

# GNA



Building a  
**BETTER FUTURE**

**GNA AXLES LIMITED**  
28<sup>th</sup> Annual Report 2020-21

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### Investor information

CIN  
L29130PB1993PLC013684

BSE Code  
540124

NSE Symbol  
GNA

Bloomberg Code  
GNA:IN

AGM Date  
20<sup>th</sup> september, 2021

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

**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 a 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 several 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.

### CAPACITY

**51.00** Lac  
Units



'Better Future' is nothing but optimism. It is the belief and supportive actions to step up and scale up for turning a vision into reality. The automotive landscape is witnessing a dynamic transformation. With volatile political, socio-economic and sustainability events clouding the spectrum, there are many challenges. However, with every challenge, awaits a great opportunity at the horizon. And, as the market dynamics change, Companies will need to employ innovative strategies for success. Successful implementation of these strategies requires constant re-evaluation and enhancement of processes.

**WE HAVE ALIGNED OUR FUTURE GOALS WHILE MAPPING THE CURRENT EVENTS AND HAVE TAKEN DECISION FOR BUILDING A BETTER FUTURE.**

SOLD IN 2020-21

**27.71** Lac  
Units of Rear Axle Shafts

SOLD IN 2020-21

**3.15** Lac  
Units of Other Shafts

SOLD IN 2020-21

**4.69** Lac  
Units of Spindles



# A FUTURE-READY AUTO-ANCILLARY COMPANY EMERGING STRONGER AND BETTER

GNA Axles Limited ('GNA' or 'The Company' or 'We') is one of the world's leading manufacturers of automotive transmission components. Renowned as a niche player of the auto ancillary segment, we cater to light & heavy commercial and off-highway vehicles. With our dominant position, strong brand presence, and robust clientele, we are now entering newer avenues of growth, exploring opportunities for building a better future.

Established in 1993, we have grown from 0.3 million components when we started to the production level of more than 5.1 million components in 2021. Over the years, we have evolved as a leading manufacturer and supplier of a diverse range of rear axle shafts, other shafts and spindles for light commercial vehicles ('LCVs') medium commercial vehicles ('MCVs') & heavy commercial vehicles ('HCVs') and other transport vehicles such as buses.

Headquartered in Mehtiana, Punjab, we have one of the largest integrated plants in the Asian sub-continent. Our state-of-the-art manufacturing facilities are in Punjab at Mehtiana (Hoshiarpur) and Gulabgarh Jattan (Kapurthala). Overall, we have a total annual capacity of 3.6 million rear axle shafts, 0.7 million other shafts and 0.8 million spindles.





## ANNUAL TURNOVER IN 2020-21

₹ **88,959.26**  
Lacs

## EBITDA IN 2020-21

₹ **14,534.48**  
Lacs

## EBITDA MARGIN IN 2020-21

**16.34** %

## PAT IN 2020-21

₹ **7,065.31**  
Lacs

## PAT MARGIN IN 2020-21

**7.94** %

EMPLOYEES AS ON  
31<sup>st</sup> MARCH, 2019

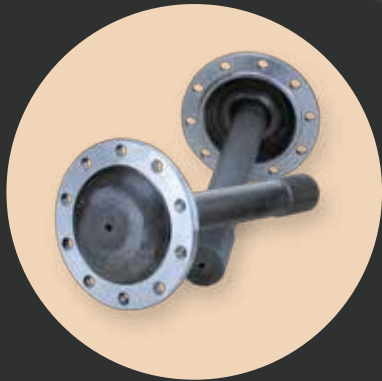
**1,344**



## FOUNDATION TO BUILDING A BETTER FUTURE

### Our niche product offerings

Our products are classified into the following categories:



### REAR AXLE SHAFTS

Rear Axle Shaft is our primary product, contributing to 82.85% of the Company's revenues and 77.96% of components manufactured in FY21. GNA produces and supplies the complete range of Rear Axle Shafts for on-highway and off-highway vehicles ranging from 5 kg to 65 kg, with a capacity to manufacture up to 165 kg.

SOLD IN 2020-21

**27.71**

Lacs Units

CONTRIBUTION TO THE TOTAL REVENUE

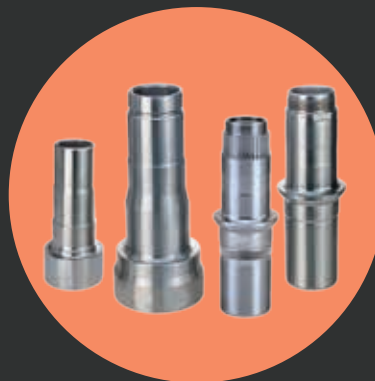
**₹ 70,826**

Lacs

AXLE SHAFTS CAPACITY

**3.6**

MPPA



### SPINDLES

Spindle acts as a part of an Axle housing assembly for an automobile and is used to transmit the shear force, reducing the power. The product contributed to approximately 11.89% of the Company's FY21 sales and 13.18% of components manufactured in FY21. We manufacture spindles for both on-highway and off-highway vehicles.

SOLD IN 2020-21

**4.69**

Lacs Units

CONTRIBUTION TO THE TOTAL REVENUE

**₹ 10,161**

Lacs

SPINDLES CAPACITY

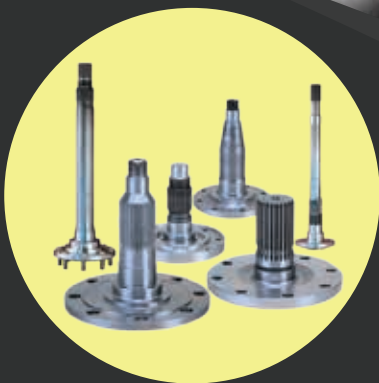
**0.80**

MPPA

\*Units in piece

\*MPPA: Million pieces per annum





## OTHER SHAFTS

The Company manufactures various other shafts, including Drive Shafts, Power Take-off Shafts, Hydraulic Lift Shafts, and Transmission Shafts. These shafts form part of the transmission assembly for any automobile. Other Shafts contributed 8.85% of the Company's FY21 revenues and 5.26% of FY21 components manufactured.

SOLD IN 2020-21

**3.15**  
Lacs Units

OTHER SHAFTS CAPACITY

**0.70**  
MPPA

CONTRIBUTION TO THE  
TOTAL REVENUE

₹ **4,499**  
Lacs

# GROWING TODAY FOR BUILDING A BETTER FUTURE

## Our geographical presence

At GNA, we believe the future depends on what we do today. And so, we are constantly working to reach deeper into the market. Our extensive reach helps us expand and deepens our customer, client, and partner relationships while intensifying our presence in targeted segments and geographies. We continuously make significant efforts to ensure our solutions and services meet customer, client, and partner needs and requirements both locally and globally.

Some of our marquee clientele, comprising global OEMs and tier-I companies, includes names like:

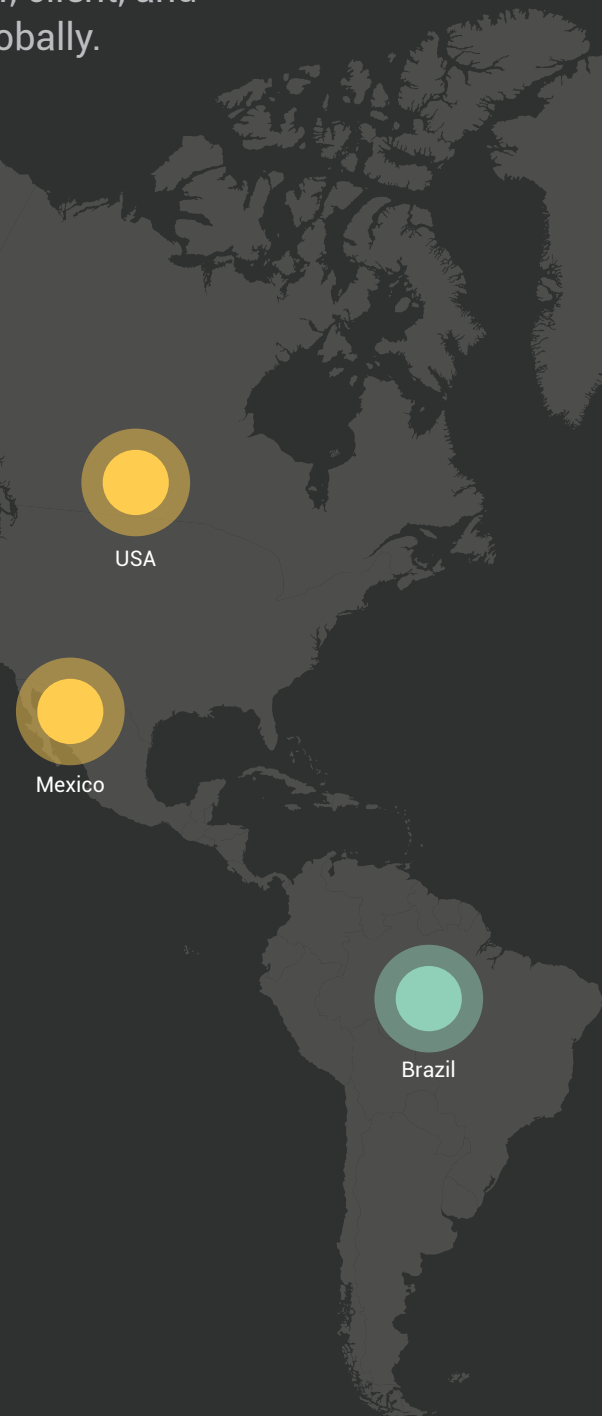
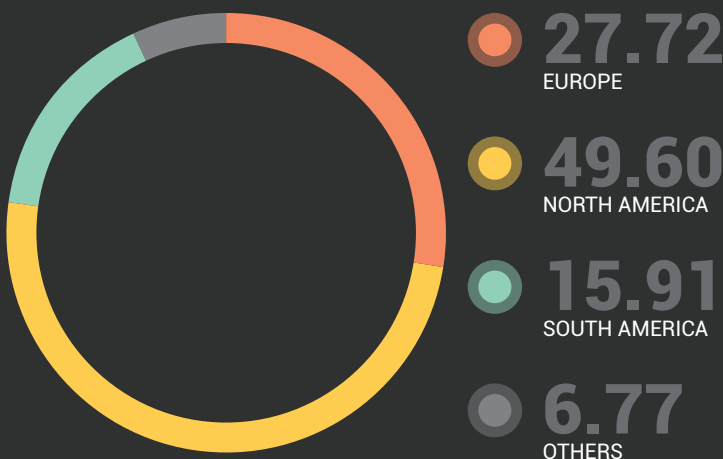
### INTERNATIONAL

- Dana Limited (the USA, Mexico and Brazil)
- John Deere (Spain and the USA)
- Kubota Corporation (Japan)
- Meritor HVS AB (Sweden, Italy, Brazil, the USA).

### INDIAN

- Claas India Private Limited
- TAFE
- International Tractors Ltd
- Escorts Limited
- Axles India Ltd
- Automotive Axles Limited
- Mahindra & Mahindra Limited

## Region wise breakup of Export revenue (%)





## GLOBAL PRESENCE



**NORTH AMERICA**  
The USA, Mexico



**SOUTH AMERICA**  
Brazil



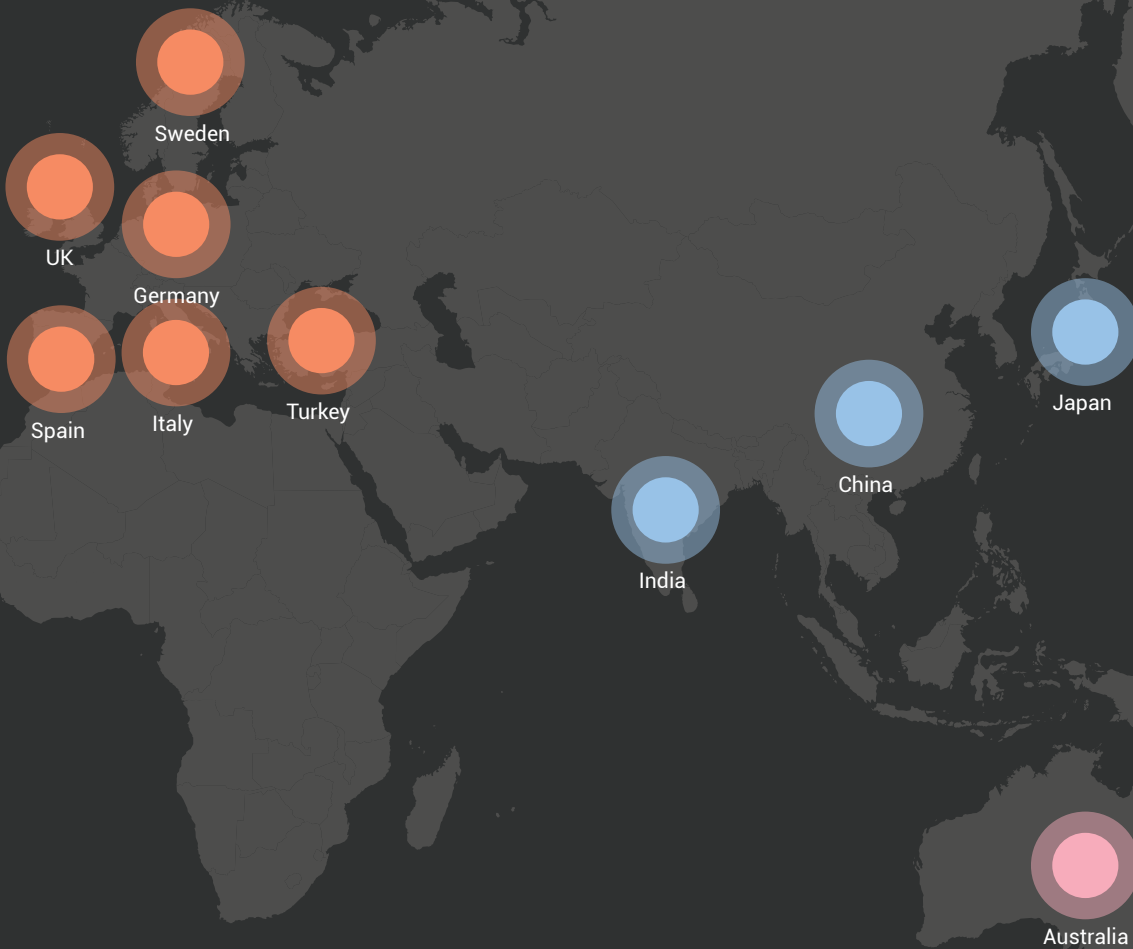
**EUROPE**  
Sweden, Germany,  
Spain, Italy, Turkey, UK



**ASIA**  
Japan,  
China, India



**AUSTRALIA**  
Australia



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

**GNA**

# OUR TRACK RECORD





**2019**

Started setting up the SUV plant

**2017**

Started commissioning new forging shop and machining line for LV Axle Shop

**2015**

Commissioned 66kVA dedicated electricity supply line for Unit II

**2012**

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

**2008**

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

**2004**

Installed 13" Upsetter with new heat treatment shop

**1995**

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

**1993**

GNA Axles Ltd. was incorporated

**2018**

Commissioned New machine shop for off-highway Axle shafts

**2016**

Launched Initial Public Offering and got listed on NSE and BSE

**2013**

- Commissioned Lasco extrusion press supported by robots and electric heat treatment furnace at Unit II
- Commissioned direct drive screw press for heavy axle shaft forgings supported by robots at Unit I

**2009**

Started exporting spindles

**2007**

Commissioned 66 kVA dedicated electricity supply line for Unit I

**2002-2003**

Started exports to USA and Europe

**1994**

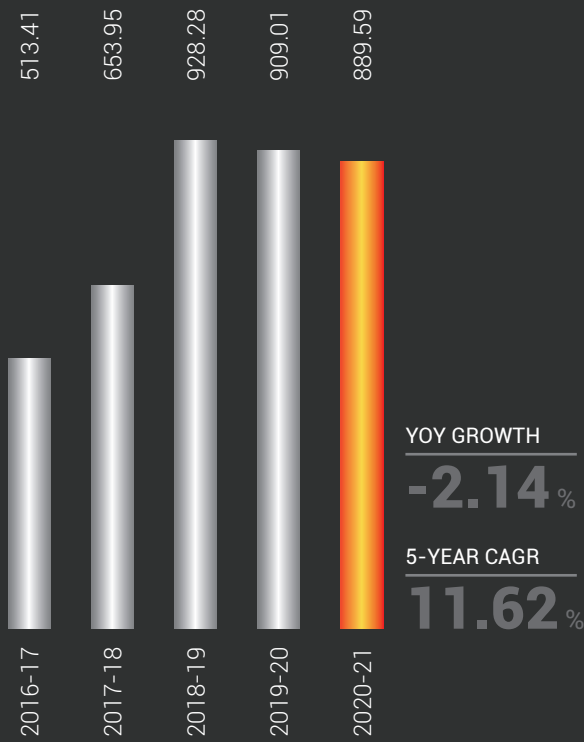
Awarded certificate for commencement of business



# FINANCIAL PERFORMANCE

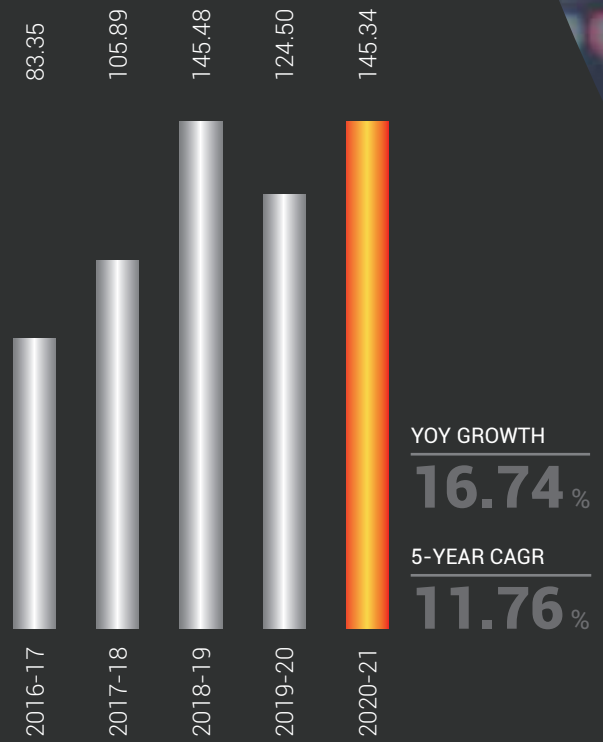
## Net Sales

(₹ Cr)



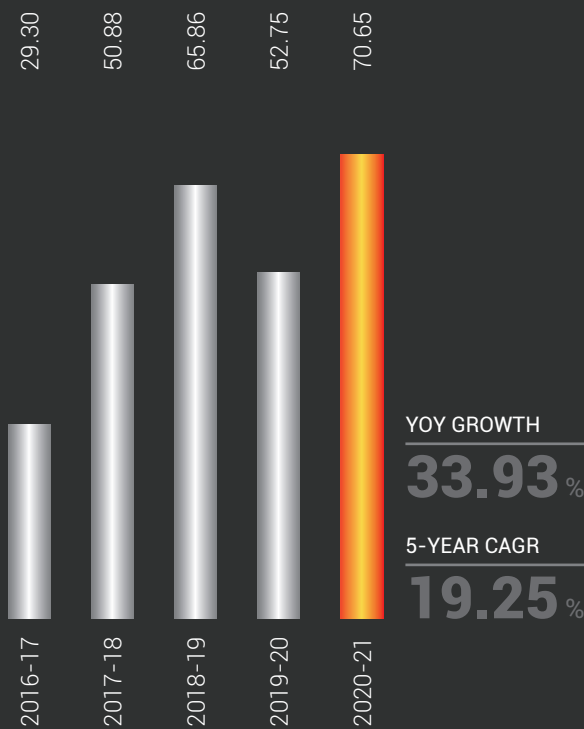
## EBITDA

(₹ Cr)



