

SGL-21/Sec/2024-25

05th July, 2024

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor
Plot No.C-1, Block G
Bandra-Kurla Complex
Bandra (E),
Mumbai 400 051

Bombay Stock Exchange Limited

1st Floor
New Trading Ring, Rotunda Building
P J Towers, Dalal Street
Fort,
Mumbai 400 001

**Stock Code: SHANTIGEAR
Through NEAPS**

**Stock Code: 522034
Through BSE Listing Centre**

Dear Sir / Ma'am,

**Sub: Submission of Annual Report for the Financial Year 2023-24 under Reg. 34 of SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the company for the Financial Year 2023-24.

A copy of the Annual Report is also available on the website of the company viz.,
https://www.shanthigears.com/wp-content/uploads/2024/07/Shanthi-Gears_Annual-Report-2024.pdf

This is for your information and records.

Thanking You,

Yours faithfully,

For Shanthi Gears Limited

**Walter Vasanth P J
Company Secretary & Compliance Officer**

INSPIRE • ENGAGE • THRIVE



**CRORES
EBIDTA**

**Shanthi Gears Limited
51st Annual Report
2023-24**

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Cautionary Statement

Certain expectations and projections regarding the future performance of the Company referenced in the Annual Report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, along with the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.

The Spirit of the Murugappa Group

The light of
INTEGRITY
that gives us the courage to
always do the right thing

The light of
RESPONSIBILITY
that gives us the humility to
think about the world around us

The light of
PASSION
that provides us with
the desire to win

The light of
RESPECT
that inspires people
around us to perform

The light of
QUALITY
which makes us
dream of excellence

These **five lights** guide us as we navigate through professional and personal decisions.



From the Desk of the Chairman

“By igniting curiosity, fostering growth, and unleashing potential, we strive to **Inspire, Engage & Thrive.**”



Dear Esteemed Shareholders,

It is with great pleasure that on behalf of the Board of Directors, I present to you the 51st Annual Report of Shanthi Gears Limited (SGL) for the Financial Year ended 31 March 2024 (FY 2023-24).

I hope this letter finds you and your families safe and in good health!

In FY 2023-24, SGL continued its growth trajectory with all round performance despite challenging environment. Capability building along with lean initiatives helped in enhancing production efficiency and your company's turnover witnessed strong growth. Revenue grew by 20% to ₹ 536.05 Crores and Profit Before Tax grew by 22% to ₹ 109.64 Crores.

The success and growth of a company primarily depends on its people and customers. Various employee engagement initiatives were taken during the year, which helped in improving the efficiency and increase in number of highly engaged employees. The learnings, challenges and victories we encountered have strengthened us to resolve and deepen our gratitude for the incredible journey we have undertaken. We are indebted to the unwavering dedication and commitment of our people to help us achieve sustainable success at scale, laying an unshakable foundation for a better tomorrow.

Customer relationships were built through a high level of Customer engagement activities across sectors and geographies. Our participation in various National & International Trade Fairs have given us more visibility about our capability and the market needs.

SGL is committed to sustainability and the environment. Your Company has undertaken various ESG initiatives (energy conservation, reduction of waste and water consumption etc.) making a positive contribution to the environment and society and we feel pride of being a socially responsible Company.

The Members of the Board have been an invaluable source of strength, guidance, and support, and I thank them for their active involvement in our journey.

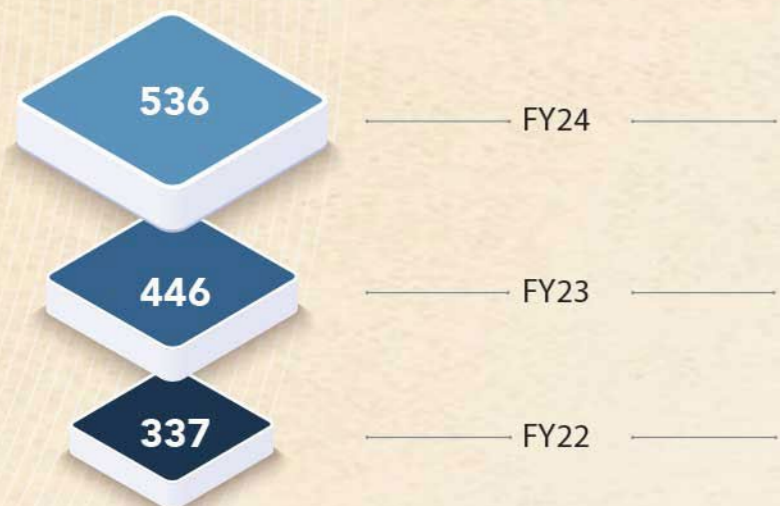
I am also deeply grateful to our valued customers, channel partners, and other stakeholders for their collaboration and continued support, which have been instrumental in our success.

I would like to extend my heartfelt appreciation to all our shareholders for their continued support and strong confidence in SGL over many years. Together, we will continue to Inspire, Engage and Thrive, forging ahead with a strong vision and determination to build a better tomorrow.

Warm Regards,
M A M Arunachalam

Financial Highlights

Revenue (₹ Crores)



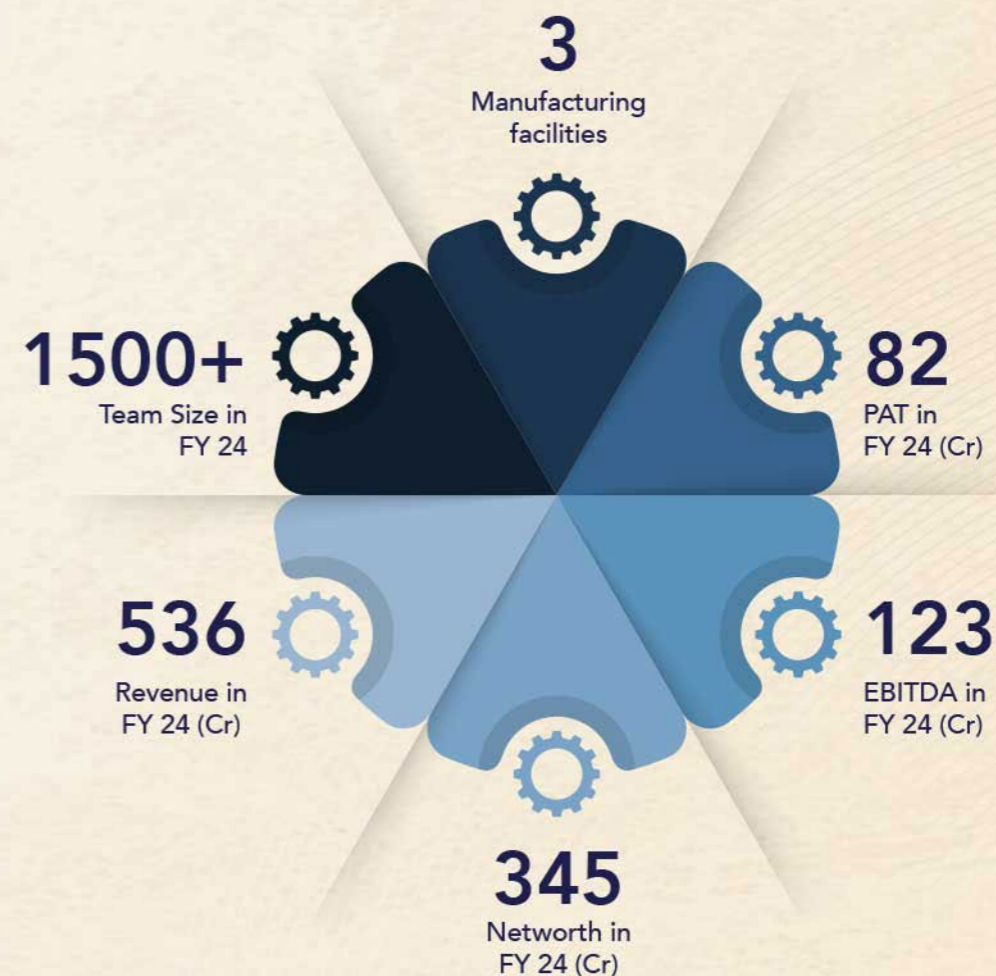
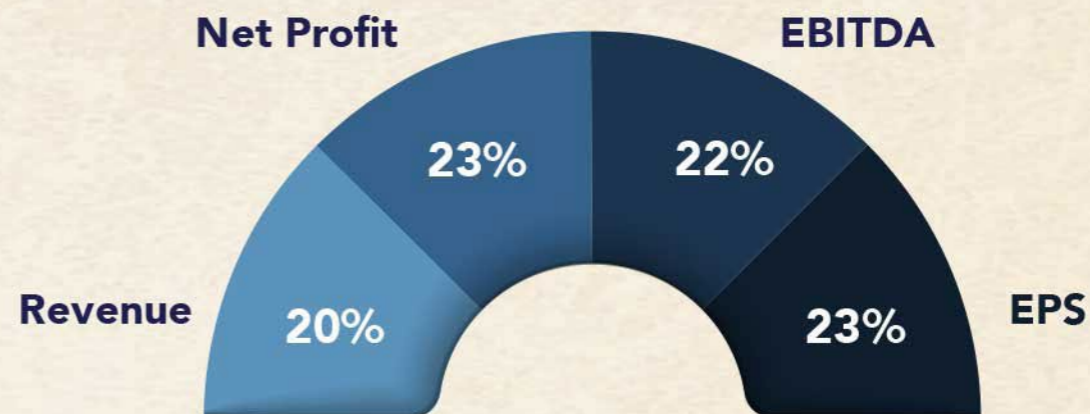
PBT (₹ Crores)



