

GOLD PRICES

Producers raised hedging in June quarter



News about the possibility of two interest rate hikes by the US Federal Reserve in 2016 fuelled interest across risky assets, driving gold and other safe-haven assets lower

DILIP KUMAR JHA  
Mumbai, 4 September

Gold producers raised their hedge book by eight per cent globally in the April-June quarter, the highest in six years, as protection from price volatility and to save their margins.

Data compiled by precious metals consultancy GFMS Thomson Reuters showed the global producer hedge book amounted to 9.5 million ounces (295 tonnes) during the second quarter of calendar year 2016, a fourth quarterly increase and to its highest level since the second one of 2010. The quarter-on-quarter change amounted to an increase of 0.67 mn oz (21 tonnes), led by 20 producers.

The increase from the March quarter showed mining companies expected a price fall in the short term. Over April, gold continued to trade over a narrow range. News about the possibility of two interest rate increases by the US Federal Reserve this year fuelled interest across risky assets, driving gold and other safe-haven assets lower. Gold slipped to \$1,251 an oz, prompting companies to strengthen their hedge book. On Saturday, it traded at \$1,326 an oz in the benchmark London spot market.

“Gold miners continued to embrace hedging amid strong prices into early July. Activity appeared to favour forward sales over options contracts, a pattern we do not expect to continue. With the delivery profile for the third quarter pointing to 1.37 mn oz coming off the book, GFMS forecasts a modest de-hedging outcome to emerge,” it reported.

In April-June quarter, Australian gold miners added the highest amount to their

hedge book, about 12 tonnes and 29 per cent of the global increase in forward sales. As a result, at end-June, forward sales rose to represent 33 per cent of the total nominal hedge book, an increase of three per cent from the previous quarter and Although the third quarter has so far seen sparse announcements of new hedging activity, the report believes the uncertainty over higher prices in 2016 would get more producers to join the hedging club. Should prices fail to break above \$1,400/oz in the third quarter, producers may opt to sit on the sidelines while their hedge books naturally unwind.

Prithviraj Kothari, managing director, RiddiSiddhi Bullions, advises gold consumers to buy on every low, amid expectation of a further rise in its price. “We do not expect the US Fed to hike interest rates more than once this calendar year. This might further strengthen the gold price,” he added.

The delivery schedule at end-June indicated 1.37 mn oz (43 tonnes) of de-hedging was due during the third quarter. The forward sales component amounts to 0.95 mn oz (30 tonnes) of scheduled deliveries, with a smaller contribution from both basic and exotic options.

G Thiagarajan, Director, Commtrendz, said, “Through hedging, gold producers cover their margins with a negatively bullish view on prices. Based on the US manufacturing data, released on Friday, gold prices are likely to remain neutral to mildly positive in the near future.”

Standard gold closed on Saturday at Zaveri Bazar here at ₹30,825 per 10g, a decline of ₹170.

Realtors seek early decision on release of salt pan land

SANIYAJ IOG  
Mumbai, 4 September

Maharashtra government’s new housing policy, released on Friday in the run-up to the election to the 227-member BrihanMumbai Municipal Corporation (BMC) slated for early 2017, has evoked mix reactions from realty firms.

Niranjan Hiranandani, managing director of Hiranandani Group, said: “Buildings in suburbs have become old and dilapidated and their redevelopment will be possible with extra floor space index (FSI) on the lines of island city of Mumbai. Further, 15,000 buildings of Maharashtra Housing and Area Development Authority will also be redeveloped. The rehabilitation of slums around Mumbai airport will be now made in situ within three km and this will pave way for the construction of high rise buildings.” He said the development of salt pan land spread over 2,000 acre was missing in the new policy.

According to Gulam Zia, executive director (advisory, retail and hospitality) of Knight Frank (India), additional FSI to incentivise redevelopment of old dilapidated is a welcome move. “However, the major issue of creating affordable housing stock by unlocking salt pan land remains in abeyance. So, the

vision of ‘housing for all’ has to wait for now.”

Rajesh Krishnan, managing director and CEO of Brick Eagle Capital Advisory, said there was no clarity on availability of salt pan land for construction. According to him, if this land is reclaimed, there will be plenty of land to start affordable mass housing projects. “However, the government will have to take into consideration the environment implications.”

According to Krishnan, cluster development would help ease pressure on the island city’s infrastructure as in future, the business and corporate centres could move to suburbs.

The ruling Bharatiya Janata Party and the Shiv Sena say the redevelopment of old and dilapidated buildings will help create new housing stock for the common man. However, Opposition parties Congress and Nationalist Congress Party termed it as “old wine in new bottle”.