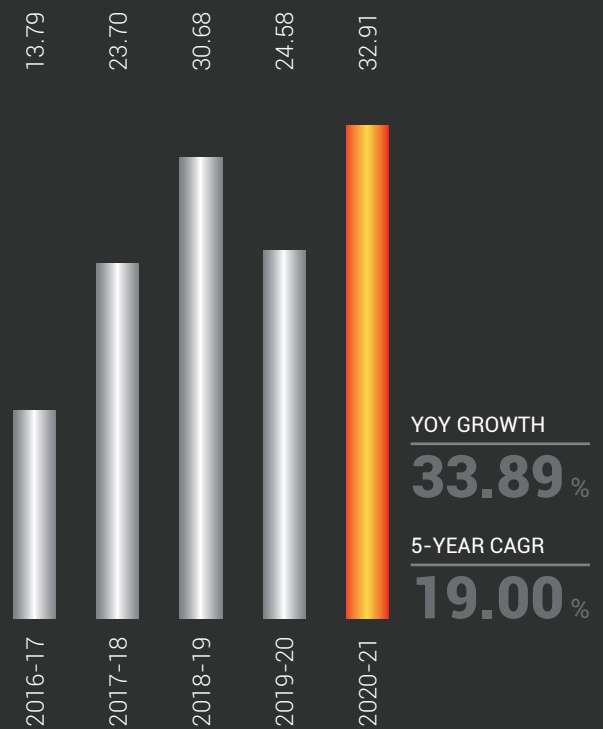
## PAT

(₹ Cr)

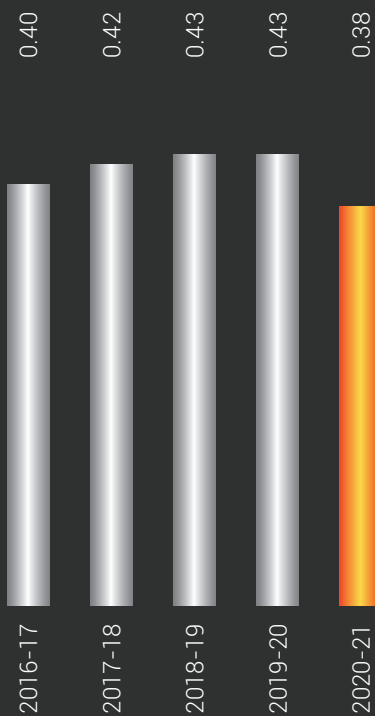


## Earnings Per Share

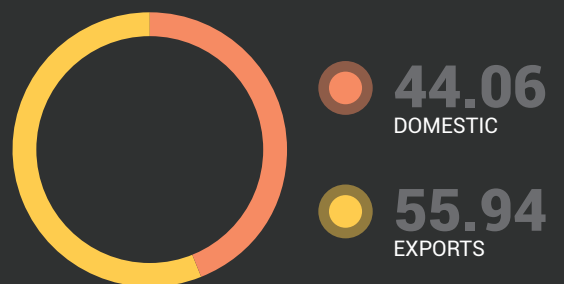
(₹)



### Net Debt Equity Ratio



### Revenue Break-Up (%)



**GNA**

## **MANAGING DIRECTOR'S MESSAGE**





## Dear Shareholders,

It gives me great pleasure to present to you the fiscal year 2020-21 Annual Report. Though a slew of challenges had engulfed the entire world during the year, people across the globe unitedly accomplished impossible feats in such unprecedented times. From scientific breakthroughs to new ways of learning, living, and working, people embraced and also mastered transformation in just one year.

The spread of Covid-19 pandemic brought global economic activities to a halt in the first half of FY 2020-21. However, the global economy is estimated to grow at 6% Y-o-Y, driven by policy support and improved consumer sentiment. The Indian economy, too, saw 23% lower output, consumption, and a deeply impacted GDP in the first quarter. But it recorded a V-shaped recovery and showed promising signs of revival around the third quarter. Though the Government's aggressive vaccination drives increased economic confidence, the second wave of Covid-19 in the later part of the fiscal, forced the Government to impose lockdowns again in major states and cities. This stifled the financial momentum and led to a repeat economic slowdown by the end of the fourth quarter.

The Company recorded an revenue of ₹ 890 Cr, EBITDA of ₹ 145 Cr, and Profit after Tax of ₹ 71 Cr.

The demand for CVs is influenced by both headwinds and tailwinds. While tailwinds are enabling improved demand in the tipper and haulage segments, particularly in the M&HCV segment, the increase in tyre and fuel prices is putting tremendous pressure on the segment. We are optimistic about the turnaround of the CV industry in 2021-22 despite the challenging circumstances. After two-wheelers and tractors, commercial vehicle sales are also improving, and manufacturers are preparing to accelerate shipments with new plans, as more geographies open up after the Covid-19 restrictions are relaxed. Export of tractors have been consistent in recent months, despite the disruptions caused by the pandemic on domestic demand.

As you are well aware that your Company is a supplier to the tractor and CV manufacturers, both in India and abroad, we were able to achieve the reported performance inspite of the COVID - 19 pressures and disruptions caused by the pandemic due to the demand from the domestic tractor industry and this industry experienced robust demand for the tractors from the rural India and posted better sales numbers as compared to the financial year 19-20. The demand from the tractor segment helped GNA to make good the loss the revenue that it faced from the export markets due to the lockdowns and slowdown posed by the pandemic.

We are well placed to consistently meet the changing customer requirements thanks to the deployment of cutting-edge technologies, robust manufacturing capabilities, and deep domain expertise. We are known in the industry for producing best-in-class automotive components of unrivalled quality and dependability. We are also well-positioned to navigate any changing business landscape, thanks to strong fundamentals and a comfortable liquidity position.

Amid all the ups and downs of the year, our people remained resilient and posed a tough competitiveness in the industry. Our success has always depended on our talent pool's knowledge, innovation skills, and commitment. Throughout the year, we implemented several initiatives to better prepare our workforce to compete in the markets in which we operate. We take pride in being a responsible organisation dedicated to improving the quality of life in the communities in which we live and work.

We shall remain committed towards improving our manufacturing and execution capabilities to deliver innovative products. We are looking forward to the coming year with optimism, as we see ourselves reaping the benefits of new customer segments, while also capitalising on emerging opportunities.

Finally, I would like to thank our valued stakeholders for their continued support and encouragement. I'd like to express my gratitude to our vendors and partners for their unwavering trust and cooperation. With our valuable Board of Directors and synergy with our stakeholders, we have embarked on a journey to a better future.

Best wishes,

**Gursaran Singh**

**WE ARE KNOWN IN  
THE INDUSTRY FOR  
PRODUCING BEST-IN-  
CLASS AUTOMOTIVE  
COMPONENTS OF  
UNRIVALLED QUALITY  
AND DEPENDABILITY.**

**GNA**

**BUILDING CAPABILITIES  
FOR A BETTER FUTURE**





## PARTNER OF CHOICE

To find new growth avenues and drivers for future, GNA has started making inroads into the SUV and LCV axle shaft segment with initial capacity of 5,00,000 units, which could be increased depending on the market demand. GNA is targeting clients from North America, Europe and India in that order. This will help de-risk our dependence on the MHCV and tractor segments, thereby enabling us to become partner of choice for a larger customer base.



## PROXIMITY TO CUSTOMERS

The Company has strategically located its manufacturing facilities where the Company has a large client base. This allows it to benefit from the lower transportation and logistics costs as well as reach the customer in the best possible time.



## INTEGRATED SETUP

From forging to finished goods, the Company has fully integrated manufacturing capabilities and capacities. As a result, it has the ability to manufacture customised products to meet various customer needs. This provides greater economies of scale.



## FULL-SERVICE CAPABILITIES

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



## ROBUST ENGINEERING CAPABILITIES

The Company continuously upgrades its technology to develop new products and enhance its product range, thus, also improving the manufacturing processes. The Company has its own R&D labs such as metallurgical and metrological, which help it to continuously innovate its products with low input and operational cost.





# BOARD OF DIRECTORS

**MR. RACHHPALL SINGH\***

Chairman &amp; Executive Director

**MR. GURSARAN SINGH**

Managing Director

**MR. JASVINDER SINGH**

Jt. Managing Director

**MR. RANBIR SINGH**

CEO &amp; Whole-time Director

**MR. KULWIN SEEHRA**

Whole-time Director

**MR. HARWINDER SINGH**

Whole-time Director

**MR. MANINDER SINGH SEEHRA\*\***

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

**COL. MANBHUPINDER SINGH ATWAL (RETD.)**

Independent Director

**MRS. GEETA KHANNA**

Independent Director

**LT. GENERAL PRAVEEN BAKSHI (RETD.)**

Independent Director

\*Till 15<sup>th</sup> July, 2021\*\*Appointed w.e.f 24<sup>th</sup> July, 2021**Chief Financial Officer**

Mr. Rakesh Kumar

**Company Secretary**

Mr. Gourav Jain

**Auditors**

M/s Harish &amp; 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](mailto:rnt.helpdesk@linkintime.co.in)**Units**GNA Axles Limited (Unit I)  
VPO Mehtiana  
Phagwara-Hoshiarpur Road  
Dist. HoshiarpurGNA Axles Limited (Unit II)  
Village Gulab Garh Jattan  
Phagwara-Hoshiarpur Road  
Dist. Kapurthala

## Notice

Notice is hereby given that **TWENTY EIGHTH ANNUAL GENERAL MEETING** of the shareholders of GNA Axles Limited will be held on 20th day of September, 2021 at 12:30 P.M through 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 March 31, 2021, statement of Profit & Loss for the year ended on that date, together with the report of Auditor's and Directors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Gursaran Singh, (DIN 00805558 ) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Jasvinder Singh, (DIN 01831572) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Kulwin Seehra, (DIN 03522812 ) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
6. To Consider to ratify the Appointment of M/s Harish & Co., Chartered Accountants Jalandhar as Statutory Auditors of the Company.

### SPECIAL BUSINESS

7. To Consider and if thought fit to pass the following resolution as an **Ordinary Resolution**:  
 "RESOLVED THAT Mr. Maninder Singh Seehra (DIN 01610746), who was appointed as an Additional Director by the Board of Directors of the Company to hold office upto the next Annual General Meeting and in respect of whom the Company has received a notice u/s 160 of the Companies Act, 2013, be and is hereby appointed as Director of the Company, liable to retire by rotation under the Articles of Association of the Company."
8. To consider and if thought fit to pass the following resolution 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 provisions of SEBI (LODR) Regulations, 2015 approval of the members be and is hereby given for the appointment of Mr. Gursaran Singh (DIN 00805558) as Executive Chairman of the Company at a monthly remuneration in the scale of ₹ 5,00,000-50,000-6,00,000 plus such perks and Allowances as given below for the period beginning from July 26, 2021 to March 31, 2024.

## Notice (Contd.)

Sr. NO.	REMUNERATION	DETAILS
I.	Salary	5,00,000-50,000-6,00,000
II.	Perquisites	The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-
a)	Housing	House Rent Allowance equal to 40% of basic salary. If the Company's accommodation is provided HRA is not applicable
b)	Medical Reimbursement	Mediclaime policy for self. Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self subject to a ceiling of one month's salary in a year.
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.
f)	Car & Telephone	Provision for car for use of Company's business and telephone at residence will not be considered as a perquisite.

RESOLVED FURTHER THAT Mr. Gursaran Singh Executive Chairman will be entitled to a commission of 1 %, every year, on the before tax profits of the Company.

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

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. Gurdeep Singh Director or Mr. Gourav Jain – Company Secretary be and are hereby severally authorized to comply with all legal and procedural formalities to give effect to the Appointment of Mr. Gursaran Singh as Executive Chairman of the Company.”

9. To consider and if thought fit to pass the following resolution 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 provisions of SEBI (LODR) Regulations, 2015 approval of the members be and is hereby given for the appointment of Mr. Jasvinder Singh (DIN 01831572) as Executive Vice Chairman of the Company at a monthly remuneration in the scale of ₹ 7,00,000-50,000-9,00,000 plus such perks and Allowances as given below for the period beginning from July 26, 2021 to March 31, 2026.



**Notice (Contd.)**

Sr. NO.	REMUNERATION	DETAILS
I.	Salary	7,00,000-50,000-9,00,000
II.	Perquisites	The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-
a)	Housing	House Rent Allowance equal to 40% of basic salary. If the Company's accommodation is provided HRA is not applicable
b)	Medical Reimbursement	Mediclipolicy 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.
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 Vice Chairman of the Company. Admission fee, life membership fee will not be a part of the above.
e)	Personal Accident Insurance	Premium not to exceed ₹ 10,000/- per annum.
f)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961 . The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car & Telephone	Provision for car for use of Company's business and telephone at residence will not be considered as a perquisite.

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

RESOLVED FURTHER THAT Mr. Jasvinder Singh Executive Vice Chairman will be entitled to a commission of 1 %, every year, on the before tax profits of the Company.

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

RESOLVED FURTHER THAT in case of inadequacy of Profits or loss, Mr. Jasvinder 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. Gurdeep Singh Director or Mr. Gourav Jain - Company Secretary be and are hereby severally authorized to comply with all legal and procedural formalities to give effect to the reappointment of Mr. Jasvinder Singh as Executive Vice Chairman of the Company."

10. To consider and if thought fit to pass the following resolution 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 provisions of SEBI (LODR) Regulations, 2015 approval of the members be and is hereby given for the appointment of Mr. Ranbir Singh (DIN 01572748) as Managing Director and CEO of the Company at a monthly remuneration in the scale of ₹ 7,00,000-50,000-9,00,000 plus such perks and Allowances as given below for the period beginning from July 26, 2021 to March 31, 2026.

## Notice (Contd.)

Sr. NO.	REMUNERATION	DETAILS
I.	Salary	7,00,000-50,000-9,00,000
II.	Perquisites	The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-
a)	Housing	House Rent Allowance equal to 40% of basic salary. If the Company's accommodation is provided HRA is not applicable
b)	Medical Reimbursement	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.
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 Managing Director & CEO of the Company. Admission fee, life membership fee will not be a part of the above.
e)	Personal Accident Insurance	Premium not to exceed ₹ 10,000/- per annum.
f)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961 .The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car & Telephone	Provision for car for use of Company's business and telephone at residence will not be considered as a perquisite.

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

RESOLVED FURTHER THAT Mr. Ranbir Singh Managing Director and CEO will be entitled to a commission of 1 %, every year, on the before tax profits of the Company.

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

RESOLVED FURTHER THAT in case of inadequacy of Profits or loss, Mr. Ranbir 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. Gurdeep Singh Director or Mr. Gourav Jain - Company Secretary be and are hereby severally authorized to comply with all legal and procedural formalities to give effect to the reappointment of Mr. Ranbir Singh as Managing Director and CEO of the Company."

11. To consider and if thought fit to pass the following resolution 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 provisions of SEBI (LODR) Regulations, 2015 approval of the members be and is hereby given for the appointment of Mr. Maninder Singh Seehra (DIN 01610746) as Executive Director of the Company at a monthly remuneration in the scale of ₹ 3,60,000-50,000-5,60,000 plus such perks and Allowances as given below for the period beginning from August 1, 2021 to March 31, 2026.

**Notice (Contd.)**

S. NO.	REMUNERATION	DETAILS
I.	Salary	3,60,000-50,000-5,60,000
II.	Perquisites	The perquisites shall be allowed in addition to salary. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-
a)	Housing	House Rent Allowance equal to 40% of basic salary. If the Company's accommodation is provided HRA is not applicable
b)	Medical Reimbursement	Mediclaime policy for self and family. Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and her family, subject to a ceiling of one month's salary in a year.
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 Director of the Company. Admission fee, life membership fee will not be a part of the above.
e)	Personal Accident Insurance	Premium not to exceed ₹ 10,000/- per annum.
f)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961 .The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car & Telephone	Provision for car for use of Company's business and telephone at residence will not be considered as a perquisite.

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

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

RESOLVED FURTHER THAT in case of inadequacy of Profits or loss, Mr. Maninder Singh 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. Gurdeep Singh Director or Mr. Gourav Jain - Company Secretary be and are hereby severally authorized to comply with all legal and procedural formalities to give effect to the reappointment of Mr. Maninder Singh Seehra as Executive Director of the Company."

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

**Dated: July 24, 2021  
Place: Mehtiana**

**Gourav Jain  
(Company Secretary)**



**Notice (Contd.)****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. The Company has availed the services of M/s Linkintime India Private Limited to facilitate the the AGM through Audio Visual Means.
- 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/Authorisation shall be sent to the Scrutinizer by email through their registered email address to [simran.cs@gmail.com](mailto:simran.cs@gmail.com) with copies marked to the Company at [gjain@gnagroup.com](mailto:gjain@gnagroup.com).
- 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](http://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 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 2020-21 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 2020-21 will also be available on the Company's website [www.gnagroup.com](http://www.gnagroup.com) websites of the Stock Exchanges i.e. National Stock Exchange of India Ltd and BSE Limited at [nseindia.com](http://nseindia.com) and [bseindia.com](http://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 Company has fixed September 13, 2021 as record date for payment of dividend and Annual General Meeting.
- 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.

## Notice (Contd.)

### Remote e-Voting Instructions for shareholders post change in the Login mechanism for Individual shareholders holding securities in demat mode, pursuant to SEBI circular dated December 9, 2020:

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post June 9, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ul style="list-style-type: none"> <li>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password.</li> <li>After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>
Individual Shareholders holding securities in demat mode with CDSL	<ul style="list-style-type: none"> <li>Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-Voting service provider name to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> </ul>
	<ul style="list-style-type: none"> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.</li> </ul>

## Notice (Contd.)

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) & login through their depository participants	<ul style="list-style-type: none"> <li>• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</li> <li>• Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>
Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.	<ol style="list-style-type: none"> <li>1. Open the internet browser and launch the URL: <a href="https://instavote.linkintime.co.in">https://instavote.linkintime.co.in</a> <ul style="list-style-type: none"> <li>▶ Click on <b>"Sign Up"</b> under <b>'SHARE HOLDER'</b> tab and register with your following details:               <ul style="list-style-type: none"> <li>A. <b>User ID:</b> Shareholders/ members holding shares in <b>physical form shall provide</b> Event No + Folio Number registered with the Company.</li> <li>B. <b>PAN:</b> 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.</li> <li>C. <b>DOB/DOI:</b> Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)</li> <li>D. <b>Bank Account Number:</b> Enter your Bank Account Number (last four digits), as recorded with your DP/Company.                   <ul style="list-style-type: none"> <li>• Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above</li> </ul> </li> </ul> </li> <li>▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&amp;*), at least one numeral, at least one alphabet and at least one capital letter).</li> <li>▶ Click "confirm" (Your password is now generated).</li> </ul> </li> <li>2. Click on 'Login' under <b>'SHARE HOLDER'</b> tab.</li> <li>3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on <b>'Submit'</b>.</li> <li>4. After successful login, you will be able to see the notification for e-voting. Select <b>'View'</b> icon.</li> </ol>
	<ol style="list-style-type: none"> <li>5. E-voting page will appear.</li> <li>6. Refer the Resolution description and cast your vote by selecting your desired option <b>'Favour / Against'</b> (If you wish to view the entire Resolution details, click on the <b>'View Resolution'</b> file link).</li> <li>7. After selecting the desired option i.e. Favour / Against, click on <b>'Submit'</b>. A confirmation box will be displayed. If you wish to confirm your vote, click on <b>'Yes'</b>, else to change your vote, click on 'No' and accordingly modify your vote.</li> </ol>



## Notice (Contd.)

### Institutional shareholders:

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.

### Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:

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

### Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- 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 this 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".

### Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22-23058542-43.

### Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently 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](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

**Notice (Contd.)****Process and manner for attending the Annual General Meeting through InstaMeet:**

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: -
- A. 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 [gjain@gnagroup.com](mailto:gjain@gnagroup.com).
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’.
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.