EPS (₹ Crores)



ROCE (%)



Visionary Voyage

As we embarked on our Visionary Voyage, **the horizon of possibilities unfolded before us!**

Our organization embarked on a transformative quest, where our visionary leaders flagged the proceedings with a thought-provoking discourse on our company's futuristic vision, where the winds of change whispered secrets of innovation and growth.

As we set sail, we discovered hidden treasures within ourselves. The courage to challenge the status quo, the agility to adapt to shifting tides, and the creativity to craft novel solutions. Through immersive experiences, including psychological exercises that tested our mettle and put our persuasive powers to the test, we forged unbreakable bonds and unleashed a collective genius that will propel us towards our ambitious tenfold growth target, illuminating the path to a brighter, bolder future.

CHARTING THE COURSE FOR EXPONENTIAL GROWTH



Excellence is Our North Star

"Quality & Reliability being our motto", guides us in every decision, every action, and every innovation. We're dedicated to crafting exceptional products and services that not only meet but surpass our customers' highest expectations.



SGL's CSR Odyssey

Through our CSR drive, we're driven by a passion to uplift lives, bring hope to those who need it most, and leave a lasting legacy that inspires a brighter tomorrow for the generations to come.

Chencherimalai High School

Two Classroom construction



Lakshmi Nagar

Lavatory constructions

Kamanaickenpalayam School

Overhead drinking water tank construction



Unchappalayam Middle School

Overhead drinking water tank construction & Classroom roof replacement



Muthalipalayam Primary School

School renovation



Empow(H)erment International Women's Day



Pongal

Celebrating nature's bounty,
sharing Life's Blessings



Christmas

Yule Be Merry
Unwrapping Joy, Spreading Cheer



Diwali

As light triumphs over
darkness, we celebrate
Diwali to honor the Spirit of
Innovation and Progress



Safety Excellence Initiatives

Safety Excellence Initiatives - we're building a workplace where everyone can return home safely, **every day**.



Centralized Gas Leakage Detection System

Ensures comprehensive surveillance of multiple gases from a single point, reducing the risk of undetected leaks and potential hazards.



Centralized Lock Out Tag Out (LOTO) Stations

Warrants systematic and secure lockout/tagout procedures, minimizing the risk of accidental equipment startup.



LPCB Approved Fire Suppression system in Electrical Panels

Swiftly extinguish fires without causing damage to sensitive equipment.



Safety DOJO Training Station

Enhances awareness and real-time preparedness, reducing workplace accidents.



AED Kit as part of Emergency Preparedness

AED kit to fix cardiac emergencies, significantly increasing the chances of survival.

Rewarding excellence & recognising greatness



"Excellence Award - Best Hazardous Waste Management"

Awarded by Confederation of Indian Industry, Southern Region (CII-SR).



"Best Safety Practices"

Awarded by Tamil Nadu Safety Professional and Welfare Association (TNSPWA), Chennai.



"Best Plant - Safety"

among TII plants (SGL C-Unit) Awarded by Executive Chairman, Mr. Arun Murugappan, & Vice Chairman, Mr. Vellayan Subbiah

EHS training

SGL has a multifaceted approach to safety training, providing our employees with a robust set of skills to mitigate risks and ensure a safe workplace. Few are jotted down,

- Mock (Emergency Evacuation) Drills
- Firefighting Drills
- Safety Month cum Road Safety Week Celebration



Unleash the Leader Within

At SGL, we're powering growth through continuous learning!

SGL's Supervisory Development Program, where supervisors become visionaries! By investing in our people, we're building a workforce that's adaptable, engaged, and driven to success!



Handcraft in perfect resonance



Harmony of Excellence



Our Technical Training program struck a chord, orchestrating a symphony of knowledge and practice that resonated throughout the organization!

Together, we create a masterpiece of innovation that will propel us forward!

Mindscape

Unlocking Human Potential @ SGL

Within the realm of Shanthi Gears, we fan the flames of inner brilliance, embarking on a stellar journey where collective genius converges, illuminating the path to a dazzling tomorrow!



POSH

Empowering a Safe Haven

At SGL, we're committed to creating a workplace where everyone feels respected, valued, and safe.

We break the silence, shatter the stigma, and create a workplace where everyone can shine!

SGL Takes Center Stage

We don't just showcase our cutting-edge gear technology – we learn, adapt, and evolve. By connecting with industry leaders and visionaries, we uncover new opportunities, penetrate fresh markets, and forge strategic partnerships.

Conex Gandhinagar

📍 HEC 🏭 Construction Industry



Excon Bangalore



📍 BIEC
🏭 Mining & Construction Industry

International Steel & Metallurgy Exhibition (ISME)

Kolkata



📍 Eco Park 🏭 Steel, Metal & Mining

Paperex

Greater Noida



India Expo Centre Paper Industry

Subcon

Coimbatore

Codissia Machine Tool Industry



Smart Lift & Mobility World Expo

Bangalore



BIEC Elevators & Escalators

Windergy India

Chennai

Chennai Trade Centre Wind Industry



Leadership Team



Sitting from left

Mr. Ranjan Kumar Pati, Chief Financial Officer, Mr. M Paranidaran, BU Head – SFW,
Mr. M Karunakaran, Chief Executive Officer, Mr. N Saravana Prakash, BU Head – GGB,
Mr. Walter Vasanth P J, Company Secretary

SGL's Board



Sitting from left

Mr. M Karunakaran, CEO & Whole Time Director, Dr. S K Sundararaman, Independent Director,
Mr. N Krishna Samaraj, Independent Director, Mr. J Balamurugan, Independent Director,
Mr. M A M Arunachalam, Chairman, Mr. L Ramkumar, Independent Director,
Ms. Soundara Kumar, Independent Director, Mr. Mukesh Ahuja, Non Executive Director,
Mr. Arun Venkatachalam, Non Executive Director

Standing from left

Mr. Walter Vasanth P J, Company Secretary, Mr. N Saravana Prakash, BU Head - GGB,
Mr. M Paranidaran, BU Head - SFW, Mr. Ranjan Kumar Pati, Chief Financial Officer

OUR BOARD OF DIRECTORS



Mr. M A M Arunachalam, Chairman

Mr. M A M Arunachalam (56 years; DIN-00202958) has done his Bachelors in Commerce and Masters in Business Administration from the University of Chicago. He is an Industrialist and has an experience of 35 years in the field of varied industrial activities. He is the Chairman of Tube Investments of India Limited and also on the Board of Ambadi Investments Limited, CG Power & Industrial Solutions Limited and Cholamandalam Investments and Finance Company Limited.