Maharashtra Chief Minister Devendra Fadnis has said it’s not meant for the builders’ lobby but for the common man. Shiv Sena President Uddhav Thackeray shared chief minister’s views saying his party would not allow builders to indulge in changing names of localities, as has been done in some central Mumbai areas.

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GNA GNA AXLES LIMITED

Our Company was incorporated as GNA Axles Limited on September 6, 1993 at Jalandhar as a public limited company under the Companies Act, 1956. Our Company obtained a certificate for commencement of business on April 5, 1994. For further details, please see the section entitled “History and Certain Corporate Matters” on page 152 of the Red Herring Prospectus dated August 25, 2016 read with the Notice to Investors dated September 5, 2016 (the “RHP”).

Registered Office: GNA House, 1-C, Chhoti Baradari - Part II, Garha Road, Opposite Medical College, Jalandhar 144 001. Corporate Office: VPO Mehtiana, Phagwara-Hoshiarpur Road, District Hoshiarpur 146 001. Tel: 0181 4630 477; Fax: 0181 4630 477 Contact Person: Gourav Jain, Company Secretary and Compliance Officer; E-mail: gjain@gnagroup.com; Website: www.gnagroup.com; Corporate Identity Number: U29130PB1993PLC013684

OUR PROMOTERS: JASVINDER SINGH SEEHRA, RANBIR SINGH AND GURDEEP SINGH

**PUBLIC ISSUE OF UP TO 6,300,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE “EQUITY SHARES”) OF GNA AXLES LIMITED (OUR “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [·] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [·] PER EQUITY SHARE) AGGREGATING UP TO ₹ [·] MILLION (THE “ISSUE”). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF UP TO 6,100,000 EQUITY SHARES AGGREGATING UP TO ₹ [·] (THE “NET ISSUE”) AND A RESERVATION OF UP TO 200,000 EQUITY SHARES AGGREGATING UP TO ₹ [·] MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE “EMPLOYEE RESERVATION PORTION”). THE ISSUE WILL CONSTITUTE UP TO 29.35% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY AND THE NET ISSUE WILL CONSTITUTE UP TO 28.42% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

Price Band: ₹205 to ₹207 per Equity Share of Face Value of ₹10 each

The Floor Price is 20.5 times the Face Value and the Cap Price is 20.7 times the Face Value

Bids can be made for a minimum of 70 Equity Shares and in multiples of 70 Equity Shares thereafter

Risks to Investors:

- (i) Of the two Merchant Bankers associated with the Issue, Ambit Private Limited has not handled any public issues in the past three years.
- (ii) Average cost of acquisition of Equity Shares for each of the Promoters, namely, Jasvinder Singh, Ranbir Singh and Gurdeep Singh is ₹ 0.50 per Equity Share, whereas the Issue Price for the public is much higher at ₹ 207 (Upper end of the Price Band).

BID/ISSUE PROGRAMME:

**BID/ISSUE OPENS ON SEPTEMBER 14, 2016 \*\***

**BID/ISSUE CLOSES ON SEPTEMBER 16, 2016**

\*\* Our Company shall, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid / Issue Opening Date.

ASBA \* | Simple, Safe, Smart way of Application - Make use of it !!!

\*Applications Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For details, check section on ASBA below. Mandatory in public issues from January 01, 2016. No cheque will be accepted.

In case of any revision to the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”), by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the Syndicate Members.

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957 (“SCRR”), this is an issue for at least 25% of the post-issue capital. The Issue is being made through the Book Building Process, in compliance with Regulation 26(1) of SEBI Regulations, wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”), provided that our Company in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. Further, up to 200,000 Equity Shares will be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price. All Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount (“ASBA”) process providing details of their respective bank accounts which will be blocked by the Self Certified Syndicate Banks (“SCSBs”), to participate in this Issue. For details, please see the section entitled “Issue Procedure” on page 326 of the RHP. Bidders/Applicants should ensure that DP ID, PAN and the Client ID are correctly filled in the Bid Cum Application Form. The DP ID, PAN and Client ID provided in the Bid Cum Application Form should match with the DP ID, PAN and Client ID available in the Depository database, otherwise, the Bid Cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid Cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid Cum Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available in the records of the Depository Participant. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA Account or for other correspondence(s) related to the Issue. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk.

**CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AS REGARDS ITS OBJECTS:** For information on the main objects and other objects of our Company, see the section entitled “History and Certain Corporate Matters” on page 152 of the RHP and Clause III of the Memorandum of Association of our Company. The Memorandum of Association of our Company is a material document for inspection in relation to the Issue. For further details, see the section entitled “Material Contracts and Documents for Inspection” on page 379 of the RHP.