## Notice (Contd.)

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](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013.

#### ITEM NO 7 OF SPECIAL BUSINESS

Mr. Maninder Singh was appointed as an Additional Director of the Company by the Board of Directors of the Company, upon the recommendations of the Nomination and Remuneration Committee of the Board, in its meeting held on 24th July, 2021 to fill the casual vacancy created by the death of Mr. Rachhpall Singh erstwhile Chairman of the Company subject to the approval of the shareholders at the 28th Annual General Meeting. Mr. Maninder Singh is having an experience of more than 35 years in the auto components industry.

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

The Board recommends the Ordinary 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. Maninder Singh the appointee himself, and Mr. Jasvinder Singh being the appointee's relatives, none of the Directors / Key Managerial Personnel of the Company / their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no 7.

#### ITEM NO 8 OF SPECIAL BUSINESS

Mr. Gursaran Singh was reappointed as Managing Director of the Company pursuant to the approval of shareholders in their meeting held on September 15, 2020 for period of 3 years w.e.f April 1, 2020 to March 31, 2023. The Board of Directors of the Company in its meeting held on July 24, 2021, upon the recommendations of Nomination and Remuneration Committee, had appointed Mr. Gursaran Singh as Executive Chairman of the Company, after the demise of S. Rachhpall Singh Chairman of the Company on July 15, 2021, subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company on such remuneration as provided in the resolution appointing Mr. Gursaran Singh as Executive Chairman of the Company from July 26, 2021 to March 31, 2024. Consequent to his appointment as Executive Chairman, Mr. Gursaran Singh resigned from the post of Managing Director of the Company on July 24, 2021. Mr. Gursaran Singh is the doyen of the Indian Auto Components Industry and has an experience of more than 60 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 and in terms of the Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) regulation, 2018 issued on May 9, 2018 ("Amended Listing Regulations"), the remuneration payable to the Executive Directors who are promoters or are the members of the Promoter Group, shall be subject to the approval of the shareholders by way of a Special Resolution in General Meeting, if, the aggregate remuneration payable to such directors exceeds 5% of the net profits of the Company, as calculated under section 198 of the Companies Act, 2013 where there is more than one such Director, 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 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. Ranbir Singh and Mr. Gurdeep Singh being the appointee's relatives, none of the Directors / Key Managerial Personnel



**Notice (Contd.)**

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 SPECIAL BUSINESS**

Mr. Jasvinder Singh was reappointed as Jt. Managing Director of the Company pursuant to the approval of shareholders in their meeting held on 15th September, 2018 for period of 5 years w.e.f 1st April 2018 to March 31, 2023. The Board of Directors of the Company in its meeting held on July 24, 2021, upon the recommendations of Nomination and Remuneration Committee, had appointed Mr. Jasvinder Singh as Executive Vice Chairman of the Company, subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company on such remuneration as provided in the resolution appointing Mr. Jasvinder Singh as Executive Vice Chairman of the Company. Consequent to his appointment as Executive Vice Chairman, Mr. Jasvinder Singh resigned from the post of Jt. Managing Director of the Company on July 24, 2021. He is having an experience of more than 39 years in the auto components industry and he has been the Director of the Company since its inception and Jt. Managing Director of the Company from last six years and the Company has gained immensely from his experience and the Company intends to gain from his experience in the time to come. In terms of the Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) regulation, 2018 issued on May 9, 2018 ("Amended Listing Regulations"), the remuneration payable to the Executive Directors who are promoters or are the members of the Promoter Group, shall be subject to the approval of the shareholders by way of a Special Resolution in General Meeting, if, the aggregate remuneration payable to such directors exceeds 5% of the net profits of the Company, as calculated under section 198 of the Companies Act, 2013 where there is more than one such Director, hence the special resolution for his appointment is proposed

The details of Mr. Jasvinder Singh, as required to be given pursuant to Listing Regulations, 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. Jasvinder Singh the appointee himself, Mr. Maninder Singh and Mr. Harwinder Singh being the appointee's relatives, none of the Directors / Key Managerial Personnel of the Company / their relatives is concerned or

interested, financially or otherwise, in the resolution set out at item no 9

**ITEM NO 10 OF SPECIAL BUSINESS**

Mr. Ranbir Singh was reappointed as Wholetime Director of the Company pursuant to the approval of shareholders in their meeting held on 15th September, 2018 for period of 5 years w.e.f 1st April 2018 to March 31, 2023. The Board of Directors of the Company in its meeting held on July 24, 2021, after the resignation of Mr. Gursaran Singh as Managing Director of the Company and upon the recommendations of Nomination and Remuneration Committee, had appointed Mr. Ranbir Singh as Managing Director & CEO of the Company, subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company on such remuneration as provided in the resolution appointing Mr. Ranbir Singh as Managing Director of the Company. He is having an experience of more than 38 years in the auto components industry and he has been the Director of the Company since its inception and Whole Director and CEO of the Company from last fourteen years and the Company has gained immensely from his experience. He has been the face of the Company before different forums and has played a vital and active role in making the Company attain new heights. With increase in the business operations of the Company and legalities involved in running the business the Board has decided to appoint him as the Managing Director of the Company so that the Company continues to gain from his experience in the time to come. In terms of the Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) regulation, 2018 issued on May 9, 2018 ("Amended Listing Regulations"), the remuneration payable to the Executive Directors who are promoters or are the members of the Promoter Group, shall be subject to the approval of the shareholders by way of a Special Resolution in General Meeting, if, the aggregate remuneration payable to such directors exceeds 5% of the net profits of the Company, as calculated under section 198 of the Companies Act, 2013 where there is more than one such Director, hence the special resolution for his appointment is proposed

The details of Mr. Ranbir Singh, as required to be given pursuant to Listing Regulations, Secretarial Standards 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.

## Notice (Contd.)

### MEMORANDUM OF INTEREST

Except Mr. Ranbir Singh the appointee himself, Mr. Gursaran Singh, Mr. Gurdeep Singh and Mr. Kulwin Seehra being the appointee's relatives, none of the Directors / Key Managerial Personnel of the Company / their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no 10

### ITEM NO 11 OF SPECIAL BUSINESS

Mr. Maninder Singh was appointed as an additional director of the Company by the Board of Directors of the Company, upon the recommendations of the Nomination and Remuneration Committee of the Board, in its meeting held on July 24, 2021 to fill the casual vacancy created by the death of Mr. Rachhpall Singh erstwhile Chairman of the Company. The Board of Directors in the same meeting further appointed Mr. Maninder Singh Seehra as the Executive Director of the Company on such remuneration as provided in the resolution appointing Mr. Maninder Singh Seehra as Executive Director of the Company upon the recommendations of Nomination and Remuneration Committee from July 26, 2021 to March 31, 2026 subject to the approval of the shareholders in the 28th Annual general Meeting. Mr. Maninder Singh is having an experience of more than 35 years in the auto components industry. In terms of the Regulation 17(6)(e) of the SEBI (Listing Obligations and

Disclosure Requirements) (Amendment) regulation , 2018 issued on May 9, 2018 ("Amended Listing Regulations"), the remuneration payable to the Executive Directors who are promoters or are the members of the Promoter Group, shall be subject to the approval of the shareholders by way of a Special Resolution in General Meeting, if, the aggregate remuneration payable to such directors exceeds 5% of the net profits of the Company, as calculated under section 198 of the Companies Act, 2013 where there is more than one such Director, hence the special resolution for his appointment is proposed

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

The Board recommends the Special Resolution as set out at Item No 11 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. Maninder 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 11.

## Notice (Contd.)

Details of the Directors Seeking appointment / Reappointment at the forthcoming Annual General Meeting (in Pursuance of Regulation 36(3) of the SEBI (LODR), Regulations, 2015 as at 31<sup>st</sup> March, 2021.

Name of Director and DIN	Mr. Gursaran Singh (DIN 00805558)	Mr. Jasvinder Singh (DIN 01831572)	Mr. Ranbir Singh (DIN 01572708)	Mr. Maninder Singh (DIN : 01610746)	Mr. Kulwin Seehra (DIN: 03522812)
a) Date of Birth	20-04-1936	26-07-1958	04-12-1961	08-12-1959	02-11-1986
a) Nationality	Indian	Indian	Indian	Indian	Indian
b) Qualification	FA	Graduate	Graduate	Graduate	Graduate
c) Shareholding in the Company	17,39,339 Equity Shares 8.10%	32,83,600 15.30 %	31,97,348 14.90 %	24,40,300 11.37 %	2,12,750 0.99%
d) Directorship in other Listed Companies	NIL	NIL	1. Sukhjit Starch and Chemicals Limited	NIL	NIL
e) Membership in committees of other Listed Companies	NIL	NIL	1. Chairman - Audit Committee of Sukhjit Starch & Chemicals Limited 2. Chairman - N & R Committee of Sukhjit Starch & Chemicals Limited 3. Chairman - Stakeholder Relationship Committee	NIL	NIL
f) Date of appointment	Mr. Gursaran Singh has been appointed as Executive Chairman w.e.f 26 <sup>th</sup> July, 2021	Mr. Jasvinder Singh has been appointed as Executive Vice Chairman w.e.f 26 <sup>th</sup> July, 2021	Mr. Ranbir Singh has been appointed as Managing Director w.e.f 26 <sup>th</sup> July, 2021	Mr. Maninder Singh has been appointed as Additional Director w.e.f 24 <sup>th</sup> July, 2021 and Executive Director w.e.f 1 <sup>st</sup> August, 2021	Mr. Kulwin Seehra has been appointed as Director on 1 <sup>st</sup> April, 2011.
g) Experience in Specific Functional area	Mr. Gursaran Singh has vast experience of more than 60 years in the auto component industry.	Mr. Jasvinder Singh experience of more than 38 years in the auto component industry.	Mr. Ranbir Singh has experience of more than 35 years in the auto component industry.	Mr. Maninder Singh has an Experience of more than 35 years in Auto Component Industry and he has worked various group units of the GNA group in different capacities.	Mr. Kulwin Seehra has an experience of more than 10 years.
h) Disclosure of relationship between Directors	Except Mr. Ranbir Singh and Mr. Gurdeep Singh, none of the Directors of the Company is related to Mr. Gursaran Singh.	Except Mr. Maninder Singh and Mr. Harwinder Singh, none of the Directors of the Company is related to Mr. Jasvinder Singh	Except Mr. Gursaran Singh, Mr. Gurdeep Singh and Mr. Kulwin Seehra none of the Directors of the Company is related to Mr. Ranbir Singh.	Except Mr. Jasvinder Singh none of the Directors of the Company is related to Mr. Maninder Singh.	Except Mr. Ranbir Singh none of the Directors is related to Mr. Kulwin Seehra.



# Management Discussion and Analysis Report

## COVID-19 UPDATE

The unprecedented COVID-19 outbreak has significantly impacted economies across the globe and India is no exception. With the strict lockdown imposed at the beginning of the Financial Year 2020-21, demand and supply were disrupted in India. However, the impact of the lockdown and economic disruption was different in different sectors. Agriculture and allied services, the sector in which your Company operates, was classified under essential goods and services and operations were allowed during the lockdown. Therefore, the manufacturing plants of your Company were functional from April 2020, after obtaining the necessary approvals from the relevant Government authorities.

## OVERVIEW

The Company manufactures and markets Rear Axle Shafts, Spindles and Drive Shafts for Tractors and Commercial Vehicles. The Business of the Company is predominantly dependent on the prospects of the Tractor and Commercial Vehicle Industry, both in India and abroad. The year under review was the toughest and started with an extreme negative outlook. The plants of the Company remained closed for most part of April of last year and were opened in a gradual manner from last week of April onwards complying the prescribed guidelines. In the last 10 days, just before the closing of the year, the business has again witnessed tough situation as Covid - 19 second wave started affecting the general public with alarming speed. During the year, the prices of the primary Raw Material i.e steel continued to rise throughout the year and this increase in prices was steepest. However, the Company was able to come out of these two extreme adverse situations with unparalleled performance where the profit of the Company was highest in its 28 years of operations. The business of the Company starting from June 2020 remained positive both in domestic as well as export markets. Your Company was able to successfully navigate the challenges of growing the business during the pandemic while improving profitability significantly during the year. In spite of Covid-19 second wave, the Company is optimistic about further growth prospects. We are quite hopeful that the Company will be able to tide over these turbulent times and will be able to achieve new heights in future.

## INDUSTRY OVERVIEW

### Tractors

Your Company is a premier supplier of Rear Axle Shafts for the tractors and the year 2020-21 has been a very strong year for the tractor industry as the overall tractor sales went up from

7,85,059 to 9,88,028 this year when compared with the year 2019-20. This incredible growth resulted in total domestic sales of 8,99,407 tractors and export of 88,621 tractors which resulted in an overall sales growth of 25.85 % during 2020-21, surpassing all expectations and projections, when contrasted with 2019-20. The Domestic tractor sales went up to 8,99,407 tractors thus showing growth of 27.57%. This growth looks commendable when we also consider the fact that the country was under strict lockdown during the first 2 months of the financial year 2020-2021.

### Domestic tractor sales in last Five fiscal years:

Fiscal year	Total domestic sales	% change
FY 17	582,884	18
FY18	711,478	22
FY19	786,381	10.5
FY20	705,018	- 11.54
FY21	899,407	27.57

The growth in the demand of Tractors during the year helped your Company to increase its domestic sales as compared to the previous year. Healthy farm cash flows across regions, stable crop prices, supported by government's focus on procurement, and healthy reservoir levels and government support programmes (including direct benefit transfers) supported the industry demand. All these factors helped the industry record a growth in volumes of 25-26 per cent in FY21 and touch an all-time high

### Commercial Vehicles

The Commercial Vehicle sector was already going through a slowdown when the COVID-19 pandemic struck. A stringent nationwide lockdown from March last year to curb the spread of coronavirus infections led to auto companies not selling a single vehicle in April last year. Hit by the COVID-19 pandemic, commercial vehicle (CV) sales in India fell nearly 21 per cent in fiscal year 2020-21, while sales of passenger vehicles declined 2 per cent. Total CV sales declined 20.77 per cent to 5,68,559 units in FY21 as against 7,17,593 units in 2019-20, as per the data released by the Society of Indian Automobile Manufacturers (SIAM). The First half of the year was very much lean and slow with regard to the demand of the Commercial Vehicles in aftermath of the lockdown while we witnessed a recovery in Q3 and Q4 of 2020-21. The bus segment was down 78% last year as the public preferred to avoid public transport means and preferring their own mode of transport in wake of the pandemic and school and colleges also remained closed for most part of the year. During the last financial year the CV the demand from the CV Industry both in Europe and North America was slow, which are the key markets for your Company. The demand however, gradually

## Management Discussion and Analysis Report (Contd.)

picked up in the later half of the year and the pandemic slowed down and the demand for transport vehicles revived in these geographies.

### 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			
	2020-2021		2019-2020	
	Domestic	Exports	Domestic	Exports
Rear Axle Shafts	15.42	12.30	11.47	14.46
Spindles	1.64	3.05	1.34	3.84
Drive Shafts	1.86	1.29	1.36	1.38
<b>Total</b>	<b>18.92</b>	<b>16.64</b>	<b>14.17</b>	<b>19.68</b>

#### Segment wise distribution

Segments	No. of Pcs in Lacs			
	2020-2021		2019-2020	
	Domestic	Exports	Domestic	Exports
Off Highway	16.33	2.47	12.32	2.63
CV	2.58	14.17	1.83	17.05
<b>Total</b>	<b>18.91</b>	<b>16.64</b>	<b>14.15</b>	<b>19.68</b>

#### Geography-wise Revenue

	In Cr.	
	2020-21	2019-20
Exports	493.57	564.40
Domestic	388.77	308.14
<b>Total</b>	<b>882.34</b>	<b>872.54</b>

Financial Highlights	Amount (₹ in Cr)	
	2020-21	2019-20
Total operating Revenue	889.59	909.02
Profit Before Depreciation, Interest and Tax	145.34	125.79
Financial Costs	8.54	13.59
Depreciation	40.72	42.36
Profit before Tax	96.08	69.84
Tax Expense		
- Current	25.50	19.84
- Deferred	(0.07)	(2.75)
Profit after tax	70.65	52.75
Earnings Per Share		
- Basic	32.91	24.58
- Diluted	32.91	24.58

#### Future Outlook

The International Monetary Fund (IMF) has sharply scaled down India's economic growth projection by 300 basis points to 9.5 per cent for the current financial year from 12.5 per cent estimated earlier in April. IMF said the downward revision is owing to "lack of access to vaccines" and possibility of renewed waves of coronavirus. IMF's projections for India in the current fiscal are similar to

## Management Discussion and Analysis Report (Contd.)

the Reserve Bank of India's (RBI's), but moderately optimistic than those of World Bank. The World Bank projected India's economy to grow at 8.3 per cent in 2021 and 7.5 per cent in 2022, even as its recovery is being hampered by an unprecedented second wave of the COVID-19.

Tractor demand is expected to marginally improve at 4-6% in FY22 on account of healthy reservoir level, higher rabi realisation and expected pick up in commercial demand especially for eastern states. Industry representatives and experts see tractor sales momentum continuing in FY22 too. Tractor demand is expected to remain strong as rabi harvesting is progressing well along with the onset of sowing of summer crops in select markets. We also expect the Commercial Vehicle demand to see an uptick from the second half of the current fiscal. The Export markets are doing well and we hope that the momentum will continue over there. The increase in demand of both tractors and commercial vehicles will increase the demand for the products of the Company by the OEM's and the Company will be able to achieve higher sales and profitability in the present year also. Soon, with our unified resolve and commitment to win over this pandemic, we will fight back and will convert challenges into opportunities.

While we de-grew last year, we believe that the Indian economy will come back stronger this year. A strong growth in GDP bodes well for a strong performance in the CV industry. CRISIL has estimated that the CV industry will grow at a healthy rate of 34 - 36%, on account of low base, for the year 2021-22. This was based on the continued focus on infrastructure and roads by the government and the improved demand from Q3 2020-21 which should provide a strong base for growth in 2021-22. The Indian government has planned to invest 35% more in infrastructure versus FY 2020-21 in the budget announced in February. This bodes well for the CV industry, especially the medium and heavy commercial vehicle segment. The government is also pushing state government transport undertakings to move to the PPP model to efficiently operate buses across India. The scrapping policy may also have a minor positive impact on the prospects of the CV industry this year. We hope that all the factors above will help the CV Industry to grow and which will help our Company to expand its business.

### Opportunities and Threats

It is expected that India will grow faster and ahead of the other economies of the World in the current decade which will give rise to new and manifold opportunities. The Auto component Industry is going to be a big beneficiary of India being made a global hub of Automobile and Auto Component

manufacturing. Adapting to the required changes to grab the new opportunities, the Company will be in a strategic position to reap the benefits of globalisation and sourcing of auto components from India by the global OEM's.

The Auto Component Industry continues to face business risks related to the higher input costs, supply chain and changing customer preferences. Any delay in the economic recovery coupled with increase in the commodity prices and forex volatility are some of the major risks and headwinds which are being confronted.

### 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 endeavor towards quality commitment, efficiency and deliveries.

- In-house execution of manufacturing processes to monitor product quality, control production costs and maintain delivery schedules
- Trained and certified several employees with Six Sigma Certified Black Belts (Level I).
- Improving forging efficiency to increase capacity utilisation
- Better relations with vendors for achieving quality, costs and delivery objectives with the help of regular vendor Audits.
- Centralised approach towards sourcing and vendor management ensuring economies of scale in raw material procurement, especially steel

## Management Discussion and Analysis Report (Contd.)

- 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 realises 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 authorised, 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 organisation. 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. The assessments, strategies and prospects presented by your Company in this report are to be read in the context of the changing business environment.