Mr. L Ramkumar, Non-Executive Director

Mr. L Ramkumar (68 years; DIN-00090089) is a Cost Accountant and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He has over 41 years of rich and varied experience in management including 27 years in Tube Investments of India Limited.



Mr. J Balamurugan, Non-Executive Director

Mr. J Balamurugan (63 years; DIN-00023309) is an Electronics Engineer from Regional Engineering College, Trichy. He has also done the Management Programme for Entrepreneurial Firms from Indian Institute of Management, Bangalore. He has experience in managing the businesses of IT infrastructure, on-line services and aftermarket automotive enhancements and others. He is the past Chairman of Confederation of Indian Industry, Coimbatore Zone.

Ms. Soundara Kumar, Non-Executive Director

Ms. Soundara Kumar (70 years; DIN-01974515) holds a graduate degree in Mathematics. She worked in State Bank of India for over 39 years both in India and overseas and is well experienced in the financial services industry. She retired as Deputy Managing Director, Stressed Asset Management Group of State Bank of India. She is also on the Board of Ramco Systems Limited, Rajapalayam Mills Limited and Carborundum Universal Limited.



Dr. S K Sundararaman, Non-Executive Director

Dr. S K Sundararaman (51 years; DIN-00002691) holds a Masters Degree in Business Administration from Cambridge University, United Kingdom. He is currently the Managing Director of Shiva Texyarn Limited. He has wide experience in the field of Textile Technology and well known for his innovative approach and Development of new technical textile products.

Mr. N Krishna Samaraj, Non-Executive Director

Mr. N Krishna Samaraj (69 years; DIN-00048547) is an Engineering Graduate with a Masters in Business Administration from the University of Michigan, USA. He is currently the Managing Director of Magna Electro Castings Limited. He is also a National Council member of the Institute of Indian Foundry Men (IIF) and served as the President of IIF for the year 2015-16. He is one of the Directors of Foundries Development Foundation. He is also holding directorship in Chandra Textiles Private Limited.



Mr. M Karunakaran, Whole-time Director

Mr. M Karunakaran (52 years; DIN 09004843), is a Mechanical Engineer from Annamalai University, Completed his Post Graduate diploma in Die & Tool Design from GTTC and MBA from University of Madras. He has also completed Advanced Manufacturing Program from M/s Warwick University, UK and Murugappa Leadership program (MLP) from IIM, Ahmedabad. He has over two decades of experience in Operations, Strategy and business turn around. He has been associated with Tube investments of India Limited (TII) for more than 25 years and now serving as CEO of Shanthi Gears Limited since Feb' 2019.

Mr. Mukesh Ahuja, Non-Executive Director

Mr. Mukesh Ahuja (51 years; DIN-09364667), holds a degree in Production Engineering and MBA in Marketing. He has completed Executive General Management Program in IIM-Bangalore and Advance Management Program in the Harvard Business School, Boston. He has over two decades of experience in managing operations, strategy, business development and sales & marketing. He is the Managing Director of Tube Investments of India Limited and also holding directorship in Aerostrovilos Energy Private Limited, Moshine Electronics Private Limited, IPLTech Electric Private Limited, X2Fuels and Energy Private Limited and TI Clean Mobility Private Limited.



Mr. Arun Venkatachalam, Non-Executive Director

Mr. Arun Venkatachalam (34 years; DIN-09511997) is an MBA Graduate from the London Business School. He has over a decade of experience in both Financial Services & Operations. He serves on the Board of Directors of Payswiff Technologies Private Limited (A Subsidiary of Cholamandalam Investment and Finance Company Limited) and Mavco Investments Private Limited.

10 YEAR FINANCIAL HIGHLIGHTS

(₹ Crores)

Particulars	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Operating Results										
Revenue (Excluding excise duty)	536.05	445.65	337.07	215.53	242.29	241.68	214.12	183.95	164.79	152.00
Earnings before Depreciation, Interest & Tax (EBITDA)	122.85	101.07	69.1	34.93	41.08	53.08	48.73	46.33	39.86	29.89
Profit before Interest & Tax (PBIT)	109.64	90.19	58.73	26.07	32.69	42.46	33.17	28.50	23.15	13.14
Profit before Tax (PBT)	109.64	90.19	58.73	26.07	32.69	42.46	33.17	28.50	23.15	13.11
Profit after Tax (PAT)	82.25	67.05	42.47	20.17	25.2	33.35	28.58	22.51	17.73	9.32
Earnings Per Share (₹)	10.72	8.74	5.54	2.63	3.28	4.08	3.50	2.75	2.23	1.14
Dividend Per Share (₹)	5.00	3.00	2.5	1.5	2.00	6.00	1.00	0.75	0.50	0.50
Book Value Per Share (₹)	45.02	39.42	33.89	30.92	29.80	36.97	38.90	37.49	34.75	33.14
Interest					-	-	-	-	-	0.03
Sources And Application Of Funds										
Sources Of Funds										
Share Capital	7.67	7.67	7.67	7.67	7.67	8.17	8.17	8.17	8.17	8.17
Reserves & Surplus	337.64	294.68	252.29	229.46	220.95	293.91	309.62	298.15	275.72	262.57
Net Worth	345.31	302.35	259.96	237.13	228.62	302.08	317.79	306.32	283.89	270.74
Debt					-	-	-	-	-	-
Deferred Tax Liability (Net)					-	-	-	-	-	0.86
Total	345.31	302.35	259.96	237.13	228.62	302.08	317.79	306.32	283.89	271.60
Application Of Funds										
Gross Fixed Assets	158.22	157.10	143.36	142.8	120.45	113.76	101.28	98.14	89.93	367.52
Accumulated Depreciation	86.07	86.86	77.40	68.78	60.68	55.13	44.47	32.82	16.71	285.87
Net Fixed Assets	72.15	70.23	65.96	74.02	59.77	58.63	56.81	65.32	73.22	81.65
Capital Work-in-Progress	4.10	2.03	3.19	0.03	6.4	0.18	0.50	0.77	0.36	3.61
Deferred Tax Asset (Net)	5.38	4.43	1.61	2.47	4.13	4.96	5.95	3.60	1.45	-
Long Term Investments	20.21	20.21	22.21	27.67	27.67	14.16	12.17	12.17	6.00	-
Short Term Investments & Deposits	115.01	111.14	93.08	72.69	63.06	112.69	149.01	119.26	105.30	101.09
Net Working Capital	127.55	94.31	73.91	60.25	67.62	111.46	93.35	105.20	97.56	85.25
Total	345.31	302.35	259.96	237.13	228.62	302.08	317.79	306.32	283.89	271.60
Ratios										
EBITDA to Sales (%)	22.92%	22.68%	20.50%	16.21%	16.95%	21.96%	22.76%	25.19%	24.19%	19.66%
PBIT to Sales (%)	20.45%	20.24%	17.42%	12.10%	13.49%	17.57%	15.49%	15.49%	14.05%	8.64%
PBT to Sales (%)	20.45%	20.24%	17.42%	12.10%	13.49%	17.57%	15.49%	15.49%	14.05%	8.63%
PAT to Sales (%)	15.34%	15.05%	12.60%	9.36%	10.40%	13.80%	13.35%	12.24%	10.76%	6.13%
Interest Cover (Times)			-	-	-	-	-	-	-	996.33
ROCE (%) #	33.86%	32.10%	22.59%	10.99%	14.30%	14.06%	10.44%	9.30%	8.15%	4.84%
Return on Networth (%)	23.82%	22.18%	16.34%	8.50%	11.02%	11.04%	8.99%	7.35%	6.25%	3.44%
Total Debt Equity Ratio			-	-	-	-	-	-	-	-
Long Term Debt Equity Ratio (+)			-	-	-	-	-	-	-	-
Sales/Net Fixed Assets (Times)	7.43	6.35	5.11	2.91	4.05	4.12	3.77	2.82	2.25	1.86
Net Working Capital Turnover (Times)	4.20	4.73	4.56	3.58	3.58	2.17	2.29	1.75	1.69	1.78

#Return on Capital Employed (ROCE) is Profit Before Interest and Tax (PBIT) divided by the Capital Employed, as at the end of the year.