**LIABILITY OF MEMBERS OF OUR COMPANY:** Limited by shares.

**AMOUNT OF SHARE CAPITAL OF OUR COMPANY AND CAPITAL STRUCTURE:** As on the date of the RHP, the authorised share capital of our Company is ₹ 300,000,000 divided into 30,000,000 Equity Shares of ₹ 10 each. The issued, subscribed and paid-up share capital of our Company before the Issue is ₹ 151,654,000 divided into 15,165,400 Equity Shares of ₹ 10 each. For details of the Capital Structure, see “Capital Structure” on the page 69 of the RHP.

**Names of the signatories to the Memorandum of Association of our Company and the number of Equity Shares subscribed by them:** Given below are the names of the signatories of the Memorandum of Association of our Company and the number of Equity Shares subscribed by them at the time of signing of the Memorandum of Association of our Company – Each of S Gurcharan Singh, Rachpal Singh, Jagdish Singh, Jasvinder Singh, Manindar Singh, Ranbir Singh and Gurdeep Singh holding 20 Equity Shares, aggregating to 140 Equity Shares of ₹ 10 each.

**LISTING:** The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an ‘in-principle’ approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated October 23, 2015 and October 20, 2015, respectively. For the purposes of the Issue, the Designated Stock Exchange shall be the BSE. A copy of this Red Herring Prospectus has been delivered for registration to the Registrar of Companies, Punjab and Chandigarh (the “RoC”) and a copy of the Prospectus shall be delivered for registration to the RoC in accordance with Section 28(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of this Red Herring Prospectus up to the Bid/Issue Closing Date, please see the section entitled “Material Contracts and Documents for Inspection” on page 379 of the RHP.

**DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”):** SEBI only gives its observations on the offer documents and this does not constitute approval of either the Issue or the specified securities or the offer document. Investors are advised to refer to page 308 of the RHP for the full text of the Disclaimer Clause of SEBI.

**DISCLAIMER CLAUSE OF THE BSE (The Designated Stock Exchange):** “It is to be distinctly understood that the permission given by BSE should not in any way be deemed or construed that the RHP has been cleared or approved by BSE nor does it certify the correctness or completeness of any of the contents of the RHP.” The investors are advised to refer to page 313 of the RHP for the full text of the Disclaimer clause of the BSE.

**DISCLAIMER CLAUSE OF THE NSE:** “It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Issue Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Issue Document.” The investors are advised to refer to page 313 of the RHP for the full text of the Disclaimer clause of the NSE.

**GENERAL RISKS:** Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section entitled “Risk Factors” on page 14 of the RHP.

**Notice to the Investors:** (i) RMG Alloy Steel Limited (“RMG”) has filed winding up petitions, each dated July 28, 2016, before the High Court of Punjab & Haryana (the “HC”), for winding up of our Company and one of our group companies, GNA Gears Limited. Subsequently, the HC has passed an order dated August 1, 2016, directing the Company to file its reply and issued a stay in respect of the proceedings. Further, the Company and GNA Gears Limited have received letters, each dated August 30, 2016, informing the Company and GNA Gears Limited of the summary suits filed against each of them by RMG, before the High Court of Bombay for recovery of ₹ 22.13 million and ₹ 55.21 million, respectively. For further details, see the section entitled “Outstanding Litigation and Material Developments” on page 299 of the RHP; and (ii) Due to the demise of Mr. Kamlesh Kumar Sharma, one of the key managerial personnel of the Company, the relevant sections of the RHP will stand modified to such extent and he will no longer be designated as a key management personnel. The above Notice is to be read in conjunction with the RHP and such modification will be included in the Prospectus to be filed by our Company with the RoC.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE	COMPANY SECRETARY & COMPLIANCE OFFICER
<p><b>PNB Investment Services Limited</b> PNB Pragati Towers, 2nd Floor, Plot No. C-9, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. Tel: 022 2653 2745; Fax: 022 2653 2687 E-mail: gna.ipso@pnbsil.com Investor grievance e-mail: complaints@pnbsil.com Website: www.pnbsil.com Contact Person: Vinay Rane SEBI Registration No.: INM000011617</p>	<p><b>Ambit Private Limited***</b> Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Tel: 022 3982 1819; Fax: 022 3982 3020 E-mail: gnaipo@ambitpte.com Investor grievance e-mail: customerserviceamb@ambitpte.com Website: www.ambit.co Contact Person: Sandeep Sharma SEBI Registration Number: INM000010585</p>	<p><b>Link Intime India Private Limited</b> C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400 0078 Tel: 022 6171 5400; Fax: 022 2596 0329 E-mail: gna.ipso@linkintime.co.in Investor grievance e-mail: gna.ipso@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration No.: INR000004058</p>	<p><b>Gourav Jain, GNA Axles Limited</b> VPO Mehtiana, Phagwara Hoshiarpur Road, District Hoshiarpur 146 001. Tel: 01882 262273; Fax: 01882 262302 E-mail: gjain@gnagroup.com Website: www.gnagroup.com</p> <p>Bidders can contact the Company Secretary and Compliance Officer or the BRLMs or the Registrar to the Issue in case of any pre-issuance or post-issuance related problems such as non-receipt of letters of Allotment, non credit of Allotted Equity Shares in the respective beneficiary account, non receipt of refund orders and non receipt of funds by electronic mode.</p>