# Annual Business Responsibility Report (2020-21)

## 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	<a href="http://www.gnagroup.com">www.gnagroup.com</a>
5	Email Address	gjain@gnagroup.com
6	Financial Year Reported	2020-2021
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 14 countries around the world

## PART B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	21.47 Cr
2	Total Turnover	891.06 Cr.
3	Total profit after taxes	70.65 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

<b>1</b>	<b>Details of Directors (s) responsible for BR</b>	
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
	Designation	Wholetime Director
	Telephone Number	01882-262273
	Email ID	<a href="mailto:kulwin@gnagroup.com">kulwin@gnagroup.com</a>

## PREFACE

Securities and Exchange Board of India has mandated that top 1000 listed entities based on market Capitalisation are required to submit Business Responsibility Report (BRR) along with their Annual Report for the year 2020-2021. 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 (2020-21) (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 organisation 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 localising 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 utilise 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 RainWater Harvesting Systems (RWH) within our premises.

## Annual Business Responsibility Report (2020-21) (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, 2021, the Company had a total of 1,344 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 recognised 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 168 employees and 7 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 marginalised.**

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 marginalised 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 utilise 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 (2020-21) (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 utilised 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 organisations 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 April / May 2021 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 organising the Health Checkup 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 ₹ 126.35 Lakhs 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 28th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended March 31, 2021.

## FINANCIAL RESULTS AND ANALYSIS

The Financial results for the year are as under:-

Particulars	Amount (₹ in Lacs)	
	Year ended on March 31, 2021	Year ended on March 31, 2020
Net operating Revenue	88,959.26	90,901.58
Other Income	146.89	126.96
Profit Before Depreciation, Interest and Tax	14,534.48	12,579.35
Financial Costs	854.43	1359.43
Profit before Depreciation and Tax	13,680.05	11,219.92
Depreciation	4,071.94	4,235.80
Profit before Tax	9,608.12	6,984.12
Tax Expense		
- Current	2,550.00	1,984.00
- Deferred	(7.19)	275.36
Profit after tax	7,065.31	5,275.48
Earnings Per Share (in ₹)		
- Basic	32.91	24.58
- Diluted	32.91	24.58

## FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

### SALES

Revenue from operations decreased by ₹ 1942.32 Lacs to ₹ 88,959.26 Lacs for the Fiscal 2021 from ₹ 90,901.58 Lacs for the Fiscal 2020, or a decrease of 2.14%. Export sales decreased by ₹ 4,155.63 Lacs to ₹ 52,284.70 Lacs for the Fiscal 2021 from ₹ 56,440.33 Lacs for the Fiscal 2020 due to the slowdown in the overseas market. Domestic sales increased by ₹ 3,662.78 Lacs to ₹ 3,4476.94 Lacs in the Fiscal 2021 from ₹ 30,814.16 Lacs in the Fiscal 2020 thereby showing an increase of 11.89% owing to better demand of the Company's products in the domestic auto industry.

### PROFITABILITY

The Company earned Profit before Tax of ₹ 9608.12 Lacs during the year under review against ₹ 6984.11 Lacs for the Fiscal 2020 showing an increase of 37.57%.

Profit after tax increased by ₹ 1789.83 Lacs to ₹ 7065.31 Lacs for the Fiscal 2021 from ₹ 5275.47 Lacs for the Fiscal 2020 thereby showing an increase of 33.93%.

## RESOURCE UTILISATION

### Property Plant & Equipment

The property, plant & Equipment (including capital work

in progress) as at March 31, 2021 were ₹ 29476.70 Lacs as against previous year's value of ₹ 30549.43 Lacs.

### Current Assets

The net current assets as on March 31, 2021 were ₹ 27922.57 Lacs as against ₹ 22747.63 Lacs in the previous year.

### DIVIDEND

The Board of Directors in its meeting held on April 23, 2021 had recommended a dividend @ 50.00% i.e of ₹ 5.00/- per Equity Share of ₹ 10/- each (Previous year NIL per Equity Share) comprising of 25.00% as normal dividend for the financial year 2020-2021 and 25.00% as One time Special Dividend to the shareholders of the Company for their consideration and approval at the ensuing Annual General Meeting of the Company. The dividend @ 50.00%, if approved at the forthcoming Annual General Meeting, will result in the outflow of ₹ 1073.27 Lacs.

### SHARE CAPITAL

The paid up Equity Share Capital of the Company as on March 31, 2021 stood at ₹ 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, 2021.

**Director's Report (Contd.)****SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

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

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

**CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company prepared after consolidating the accounts of the Subsidiary Company M/s GNA Axles Inc. are provided in this Annual Report.

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

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

**CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:**

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

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

The disclosures under Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules 2014 i.e. Annual Report on CSR activities for Financial Year 2020-21 is attached herewith as Annexure 2.

**RISK MANAGEMENT**

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

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 except 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 2020-2021.

**DIRECTORS**

In accordance with provisions of the Articles of Association of the Company, Mr. Gursaran Singh, Mr. Kulwin Seehra and Mr. Jasvinder 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.

Mr. Rachhpall Singh Chairman of the Company passed away on July 15, 2021 after a brief illness. The Board of Directors in its meeting held on July 24, 2021, upon the recommendations

## Director's Report (Contd.)

of the Nomination and Remuneration Committee of the Board, had appointed Mr. Gursaran Singh as Executive Chairman of the Board, Mr. Jasvinder Singh as Executive Vice Chairman and Mr. Ranbir Singh Managing Director of the Company w.e.f July 26, 2021 subject to the approval of the shareholders at the ensuing Annual General Meeting. Consequent upon their appointments / elevations Mr. Gursaran Singh, Mr. Jasvinder Singh and Mr. Ranbir Singh resigned from their earlier posts of Managing Director, Jt. Managing Director and Wholetime Director of the Company respectively after the close of business hours on July 24, 2021.

The Board of Directors in the same meeting, upon the recommendations of the Nomination and Remuneration Committee of the Board, had appointed Mr. Maninder Singh Seehra as Additional Director on the Board, w.e.f July 24, 2021, to fill the casual vacancy created by the passing way of Mr. Rachhpall Singh. Further the Board of Directors also appointed Mr. Maninder Singh Seehra as Executive Director w.e.f August 1, 2021 to March 31, 2026, subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board recommends the above appointments, to the shareholders at the ensuing Annual General Meeting.

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

WholeTime Key Managerial Personnel of the Company	Designation
Gursaran Singh	Managing Director (Appointed as Executive Chairman w.e.f July 26, 2021 by the Board in its meeting held on July 24, 2021.)
Jasvinder Singh	Jt. Managing Director (Appointed as Executive Vice Chairman w.e.f July 26, 2021 by the Board in its meeting held on July 24, 2021.)
Ranbir Singh	Wholetime Director & CEO (Appointed as Managing Director & Chief Executive Office w.e.f July 26, 2021 by the Board in its meeting held on July 24, 2021.)
Rakesh Kumar	Chief Financial Officer (CFO)
Gourav Jain	Company Secretary (CS)

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

### Declaration under Section 149(6):

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

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

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

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

### Familiarisation programmes for Board Members:

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

### Board Evaluation:

The Company has put in place the policy for performance evaluation of the Individual Directors of the Company and the Board as a whole including the Chairman of the Company. The meeting of the Independent Directors of the Company for the year 2020-2021 was held on January 11, 2021 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 hold office from the conclusion of this Annual General Meeting till the conclusion of the next

**Director's Report (Contd.)**

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 March 31, 2021.

The Auditor's 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 2020-21. 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 2020-21, the Board met 4 times on May 19, 2020, July 17, 2020, October 12, 2020 and January 11, 2021.

**AUDIT COMMITTEE DISCLOSURES:****Composition of Audit Committee:**

The Audit Committee comprises of four directors i.e. Air (Cmde.) Shailindra Singh Kaushik (Retd.) - Independent Director, Mr. Jaswinder Singh Johal - Independent Director, Mr. Ajit Singh Walia - Independent Director and Mr. Ranbir Singh Wholetime Director & CEO. Air (Cmde.) Shailindra Singh Kaushik (Retd.) is the Chairman of the committee and Mr. Gaurav Jain is Secretary of the Committee.

**Vigil Mechanism and Whistle Blower Policy**

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

The Policy on Vigil Mechanism as approved by the Board of Directors can be accessed on the Company's website at the link: <http://gnagroup.com/wp-content/uploads/2015/09/VIGIL-MECHANISM-POLICY.pdf>

**DIVIDEND DISTRIBUTION POLICY**

The Board of Directors of the Company in their meeting held

on April 23, 2021 had adopted and approved the Dividend Distribution policy of the Company and the same is annexed as Annexure - 5 to this Report.

**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 6.

**ANNUAL RETURN**

In terms of the provisions of section 92(3) of the Companies Act, 2013 read with Companies (Amendment) Act 2017 and the relevant rules made thereunder, a copy of the Annual Return as prescribed under Section 92 of the Companies Act, 2013 as amended shall be made available at the website of the Company [www.gnagroup.com](http://www.gnagroup.com) under the investor relations tab on the website of the Company.

**HUMAN RESOURCES/INDUSTRIAL RELATIONS:**

For your Company its Human Resources are its most important assets. It has been the endeavor of the Company to attract and retain talent. Performance management is the key word for the Company. The Industrial relations have been peaceful and harmonious in both the plants of the Company during the year under review. As on March 31, 2021, 1344 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 7 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:



## Director's Report (Contd.)

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

**Ranbir Singh**  
Wholetime Director & CEO

Date: July 24, 2021

Place: Mehtiana

## Annexure - I

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

## Part A

Amount in ₹

Particulars	GNA Axles Inc. (Current Year)
a) Reporting period of subsidiary concerned, if different from the holding Company's reporting period.	NA
b) Reporting currency and exchange rate as on the last date of the relevant financial year in case of foreign subsidiaries	USD, Exchange Rate 1 USD = ₹ 73.5047
c) Capital	73504.70
d) Reserves	(1789022.81)
e) Total Assets	98577.89
f) Total Liabilities	98577.89
g) Details of investments (Except in case of investment of subsidiaries)	NIL
h) Turnover (net)	NIL
i) Profit before taxation	(293344.76)
j) Provision for taxation	0.00
k) Profit after taxation	(293344.76)
l) Proposed dividend (including tax thereon)	0.00
m) % of shareholding	100.00

## Annexure - 2

**ANNUAL REPORT ON CSR ACTIVITIES PURSUANT TO RULE 8 OF COMPANIES  
(CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014**

**1. Brief Outline on CSR Policy of the Company**

The Company has identified the following areas as the thrust areas under its CSR policy:-

- i. Eradicating hunger and providing for healthcare.
- ii. Empowerment of Women.
- iii. Promoting Education
- iv. Promotion of sports
- v. Rural Development
- vi. Any other project / programme pertaining to the activities listed in the Schedule VII of Companies Act, 2013 and Companies (CSR) Rules, 2014.

**2. Composition of CSR Committee**

As at March 31, 2021, the Corporate Social Responsibility Committee comprised of 3(three) Members of the Board, 2(Two) of which were Independent Directors and 1(One) was Executive. The Chairman of the Committee is an Independent Director.

Sl. No.	Name and Designation/ Nature of Directorship	Total No. of CSR Committee Meetings held during the year - 1 Attendance in CSR Committee Meeting held on July 17, 2020
1.	Air(Cmde.)Mr. Shailindra Singh Kaushik(Retd.)	Present
2.	Mr. Ranbir Singh	Present
3.	Mr. Anish Kumar Dhingra	Present

## Annexure - 2 (Contd.)

**3. Provide the web-link where Composition of CSR Committee, CSR Policy or CSR projects approved by the Board are disclosed on the website of the Company**

CSR Committee - [www.gnagroup.com](http://www.gnagroup.com)

CSR Policy - [www.gnagroup.com](http://www.gnagroup.com)

CSR Programmes - [www.gnagroup.com](http://www.gnagroup.com)

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not applicable for financial year 2020-21.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - NIL**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
<b>TOTAL</b>			

**6. Average net Profit of the Company as per Section 135(5) - ₹ 82.81 Cr.**

7. (a) Two percent of average net profit of the Company as per section 135(5) ₹ 165.63Lacs Cr.  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL  
 (c) Amount required to be set off for the financial year, if any : NIL  
 (d) Total CSR obligation for the financial year (7a+7b-7c) ₹ 165.63 Lacs

8. (a) CSR spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹ Lacs)	Amount Unspent (in ₹ Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second provision to section 135(5)		
	Amount	Date of Transfer	Name of the fund	Amount	Date of Transfer
95.29	69.34 Lacs	April 28, 2021	NA	Nil	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project	Project Duration	Amount allocated for the project (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration Number
<b>TOTAL</b>											

(c) Details of CSR Amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Project Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the Project		(6) Amount spent for the Project (in ₹ Lacs)	(7) Mode of Implementation Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Regn No., If already registered
1	Covid 19 (Providing food kits and relief material)	Clause (1)	Yes	Punjab	Kapurthala, Jalandhar, Hoshiarpur	2.00	Yes	-	-
2.	Bibi Kaulan Ji Bhalai kender Trust	Clause (i)	Yes	Punjab	Amritsar, Jalandhar, Kapurthala	80.00	No	Bibi Kaulan Ji Bhalai kender Trust	CSR00009149
3	K L Saigal Memorial Trust	Clause (ii)	Yes	Punjab	Jalandhar	15.00	No	Bibi Kaulan Ji Bhalai kender Trust	-
4	Shri Guru Gobind Singh Ji Welfare Trust	Clause (II)	No	Maharashtra	Nanded	10.00	No	Shri Guru Gobind Singh Ji Welfare Trust	-
5	Doaba Football Club	Clause (vii)	Yes	Punjab	Hoshiarpur	1.35 Lacs	No	Doaba Football Club	-
6	Royal Commonwealth Society for the Blind	Clause (ii)	Yes	Punjab	Hoshiarpur	1.00	No	Royal Commonwealth Society for the Blind	-
8	Shaheed Bhagat Singh Sewa Dal	Clause (i)	Yes	Punjab	Kapurthala	2.50	No	Shaheed Bhagat Singh Sewa Dal	-
9	Mata Sobhi Ji Charitable trust	Clause (i)	Yes	Punjab	Kapurthala	0.50	No	Mata Sobhi Ji Charitable trust	-
10	Welfare Association Housing Board Colony	Clause (iii)	Yes	Himachal Pradesh	Kangra	6.00	No	Welfare Association Housing Board Colony	-
11	Helpage International Charitable Trust	Clause (iii)	Yes	Punjab	Kapurthala, Jalandhar	7.00	No	Helpage International Charitable Trust	-
12	Hoshiarpur Litreary Society	Clause (ii)	Yes	Punjab	Hoshiarpur	1.00	No	Hoshiarpur Litreary Society	-

**TOTAL AMOUNT SPENT = ₹ 126.35 Lacs**

- (d) Amount spent in Administrative Overheads : NIL
- (e) Amount spent on Impact Assessment, if applicable :NIL
- (f) Total Amount spent for the Financial Year (8b+8c+8d+8e) : 126.35 Lacs
- (g) Excess amount for set off, if any : NIL

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	



## Annexure - 2 (Contd.)

9. (a) Details of unspent CSR amount for the preceding three financial year(s) :

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the fund	Amount (in ₹)	Date of transfer	
1.	2019-2020	-	30.06 Lacs	-	-	-	NIL
2.							
3.							
<b>TOTAL</b>							

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total Amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed/ Ongoing
1.	-	-	-	-	-	-	-	-
2.								
3.								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year. NIL

Date of creation or acquisition of the capital asset(s)	Amount of CSR spent for creation or acquisition of capital asset (₹ in Cr.)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
	NIL	NIL	NIL

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5). - NA

Date : July 24, 2021

Place : Mehtiana

Air (Cmde.) Shailindra Singh Kaushik (Retd.)

Chairman CSR Committee

**NOMINATION AND REMUNERATION POLICY****of  
GNA AXLES LIMITED****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 current Indian market in accordance with applicable laws;

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

**3. MEMBERSHIP:**

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

**4. CHAIRMAN:**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

**Annexure - 3 (Contd.)**

- 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

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

for the financial year ended March 31, 2021

[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 March 31, 2021 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 March 31, 2021 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, 2018.
  - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
  - 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, 2018. [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 no events/actions, having major bearing on the Company's affairs in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

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

**Harsimran Kaur  
Proprietor**

Dated: July 24, 2021  
Place: Jalandhar

M. No: FCS-8174, C.P No: 9252  
UDIN: F008174C000680901

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**

Dated: July 24, 2021

Place: Jalandhar

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

UDIN: F008174C000680901

# Annexure 5

## Dividend Distribution Policy of GNA Axles Limited

### PREAMBLE

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (the **"Regulations"**) mandated top five hundred listed companies, to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website. Other Companies can opt for the policy on voluntary basis.

The policy, in the interest of providing transparency to the shareholders, sets out the circumstances and different factors for consideration by the Board at the time of deciding on distribution or of retention of profits. In view of the said requirement, the Board of Directors of the Company recognizes the need to lay down a broad framework with regard to the distribution of dividend to its shareholders and utilisation of the retained earnings. The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for the business needs and growth of the Company.

The Company would ensure to strike the right balance between the quantum of the dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will have regards to this policy while declaring/recommending dividends on the behalf of the Company. Through this policy, the Company would strive to maintain a consistent approach to dividend pay-out plans.

The Board of Directors (the **"Board"**) of GNA Axles Limited (the **"Company"**) at its meeting held on April 23, 2021 has adopted this Dividend Distribution Policy (the **"Policy"**), pursuant to the terms of Regulation 43A of the SEBI (LODR) Regulations, 2015. The policy shall become effective from the date of its approval by the Board i.e. April 23, 2021.

### 2. DEFINITIONS

1. **"Board"** shall mean Board of Directors of the Company;
2. **"Companies Act"** shall mean the Companies Act, 2013 and Rules there under, notified by the Ministry of Corporate Affairs, Government of India, as amended;
3. **"Dividend"** includes any interim dividend;
4. **"Listed Entity / Company"** shall mean GNA Axles Limited;
5. **"Policy"** means Dividend Distribution Policy;
6. **"Stock Exchange"** shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (regulation) Act, 1956.

### 3. POLICY

#### A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

The dividend pay-out decision of the Board depends upon the following financial parameters, internal and external factors:

##### Financial parameters and Internal Factors:

1. Operating cash flow of the Company
2. Profit earned during the year
3. Profit available for distribution
4. Earnings Per Share ("EPS")
5. Working capital requirements
6. Capital expenditure requirements
7. Business expansion and growth
8. Likelihood of crystallisation of contingent liabilities, if any
9. Additional investment in subsidiaries and associates of the Company
10. Creation of contingency fund
11. Acquisition of brands and business
12. Cost of Borrowings
13. Need for conservation of cash due to economic downturn
14. Past dividend payout ratio / trends

##### External Factors:

1. Economic environment
2. Government regulations
3. Global conditions
4. Statutory provisions and guidelines

#### B. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities, government policies & regulations and other relevant factors (as mentioned elsewhere in this policy) and accordingly declare dividend in any financial year.

The shareholders of the Company may not expect dividend under certain circumstances including the following,

- In the event of inadequacy of profits or whenever the Company has incurred losses;
- Significant cash flow requirements towards higher working capital requirements / tax demands / or others, adversely impacting free cash flows;
- An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- Allocation of cash required for buy-back of securities;
- Any of the internal or external factors restraining the Company from considering dividend.

**C. UTILIZATION OF THE RETAINED EARNING**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilisation of the retained earnings of the Company shall be based on the following factors:

1. Product expansion plan
2. Increase in production capacity
3. Increase in the market footprint
4. Modernisation plan
5. Diversification of business
6. Replacement of capital assets
7. High Cost of Debt

**D. RATE/ QUANTUM OF DIVIDEND:**

The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business, to the shareholders, in the form of dividend. The Company would maintain a dividend pay-out as may be determined by the Board from time to time, considering the general business factors and other significant parameters specified in this policy.