* Figures pertaining to 2015-2016 to 2023-24 are as per Ind AS and 2014-15 is as per IGAAP.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M A M Arunachalam, Chairman
 Mr. L Ramkumar
 Mr. J Balamurugan
 Ms. Soundara Kumar
 Dr. S K Sundararaman
 Mr. N Krishna Samaraj
 Mr. Mukesh Ahuja
 Mr. Arun Venkatachalam

CEO & WHOLE TIME DIRECTOR

Mr. M Karunakaran

COMPANY SECRETARY

Mr. Walter Vasanth P J

CHIEF FINANCIAL OFFICER

Mr. Ranjan Kumar Pati

REGISTERED OFFICE

304-A, Trichy Road, Singanallur, Coimbatore - 641 005

WORKS

C Unit, Avinashi Road, Muthugoundenpudur, Coimbatore
 D Unit, K.Krishnapuram, Tirupur
 F Unit, Kannampalayam, Coimbatore

AUDITORS

MSKA & Associates
 Chartered Accountants

BANKERS

HDFC Bank
 IDBI Bank
 Kotak Mahindra Bank

CORPORATE IDENTIFICATION NUMBER

L29130TZ1972PLC000649

BOARD'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

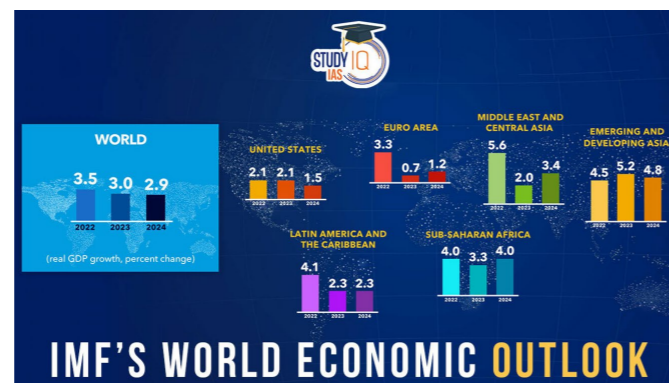
Dear Shareholders,

The Board is pleased to present the 51st Annual Report together with the audited financial statements for the year ended 31st March, 2024.

1. Business Environment

According to IMF, global growth rate is at 3.2% in CY2023 and is projected to continue at the same rate in CY2024 and CY2025. The pace of expansion is low as compared to past owing to both near-term factors like high borrowing costs, withdrawal of fiscal support, longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine, weak growth in productivity and increasing geoeconomic fragmentation.

The global economy has been surprisingly resilient, despite significant central bank interest rate hikes to restore price stability. Though sharp price increases remain an obstacle across the world, the IMF foresees global inflation tumbling from 6.8% in CY2023 to 5.9% in CY2024 and 4.5% in CY2025. Growth in Emerging and Developing Asia is expected to decline slightly from 5.6% in CY2023 to 5.2% in CY2024 and 4.9% in 2025. The IMF expects the Chinese economy to slow from 5.2% in CY2023 to 4.6% in CY2024 and 4.1% in CY2025.



On the Economy

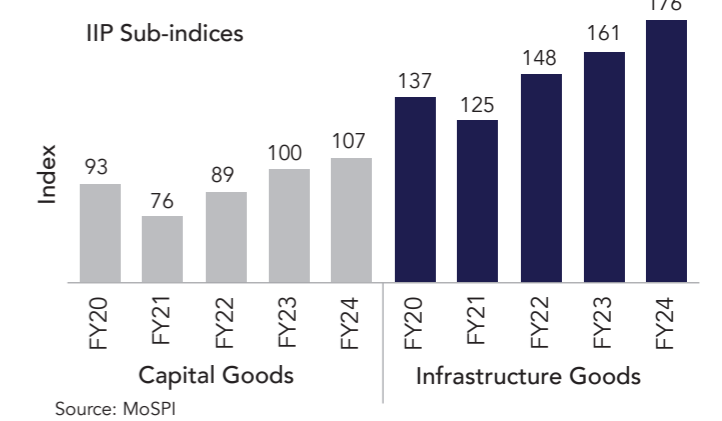
Indian Economy: The Indian economy is set to achieve nearly 7% growth in the FY24-25. The positive outlook is attributed to the robust domestic demand that has propelled the country to a growth rate exceeding 7% over the past three years. The strength in domestic demand is driven by private consumption and investment, government reforms and initiatives implemented over the past decade. Investments in both physical and digital infrastructure, along with measures to boost manufacturing, have bolstered the supply side, providing a significant boost to economic activity in the country.

Increased Government investment activity has also resulted in the crowding-in of private investment. Capital Goods and Construction/Infrastructure Goods indices of the Index of Industrial Production (IIP) were 6.2% and 9.6% higher during FY24 compared to the previous year. Though imports of capital goods in FY24 were marginally lower than that in the previous year, their share in overall imports increased from 11.8% in FY23 to 12.4% in FY24, indicating a continued build-up of productive capacity in the economy.

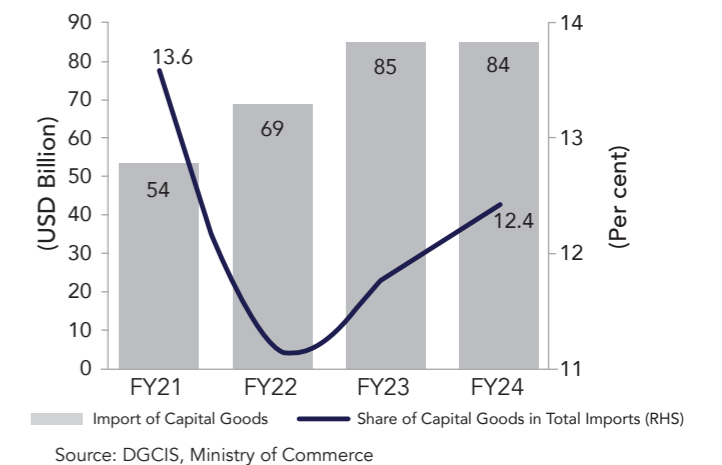
Source:

- <https://ddnews.gov.in/en/indian-economy-poised-for-7-growth-in-fiscal-year-2024-25-ministry-of-finance/>
- <https://dea.gov.in/sites/default/files/Monthly%20Economic%20Review%20-April%202024.pdf>

Growing investment activity



Rise in the share of capital goods in total imports



According to the Ministry of Commerce and Industry, total goods imports by India in 2023–24 decreased by 5.66 percent to US\$675.44 billion. Looking ahead, India is actively working on expanding its export portfolio.

Robust public investment driving growth: The Indian government's steadfast commitment to boosting infrastructure development and public investment has been a driving force behind the country's economic growth. Increased spending on infrastructure projects, such as roads, ports, and power generation, has not only created employment opportunities but has also facilitated the smooth flow of goods and services, thereby enhancing overall productivity and competitiveness.

Promising export sectors and job creation: While external demand for Indian merchandise exports is expected to remain subdued due to global economic uncertainties, sectors such as pharmaceuticals and chemicals are anticipated to witness strong export growth. These industries, which have emerged as key drivers of India's export basket, are poised to benefit from the country's cost-competitiveness and growing global demand for high-quality Indian products. Robust economic growth and higher labor force participation are also contributing to job creation and income generation, improving labor market indicators.

