.07
Mr. Ranbir Singh	29,17,284	13.59	27,64,862	12.88
Mr. Gurdeep Singh	28,52,756	13.29	26,56,900	12.38
HDFC Small Cap Fund	11,84,109	5.52	11,84,109	5.52

Notes**Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)****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.

(Amount in ₹ Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
1. Aggregate No and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash	NIL	NIL
2. Aggregate No. and class of shares allotted as fully paid-up by way of Bonus Shares	NIL	NIL
3. Aggregate No. and class of shares bought back.	NIL	NIL

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

10. STATEMENTS OF CHANGES IN EQUITY

(Amount in ₹ Lacs)

Particulars	Security premium	Retained Earnings	Total
Balance as at April 1, 2018	11,802.98	20,184.83	31,987.81
Profit for the year	0.00	6,583.97	6,583.97
Other Comprehensive Income	0.00	0.00	0.00
Loss on fair valuation of equity shares	0.00	0.00	0.00
Total Comprehensive Income for the year	11,802.98	26,768.80	38,571.78
Dividend Paid	0.00	-517.55	-517.55
Prior period adjustment of taxes	0.00	-37.64	-37.64
Balance as at March 31, 2019	11,802.98	26,213.61	38,016.59

(Amount in ₹ Lacs)

Particulars	Security premium	Retained Earnings	Total
Balance as at April 1, 2019	11,802.98	26,213.60	38,016.58
Profit for the year	0.00	5,272.72	5,272.72
Other Comprehensive Income	0.00	0.00	0.00
Loss on fair valuation of equity shares	0.00	0.00	0.00
Total Comprehensive Income for the year	11,802.98	31,486.32	43,289.30
Dividend Paid	0.00	-711.64	-711.64
Prior period adjustment of taxes	0.00	-43.53	-43.53
Balance as at March 31, 2020	11,802.98	30,731.15	42,534.13

Notes

Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)

11. BORROWINGS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
A) Non Current		
Secured		
From Banks		
Term Loan	7,532.81	4,113.25
Less: Current Maturities	3,115.79	1,759.61
	4,417.02	2,353.64
From Others		
Bajaj Finance Ltd.	6,125.00	5,000.00
Unsecured		
Others	0.00	0.00
	10,542.02	7,353.64
B) Current		
Secured		
From Banks (Repayable on Demand)	5,710.92	7,867.54
Unsecured		
Others	0.00	0.00
	5,710.92	7,867.54

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

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

12. TRADE PAYABLE

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Micro, Small & Medium Enterprises	191.12	284.48
Others	16,408.67	18,515.81
	16,599.79	18,800.29

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

Based on the information received regarding the status of the vendors the amount of ₹ 191.12 Lacs is out standing to the vendors concerned under MSME ACT as on 31.03.2020.

Notes**Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)****13. OTHER CURRENT FINANCIAL LIABILITIES**

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Current Maturity of Non-Current Borrowings	3,115.79	1,759.62
	3,115.79	1,759.62

14. OTHER CURRENT LIABILITIES

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Statutory Liabilities	261.28	287.47
Unpaid Dividend	0.66	0.37
Advance from Customer	0.00	19.43
	261.94	307.27

15. CURRENT PROVISIONS

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Outstanding Expenses Payable	850.45	1,116.76
Employee Dues	123.20	291.32
	973.65	1,408.08

16. REVENUE FROM OPERATIONS

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
SALE OF PRODUCTS		
Sale Domestic	30,814.16	42,544.95
Sale Export (Direct)	56,440.32	49,164.90
Gross Sales	87,254.48	91,709.85

17. OTHER OPERATING REVENUE

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
FPS Incentive	922.54	902.68
Duty Drawback	1,169.27	867.65
Exchange Difference	1,555.29	-652.19
	3,647.10	1,118.14

Notes

Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)

18. OTHER INCOME

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Interest Income	126.96	40.21
	126.96	40.21

19. COST OF MATERIALS CONSUMED

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
CONSUMPTION OF RAW MATERIAL		
Raw Material -Steel	48,937.31	51,585.16
Raw Material-Non-Steel	7.79	20.84
	48,945.10	51,606.00
CONSUMPTION OF STORE & SPARES		
Consumption of operating supply	5,304.69	5,505.45
Consumption of Die Steel	465.34	429.54
Consumption of oil & Lubricants	725.45	644.61
Consumption of Packing Materials	2,378.20	2,165.36
Consumption of Furnace Oil	880.31	1,187.62
	9,753.99	9,932.58
	58,699.09	61,538.58