**E. MANNER OF DIVIDEND PAYOUT**

**In case of final dividend:**

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of

declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

**In case of interim dividend:**

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

**F. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue any other classes of shares.

**4. CONFLICT IN POLICY**

In the event of any conflict between this Policy and the provisions contained in the regulations, the regulations shall prevail.

**5. DISCLOSURES**

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. [www.gnagroup.com](http://www.gnagroup.com).

**6. POLICY REVIEW AND AMENDMENTS**

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.



## Annexure 6

### 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, 2021.

#### CONSERVATION OF ENERGY

The Company has been taking adequate measures for the conservation of energy by ensuring the optimum utilisation 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 organisation 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.
- Mobilisation/ Gearing up of the existing as well as new markets keeping in view the ongoing expansions.

**Annexure - 6 (Contd.)****Total Foreign Exchange earned and used :**

	( ₹ in Lacs)	
	<b>Current Year</b>	<b>Previous Year</b>
Earnings in Foreign Exchange	52284.70	56440.33
Foreign Exchange Outgo	2240.29	5538.88

**For And on Behalf of the Board****Gursaran Singh**  
Managing DirectorDate: July 24, 2021  
Place: Mehtiana**Ranbir Singh**  
Wholetime Director & CEO

## Annexure - 7

### 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 of employees for the Financial Year is ₹ 1.49 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 RS. IN LACS)	RATIO TO MEDIAN REMUNERATION
1.	Mr. Rachhpall Singh - Executive Chairman	75.60	50.74
2.	Mr. Gursaran Singh - Managing Director	75.60	50.74
3.	Mr. Jasvinder Singh - Wholetime Director	214.36	143.87
4.	Mr. Ranbir Singh - Wholetime Director	214.36	143.87
5.	Mr. Gurdeep Singh - Director	-	-
6.	Mr. Harwinder Singh - WholeTime Director	40.20	26.98
7.	Mr. Kulwin Seehra - Wholetime Director	40.20	26.98
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.	Air (Cmde.) Shailindra Singh Kaushik (Retd.) - 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.	Col. M S Atwal (Retd.) - 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.)	-	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 2020-21 compared to 2019-20

SR. NO	NAME & DESIGNATION OF DIRECTOR, CFO, CEO AND CS	REMUNERATION FOR THE YEAR ENDED 2020-21 (RS. IN LACS)	REMUNERATION FOR THE YEAR ENDED 2019-20 (RS. IN LACS)	% CHANGE
1.	Mr. Rachhpall Singh - Chairman & Wholetime Director	75.60	58.80	28.57
2.	Mr. Gursaran Singh - Managing Director	75.60	58.80	28.57
3.	Mr. Jasvinder Singh - Jt. Managing Director	214.36	186.96	14.66
4.	Mr. Ranbir Singh - Wholetime Director & CEO	214.36	186.96	14.66
5.	Mr. Gurdeep Singh - Director	-	-	-
6.	Mr. Harwinder Singh - WholeTime Director	40.20	34.43	16.76
7.	Mr. Kulwin Seehra - Wholetime Director	40.20	34.43	16.76
8.	Mr. Jasinder Singh Johal - Independent Director	-	-	NA
9.	Mr. Anish Kumar Dhingra - Independent Director	-	-	NA
10.	Air (Cmde.) Shailindra Singh Kaushik (Retd.) - Independent Director	-	-	NA
11.	Mr. Vikas Uppal - Independent Director	-	-	NA
12.	Col. M S Atwal (Retd.) - Independent Director	-	-	NA
13.	Mr. Ajit Singh - Independent Director	-	-	NA
14.	Mrs. Geeta Khanna - Independent Director	-	-	NA
15.	Lt. Gen. Praveen Bakshi (Retd.)	-	-	NA
16.	Mr. Rakesh Gupta - CFO	13.30	13.20	0.76
17.	Mr. Gourav Jain - CS	6.86	6.77	1.33

- III) The median remuneration of the employees has increased by 5.67% In 2020-2021 as compared to 3.68% in 2019-2020.
- IV) Number of permanent employees on the rolls of the Company during Financial Year 2020-21 was 1344 .
- 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 5.67% while the managerial remuneration increased by 17.83%. 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)	24.64 Lacs	Permanent	Graduate, 37 years	01.02.2018	62	GNA Udyog Limited	11.36%	Relative of Mr. Rachhpall Singh and Mr. Jasvinder Singh
2	Mrs. Loveleen Kaur	Sr. Vice President (Planning)	24.64 Lacs	Permanent	Graduate, 22 years	01.02.2018	58	-	0.032%	Relative of Mr. Ranbir Singh and Mr. Kulwin Seehra
3.	Mr. Pradeep Sharma	Sr. Vice President - Marketing	14.63 Lacs	Permanent	B.Com, 37 Years	16.05.1994	58	Guru Nanak Auto Enterprises Limited	0.00%	Not Related
4.	Mr. Satwinder Singh	Sr. Vice President - Projects	14.20 Lacs	Permanent	Diploma in Mechanical Engineering, 39 Years	01.03.2005	65	GNA Udyog Limited	0.0003%	Not Related
5.	Mr. Surinder Singh	Sr. Vice President - Works	13.54 Lacs	Permanent	Diploma in Mechanical Engineering 42 Years	16.05.1994	64	Guru Nanak Auto Enterprises Limited	0.00%	Not Related
6	Mr. Rakesh Kumar	CFO	13.30 Lacs	Permanent	B.Com, FCA 26 Years	06.05.2006	52	GNA Gears Limited	0.00%	Not Related
7	Mr. Manjit Singh Rihal	DGM - Exports	11.39 Lacs	Permanent	B.Com, 16 Years	01.11.2006	43	Genpact	0.04%	Not Related
8	Mr. G S Cheema	DGM - Personnel & HRD	10.63 Lacs	Permanent	B.Sc, LL.B 26 Years	16.05.1994	55	Guru Nanak Auto Enterprises Limited	0.00%	Not Related
9	Dr. Jaswant Singh	GM - Forging	10.02 Lacs	Permanent	Ph.d in Metal Forming 26 Years	16.05.1994	52	Guru Nanak Auto Enterprises Limited	0.00%	Not Related
10	Mr. Harish Kumar	GM- PPC	8.59 Lacs	Permanent	Graduate 35 Years	16.05.1994	56	Guru Nanak Auto Enterprises Limited	0.00%	Not Related

- II) Name of the employees who were employed throughout the Financial Year 2020-21 and were paid remuneration not less than ₹ 1.02 Cr per annum - NIL
- III) Name of employees who were employees in part during the Financial Year 2020-21 and were paid remuneration not less than rupees 8.50 Lacs per month - NIL.
- IV) Name of employees who were employees throughout the Financial Year 2020-21 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, 2021, 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 2020-21, the Board met Four (4) times on May 19, 2020, July 17, 2020, October 12, 2020 and January 11, 2021.

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, 2021 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
Mr. RACHHPALL SINGH	EXECUTIVE CHAIRMAN	2	NO	NIL	2	-	-
Mr. GURSARAN SINGH	MANAGING DIRECTOR	4	YES	2	-	2	-
Mr. JASVINDER SINGH SEEHRA	JT. MANAGING DIRECTOR	4	NO	2	-	-	-
Mr. RANBIR SINGH	EXECUTIVE DIRECTOR AND CEO	4	YES	4	-	-	3
Mr. GURDEEP SINGH	NON-INDEPENDENT AND NON EXECUTIVE DIRECTOR	4	YES	5	-	-	-
Mr. HARWINDER SINGH SEEHRA	EXECUTIVE DIRECTOR	4	YES	-	-	-	-
Mr. KULWIN SEEHRA	EXECUTIVE DIRECTOR	4	YES	1	-	-	-
Mr. ANISH KUMAR DHINGRA	INDEPENDENT DIRECTOR	4	NO	0	-	-	-
Mr. JASMINDER SINGH JOHAL	INDEPENDENT DIRECTOR	4	NO	-	-	-	-
Mr. VIKAS UPPAL	INDEPENDENT DIRECTOR	3	NO	2	-	-	-
Ms. GEETA KHANNA	INDEPENDENT DIRECTOR	4	NO	-	-	-	-
Air(Cmde.) SHAILINDRA SINGH KAUSHIK(Retd.)	INDEPENDENT DIRECTOR	4	YES	-	-	-	-
Mr. AJIT SINGH	INDEPENDENT DIRECTOR	2	NO	1	-	-	-
Col. MANBHUPINDER SINGH ATWAL (Retd.)	INDEPENDENT DIRECTOR	4	NO	-	-	-	-
Lt. Gen. PRAVEEN BAKSHI (Retd.)	ADDITIONAL INDEPENDENT DIRECTOR	4	NO	1	2	-	-



## CORPORATE GOVERNANCE REPORT (Contd.)

### 3. AUDIT COMMITTEE:

The Audit Committee of the Board of Directors was constituted in conformity with the requirements of the SEBI (LODR), Regulations, 2015 as well as Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are as set out in the SEBI (LODR), Regulations, 2015 and Section 177 of the Companies Act, 2013. The Audit Committee comprises of four directors viz. Air (Cmde.) Shailindra Singh Kaushik (Retd.), Mr. Ranbir Singh, Mr. Jaswinder 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 2020-21, the Audit Committee met Four (4) times on May 19, 2020, July 17, 2020, October 12, 2020 and January 11, 2021:

The attendance of the members of the Committee for the Financial Year 2020-21 is as under:

Committee Members	Category	No. of Audit Committee Meetings Attended
Air(Cmde.) Shailindra Singh Kaushik(Retd.)	Independent Director	4
Mr. Ranbir Singh	Executive Director	3
Mr. Jaswinder Singh Johal	Independent Director	4
Mr. Ajit Walia	Independent Director	2

### 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. Jaswinder Singh Johal, Mr. Gurdeep Singh and Mr. Vikas Uppal. Mr. Vikas Uppal is the chairperson of said Committee. During the Financial Year 2020-2021, the Committee met two times on May 19, 2020, and July 17, 2020.

The attendance of the members of the Committee for the Financial Year 2020-21 is as under:

Committee Members	Category	No. of Nomination & Remuneration Committee Meetings Attended
Mr. Vikas Uppal	Independent Director	2
Mr. Gurdeep Singh	Non-Independent and Non-Executive Director	2
Mr. Jaswinder Singh Johal	Independent Director	2

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

#### ii. Remuneration details:

##### a) Executive Directors:

The Company paid an amount of ₹ 660.32 Lacs as remuneration to the Executive Director(s) during the Financial Year 2020-2021 as given below:-

S. No	Name	Designation	Salary	Other Benefits	Gross Remuneration
1	Mr. Rachhpall Singh	Chairman & Wholetime Director	75.60	-	75.60
2	Mr. Gursaran Singh	Managing Director	75.60	-	75.60
3	Mr. Jasvinder Singh	Jt. Managing Director	214.36	-	214.36
4	Mr. Ranbir Singh	CEO & Wholetime Director	214.36	-	214.36

₹ in Lacs

## CORPORATE GOVERNANCE REPORT (Contd.)

S. No	Name	Designation	Salary	Other Benefits	Gross Remuneration
5	Mr. Harwinder Singh	Wholetime Director	40.20	-	40.20
6	Mr. Kulwin Seehra	Wholetime Director	40.20	-	40.20
	<b>Total</b>		<b>660.32</b>	-	<b>660.32</b>

The Employment of the Executive Directors is 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.

### b) Non-Executive Directors:

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

The details of the sitting fees paid to the Directors during the Financial Year 2020-21 is given below:-

SR. NO.	NAME OF THE DIRECTOR	SITTING FEE (₹)
1.	Mr. Anish Kumar Dhingra	52,000
2.	Mr. Jasvinder Singh Johal	82,000
3.	Mr. Vikas Uppal	42,000
4.	Mr. Geeta Khanna	52,000
5.	Air (Cmde.) Shailindra Singh Kaushik (Retd.)	76,000
6.	Mr. Ajit Singh	32,000
7.	Col. Manbhupinder Singh Atwal (Retd.)	46,000
8.	Lt. Gen Praveen Bakshi (Retd.)	46,000

### (iii) Shareholding :

The Shareholding of the Directors in the equity share capital of the Company as at March 31, 2021 is given as follows:-

SR. NO.	NAME OF DIRECTOR	NUMBER OF SHARES HELD	SR. NO.	NAME OF DIRECTOR	NUMBER OF SHARES HELD
1.	Mr. Rachhpall Singh	1,12,400	2	Mr. Gursaran Singh	17,39,339
3.	Mr. Jasvinder Singh	32,83,600	4.	Mr. Ranbir Singh	29,31,598
5.	Mr. Gurdeep Singh	33,91,756	6.	Mr. Harwinder Singh	NIL
7.	Air (Cmde.) Shailindra Singh Kaushik(Retd.)	1,514	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 father of Mr. Jasvinder Singh Seehra
- Mr. Rachhpall Singh is brother of Mr. Gursaran Singh
- Mr. Gursaran Singh is father of Mr. Ranbir Singh
- Mr. Gursaran Singh is father of Mr. Gurdeep Singh
- Mr. Jasvinder Singh Seehra is father of Mr. Harwinder Singh Seehra
- Mr. Ranbir Singh is father of Mr. Kulwin Seehra
- Mr. Ranbir Singh 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".

## CORPORATE GOVERNANCE REPORT (Contd.)

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. During the Financial Year 2020-2021, the Committee met one time on January 11, 2021.

### 6. CORPORATE SOCIAL RESPONSIBILITY(CSR) COMMITTEE:

The CSR Committee has been constituted under section 135 of the Companies Act,2013. The CSR committee comprises of Air(Cmde.) Shailindra Singh Kaushik(Retd.) as its Chariman, 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. The detail of Extra Ordinary General Meeting and last three Annual General Meetings and passing of Special Resolutions, are given as follows:-

Nature of Meeting	Day, Date and Time of the Meeting	Venue	Number of Special Resolutions Passed
27th Annual General Meeting	Tuesday, September 15, 2020 at 12:30 PM	Through Audio Visual Means	5
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

- B: Postal Ballot: No Resolution was passed by postal ballot during the year 2020-2021.

### 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 behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil mechanism and Whistle Blower" may be accessed on the Company's website at <http://gnagroup.com/wp-content/uploads/2015/09/VIGIL-MECHANISM-POLICY.pdf> During the year no claim was lodged and accessed by the Audit Committee.

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

### 10. GENERAL SHAREHOLDERS INFORMATION:

#### i) 28th Annual General Meeting:

Date : 20th September, 2021

Time : 12:30 PM

Venue : Through Audio Visual Means

## CORPORATE GOVERNANCE REPORT (Contd.)

### ii) Financial Calendar 2021-22 (Tentative):

First Quarter Results : July, 2021  
 Second Quarter Results : October, 2021  
 Third Quarter Results : January, 2022  
 Annual Results : May, 2022

### iii) Record Rate: September 13, 2021

### iv) Dividend payment date : on or before October 15, 2021

### v) Listing:

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

1. BSE Limited, 25th Floor PJ Towers, Dalal Street, Fort Mumbai - 400 001
2. The National Stock Exchange of India Limited, "Exchange Plaza" Bandra Kurla Complex, Bandra (East) Mumbai 400051

The Company has duly paid the listing fees to both the Stock Exchanges for the Financial year 2021-22.

### 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 2020-21 are given below:-

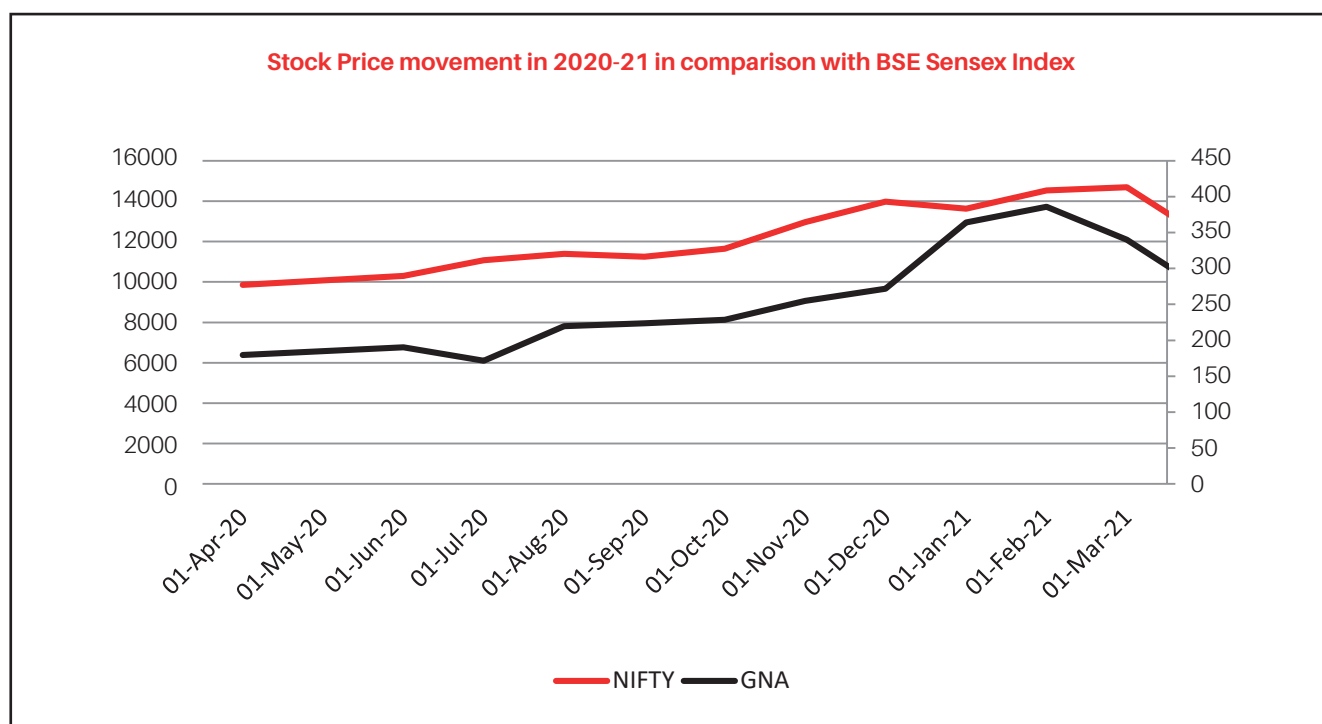
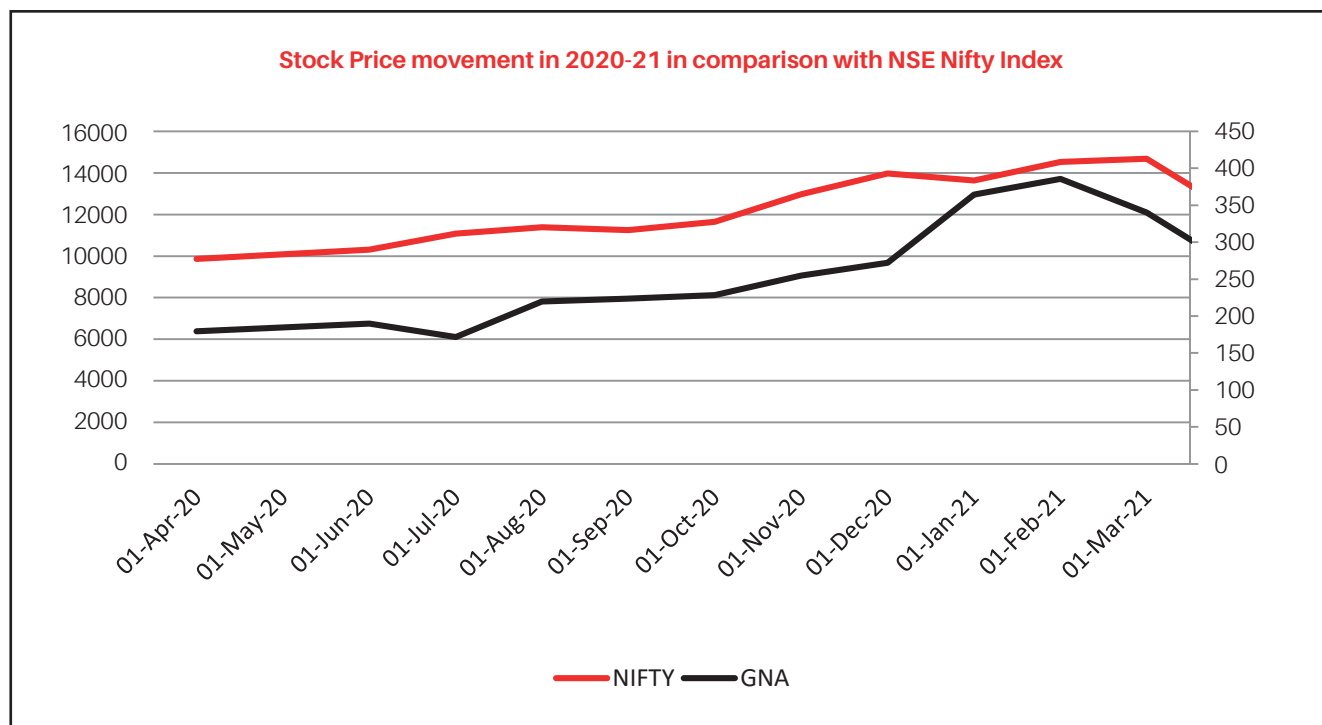
#### NATIONAL STOCK EXCHANGE OF INDIA LIMITED