Balanced approach to fiscal prudence: The Indian government's commitment to fiscal prudence is acknowledged, as it seeks to gradually reduce the fiscal deficit while simultaneously increasing capital investment. This balanced approach aims to strike a balance between promoting economic growth and maintaining fiscal discipline, thereby ensuring long-term macroeconomic stability.

With its strong economic fundamentals, strategic focus on infrastructure development, resilient domestic demand, and promising export sectors, India is well-positioned to navigate global uncertainties and sustain its robust economic growth trajectory in 2024.

On the Industrial Gear Industry: The Industrial Gearbox market growth in India will be driven through, Technological Advancements, Growing Demand, Regulatory Support, Environmental Awareness and Cost reduction initiatives.

The Indian gear industry has experienced significant growth over the past decade, driven by various factors that have shaped the country's industrial landscape. The rapid industrialization, expansion of the automotive sector and increasing demand for high-precision gears have been key contributors to this growth.

The industrial machinery sector has witnessed steady growth, driven by increasing industrialization and the expansion of sectors such as construction, power generation and mining. These sectors rely heavily on gears for their machinery and equipment, further boosting the demand for gears in India.

India's favourable business environment, coupled with government initiatives to promote manufacturing and infrastructure development, has created a conducive ecosystem for the gear industry to flourish. The "Make in India" campaign, launched by the Indian government, has attracted both domestic and foreign investments in the manufacturing sector, including gear manufacturing.

Industry shift towards electric vehicles (EVs) has opened up avenues for gear manufacturers to produce specialized gears for EV transmissions and powertrains. With the government's push for electric mobility, this presents a significant growth opportunity for the industry.

The Indian gear industry has also embraced automation and digitization, incorporating CAD, CAM, and CNC technologies to industry 4.0 components such as AI, ML, AR, etc., into their manufacturing processes. This has enabled gear manufacturers to enhance precision, optimize productivity, and deliver high-quality products that meet global standards.

As India continues to invest in infrastructure, upskill its workforce, and adopt advanced manufacturing technologies with a competitive cost advantage, India positions itself as a promising destination for gear manufacturing in the future.

On the Economy

On the Industrial Gear Industry

Global gear sector prospects: According to FMI, the industrial gearbox market is expected to grow its revenue share from US\$ 30.08 billion in 2023 to US\$ 47.16 billion by 2033. Throughout the forecast period, the market is anticipated to exhibit a constant CAGR of 4.6%.

Indian gear sector prospects: India is one of the largest markets for gears in Asia and has seen steady growth over the past few years. The growing demand for automotive, industrial, and agricultural applications is driving the market forward. In addition to this, government initiatives such as Make-in-India are also pushing up sales of locally manufactured gears.

Gears have wide application in manufacturing industries viz. Steel, Power, Cement, Mining, Oil & gas production plants, among others where they facilitate movement between various parts of machines/equipment used on shop floors.

Government policies such as Make-in-India will further drive-up demand during making it another key driver behind industry expansion and give global recognition to the Indian economy.

Sector-wise prospects

Railway

Indian Railways has announced the implementation of three major economic railway corridor programs aimed at enhancing logistics efficiency and reducing costs. These programs, identified under the PM Gati Shakti initiative, include energy, mineral, and cement corridors, port connectivity corridors, and high traffic density corridors. By decongesting high-traffic corridors, the operations of passenger trains are expected to improve, leading to increased safety and higher travel speeds for passengers.

The conversion of forty thousand normal rail bogies to Vande Bharat standards is set to enhance passenger safety, convenience, and comfort. The Indian government has announced an ambitious plan to manufacture 400 Vande Bharat trains by 2024-25. This is part of its larger goal of developing

the country's railway infrastructure and boosting local manufacturing under the "Make in India" initiative.

Besides Vande Bharat Express, Indian Railways have plans for 1500 numbers of High-Power Passenger and Goods Locomotives as well as 500 numbers of Self Propelled Motor Coaches for Urban and Suburban transportation to meet increasing demands.

Extrusion

The global plastic extrusion machine market is projected to reach US\$ 7113.2 million in 2023. Based on the report, sales of plastic extrusion machines are expected to have a CAGR of 4.70% and to reach an evaluation of US\$ 10,754.4 million by 2032.

The demand for plastic extrusion machines is soaring, as there is a growing need for extruded plastic products from several end-use segments, such as packaging, consumer goods, construction and automotive. This primarily boosts the growth of the global plastic extrusion machine market.

The demand for the plastic extrusion machine market is said to be constantly high, as these machines assist in speeding up the workflow and volume, at the same time maintaining stability through manufactured products.

Manufacturers of plastic extrusion machines are progressively aiming towards manufacturing reliable and effective twin-screw plastic extrusion machines. This is anticipated to encourage the growth of the plastic extrusion machine market share during the forecast period. Faster production and increasing manufacturing rates through plastic extrusion are anticipated to support the global plastic extrusion machine market growth.

The global rubber extruder market size is expected to reach US\$ 4,234 million by 2032. The rubber extruder market is growing rapidly. As per FMI analysts, the global rubber extruder market is estimated to be valued at US\$ 2,527.7 million in 2023 and is projected to increase at a CAGR of 5.3% during the forecast period.

Over the forecast period, the rubber extruder market is expected to gain traction due to its significant drivers, such as the introduction of new and novel rubber products.

Sources:

- <https://www.imf.org/en/Publications/WEO>
- https://www.business-standard.com/economy/news/un-revises-india-s-2024-economic-growth-projection-upwards-to-nearly-7-124051700065_1.html

Sources:

- IMARC -Indian Railway Budget

Several other factors are also expected to boost the demand for rubber extruders, such as the growing automotive manufacturing industry in emerging and developed regions and the growing consumer awareness about comfort is expected to gain traction in the overall industry of rubber extruders. Providing fuel-efficient and high-performance vehicles in the automotive industry is a key consumer demand that manufacturers are able to serve with innovative rubber products.

Cranes

The India's crane market size reached US\$ 3.4 billion in 2023. Looking forward, IMARC Group expects the market to reach US\$ 5.2 billion by 2032, exhibiting a growth rate (CAGR) of 4.6% during 2024-2032. The significant growth in the construction industry, rapid technological advancements, and extensive research and development (R&D) activities are some of the key factors driving the market.

Cranes are a type of construction machinery used for loading and unloading heavy materials, machines, and goods. They are manufactured using high-strength, low-alloy (HSLA) steels and elements, such as nickel, titanium, chromium, molybdenum, vanadium, and niobium. Mobile, fixed, marine, and port are some of the commonly available types of cranes. They are equipped with cables, pulleys, hoists and wire ropes and utilize electric motors & hydraulic systems to provide great lifting capabilities. Cranes are cost-effective and offer a faster setup that helps improve efficiency and increase safety and productivity. As a result, they find extensive applications across the mining, construction, excavation, oil and gas and marine industries.

Besides this, the implementation of various government initiatives on infrastructure development, which involves the construction of buildings, bridges, dams, pipelines, road networks, ports and railways, is propelling the market growth.

Material Handling

The global material handling equipment market size was valued at US\$ 227.4 billion in 2023 and is expected to expand at a compound annual growth rate (CAGR) of 6% from 2024 to 2030.

Rapid industrialization and increased demand for automation in material handling equipment are expected to fuel market growth in this period.

The India's Automated Material Handling Market size is estimated at US\$ 1.47 billion in 2024, and expected to reach US\$ 2.66 billion by 2029, growing at a CAGR of 12.70% during the forecast period (2024-2029).

The ongoing modernization of industrial facilities and infrastructures to improve their production capacity is anticipated to drive the growth of the material handling equipment market.

Expansion plans by Steel Plants and Coal Mining will induce demand, for material handling conveyors.