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

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
At the beginning of Accounting period	11,176.12	10,557.70
At the end of the Accounting period	10,760.64	11,176.12
	415.48	-618.42

21. EMPLOYEE BENEFIT EXPENSE

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Wages	1,248.60	1,159.88
Salary	1,589.93	1,450.48
Production Incentive Bonus	442.16	519.53
Contribution to Provident Fund	120.12	98.72
Family Pension	113.20	114.53
Administration charges	16.55	16.74
Group Gratuity Scheme	88.25	79.20
Group Insurance	0.12	0.00

Notes**Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)**

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Super Annuation Fund	31.69	27.52
Workers and Staff Welfare	171.53	161.30
Bonus	188.11	174.81
Leave with Wages	23.23	24.17
Medical Reimbursement	23.88	36.82
Employees State Insurance	26.25	0.00
	4,083.62	3,863.70

22. FINANCIAL COSTS

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
a) Interest Expense		
Interest on Term Loan	966.72	424.40
Interest on Cash Credit	306.91	221.52
Interest to Others	3.49	0.04
b) Other Borrowing Cost	0.00	0.00
Bank Commission	82.69	164.79
	1,359.81	810.75

23. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
DEPRECIATION		
Building	472.83	365.38
Plant & Machinery	3,457.03	2,833.42
Furniture & Fixture	44.68	37.82
Vehicle	149.62	136.15
Computers	67.47	64.50
Office Equipments	44.17	35.94
	4,235.80	3,473.21

24. OTHER EXPENSES

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
Machining charges	1,645.43	1,670.40
Power & Fuel	5,606.39	5,395.67
Repair & Maintenance	416.31	376.76
Factory Expenses	72.90	45.35
Office Expenses	26.04	16.38

Notes
Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)

Particulars	(Amount in ₹ Lacs)	
	March 31, 2020	March 31, 2019
Donation / CSR	188.58	93.94
Subscription / Membership fees	8.49	7.99
Entertainment Expense	7.12	9.77
Fees & Taxes	45.74	20.88
Insurance	110.69	97.16
Legal & Professional Expenses	163.94	143.36
News Paper & Periodicals	1.27	1.01
PAYMENT TO AUDITORS	0.00	0.00
As Audit Fee	7.50	7.50
For Taxation purpose	0.00	0.00
For any other matters	0.00	0.00
Vehicle Petrol	85.54	78.10
Vehicle Repair	43.11	59.97
Repair of Building	53.79	26.49
Postage & Courier expenses	6.76	12.68
Printing & Stationery	76.60	46.88
Generator / General Repair & Maintenance	327.34	301.17
Loss on sale of asset	-1.96	-4.12
Repair & Maintenance of Computer	34.20	27.24
Telephone Expenses	12.14	12.37
Directors sitting fees	3.84	3.68
Rounded-off	0.00	-0.01
Travelling Expenses	155.75	186.66
Travelling Expenses Foreign	155.46	126.52
IPO Expenses	130.41	130.41
Advertisement expenses	5.64	8.69
Exchange diff.{Consolidation}	-0.30	-0.28
Club Fee	0.98	0.80
Freight & Cartage outward	700.97	1,094.50
Business Promotion Expenses	18.28	27.03
Export Packing & Forwarding expenses	5,088.85	3,513.85
Sale Tax Paid	48.52	0.00
Unrecoverable Amount Written Off	7.06	0.00
	15,253.38	13,538.80

Notes**Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)****25. EARNINGS PER SHARE**

(Amount in ₹)

Particulars	March 31, 2020	March 31, 2019
Basic and Diluted Earnings Per Share		
Net Profit attributable to Equity Shareholders	52,72,71,397	65,86,47,324
Weighted Average number of Equity Shares outstanding during the year	2,14,65,400	2,14,65,400
Face Value	10	10
Basic Earnings Per Share	24.56	30.68
Diluted Earnings Per Share	24.56	30.68

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 5 Cr or more has to spend 2% of their average profits of last 3 years upon specific activity falling within CSR. The CSR Budget for the year 2019-20 for the company was ₹ 20531182/- (including 56,00,000/- of previous year). The company has spent ₹ 1,75,25,000/- on CSR activities during the Financial Year 2019-20 with the approval of CSR Committee of the Board. The total unspent amount as on March 31, 2020 was ₹ 30,06,182/-.