MONTH	HIGHEST	LOWEST	CLOSE	% age Change over last month closing
Apr-20	194.9	133.05	179.45	27.18
May-20	213.2	164.55	195.7	9.05
Jun-20	206.9	176.15	190.05	-2.89
Jul-20	197.8	170.1	171.5	-9.76
Aug-20	256.9	171.7	219.6	28.05
Sep-20	256.9	207.3	223.5	1.78
Oct-20	269.7	222.4	228.6	2.28
Nov-20	264	226	254.7	11.41
Dec-20	275	228.65	272	6.79
Jan-21	397.5	265.1	364.25	33.92
Feb-21	430	333.6	385.85	5.93
Mar-21	414	345.85	340.25	-11.82

#### BSE LIMITED

Month	High Price	Low Price	Close Price	% age Change over last month closing
Apr-20	213.05	132.00	179.15	27.92
May-20	207.85	164.35	195.80	9.29
Jun-20	206.50	175.10	190.30	-2.81
Jul-20	197.70	170.20	171.85	-9.70
Aug-20	256.00	174.80	219.75	27.87
Sep-20	254.50	202.90	223.90	1.89
Oct-20	269.40	222.20	229.00	2.28
Nov-20	263.10	225.75	255.05	11.38
Dec-20	280.00	229.00	272.75	6.94
Jan-21	423.15	266.50	363.55	33.29
Feb-21	429.55	346.00	385.50	6.04
Mar-21	413.50	339.40	340.25	-11.74

## CORPORATE GOVERNANCE REPORT (Contd.)





## 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, 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	September 15, 2018	September 14, 2025
2018-2019	August 23, 2019	August 23, 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:

100% 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. 1st April, 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, 2021.

S. No	Shares Range	Number of shareholders	% of total shareholders	Total shares for the range	% of issued Capital
1	1-500	23432	95.4227	1716698	7.9975
2	501-1000	567	2.309	444159	2.0692
3	1001-2000	286	1.1647	424206	1.9762
4	2001-3000	91	0.3706	230921	1.0758
5	3001-4000	45	0.1833	162919	0.7590
6	4001-5000	21	0.0855	101176	0.4713
7	5001-10000	45	0.1833	339436	1.5813
8	Above 10001	69	0.281	18045885	84.0696
	Total	24556	100.00	21465400	100.00

### xii) Dematerialisation:

As on March 31, 2021, 2,14,65,400 Equity Shares of the Company i.e. 100 % 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.

**CORPORATE GOVERNANCE REPORT (Contd.)****xiv) Address for correspondence:**

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

Telephone : 0181 - 4630477

Fax : 0181 - 4630477

E-mail : [gjain@gnagroup.com](mailto: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 2020-21.

Dated : July 24, 2021

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, 2021 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 : April 23, 2021

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 March 31, 2021, 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

Dated : April 23, 2021

Place : Jalandhar

## 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, 2021, 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, 2021, 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.

## Independent Auditor's Report (Contd.)

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 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



**Independent Auditor's Report (Contd.)**

- 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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.
  - 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

UDIN: 21091343AAAAB5918

Place: Jalandhar

Date: April 23, 2021

## “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, 2021.

- 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, 2021 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 (₹)	Period to which the amount relates	Forum where dispute is pending
Punjab Sales Tax Act	Demand P-VAT	5467036	2009-2010	VAT Tribunal
Punjab Sales Tax Act	Demand P-VAT	13906308	2008-2009	VAT Tribunal
Punjab Sales Tax Act	Demand P-VAT (Crane	180000	2004-2005	VAT Tribunal
Excise & Service Tax	Service Tax on others	216932	2017-18	Before Asistant Commissioner
Income Tax Act	Income Tax Regular Assessment 143(3)	210650	2018-19	Before Commissioner of Income-tax (Appeals
Excise & Service Tax	Excise Duty CENVAT	3813476	2017-18	Asstt. Commissioner

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

- 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

UDIN: 21091343AAAAB5918

Place: Jalandhar

Date: April 23, 2021

## **“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, 2021 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 unauthorized 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, 2021, 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

UDIN: 21091343AAAAB5918

Place: Jalandhar

Date: April 23, 2021

# Balance Sheet

As at March 31, 2021

Particulars	Note No.	(Amount in ₹ Lacs)	
		March 31, 2021	March 31, 2020
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	1	29,476.69	24,445.10
Capital Work in Progress	2	-	6,104.36
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	2,065.11	1,993.71
		<b>31,542.46</b>	<b>32,543.83</b>
<b>CURRENT ASSETS</b>			
Inventories	5	15,264.51	14,504.59
Financial Asset			
Investments			
Trade Receivables	6	43,792.98	29,628.06
Cash & Cash Equivalents	7	34.58	23.89
Bank Balance Other than Cash and Cash Equivalents	8	1,915.11	2,086.99
Loans			
Other Financial Assets			
Other Current Assets	9	3,404.62	3,295.83
		<b>64,411.80</b>	<b>49,539.36</b>
<b>Total Assets</b>		<b>95,954.26</b>	<b>82,083.19</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	10	2,146.54	2,146.54
Other Equity	11	49,627.01	42,547.88
<b>Total Equity</b>		<b>51,773.55</b>	<b>44,694.42</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities			
Borrowings	12	7,643.69	10,542.02
Other Financial Liabilities			
Provisions			
Deferred Tax Liabilities		47.80	54.99
Other Non-Current Liabilities			
		<b>7,691.49</b>	<b>10,597.01</b>
<b>CURRENT LIABILITIES</b>			
Financial Liabilities			
Borrowings	12	9,525.65	5,710.92
Trade Payable	13	22,757.57	16,585.32
Other Current Financial Liabilities	14	2,529.08	3,115.79
Other Current Liabilities	15	389.92	261.95
Current Provisions	16	791.67	973.65
Current Tax Liabilities (Net)		495.33	144.11
		<b>36,489.22</b>	<b>26,791.74</b>
<b>Total Liabilities</b>		<b>44,180.71</b>	<b>37,388.75</b>
<b>Total Equity &amp; Liabilities</b>		<b>95,954.26</b>	<b>82,083.17</b>
<b>Notes forming Parts of Financial Statements 1 to 38</b>			
<b>Notes on Accounting Policies I to II</b>			

As per our Report of even date annexed.

For **Harish & Co.**

**Chartered Accountants (FRN-017372N)**

**(Vasu Aggarwal)**

**Partner**

M.No. 091343

Place: Jalandhar

Dated: April 23, 2021

**Gursaran Singh**

**Managing Director**

**Rakesh Kumar**

**Chief Financial Officer**

**Ranbir Singh**

**Wholtime Director CEO & CEO**

**Gourav Jain**

**Company Secretary**



# Statement of Profit & Loss

For the year ended March 31, 2021

(Amount in ₹ Lacs)

Particulars	Notes No.	March 31, 2021	March 31, 2020
<b>REVENUE FROM OPERATIONS</b>			
Revenue from Sale of Products	17	86,761.64	87,254.49
Other Operating income	18	2,197.63	3,647.10
		<b>88,959.27</b>	<b>90,901.59</b>
Other Income	19	146.89	126.96
		<b>89,106.16</b>	<b>91,028.55</b>
<b>EXPENDITURE</b>			
Cost of Material consumed	20	52,999.77	58,699.09
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	21	2,581.11	415.48
Employee Benefits Expense	22	4,968.52	4,083.62
Financial Costs	23	854.44	1,359.43
Depreciation, Impairment and Amortisation Expenses	24	4,071.92	4,235.80
Other Expenses	25	14,022.27	15,251.01
		<b>79,498.03</b>	<b>84,044.43</b>
<b>Profit Before Exceptional items and Tax</b>		<b>9,608.13</b>	<b>6,984.12</b>
<b>Exceptional items</b>		-	-
<b>Profit Before Tax</b>		<b>9,608.13</b>	<b>6,984.12</b>
<b>Tax Expense</b>			
Current Tax		2,550.00	1,984.00
Deferred Tax Charge (Add/Less)		7.19	275.36
<b>Profit for the year (A)</b>		<b>7,065.32</b>	<b>5,275.48</b>
<b>Other Comprehensive Income/Loss</b>		-	-
(Items that will not be reclassified to Statement of Profit and Loss)			
<b>Other Comprehensive Income/(Loss) for the year (B)</b>		-	-
<b>Total Comprehensive Profit for the year (A+B)</b>		<b>7,065.32</b>	<b>5,275.48</b>
Earnings Per Equity Share of face value of ₹10/- each			
Basic		<b>32.91</b>	<b>24.58</b>
Diluted		<b>32.91</b>	<b>24.58</b>
<b>Notes forming Parts of Financial Statements 1 to 38</b>			
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: April 23, 2021

**Gursaran Singh**

**Managing Director**

**Rakesh Kumar**

**Chief Financial Officer**

**Ranbir Singh**

**Wholtime Director CEO & CEO**

**Gourav Jain**

**Company Secretary**

# Cash Flow Statement

As at March 31, 2021

Particulars	(Amount in ₹ Lacs)	
	For the Year Ending March 31, 2021	For the Year Ending March 31, 2020
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	9,608.12	6,984.12
<b>Adjustments for :</b>	<b>0.00</b>	<b>0.00</b>
Depreciation	4,071.94	4,235.80
Interest income	-146.89	-126.96
Interest paid	788.01	1,277.12
IPO Expenses W/off	130.41	130.41
Profit/Loss on sale of assets	-4.18	-1.96
<b>Operating profit before working capital changes</b>	<b>14,447.41</b>	<b>12,498.53</b>
<b>Adjustments for :</b>		
Inventories	-759.91	1,592.15
Decrease/Increase in Trade Rec./Other Current/Non-Current Assets	-14,441.26	2,580.64
Decrease/Increase in Trade Payable/Other Current Liabilities	6,434.81	-2,767.55
Income tax of earlier year	13.82	-43.53
Income Tax Paid	-2,550.00	-1,984.00
<b>Net cash from operating activities</b>	<b>3,144.87</b>	<b>11,876.24</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Decrease/increase in fixed deposits	172.25	-2,086.32
Purchase of Fixed assets	-3,012.91	-10,332.91
Sale of Fixed Assets	17.89	4.35
Interest received	146.89	126.96
<b>Net cash used in Investing activities</b>	<b>-2,675.88</b>	<b>-12,287.92</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long term Borrowings	-	6,343.84
Repayment of long term borrowings	-3,485.02	-1,799.28
Dividend Paid	-	-711.64
Increase/Decrease in cash credits & Packing credits	3,814.73	-2,156.61
Interest Paid	-788.01	-1,277.12
<b>Net cash flow from financing activities</b>	<b>-458.30</b>	<b>399.19</b>
<b>Net increase/ (decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>10.68</b>	<b>-12.50</b>
<b>Cash &amp; Cash equivalents at the beginning of the year (see Note 2)</b>	<b>23.89</b>	<b>36.40</b>
<b>Cash &amp; Cash equivalents at the end of the year (see Note 2)</b>	<b>34.57</b>	<b>23.89</b>
	10.68	-12.50

## Cash Flow Statement As at March 31, 2021 (Contd.)

### 1. Notes :

The Cash flow is based on and derived from the accounts of Company for the year ended March 31, 2021 and March 31, 2020

Particulars	(Amount in ₹ Lacs)	
	For the Year Ending March 31, 2021	For the Year Ending March 31, 2020
2. Cash & cash equivalents comprise of :		
Cash in hand	28.91	16.10
<b>With scheduled banks :</b>		
In current accounts	5.66	7.79
Cash and cash equivalents at the end of the year	<b>34.57</b>	<b>23.89</b>

As per our Report of even date annexed.

For **Harish & Co.**

**Chartered Accountants (FRN-017372N)**

**(Vasu Aggarwal)**

**Partner**

M.No. 091343

Place: Jalandhar

Dated: April 23, 2021

**Gursaran Singh**

**Managing Director**

**Rakesh Kumar**

**Chief Financial Officer**

**Ranbir Singh**

**Wholetime Director CEO & CEO**

**Gourav Jain**

**Company Secretary**

## Notes

### Forming part of standalone financial statements for the year ended March 31, 2021

#### 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 reliant provision of the Act.

###### (ii) Historical cost convention

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

###### (iii) Classification of asset and liabilities

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

##### II.2 Summary of significant Accounting Policies:

###### a) Property, plant and Equipment:

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

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

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

###### b) Capital Work in Progress

Property, plant and equipment under construction/ under installation 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 realisable 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

## Notes

### Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)

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 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



## Notes

### Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)

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 standalone financial statements for the year ended March 31, 2021 (Contd.)

**1. PROPERTY PLANT & EQUIPMENT**

Particulars	(Amount in ₹ Lacs)									
	Freehold Land	Factory Building	Plant & Machinery	Computers	Office Equipments	Furniture & Fixtures	Vehicle	Total		
<b>(A) Gross Block</b>										
Balance as at April 1, 2020	1,078.60	7,198.83	40,718.00	678.62	639.47	502.85	1,320.18	52,136.55		
Addition during the year	195.44	1,699.26	7,098.56	21.72	42.66	41.56	18.08	9,117.28		
Discarded/Disposed off during the year							181.91	181.91		
<b>Balance as at March 31, 2021</b>	<b>1,274.04</b>	<b>8,898.09</b>	<b>47,816.56</b>	<b>700.34</b>	<b>682.13</b>	<b>544.41</b>	<b>1,156.35</b>	<b>61,071.92</b>		
<b>(B) Accumulated Depreciation</b>										
Balance as at April 1, 2020	-	2,694.47	22,913.35	627.64	393.46	342.45	720.10	27,691.47		
Depreciation for the year	-	427.92	3,334.02	35.99	44.52	44.95	184.57	4,071.97		
Accumulated depreciation on discarded/ disposal	-	-	-	-	-	-	168.21	168.21		
<b>Balance as at March 31, 2021</b>	<b>-</b>	<b>3,122.39</b>	<b>26,247.37</b>	<b>663.63</b>	<b>437.98</b>	<b>387.40</b>	<b>736.46</b>	<b>31,595.23</b>		
<b>(C) Net carrying Amount</b>										
Balance as at April 1, 2020	1,078.60	4,504.37	17,804.66	50.98	246.01	160.40	600.08	24,445.10		
<b>Balance as at March 31, 2021</b>	<b>1,274.04</b>	<b>5,775.70</b>	<b>21,569.19</b>	<b>36.71</b>	<b>244.15</b>	<b>157.01</b>	<b>419.89</b>	<b>29,476.69</b>		

## Notes

Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)

### 2. CAPITAL - WORK IN PROGRESS

Particulars	(Amount in ₹ Lacs)	
	MACHINERY	
Balance as at April 1, 2020	4,824.41	
Addition	-	
	4,824.41	
Less: Capitalised	4,824.41	
<b>Balance as at March 31, 2021</b>	<b>-</b>	

Particulars	(Amount in ₹ Lacs)	
	BUILDING	
Balance as at April 1, 2020	1,279.95	
Addition	-	
	<b>1,279.95</b>	
Less: Capitalised	1,279.95	
<b>Balance as at March 31, 2021</b>	<b>-</b>	
<b>Total Capital - Work in Progress as at March 31, 2021</b>	<b>-</b>	

### 3. NON-CURRENT INVESTMENT

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
Investment in Shares of GNA Axles Inc	0.66	0.66
Michigan		
	<b>0.66</b>	<b>0.66</b>

### 4. OTHER-NON CURRENT ASSETS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
Advance for Fixed Assets	379.58	177.77
Security Deposits	1,685.53	1,685.53
Other Non-Current Assets	-	130.41
	<b>2,065.11</b>	<b>1,993.71</b>

### 5. INVENTORIES

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
<b>Raw Material</b>		
Raw Material Steel	6,077.45	2,629.41
Raw Material Non Steel	18.99	23.38
Work in Progress	7,334.16	9,077.18
Finished Goods	818.11	1,665.26

**Notes****Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
<b>STORES, SPARES &amp; LOOSE TOOLS</b>		
Stock of Operating Supply	717.98	793.64
Stock of Spare Parts	120.98	142.96
Stock of Diesel	34.33	11.40
Stock of Die Steel	17.12	14.14
Stock of Oil Lubricant	41.28	63.64
<b>OTHERS</b>		
Stock of Scrap Material	27.24	18.20
Stock of Packing	56.87	65.38
	<b>15,264.51</b>	<b>14,504.59</b>

**6. TRADE RECEIVABLE**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
(Unsecured but considered good)		
Debtors outstanding for the period exceeding six months	2,730.89	3,355.96
Other	41,062.09	26,272.10
	<b>43,792.98</b>	<b>29,628.06</b>

**7. CASH & CASH EQUIVALENTS**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Cash in hand	28.92	16.10
<b>Balance with Banks</b>		
(In Current Account)	5.66	7.79
	<b>34.58</b>	<b>23.89</b>

**8. OTHER BANK BALANCE**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
In Dividend Account	1.05	0.67
In Deposit Account	1,914.06	2,086.32
(Maturity above 3 months but less 12 months)		
	<b>1,915.11</b>	<b>2,086.99</b>

## Notes

Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)

### 9. OTHER CURRENT ASSETS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
Pre-paid Expenses	129.49	126.92
Advance to Vendor	472.55	237.55
Advance to Employee	17.64	16.34
Other Current Assets	2,784.94	2,915.02
	<b>3,404.62</b>	<b>3,295.83</b>

### 10. EQUITY SHARE CAPITAL

Particulars	(Amount in ₹ Lacs)			
	March 31, 2021		March 31, 2020	
	Nos.	Amount	Nos.	Amount
<b>SHARE CAPITAL</b>				
<b>(1) Authorised Share Capital</b>				
Equity Share of ₹ 10/- each.	<b>3,00,00,000</b>	<b>3,000</b>	<b>3,00,00,000</b>	<b>3,000</b>
(Previous year Equity Share of ₹ 10/- each)				
<b>(2) Issued, Subscribed &amp; Paid-up</b>				
Equity Shares of ₹ 10/- each	2,14,65,400	2,146.54	2,14,65,400	2,146.54
(Previous year Equity Share of ₹ 10/- each)				
	<b>2,14,65,400</b>	<b>2,146.54</b>	<b>2,14,65,400</b>	<b>2,146.54</b>

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

Equity Shares	(Amount in ₹ Lacs)			
	March 31, 2021		March 31, 2020	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	2,14,65,400	2,146.54	2,14,65,400	2,146.54
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>2,14,65,400</b>	<b>2,146.54</b>	<b>2,14,65,400</b>	<b>2,146.54</b>

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

Particulars	March 31, 2021		March 31, 2020	
	Nos.	%age holding	Nos.	%age holding
<b>Name of Shareholder</b>				
(Equity Shares of ₹ 10/- each)				
S. Gursaran Singh	17,39,339	8.10	17,39,339	8.10
S. Maninder Singh	24,40,300	11.37	24,40,300	11.37
S. Jasvinder Singh	32,83,600	15.30	30,20,400	14.07
S. Ranbir Singh	29,31,598	13.66	29,17,284	13.59
S. Gurdeep Singh	33,91,756	15.10	28,52,756	13.29
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, 2021 (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, 2021	As at March 31, 2020
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, 2019	11,802.98	26,224.59	38,027.57
Profit for the year	-	5,275.47	5,275.47
Other Comprehensive Income	-	-	-
Loss on fair valuation of equity shares	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>11,802.98</b>	<b>31,500.06</b>	<b>43,303.04</b>
Dividend Paid	-	-711.64	-711.64
Prior period adjustment of taxes	-	-43.53	-43.53
<b>Balance as at March 31,2020</b>	<b>11,802.98</b>	<b>30,744.89</b>	<b>42,547.87</b>

(Amount in ₹ Lacs)

Particulars	Security premium	Retained Earnings	Total
Balance as at April 1, 2020	11,802.98	30,744.90	42,547.88
Profit for the year	-	7,065.32	7,065.32
Other Comprehensive Income	-	-	-
Loss on fair valuation of equity shares	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>11,802.98</b>	<b>37,810.22</b>	<b>49,613.20</b>
Dividend Paid	-	-	-
Prior period adjustment of taxes	-	13.81	13.81
<b>Balance as at March 31,2021</b>	<b>11,802.98</b>	<b>37,824.03</b>	<b>49,627.01</b>

## Notes

Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)

### 12. BORROWINGS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
<b>A) Non Current</b>		
<b>Secured</b>		
<b>From Banks</b>		
Term Loan	5,181.85	7,532.81
Less: Current Maturities	2,529.09	3,115.79
	<b>2,652.76</b>	<b>4,417.02</b>
<b>From Others</b>		
Bajaj Finance Ltd.	4,990.93	6,125.00
<b>Unsecured</b>		
Others	-	-
	<b>7,643.69</b>	<b>10,542.02</b>
<b>B) Current</b>		
<b>Secured</b>		
From Banks (Repayable on Demand)	9,525.65	5,710.92
<b>Unsecured</b>		
Others	-	-
	<b>9,525.65</b>	<b>5,710.92</b>

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, 2021	March 31, 2020
Micro, Small & Medium Enterprises	343.98	191.12
Others	22,413.59	16,394.20
	<b>22,757.57</b>	<b>16,585.32</b>

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 ₹ 34398445/- is outstanding to the vendors concerned under MSME ACT as on 31.03.2021.