Cement

India is the second-largest cement producer in the world and accounts for over 8% of the global installed capacity. Of the total capacity, 98% lies with the private sector and the rest with the public sector. The top 20 companies account for around 70% of the total cement production in India. As India has a high quantity and quality of limestone deposits throughout the country, the cement industry promises huge potential for growth.

India's cement demand will grow by 6%-8% over the next few years as per the credit and analytical report from Fitch a leading financial analyst in the Cement sector. India's steady GDP expansion of 7%-8% will define growth across various construction end-markets. We expect cement demand from infrastructure and affordable housing markets to increase by the high-single to low-double digits.

The Government of India is strongly focused on infrastructure development to boost economic growth and is aiming for 100 smart cities. The Government also intends to expand the capacity of railways and the facilities for handling and storage to ease the transportation of cement and reduce transportation costs. These measures would lead to increased construction activity, thereby boosting cement demand.

The future outlook of the cement sector looks on track. In the next 10 years, India could become the main exporter of clinker and grey cement to the

Middle East, Africa, and other developing nations of the world. Cement plants near the ports, for instance, the plants in Gujarat and Visakhapatnam, will have an added advantage for export and will logistically be well-armed to face stiff competition from cement plants in the interior of the country.

India's cement production capacity is expected to reach 550 MT by 2025. The cement demand in India is estimated to touch 419.92 MT by FY27 driven by the expanding demand of different sectors, i.e., housing, commercial construction, and industrial construction. The cement sector is expected to grow at a CAGR of 4.7% during 2024-32.

2. Company Performance

(₹ Crores)

Particulars	Year Ended 31.03.2024	Year Ended 31.03.2023
Revenue from Operations (Net)	536.05	445.65
Earnings Before Interest Tax Depreciation & Amortisation	122.85	101.07
Depreciation and amortisation expense	13.21	10.88
Profit Before Tax	109.64	90.19
Less: Tax Expenses	27.39	23.14
Profit After Tax	82.25	67.05
Add: Surplus brought forward	92.23	48.18
Appropriations:		
Final dividend paid during the year	15.38	
Tax on final dividend paid during the year		
Interim dividend paid during the year	23.01	23.01
Tax on interim dividend paid during year		
Balance carried to Balance Sheet	136.09	92.23

3. Review of Operations

In FY23-24, the Company reported improved performance. Revenue from Operations at ₹536 crores, registering a growth of 20% growth over the previous year. This growth was owing to an increase in order inflow and deliveries.

Focus on Replacement segment in power transmission helped in sustaining the competitive advantage. The business continued to build relationships through high levels of customer engagement during the year.

Specific attention is given for development of alternate materials and processes to drive value addition and cost reduction. Capital investments were made wherever technological upgradation was required.

EBITDA increased to ₹122.85 crores in FY24 from ₹101.07 crores in FY23 – a growth of 22%. The Company registered a net profit of ₹82.25 crores (an 23% increase).

From a liquidity standpoint, the Company generated a Free Cash Flow of ₹43.14 crores during the financial year and registered 10% growth over the previous year.

The Company's Return on Capital Employed improved to 34% in FY24 from 32% in FY23.

The Company remains debt free and invests its surplus funds judiciously balancing safety and returns.

4. Dividend

The Board of Directors declared an Interim Dividend of ₹3/- per share (@ 300%) on equity share of

the face value of ₹1/- each for the financial year 2023-24, which was paid on 23rd February, 2024 to all the eligible shareholders. A final dividend of ₹2/- per share (@ 200%) has been proposed by the Board for the said financial year and together with the Interim Dividend of ₹3/- per equity share, already declared and paid, in respect of the financial year 2023-24, ₹5/- per share (@ 500%) will be considered as the total Dividend for the said financial year.

The dividend pay-out this year got exceeded w.r.t Company's policy on Dividend Distribution, to commemorate the company's performance. The Dividend Policy as approved by the Board is uploaded and is available on the following link on the Company's website, <http://www.shanthigears.com/wp-content/uploads/2021/04/SGL-Dividend-Distribution-Policy.pdf>.

Details thereof also form part of this Annual Report for the information of shareholders as Annexure-A.

5. Share Capital

The paid-up Equity Share Capital as on 31st March, 2024 was ₹7.67 crores.

6. Deposits

The Company has not accepted any fixed deposits under Chapter V of the Companies Act, 2013 and as such no amount of principal and interest was outstanding as on 31st March, 2024.

7. Particulars of Loans and Guarantees

During the year under review, the Company has not given any loans or guarantees under the provisions of Section 186 of the Companies Act, 2013. As part of treasury management, the Company deploys short-term surplus in units of mutual funds, the details relating to which form part of the Notes to the financial statements provided in this Annual Report.

8. Directors

Mr. M A M Arunachalam, will retire by rotation at the ensuing Annual General Meeting under

Section 152 of the Companies Act, 2013 and being eligible, he offers himself for re-appointment.

Mr. J Balamurugan, completed his second term of office, as an independent director of the Company by this AGM. The Board placed on record its appreciation for the valuable services rendered by Mr. J Balamurugan, during his association as an independent director of the Company.

Mr. N Krishna Samaraj, Independent Director will hold office up to the date of the 51st Annual General Meeting. Mr. N Krishnan Samaraj retires by this Annual General Meeting and not offering himself/seeking reappointment. The Board placed on record its appreciation for the valuable services rendered by Mr. N Krishnan Samaraj, during his association as an independent director of the Company.

Mr. A Venkataramani, has been appointed as an Additional Director in the capacity of a "Non-Executive & Independent Director" with effect from 09th May, 2024, who meets the criteria for independence under Section 149(6) of the Act and the Rules made thereunder and Regulation 16(1)(b) of the LODR Regulations and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, necessary resolution proposing his appointment as an Independent Director of the Company for a period of 5 (five) years till 08th May, 2029 forms part of the notice of the Annual General Meeting and he shall not be liable to retire by rotation.

The Board takes pleasure in recommending the appointment of Mr. A Venkataramani as an Independent Director of the Company.

All the Independent Directors of the Company have furnished necessary declaration in terms of Section 149(6) of the Act affirming that they meet the criteria of independence as stipulated under the Act. In the opinion of the Board, all the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

9. Key Managerial Personnel

Mr. M Karunakaran, CEO & Whole-time Director, Mr. Walter Vasanth P J, Company Secretary & Compliance Officer and Mr. Ranjan Kumar Pati, Chief Financial Officer are the Key Managerial Personnel (KMP) of the Company as per Section 203 of the Companies Act, 2013.

10. Internal Control System and their Adequacy

The Company has an Internal Control System, commensurating with its size, scale and complexity of its operations.

It has a sound system of internal controls in place to ensure the achievement of goals, evaluation of risks and reliable financial and operational reporting.

This efficient internal control procedure is driven by a robust system of checks and balances that ensures the safeguarding of assets, compliance with all regulatory norms and procedural & systemic improvements periodically.

The Company uses an ERP (Enterprise Resource Planning) package supported by in-built controls. This guarantees timely financial reporting. The audit system periodically reviews the control mechanism and legal, regulatory and environmental compliances.

The internal audit team also checks the effectiveness of internal controls and initiates necessary changes arising out of inadequacies, if any. All financial and audit controls are further reviewed by the Audit Committee of the Board of Directors.

11. Internal Financial Control Systems with reference to financial statements

The Company has a formal system of internal financial control to ensure the reliability of financial & operational information and regulatory & statutory compliances. The Company's business processes are enabled by an Enterprise-wide Resource Platform (ERP) for monitoring and reporting processes resulting financial discipline and accountability.

12. Enterprise Risk Analysis and Management

The Company's risk strategy is determined by its risk appetite defined by a series of risk criteria. The criteria are based on sectoral realities, customer circumstances, liquidity available and its earnings target within accepted volatility limits. These criteria provide a reference for our operating divisions.