\*\*\* Formerly Ambit Corporate Finance Private Limited

**AVAILABILITY OF RHP:** Investors are advised to refer to the RHP and the Risk Factors contained therein before applying in the Issue. Full copy of the RHP is available on the website of the SEBI at www.sebi.gov.in, the websites of the BRLMs at www.pnbsil.com, www.ambit.co and the Stock Exchanges at www.bseindia.com and www.nseindia.com, respectively.

**AVAILABILITY OF BID CUM APPLICATION FORM:** Bid Cum Application form can be obtained from the Registered Office of Company, **GNA Axles Ltd.**, Tel: 0181 463 0477; BRLMs: **PNB Investment Services Limited**, Tel: 022 2653 2745, Fax: 022 2653 2687; **Ambit Private Limited**, Tel: 022 3982 1819, Fax: 022 3982 3020, Syndicate Members: **Ambit Capital Private Limited**, Tel: +9122 3043 3000, Fax: +91 22 3043 3100, at selected locations of Sub-Syndicate Members (as given below), Registered Brokers, RTAs and CDPs participating in the Issue. Bid Cum Application Forms will also be available on the websites of BSE, NSE, and at the Designated Branches of SCSBs, the list of which is available on the websites of the Stock Exchanges and SEBI.

**SUB-SYNDICATE MEMBERS:** Amit Jasani Financial Services Pvt. Ltd., Anand Rathi Share & Stock Brokers Ltd., Axis Capital Ltd., Eureka Stock & Share Broking Services Ltd., HDFC Securities Ltd., ICICI Securities Ltd., India Infoline Ltd., JM Financial Services Ltd., Karvy Stock Broking Ltd., Kotak Securities Ltd., LKP Securities Ltd., Motilal Oswal Securities Ltd., Prabhudas Lilladher Pvt. Ltd., Pravin Ratilal Share and Stock Brokers Ltd., Religare Securities Ltd., RR Equity Brokers Pvt. Ltd., SMC Global Securities Ltd.

**APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA):** Investors have to apply through the ASBA process. ASBA has to be availed by all the investors except Anchor Investors. Non-retail investors have to compulsorily apply through ASBA. For details on the ASBA process, please refer to the details given in the ASBA Form and Abridged Prospectus and also please refer to “Issue Procedure” on page 326 of the RHP. ASBA Forms can also be downloaded from the websites of BSE and NSE. ASBA Forms can be obtained from the list of banks that is available on the website of SEBI at www.sebi.gov.in. ASBA Form can be obtained from Syndicate, SCSBs, Registered Brokers, RTAs and CDPs, the list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/5/33/0/0/Recognised-Intermediaries.

**ESCROW COLLECTION BANK AND PUBLIC ISSUE ACCOUNT BANK:** HDFC Bank Limited, Tel: 022 3075 2928, Fax: 022 2579 9801; Punjab National Bank, Tel: 022 2653 0196, Fax: 022 2653 0198

**REFUND BANK:** HDFC Bank Limited, Tel: +91 22 3075 2928, Fax: +91 22 2579 9801

All capitalised terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

Place: Mehtiana, Hoshiarpur  
Date: September 5, 2016

**GNA AXLES LIMITED** is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offering of the Equity Shares and has filed the RHP with the RoC. The RHP is available on the website of the SEBI at www.sebi.gov.in, the websites of the Book Running Lead Managers at www.pnbsil.com and www.ambit.co and the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. Any potential investor should note that investment in Equity Shares involves a high degree of risk, for details potential investors should refer to the section entitled “Risk Factors” beginning on page 14 of the RHP.

This announcement has been prepared for publication in India and may not be released in the United States. The announcement is not an offer to sell or a solicitation of any offer to buy securities of our Company in the United States. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India.

CONCEPT