**Notes****Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)****14. OTHER CURRENT FINANCIAL LIABILITIES**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Current Maturity of Non-Current Borrowings	2,529.08	3,115.79
	<b>2,529.08</b>	<b>3,115.79</b>

**15. OTHER CURRENT LIABILITIES**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Statutory Liabilities	388.87	261.28
Unpaid Dividend	1.05	0.67
	<b>389.92</b>	<b>261.95</b>

**16. CURRENT PROVISIONS**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Outstanding Expenses Payable	601.64	850.45
Employee Dues	190.03	123.20
	<b>791.67</b>	<b>973.65</b>

**17. REVENUE FROM OPERATIONS**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
<b>SALE OF PRODUCTS</b>		
Sale Domestic	34,476.94	30,814.16
Sale Export (Direct)	52,284.70	56,440.33
	<b>86,761.64</b>	<b>87,254.49</b>

**18. OTHER OPERATING REVENUE**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
FPS Incentive	1,036.34	922.54
Duty Drawback	744.57	1,169.27
Exchange Difference	416.72	1,555.29
	<b>2,197.63</b>	<b>3,647.10</b>

## Notes

Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)

### 19. OTHER INCOME

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
Interest Income	146.89	126.96
	<b>146.89</b>	<b>126.96</b>

### 20. COST OF MATERIALS CONSUMED

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
<b>CONSUMPTION OF RAW MATERIAL</b>		
Raw Material -Steel	45,536.84	48,937.31
Raw Material-Non-Steel	10.81	7.79
	<b>45,547.65</b>	<b>48,945.10</b>
<b>CONSUMPTION OF STORE &amp; SPARES</b>		
Consumption of operating supply	3,728.75	5,304.69
Consumption of Die Steel	264.96	465.34
Consumption of oil & Lubricants	1,032.88	725.45
Consumption of Packing Materials	2,224.42	2,378.20
Consumption of Furnace Oil	201.11	880.31
	<b>7,452.12</b>	<b>9,753.99</b>
	<b>52,999.77</b>	<b>58,699.09</b>

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

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
At the beginning of Accounting period	10,760.63	11,176.12
At the end of the Accounting period	8,179.52	10,760.64
	<b>2,581.11</b>	<b>415.48</b>

**Notes****Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)****22. EMPLOYEE BENEFIT EXPENSE**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Wages	1,663.34	1,248.60
Salary	1,958.22	1,589.93
Production Incentive Bonus	480.28	442.16
Contribution to Provident Fund	121.43	120.12
Family Pension	133.41	113.20
Administration charges	18.69	16.55
Group Gratuity Scheme	103.10	88.25
Group Insurance	2.27	0.12
Super Annuation Fund	31.69	31.69
Workers and Staff Welfare	136.96	171.53
Bonus	207.45	188.11
Leave with Wages	46.41	23.23
Medical Reimbursement	19.48	23.88
Employees State Insurance	45.79	26.25
	<b>4,968.52</b>	<b>4,083.62</b>

**23. FINANCIAL COSTS**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
<b>a) Interest Expense</b>		
Interest on Term Loan	621.35	966.72
Interest on Cash Credit	161.39	306.91
Interest to Others	5.27	3.49
<b>b) Other Borrowing Cost</b>		
Bank Commission	66.43	82.31
	<b>854.44</b>	<b>1,359.43</b>

**24. DEPRECIATION AND AMORTISATION EXPENSE**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
<b>DEPRECIATION</b>		
Building	427.91	472.83
Plant & Machinery	3,334.01	3,457.03
Furniture & Fixture	44.94	44.68
Vehicle	184.57	149.62
Computers	35.98	67.47
Office Equipments	44.51	44.17
	<b>4,071.92</b>	<b>4,235.80</b>



**Notes**
**Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)**
**25. OTHER EXPENSES**

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
Machining charges	1,037.77	1,645.43
Power & Fuel	5,543.56	5,606.39
Repair & Maintenance	257.93	416.31
Factory Expenses	55.37	72.90
Office Expenses	32.84	26.04
Donation / CSR	133.75	188.58
Subscription / Membership fees	9.78	8.49
Entertainment Expense	2.25	7.12
Fees & Taxes	33.77	45.74
Insurance	152.35	110.69
Legal & Professional Expenses	143.72	161.26
News Paper & Periodicals	0.37	1.27
<b>PAYMENT TO AUDITORS</b>		
As Audit Fee	7.50	7.50
For Taxation purpose	-	-
For any other matters	-	-
Vehicle Petrol	77.06	85.54
Vehicle Repair	33.65	43.11
Repair of Building	22.98	53.79
Postage & Courier expenses	4.32	6.76
Printing & Stationery	26.59	76.60
Generator / General Repair & Maintenance	251.17	327.34
Profit on sale of asset	-4.19	-1.96
Repair & Maintenance of Computer	18.33	34.20
Telephone Expenses	8.87	12.14
Directors sitting fees	4.28	3.84
Rounded-off	0.08	-
Travelling Expenses	94.40	155.75
Travelling Expenses Foreign	0.24	155.46
IPO Expenses W/off	130.41	130.41
Advertisement expenses	9.88	5.64
Club Fee	0.52	0.98
Freight & Cartage outward	841.03	700.97
Business Promotion Expenses	5.58	18.28
Export Packing & Forwarding expenses	5,085.63	5,088.86
Sale Tax Paid	-	48.52
Unrecoverable Amount Written Off	0.56	7.06
	<b>14,022.35</b>	<b>15,251.01</b>

**Notes****Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)****26. EARNINGS PER SHARE**

(Amount in ₹)

Particulars	March 31, 2021	March 31, 2020
Basic and Diluted Earnings Per Share		
Net Profit attributable to Equity Shareholders	70,65,30,592	52,75,47,403
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	32.91	24.58
Diluted Earnings Per Share	32.91	24.58

**27. RETIREMENT & OTHER BENEFITS**

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

**28. CORPORATE SOCIAL RESPONSIBILITY**

As per the provisions of amended companies Act 2013 the companies having profit of 5CR 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 2020-21 of the Company was ₹ 1,95,69,090/- (including 3006182/- of previous year). The Company has spent ₹ 1,26,35,000/- on CSR activities during the Financial Year 2020-21 with the approval of CSR Committee of the Board. The total unspent amount as on 31st March, 2021 was ₹ 69,34,090/-.

**29.**

The following are the contingent liabilities during the year.

(Amount in ₹)

Particulars	2020-21	2019-20
<b>(A) CONTINGENT LIABILITIES</b>		
1. Bank Guarantees	2,00,000	2,00,000
2. Excise Duty and Service Tax demand against which the company has preferred appeals.	40,30,408	56,07,652
3. Income Tax Demands against which the company has preferred appeals.	2,10,650	1,39,835
4. Value Added Tax Liabilities	1,95,53,344	1,95,53,344
<b>(B) COMMITMENTS</b>		
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, 2021 (Contd.)

#### 30. RELATED PARTY DISCLOSURE

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

##### (a) Chairman, Managing Director & Directors

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

##### (b) Key Managerial Personnel

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

##### (c) Wholly owned Subsidiary Company

- GNA Axles INC Michigan

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

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

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

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

Nature of Transaction	(Amount in ₹)	
	2020-21	2019-20
<b>(a) Security Deposit with-</b>		
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>(b) Remuneration</b>		
S. Rachhpall Singh	75,60,000	58,80,000
S. Gursaran Singh	75,60,000	58,80,000
S. Ranbir Singh	2,14,36,395	1,86,95,811
S. Jasvinder Singh	2,14,36,395	1,86,95,811
S. Kulwin Seehra	40,20,390	34,42,644
S. Harwinder Seehra	40,20,390	34,42,644

**Notes****Forming part of standalone financial statements for the year ended March 31, 2021 (Contd.)**

(Amount in ₹)		
Nature of Transaction	2020-21	2019-20
<b>(c) Remuneration Paid to Key Managerial Personnel</b>		
Mr. Rakesh Gupta	13,30,286	13,20,343
Mr. Gaurav Jain	6,85,891	6,76,770
<b>(d) Remuneration paid to Director's relatives</b>		
S. Maninder Singh	24,63,676	26,34,209
Mrs. Loveleen Kaur	24,63,676	26,34,209
<b>(e) Professional Charges paid to Director</b>		
S. Jasinder Singh Johal -	Nil	1,00,000

**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	2020-21	2019-20
Salary	6,60,33,570	6,39,46,014

**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 ₹ 3,43,98,444/- has been derived as due to vendors under MSME ACT as on March 31, 2021.

**36. AUDITORS REMUNERATION:**

(Amount in ₹)		
Sr. Particulars No.	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, 2021 (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

For **Harish & Co.**

**Chartered Accountants (FRN-017372N)**

**(Vasu Aggarwal)**

**Partner**

M.No. 091343

Place: Jalandhar

Dated: April 23, 2021



# 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, 2021, 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, 2021.

## 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 frauds and other irregularities; the selection and application

## Independent Auditor's Report (Contd.)

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 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

## Independent Auditor's Report (Contd.)

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 4990.83

### 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, 2021 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

UDIN: 21091343AAAAAB01830

Place: Jalandhar

Dated: April 23, 2021

## **"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, 2021, 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, 2021, 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 USD 4990.83. 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

UDIN: 21091343AAAAB01830

Place: Jalandhar

Dated: April 23, 2021



# Consolidated Balance Sheet

As at March 31, 2021

Particulars	Note No.	(Amount in ₹ Lacs)	
		March 31, 2021	March 31, 2020
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	1	29,476.69	24,445.07
Capital Work in Progress	2	-	6,104.36
Investment Property			
Intangible Assets			
Intangible Assets under Development			
Financial Assets			
Investments			
Loans			
Other Financial Assets			
Current Tax Assets (net)			
Deferred Tax Assets			
Other Non-Current Assets	3	2,065.11	1,993.72
		<b>31,541.80</b>	<b>32,543.15</b>
<b>CURRENT ASSETS</b>			
Inventories	4	15,264.53	14,504.60
Financial Asset			
Investments			
Trade Receivables	5	43,792.98	29,628.05
Cash & Cash Equivalents	6	35.55	25.27
Bank Balance Other than Cash and Cash Equivalents	7	1,915.11	2,086.99
Loans			
Other Financial Assets			
Other Current Assets	8	3,404.60	3,295.83
		<b>64,412.77</b>	<b>49,540.74</b>
<b>Total Assets</b>		<b>95,954.57</b>	<b>82,083.89</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	9	2,146.54	2,146.54
Other Equity	10	49,610.24	42,534.13
<b>Total Equity</b>		<b>51,756.78</b>	<b>44,680.67</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities			
Borrowings	11	7,643.69	10,542.02
Other Financial Liabilities			
Provisions			
Deferred Tax Liabilities		47.80	54.99
Other Non-Current Liabilities			
		<b>7,691.49</b>	<b>10,597.01</b>
<b>CURRENT LIABILITIES</b>			
Financial Liabilities			
Borrowings	11	9,525.66	5,710.92
Trade Payable	12	22,774.66	16,599.79
Other Current Financial Liabilities	13	2,529.09	3,115.79
Other Current Liabilities	14	389.91	261.95
Current Provisions	15	791.65	973.65
Current Tax Liabilities (Net)		495.33	144.11
		<b>36,506.30</b>	<b>26,806.21</b>
<b>Total Liabilities</b>		<b>44,197.79</b>	<b>37,403.22</b>
<b>Total Equity &amp; Liabilities</b>		<b>95,954.57</b>	<b>82,083.89</b>
<b>Notes forming Parts of Financial Statements 1 to 37</b>			
<b>Notes on Accounting Policies I to II</b>			

As per our Report of even date annexed.

For **Harish & Co.**

**Chartered Accountants (FRN-017372N)**

**(Vasu Aggarwal)**

**Partner**

M.No. 091343

Place: Jalandhar

Dated: April 23, 2021

**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, 2021

Particulars	Notes No.	(Amount in ₹ Lacs)	
		March 31, 2021	March 31, 2020
<b>REVENUE FROM OPERATIONS</b>			
Revenue from Sale of Products	16	86,761.64	87,254.49
Other Operating income	17	2,197.63	3,647.10
		<b>88,959.27</b>	<b>90,901.59</b>
Other Income	18	146.89	126.96
		<b>89,106.16</b>	<b>91,028.55</b>
<b>EXPENDITURE</b>			
Cost of Material consumed	19	52,999.77	58,699.09
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	20	2,581.12	415.48
Employee Benefits Expense	21	4,968.57	4,083.62
Financial Costs	22	854.80	1,359.81
Depreciation, Impairment and Amortisation Expenses	23	4,071.92	4,235.80
Other Expenses	24	14,024.87	15,253.39
		<b>79,501.05</b>	<b>84,047.19</b>
<b>Profit Before Exceptional items and Tax</b>		<b>9,605.11</b>	<b>6,981.36</b>
<b>Exceptional items</b>		-	-
<b>Profit Before Tax</b>		<b>9,605.11</b>	<b>6,981.36</b>
<b>Tax Expense</b>			
Current Tax		2,550.00	1,984.00
Deferred Tax Charge (Add/Less)		7.19	275.36
<b>Profit for the year (A)</b>		<b>7,062.30</b>	<b>5,272.72</b>
<b>Other Comprehensive Income/Loss</b>		-	-
(Items that will not be reclassified to Statement of Profit and Loss)			
<b>Other Comprehensive Income/(Loss) for the year (B)</b>		-	-
<b>Total Comprehensive Profit for the year (A+B)</b>		<b>7,062.30</b>	<b>5,272.72</b>
Earnings Per Equity Share of face value of ₹ 10/- each			
Basic		<b>32.90</b>	<b>24.56</b>
Diluted		<b>32.90</b>	<b>24.56</b>
<b>Notes forming Parts of Financial Statements 1 to 37</b>			
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: April 23, 2021

**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, 2021

Particulars	(Amount in ₹ Lacs)	
	For the Year Ending March 31, 2021	For the Year Ending March 31, 2020
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	9,605.11	6,981.35
<b>Adjustments for :</b>	-	-
Depreciation	4,071.94	4,235.80
Interest income	-146.89	-126.96
Interest paid	788.01	1,277.12
IPO Expenses W/off	130.41	130.41
Profit/Loss on sale of assets	-4.19	-1.96
<b>Operating profit before working capital changes</b>	<b>14,444.39</b>	<b>12,495.76</b>
<b>Adjustments for :</b>		
Inventories	-759.91	1,592.15
Decrease/Increase in Trade Rec./Other Current/Non-Current Assets	-14,441.26	2,580.64
Decrease/Increase in Trade payable/Other Current Liabilities	6,437.42	-2,763.66
Income tax of earlier year	13.82	-43.53
Income Tax Paid	-2,550.00	-1,984.00
<b>Net cash from operating activities</b>	<b>3,144.46</b>	<b>11,877.36</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Decrease/Increase in Fixed Deposit	172.25	-2,086.32
Purchase of Fixed assets	-3,012.91	-10,332.91
Sale of fixed assets	17.89	4.35
Interest received	146.89	126.96
<b>Net cash used in Investing activities</b>	<b>-2,675.88</b>	<b>-12,287.92</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long term Borrowings	-	6,343.84
Repayment of long term borrowings	-3,485.02	-1,799.28
Dividend Paid	-	-711.64
Increase/ ( Decrease ) in cash credits & Packing credits	3,814.73	-2,156.61
Interest Paid	-788.01	-1,277.13
<b>Net cash flow from financing activities</b>	<b>-458.30</b>	<b>399.18</b>
<b>Net increase/ (decrease ) in cash &amp; cash equivalents (A+B+C)</b>	<b>10.28</b>	<b>-11.38</b>
<b>Cash &amp; Cash equivalents at the beginning of the year (see note 2)</b>	<b>25.27</b>	<b>36.65</b>
<b>Cash &amp; Cash equivalents at the end of the year(see note 2)</b>	<b>35.55</b>	<b>25.27</b>
	10.28	-11.38

## Consolidated Cash Flow Statement As at March 31, 2021 (Contd.)

### 1. Notes :

The Cash flow is based on and derived from the accounts of company for the year ended March 31, 2021 and March 31, 2020

(Amount in ₹ Lacs)

Particulars	For the Year Ending March 31, 2021	For the Year Ending March 31, 2020
2. Cash & cash equivalents comprise of :		
Cash in hand	28.91	16.10
<b>With scheduled banks :</b>		
On current accounts	6.64	9.17
Cash and cash equivalents at the end of the year	<b>35.55</b>	<b>25.27</b>

As per our Report of even date annexed.

For **Harish & Co.**

**Chartered Accountants (FRN-017372N)**

**(Vasu Aggarwal)**

**Partner**

M.No. 091343

Place: Jalandhar

Dated: April 23, 2021

**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, 2021

#### 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, 2021	% voting power held as at March 31, 2020
GNA Axles Inc.	Michigan	100%	100%

#### II. SIGNIFICANT ACCOUNTING POLICIES:

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

##### II.1 Basis of Preparation:

###### (i) Compliance with Ind AS

These Consolidated financial statements of group comply in all material aspects with Indian Accounting Standards (Ind AS ) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standard) Rules, 2015 and other 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 unrealised profits/unrealised losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.