The Company's risk management framework comprises a combination of centrally issued policies and divisionally-evolved procedures that are regularly reviewed for their alignment with sectoral dynamics and evolving trends.

The framework encompasses strategy and operations and seeks to proactively identify, address and mitigate existing and emerging risks with the goal of making the business model emerge stronger and business growth becomes sustainable.

The Company has constituted a Risk Management Committee aligned with the requirements of the Companies Act, 2013 and Listing Regulations. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

The Company operates across various product platforms built over the years. Relative advantages and disadvantages of such product verticals are studied and advances are tracked. The Company seeks to address technology gaps through continuous benchmarking of existing manufacturing processes with developments in the industry and in this connection has made arrangements with technology consultants.

Sub-par utilization of capacities may lead to inadequate leverage benefits. The Company is ramping up its marketing efforts towards successful product establishment and market acceptance of its products, exploring development of alternate products and establishing a range of applications.

13. Corporate Governance

Your Company is committed to maintaining high standards of Corporate Governance. A report on Corporate Governance, along with a certificate from the Practicing Company Secretary on compliance with Corporate Governance norms forms part of this report as Annexure-H.

14. Corporate Social Responsibility (CSR)

As a corporate citizen, your Company is committed to the conduct of its business in a socially responsible manner. The Company contributed a portion of its profit to the promotion of worthy causes like education, healthcare, scientific research etc. As a part of the Corporate Social Responsibility program, the Company has undertaken projects in the areas of Education, Scientific Research, etc., List of CSR Activities, Composition of CSR Committee and CSR Policy is annexed herewith as Annexure-B.

15. Annual Return

The Annual return in Form MGT-7 is available on the Company's website at the following link: <http://www.shanthigears.com/annual-return/>

16. Directors Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and belief confirm that:

- in the preparation of the annual accounts, applicable Accounting Standards have been followed and that there were no material departures therefrom;
- they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and 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 as at 31st March, 2024 and of the profit of the Company for the year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting

records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year ended 31st March, 2024; and
- proper system has been devised to ensure compliances with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March, 2024.

17. Policy on Appointment and Remuneration of Directors

Pursuant to Section 178 (3) of the Companies Act, 2013 the Nomination and Remuneration Committee of the Board of the Company has formulated the criteria for Board nominations as well as policy on remuneration for Directors and employees of the Company.

The Remuneration policy provides the framework for remunerating the members of the Board, Key Managerial Personnel and other employees of the Company. This policy is guided by the principles and objectives enumerated in Section 178 (4) of the Companies Act, 2013 and reflects the remuneration philosophy and principles of the Murugappa Group to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. The policy lays down broad guidelines for payment of remuneration to Executive and Non-Executive Directors within the limits approved by the shareholders.

The Board Nomination criteria and the Remuneration policy are available on the website of the Company at <http://www.shanthigears.com/wp-content/uploads/2019/05/SGL-Remuneration-Policy-Mar-2019.pdf>

18. Related Party Transactions

All related party transactions that were entered during the year under review were on an arm's length basis and were in ordinary course of business. There are no materially significant related party transactions during the year which may have a potential conflict with the interest of the Company at large. Necessary disclosures as required under Accounting Standard (Ind AS 24) have been made in the notes to the Financial Statements. The Policy on Related Party Transactions, as approved by the Board, is uploaded and is available on the Company's website <http://www.shanthigears.com/wp-content/uploads/2022/09/SGL-RPT-Policy-1-Apr-2022.pdf>

None of the Directors had any pecuniary relationships or transactions vis-à-vis the Company. All transactions with Related Parties under the Companies Act, 2013, entered during the financial year were in the ordinary course of business at arm's length and hence no particulars are required to be entered in the Form AOC-2. Further, all transactions entered into with Related Parties during the year even at arm's length basis in the ordinary course did not exceed the thresholds prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 or Listing Regulations or the Company's Policy in this regard and hence no disclosure was required to be made in Form AOC-2. Accordingly, there are no contracts or arrangements entered into with Related Parties during the year to be disclosed under Sections 188(1) and 134(3)(h) of the Companies Act, 2013 in Form AOC-2. The form is enclosed as Annexure-E.

19. Board Evaluation

The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

20. Vigil Mechanism/Whistle Blower Policy

The details of Vigil Mechanism/Whistle Blower policy are given in the Corporate Governance Report.

21. Business Responsibility & Sustainability Reporting

As required under the SEBI Listing Regulations which mandate the inclusion of a Business Responsibility & Sustainability Report as part of the Annual Report for the top 1000 listed entities based on market capitalisation, the Business Responsibility Report forms part of the Annual Report as Annexure G. The Business Responsibility Policy of the Company is displayed in the Company's website at the following link: <http://www.shanthigears.com/wp-content/uploads/2020/06/SGL-BRR-Policy-May-2020.pdf>

22. Declarations/Affirmations

During the year under review:

- there were no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate viz., 31st March, 2024 and the date of this Report; &
- there were no significant material orders passed by the regulators or courts or tribunals impacting the Company's going concern status and its operations in future.

23. Human Resources

Intellectual capital has been the cornerstone of Shanthi Gear's sustenance over the years. The Company has a large pool of engineers. This critical competitive edge has enabled the Company to stand out from the clutter and develop niche solutions that address the ever-evolving requirements of the sectors it caters to.

The HR strategy and initiatives of your Company are designed to effectively partner the business in the achievement of its ambitious growth plans and to build a strong leadership pipeline for the present and several years into the future. Industrial Relations continued to be cordial.

Senior leaders have been investing a lot of time and efforts in identifying and developing succession pipeline for critical positions in the organization. The transition management programmes viz., FTF and LEAD have been very successful and as part of the programme, implementation of Individual Development Plans (IDPs) for talent pool identified through these programmes is being facilitated. The IDPs are being reviewed regularly and On-the-Job projects, job enlargement/job rotation, mentoring support to the Talents are being provided. Coaching & mentoring was done for select talent across the organization with an intent of developing future leaders. Internal employees have been given opportunities to take up higher roles and grow in the system under Grow from within Scheme.

The Company had 536 permanent employees on its rolls, as on 31st March, 2024.

The disclosure with respect to remuneration as required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached and forms part of this Report as Annexure-C.

The information relating to employees and other particulars required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members excluding the information on employees, particulars of which are available for inspection by the Members at the Registered Office of the Company during business hours on all working days of the Company up to the date of the forthcoming Annual General Meeting. If any Member is interested in obtaining a copy thereof, such member may write to the Company Secretary in the said regard.

24. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed herewith as Annexure-D.

25. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Prevention of Sexual Harassment policy (POSH) in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary and trainees) are covered under this policy. The Company has not received any complaints about sexual harassment during the year 2023-24.

26. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s R. Sridharan & Associates, Company Secretaries to undertake Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and forms part of this Report as Annexure-F. Accordingly, no qualification or observation or other remarks have been made by the Secretarial Auditor in his Report.

27. Auditors

The Members have appointed of M/s MSKA & Associates, Chartered Accountants, (Firm Registration No 105047W) the Statutory Auditors of the Company for a period of 5 years from the conclusion of 50th AGM (2023) till the conclusion of 55th AGM (2028) subject to ratification of such appointment by members at every AGM. The requirement to place the matter relating to the appointment of auditors for ratification by Members at every AGM has been done away with

the Companies (Amendment) Act, 2017 with effect from 7th May, 2018. Accordingly, no resolution is being proposed for ratification of the appointment of statutory auditors at the Fifty-first AGM.

Mr. B. Venkateswar was appointed as Cost Auditor for the audit of the Cost Accounting records of the Company for the year ended 31st March, 2025. A resolution seeking Members' ratification of the Remuneration payable to the Cost Auditor is included in the AGM notice dated 09th May, 2024. The Cost Audit report will be filed within the stipulated period.

28. Subsidiaries/Associates/Joint Ventures

The Company does not have any subsidiaries/Associates/Joint Ventures.