28.

The following are the contingent liabilities during the year.

(Amount in ₹)

Particulars	2019-20	2018-19
(A) CONTINGENT LIABILITIES		
1. Bank Guarantees	2,00,000	2,00,000
2. Excise Duty and Service Tax demand against which the company has preferred appeals.	56,07,652	56,74,801
3. Income Tax Demands against which the company has preferred appeals.	1,39,835	2,49,200
4. Value Added Tax Liabilities	1,95,53,344	1,95,53,344
(B) COMMITMENTS		
Capital Commitments	0	0

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

Notes

Forming part of consolidated financial statements for the year ended March 31, 2020 (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

Mr. Rachhpall Singh - Chairman
 Mr. Gursaran Singh - Managing Director
 Mr. Jasvinder Singh - Joint Managing Director
 Mr. Ranbir Singh - Whole time Director & CEO
 Mr. Kulwin Seehra - Executive Director
 Mr. Harwinder Seehra - Executive Director
 Mr. Jasvinder Singh Johal - Independent Director

(b) Key Managerial Personnel

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

(c) Wholly owned Subsidiary Company

GNA Axles INC Michigan

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

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

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

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

Nature of Transaction	(Amount in ₹)	
	2019-20	2018-19
(a) Security Deposit with-		
GNA Udyog Limited	4,88,95,603	4,88,95,603
GNA Sons	5,65,21,030	5,65,21,030
Seehra Overseas	10,00,000	10,00,000
(b) Remuneration		
Mr. Rachhpall Singh	58,80,000	54,60,000
Mr. Gursaran Singh	58,80,000	54,60,000
Mr. Ranbir Singh	1,86,95,811	1,74,78,713
Mr. Jasvinder Singh	1,86,95,811	1,74,78,713

Notes**Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)**

(Amount in ₹)		
Nature of Transaction	2019-20	2018-19
Mr. Kulwin Seehra	34,42,644	30,87,000
Mr. Harwinder Seehra	34,42,644	30,87,000
(c) Remuneration Paid to Key Managerial Personnel		
Mr. Rakesh Gupta	13,20,343	12,36,084
Mr. Gaurav Jain	6,76,770	6,32,272
(d) Remuneration paid to Director's relatives		
Mr. Maninder Singh	26,34,209	26,99,520
Mrs. Loveleen Kaur	26,34,209	26,99,520
(e) Professional Charges paid to Director		
Mr. Jasminder Singh Johal -	1,00,000	Nil

30. Trade Receivable and Trade Payables are subject to confirmation

31. SEGMENT REPORTING

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

32. REMUNERATION TO DIRECTORS

(Amount in ₹)		
Particulars	2019-20	2018-19
Salary	6,39,46,014	5,20,51,426

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

34. The company has called for information from the vendors regarding their status under the micro, small and medium enterprises. Based on the information received regarding the status of vendors under MSME ACT the amount of ₹ 1,91,12,138/- has been derived as due to vendors under MSME ACT as on March 31, 2020,.

35. AUDITORS REMUNERATION:

(Amount in ₹)			
Sr. No.	Particulars	Current year	Previous year
1.	Audit Fee	7,50,000	7,50,000

Notes**Forming part of consolidated financial statements for the year ended March 31, 2020 (Contd.)**

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

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

As per our Report of even date annexed.

For **Harish & Co.**

Chartered Accountants (FRN-017372N)

(Vasu Aggarwal)

Partner

M.No. 091343

Place: Jalandhar

Dated: May 19, 2020

UDIN: 20091343AAAAAU6078

Gursaran Singh
Managing Director

Rakesh Kumar
Chief Financial Officer

Ranbir Singh
CEO & Wholetime Director

Gourav Jain
Company Secretary

SCHULER
SMG

SCHULER
SMG





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
Dist. Hoshiarpur, Punjab, India