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

##### II.2 Summary of significant Accounting Policies:

###### a) Property, plant and Equipment:

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

## Notes

### Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)

economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statements of profit or loss during the reporting period in which they are incurred.

#### b) Capital Work in Progress

Property, plant and equipment under construction /under installation 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 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 recognised when no significant uncertainty exists with regard to the amount to be realised and ultimate collection thereof.

#### g) Tax Expenses

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

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

#### h) Earning per Share

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

#### i) Impairment of assets

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



**Notes****Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)**

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.

Transactions and Balances.

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

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

## Notes

## Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)

**1. PROPERTY PLANT & EQUIPMENT**

Particulars	(Amount in ₹ Lacs)							
	Freehold Land	Factory Building	Plant & Machinery	Computers	Office Equipments	Furniture & Fixtures	Vehicle	Total
<b>(A) Gross Block</b>								
Balance as at April 1, 2020	1,078.59	7,198.83	40,718.00	678.61	639.46	502.84	1,320.17	52,136.50
Addition during the year	195.44	1,699.26	7,098.56	21.72	42.66	41.56	18.08	9,117.28
Discarded/Disposed off during the year	-	-	-	-	-	-	181.91	181.91
<b>Balance as at March 31, 2021</b>	<b>1,274.03</b>	<b>8,898.09</b>	<b>47,816.56</b>	<b>700.33</b>	<b>682.12</b>	<b>544.40</b>	<b>1,156.34</b>	<b>61,071.87</b>
<b>(B) Accumulated Depreciation</b>								
Balance as at April 1, 2020	-	2,694.47	22,913.35	627.64	393.46	342.44	720.10	27,691.46
Depreciation for the year	-	427.91	3,334.01	35.98	44.51	44.94	184.57	4,071.92
Accumulated depreciation on discarded/disposal	-	-	-	-	-	-	168.20	168.20
<b>Balance as at March 31, 2021</b>	<b>-</b>	<b>3,122.38</b>	<b>26,247.36</b>	<b>663.62</b>	<b>437.97</b>	<b>387.38</b>	<b>736.47</b>	<b>31,595.18</b>
<b>(C) Net carrying Amount</b>								
Balance as at April 1, 2020	1,078.59	4,504.36	17,804.65	50.98	246.01	160.40	600.08	24,445.07
<b>Balance as at March 31, 2021</b>	<b>1,274.03</b>	<b>5,775.71</b>	<b>21,569.20</b>	<b>36.71</b>	<b>244.15</b>	<b>157.02</b>	<b>419.87</b>	<b>29,476.69</b>

## Notes

Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 2. CAPITAL - WORK IN PROGRESS

Particulars	(Amount in ₹ Lacs)	
	MACHINERY	
Balance as at April 1, 2020	4,824.41	
Addition	-	
	<b>4,824.41</b>	
Less: Capitalised	4,824.41	
<b>Balance as at March 31, 2021</b>	<b>0.00</b>	

Particulars	(Amount in ₹ Lacs)	
	BUILDING	
Balance as at April 1, 2020	1,279.95	
Addition	-	
	<b>1,279.95</b>	
Less: Capitalised	1,279.95	
<b>Balance as at March 31, 2021</b>	<b>-</b>	
<b>Total Capital - Work in Progress as at March 31, 2021</b>	<b>-</b>	

### 3. OTHER-NON CURRENT ASSETS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
Advance for Fixed Assets	379.58	177.78
Security Deposits	1,685.53	1,685.53
Other Non-Current Assets	-	130.41
	<b>2,065.11</b>	<b>1,993.72</b>

### 4. INVENTORIES

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
<b>Raw Material</b>		
Raw Material Steel	6,077.45	2,629.41
Raw Material Non Steel	18.99	23.38
Work in Progress	7,334.17	9,077.18
Finished Goods	818.11	1,665.26

**Notes****Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
<b>STORES, SPARES &amp; LOOSE TOOLS</b>		
Stock of Operating Supply	717.98	793.65
Stock of Spare Parts	120.98	142.96
Stock of Diesel	34.33	11.40
Stock of Die Steel	17.12	14.14
Stock of Oil Lubricant	41.28	63.64
<b>OTHERS</b>		
Stock of Scrap Material	27.25	18.20
Stock of Packing	56.87	65.38
	<b>15,264.53</b>	<b>14,504.60</b>

**5. TRADE RECEIVABLE**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
(Unsecured but considered good)		
Debtors outstanding for the period exceeding six months	2,730.89	3,355.96
Other	41,062.09	26,272.09
	<b>43,792.98</b>	<b>29,628.05</b>

**6. CASH & CASH EQUIVALENTS**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Cash in hand	28.91	16.10
<b>Balance with Banks</b>		
(In Current Account	6.64	9.17
	<b>35.55</b>	<b>25.27</b>

**7. OTHER BANK BALANCE**

(Amount in ₹ Lacs)

Particulars	March 31, 2020	March 31, 2019
In Dividend Account	1.05	0.67
In Deposit Account	1,914.06	2,086.32
(Maturity above 3 months but less 12 months)		
	<b>1,915.11</b>	<b>2,086.99</b>

## Notes

Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 8. OTHER CURRENT ASSETS

(Amount in ₹ Lacs)

Particulars	March 31, 2021		March 31, 2020	
	Nos.	Amount	Nos.	Amount
Pre-paid Expenses		129.49		126.92
Advance to Vendor		472.55		237.55
Advance to Employee		17.64		16.34
Other Current Assets		2,784.92		2,915.02
		<b>3,404.60</b>		<b>3,295.83</b>

### 9. EQUITY SHARE CAPITAL

(Amount in ₹ Lacs)

Particulars	March 31, 2021		March 31, 2020	
	Nos.	Amount	Nos.	Amount
<b>SHARE CAPITAL</b>				
<b>(1) Authorised Share Capital</b>				
Equity Share of ₹ 10/- each.	<b>3,00,00,000</b>	<b>3,000</b>	<b>3,00,00,000</b>	<b>3,000</b>
(Previous year Equity Share of ₹ 10/- each)				
<b>(2) Issued, Subscribed &amp; Paid-up</b>				
Equity Shares of ₹ 10/- each	2,14,65,400	2,146.54	2,14,65,400	2,146.54
(Previous year Equity Share of ₹ 10/- each)				
	<b>2,14,65,400</b>	<b>2,146.54</b>	<b>2,14,65,400</b>	<b>2,146.54</b>

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

(Amount in ₹ Lacs)

Equity Shares	March 31, 2021		March 31, 2020	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	2,14,65,400	2,146.54	2,14,65,400	2,146.54
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>2,14,65,400</b>	<b>2,146.54</b>	<b>2,14,65,400</b>	<b>2,146.54</b>

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

Particulars	March 31, 2021		March 31, 2020	
	Nos.	%age holding	Nos.	%age holding
<b>Name of Shareholder</b>				
(Equity Shares of ₹ 10/- each)				
S. Gursaran Singh	17,39,339	8.10	17,39,939	8.10
S. Maninder Singh	24,40,300	11.37	24,40,300	11.37
S. Jasvinder Singh	32,83,600	15.30	30,20,400	14.07
S. Ranbir Singh	29,31,598	13.66	29,17,284	13.59
S. Gurdeep Singh	33,91,756	15.10	28,52,756	13.29
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, 2021 (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, 2021	As at March 31, 2020
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, 2019	11,802.98	26,213.60	38,016.58
Profit for the year	-	5,272.72	5,272.72
Other Comprehensive Income	-	-	-
Loss on fair valuation of equity shares	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>11,802.98</b>	<b>31,486.32</b>	<b>43,289.30</b>
Dividend Paid	-	-711.64	-711.64
Prior period adjustment of taxes	-	-43.53	-43.53
<b>Balance as at March 31, 2020</b>	<b>11,802.98</b>	<b>30,731.15</b>	<b>42,534.13</b>

(Amount in ₹ Lacs)

Particulars	Security premium	Retained Earnings	Total
Balance as at April 1, 2020	11,802.98	30,731.14	42,534.12
Profit for the year	-	7,062.30	7,062.30
Other Comprehensive Income	-	-	-
Loss on fair valuation of equity shares	-	-	-
Total Comprehensive Income for the year	<b>11,802.98</b>	<b>37,793.44</b>	<b>49,596.42</b>
Dividend Paid	-	-	-
Prior period adjustment of taxes	-	13.82	13.82
<b>Balance as at March 31, 2021</b>	<b>11,802.98</b>	<b>37,807.26</b>	<b>49,610.24</b>



## Notes

Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 11. BORROWINGS

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
<b>A) Non Current</b>		
<b>Secured</b>		
<b>From Banks</b>		
Term Loan	5,181.84	7,532.81
Less: Current Maturities	2,529.09	3,115.79
	<b>2,652.75</b>	<b>4,417.02</b>
<b>From Others</b>		
Bajaj Finance Ltd.	4,990.94	6,125.00
<b>Unsecured</b>		
Others	-	-
	<b>7,643.69</b>	<b>10,542.02</b>
<b>B) Current</b>		
<b>Secured</b>		
From Banks (Repayable on Demand)	9,525.66	5,710.92
<b>Unsecured</b>		
Others	-	-
	<b>9,525.66</b>	<b>5,710.92</b>

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

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

### 12. TRADE PAYABLE

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
Micro, Small & Medium Enterprises	343.98	191.12
Others	22,430.68	16,408.67
	<b>22,774.66</b>	<b>16,599.79</b>

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

Based on the information received regarding the status of the vendors the amount of ₹ 34398445/- is outstanding to the vendors concerned under MSME ACT as on March 31, 2021

**Notes****Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)****13. OTHER CURRENT FINANCIAL LIABILITIES**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Current Maturity of Non-Current Borrowings	2,529.09	3,115.79
	<b>2,529.09</b>	<b>3,115.79</b>

**14. OTHER CURRENT LIABILITIES**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Statutory Liabilities	388.86	261.28
Unpaid Dividend	1.05	0.67
	<b>389.91</b>	<b>261.95</b>

**15. CURRENT PROVISIONS**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Outstanding Expenses Payable	601.63	850.45
Employee Dues	190.02	123.20
	<b>791.65</b>	<b>973.65</b>

**16. REVENUE FROM OPERATIONS**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
<b>SALE OF PRODUCTS</b>		
Sale Domestic	34,476.94	30,814.16
Sale Export (Direct)	52,284.70	56,440.33
	<b>86,761.64</b>	<b>87,254.49</b>

**17. OTHER OPERATING REVENUE**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
FPS Incentive	1,036.34	922.54
Duty Drawback	744.57	1,169.27
Exchange Difference	416.72	1,555.29
	<b>2,197.63</b>	<b>3,647.10</b>

## Notes

Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 18. OTHER INCOME

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
Interest Income	146.89	126.96
	<b>146.89</b>	<b>126.96</b>

### 19. COST OF MATERIALS CONSUMED

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
<b>CONSUMPTION OF RAW MATERIAL</b>		
Raw Material -Steel	45,536.85	48,937.31
Raw Material-Non-Steel	10.81	7.79
	<b>45,547.66</b>	<b>48,945.10</b>
<b>CONSUMPTION OF STORE &amp; SPARES</b>		
Consumption of operating supply	3,728.75	5,304.69
Consumption of Die Steel	264.95	465.34
Consumption of oil & Lubricants	1,032.88	725.45
Consumption of Packing Materials	2,224.42	2,378.20
Consumption of Furnace Oil	201.11	880.31
	<b>7,452.11</b>	<b>9,753.99</b>
	<b>52,999.77</b>	<b>58,699.09</b>

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

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
At the beginning of Accounting period	10,760.64	11,176.12
At the end of the Accounting period	8,179.52	10,760.64
	<b>2,581.12</b>	<b>415.48</b>

**Notes****Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)****21. EMPLOYEE BENEFIT EXPENSE**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
Wages	1,663.35	1,248.60
Salary	1,958.23	1,589.93
Production Incentive Bonus	480.29	442.16
Contribution to Provident Fund	121.44	120.12
Family Pension	133.41	113.20
Administration charges	18.69	16.55
Group Gratuity Scheme	103.11	88.25
Group Insurance	2.27	0.12
Super Annuation Fund	31.68	31.69
Workers and Staff Welfare	136.96	171.53
Bonus	207.45	188.11
Leave with Wages	46.41	23.23
Medical Reimbursement	19.48	23.88
Employees State Insurance	45.80	26.25
	<b>4,968.57</b>	<b>4,083.62</b>

**22. FINANCIAL COSTS**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
<b>a) Interest Expense</b>		
Interest on Term Loan	621.35	966.72
Interest on Cash Credit	161.39	306.91
Interest to Others	5.27	3.49
<b>b) Other Borrowing Cost</b>		
Bank Commission	66.79	82.69
	<b>854.80</b>	<b>1,359.81</b>

**23. DEPRECIATION AND AMORTISATION EXPENSE**

(Amount in ₹ Lacs)

Particulars	March 31, 2021	March 31, 2020
<b>DEPRECIATION</b>		
Building	427.91	472.83
Plant & Machinery	3,334.01	3,457.03
Furniture & Fixture	44.94	44.68
Vehicle	184.57	149.62
Computers	35.98	67.47
Office Equipments	44.51	44.17
	<b>4,071.92</b>	<b>4,235.80</b>

**Notes**
**Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)**
**24. OTHER EXPENSES**

Particulars	(Amount in ₹ Lacs)	
	March 31, 2021	March 31, 2020
Machining charges	1,037.76	1,645.43
Power & Fuel	5,543.55	5,606.39
Repair & Maintenance	257.93	416.31
Factory Expenses	55.37	72.90
Office Expenses	32.83	26.04
Donation / CSR	133.75	188.58
Subscription / Membership fees	9.78	8.49
Entertainment Expense	2.25	7.12
Fees & Taxes	33.77	45.74
Insurance	152.35	110.69
Legal & Professional Expenses	146.29	163.94
News Paper & Periodicals	0.37	1.27
<b>PAYMENT TO AUDITORS</b>	-	-
As Audit Fee	7.50	7.50
For Taxation purpose	-	-
For any other matters	-	-
Vehicle Petrol	77.05	85.54
Vehicle Repair	33.64	43.11
Repair of Building	22.97	53.79
Postage & Courier expenses	4.31	6.76
Printing & Stationery	26.59	76.60
Generator / General Repair & Maintenance	251.18	327.34
Profit on sale of assets	-4.19	-1.96
Repair & Maintenance of Computer	18.33	34.20
Telephone Expenses	8.86	12.14
Directors sitting fees	4.28	3.84
Rounded-off	0.08	-
Travelling Expenses	94.40	155.75
Travelling Expenses Foreign	0.24	155.46
IPO Expenses	130.41	130.41
Advertisement expenses	9.87	5.64
Exchange Diff. [consolidation]	0.07	-0.30
Club Fee	0.52	0.98
Freight & Cartage outward	841.02	700.97
Business Promotion Expenses	5.57	18.28
Export Packing & Forwarding expenses	5,085.62	5,088.86
Sale Tax Paid	-	48.52
Unrecoverable Amount Written Off	0.55	7.06
	<b>14,024.87</b>	<b>15,253.39</b>

**Notes****Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)****25. EARNINGS PER SHARE**

(Amount in ₹)

Particulars	March 31, 2021	March 31, 2020
Basic and Diluted Earnings Per Share		
Net Profit attributable to Equity Shareholders	70,62,30,061	52,72,71,397
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	32.90	24.56
Diluted Earnings Per Share	32.90	24.56

**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 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.

**27. CORPORATE SOCIAL RESPONSIBILITY**

28. As per the provisions of amended companies Act 2013 the companies having profit of 5CR or more has to spent 2% of their average profits of last 3 years upon specific activity falling within CSR. The CSR Budget for the year 2020-21 of the Company was ₹ 1,95,69,090/- (including 3006182/- of previous year). The Company has spent ₹ 1,26,35,000/- on CSR activities during the Financial Year 2020-21 with the approval of CSR Committee of the Board. The total unspent amount as on March 31, 2021 was ₹ 69,34,090/-.

The following are the contingent liabilities during the year.

(Amount in ₹)

Particulars	2020-21	2019-20
<b>(A) CONTINGENT LIABILITIES</b>		
1. Bank Guarantees	2,00,000	2,00,000
2. Excise Duty and Service Tax demand against which the company has preferred appeals.	40,30,408	01,56,07,652
3. Income Tax Demands against which the company has preferred appeals.	2,10,650	1,39,835
4. Value Added Tax Liabilities	1,95,53,344	1,95,53,344
<b>(B) COMMITMENTS</b>		
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, 2021 (Contd.)

#### 29. RELATED PARTY DISCLOSURE

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

##### (a) Chairman, Managing Director & Directors

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

##### (b) Key Managerial Personnel

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

##### (c) Wholly owned Subsidiary Company

- GNA Axles INC Michigan

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

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

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

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

Nature of Transaction	(Amount in ₹)	
	2020-21	2019-20
<b>(a) Security Deposit with-</b>		
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>(b) Remuneration</b>		
S. Rachhpall Singh	75,60,000	58,80,000
S. Gursaran Singh	75,60,000	58,80,000
S. Ranbir Singh	2,14,36,395	1,86,95,811
S. Jasvinder Singh	2,14,36,395	1,86,95,811

**Notes****Forming part of consolidated financial statements for the year ended March 31, 2021 (Contd.)**

(Amount in ₹)		
Nature of Transaction	2020-21	2019-20
S. Kulwin Seehra	40,20,390	34,42,644
S. Harwinder Seehra	40,20,390	34,42,644
<b>(c) Remuneration Paid to Key Managerial Personnel</b>		
Mr. Rakesh Gupta	13,30,286	13,20,343
Mr. Gaurav Jain	6,85,891	6,76,770
<b>(d) Remuneration paid to Director's relatives</b>		
S. Maninder Singh	24,63,676	26,34,209
Mrs. Loveleen Kaur	24,63,676	26,34,209
<b>(e) Professional Charges paid to Director</b>		
S. Jasminder Singh Johal -	Nil	1,00,000

**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	2020-21	2019-20
Salary	6,60,33,570	6,39,46,014

**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 ₹ 3,43,98,444/- has been derived as due to vendors under MSME ACT as on March 31, 2021.

**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, 2021 (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

For **Harish & Co.**

**Chartered Accountants (FRN-017372N)**

**(Vasu Aggarwal)**

**Partner**

M.No. 091343

UDIN: 21091343AAAAB01830

Place: Jalandhar

Dated: April 23, 2021





# **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

# CORRIGENDUM

## Corrigendum to Annexure - 2, (Annual report on CSR Activities, pursuant to Rule 8 of CSR Policy Rules, 2014 of the Companies Act, 2013), of the Directors Report of the Company, forming part of the Annual Report for the financial year 2020-21.

Dear Shareholders,

We draw your kind attention to the Annual Report on CSR Activities of the Company annexed as annexure - 2 to the Directors Report, of the Annual report for the year 2020-2021, circulated to the shareholders on 27th August, 2021 through electronic mode. The members should take note of the following typographical correction in the Annual Report of the Company:

- Under Point No 8(b) of the Annual Report on CSR Activities, on page number 45 of the Annual report, the details of CSR amount spent against Ongoing Projects for the financial year **should be read as 80.00 Lacs instead of NIL as per the following details:-**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1	Bibi Kaulan Ji Bhalai kender Trust	Clause (i)	Yes	Punjab	Amritsar, Jalandhar, Kapurthala	3 years	149,34 Lacs	80.00 Lacs	69.34 Lacs	No	Bibi Kaulan Ji Bhalai kender Trust	CSR00009149

- Under Point No 8(c) of the Annual Report on CSR Activities on page 46 of the Annual Report, the details of CSR amount spent against other than Ongoing Projects for the financial year **should be read as 46.35 Lacs instead of 126.35 Lacs** and details given in Row No 2 of the table below point 8 (c) should not be regarded as part of the said point.
- Point Number 11 of the CSR Report on page 47 of the Annual Report should be read as **"The Company is spending the allocated CSR amount in a phased manner and due to this it has not spent the full CSR Budget in the financial year"**.