29. Secretarial Standards

The Company has duly complied with the applicable Secretarial Standards as required by the Companies Act, 2013.

30. General

The Company has not issued equity shares with differential voting rights or sweat equity shares, there is no reportable event with respect to one

time settlement with any Bank or Financial Institution and no corporate insolvency resolution process was initiated under the Insolvency and Bankruptcy Code, 2016, either by or against the Company, before National Company Law Tribunal.

31. Change in Nature of Business

There has been no change in the nature of business during the financial year under review.

32. Other Confirmations

No application under the Insolvency and Bankruptcy Code, 2016 (IBC) was made on the Company during the year. Further, no proceeding under the IBC was initiated or is pending as at 31st March, 2024. There was no instance of one time settlement with any Bank or Financial Institution.

33. Acknowledgement

The Directors thank all Customers, Vendors, Banks, State Governments and Investors for their continued support to your Company's performance and growth. The Directors also wish to place on record their appreciation of the contribution made by all the employees of the Company in delivering good performance during the year.

On behalf of the Board

M A M Arunachalam

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 09 May 2024

ANNEXURE A TO THE BOARD'S REPORT

Dividend Distribution Policy

1. Background

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 introduced on 08th July, 2016. This policy will be effective from 29th March, 2021, being the date of its approval by the Board of Directors of the Company.

2. Objective

The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration of Dividend from time to time. This Policy is applicable to dividend declared/recommended on the equity shares of the Company and does not cover dividend on preference shares, if any, where the rate of dividend is governed by the terms of the issue of preference shares or any other form of dividend.

3. Parameters to be considered for declaration of Dividend

The Board of Directors may declare an interim dividend/recommend final dividend for consideration of shareholders of the Company.

As in the past, subject to the provisions of applicable laws, the Company's dividend pay-out will be determined by the Board of Directors from time to time based on the available financial resources, investment requirements and other factors more fully described hereunder. Subject to these parameters, the Company would endeavor to maintain a total dividend pay-out ratio (dividend inclusive of any tax on distribution of dividend in the hands of the Company) of about 25% of the annual standalone profits after tax after adjusting for payment of preference dividend, if any.

The Board of Directors of the Company will consider the following parameters while recommending/declaring Dividend:

3.1 Financial Parameters/Internal Factors

- Standalone/net operating profit after tax;
- Operating cash flow of the Company for the year;
- Liquidity position, aggregate Debt of the Company (both standalone and consolidated), debt service coverage position etc.;
- Loan repayment and Working capital requirements;
- Capital expenditure requirements;
- Resources required for funding acquisitions, mergers and/or new businesses;
- Cash flow required for meeting tax demands and other contingencies;
- Regulatory (and growth requirement of) Capital Adequacy;
- Regulatory (and growth requirement of) Solvency;
- Trend of dividends paid in the past years;
- Dividend receipt from subsidiaries;
- Any windfall, extra-ordinary or abnormal gains made by the Company; &
- Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

3.2 External Factors

- Prevailing legal requirements, regulatory restrictions laid down under the applicable laws including tax laws and changes made in accounting laws;
- Dividend pay-out ratios of companies in the same industry; &
- Any other factor that has a significant influence/impact on the Company's working/financial position of the Company.

The Board of Directors may additionally recommend special dividend in special circumstances.

4. Circumstances under which the shareholders may not expect Dividend

The shareholders of the Company may not expect Dividend under the following circumstances:

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

5. Utilization of retained earnings

The Company may declare dividend out of the profits of the Company for the year or out of the profits of any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy. Profits retained in the business will be invested in the business/operations of the Company and may be used for augmenting working capital, repayment of borrowings, funding capital expenditure/acquisition(s) and for all other corporate purposes.

6. Parameters to be adopted with regard to various classes of shares

Presently, the Authorised Share Capital of the Company is divided into equity shares of Re.1/- each. At present, the issued and paid-up share capital of the Company comprises only equity shares.

The Company shall first declare dividend on outstanding preference shares, if any, at the rate

of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.

Currently, the Company has issued one class of equity shares with equal voting rights. As and when the Company issues different class of shares, the Board of Directors may suitably amend this Policy.

7. Procedure

7.1 The dividend proposal placed before the Board for consideration shall be in terms of this Policy.

7.2 The Company shall ensure compliance of provisions of applicable Laws and this Policy in relation to Dividend declared by the Company.

8. Disclosure

The Company shall make appropriate disclosures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

9. General

9.1 This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

9.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

9.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

ANNEXURE B TO THE BOARD'S REPORT

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company

Shanthi Gears Limited ("Company" or "SGL"), being part of Murugappa Group is known for its tradition of philanthropy and community service. The Company's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas.

SGL has been upholding the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. The Company believes that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. Therefore, the Company's philanthropic endeavours are a reflection of spiritual conscience and this provides a way to discharge our responsibilities to the various Sections of the society.

CSR Policy of the Company inter alia provides for identification of CSR projects and programmes, modalities of execution, monitoring process.

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. J Balamurugan	Chairperson, Independent, Non-Executive	2	2
2	Mr. M A M Arunachalam	Member, Non-Independent, Non-Executive	2	2
3	Dr. S K Sundararaman	Member, Independent, Non-Executive	2	2
4	Mr. M Karunakaran	Member, Non-Independent, Executive	2	2

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

- CSR Policy is available on the weblink: <http://www.shanthigears.com/wp-content/uploads/2018/07/CSR-Policy.pdf>
- Composition of the CSR Committee shared above is available on the Company's website on <http://www.shanthigears.com/board-committees/>
- CSR Report available on the weblink: <http://www.shanthigears.com/csr-projects/>

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: Not Applicable

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: Not Applicable

6. Average net profit of the Company as per Section 135(5): ₹58.15 crores

7. a. Two percent of average net profit of the Company as per Section 135(5): ₹1.16 crores

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 (5b+5c-5d): ₹1.16 crores

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

Total Amount Spent for the Financial Year	Amount Unspent (in ₹ Crores)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1.18	-	-	-	-	-

b. Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

c. Details of CSR amount spent against other than ongoing projects for the financial year:

1. Sl. No.	2. Name of the Project	3. 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 (₹ Lacs.)	7. Mode of implementation - Direct (Yes/No)	8. Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Construction of two classrooms, Chencherimalai High School	Promoting Education	Yes	Coimbatore,	Tamilnadu	25.00	Yes	-	-
2	Overhead Drinking Water tank construction & Classroom roof replacement, Unchappalayam Middle school	Promoting Education	Yes	Coimbatore,	Tamilnadu	14.00	Yes	-	-
3	Washroom Construction, Lakshmi Nagar	Sanitation	Yes	Coimbatore,	Tamilnadu	7.61	Yes	-	-
4	Overhead Drinking Water tank construction, kamaickenpalayam School	Promoting Education	Yes	Coimbatore,	Tamilnadu	6.49	Yes	-	-
5	Palldam BDO	Promoting Education	Yes	Coimbatore,	Tamilnadu	1.21	Yes	-	-
6	School renovation, Muthalipalayam Primary School	Promoting Education	Yes	Coimbatore,	Tamilnadu	1.82	-	-	-
7	Web based Training to Grand Master Praggananandha, Chess Player	Promoting Sports	Yes	Chennai,	Tamilnadu	1.11	-	-	-
8	Muthalipalayam Panchayat	Eradication Hunger	Yes	Coimbatore,	Tamilnadu	2.40	-	-	-
9	Shri. A.M.M. Murugappa Chettiar Research Centre- Green Energy for Rural India	Sustainable Agriculture & Soil Health Management	No	-	-	58.00	No	Shri. A.M.M. Murugappa Chettiar Research Centre	CSR00000057
	Total					117.64			

- d. Amount spent in Administrative Overheads: Nil
e. Amount spent on Impact Assessment, if any: Nil
f. Total amount spent for the Financial year: ₹1.18 crores
g. Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ Crores)
i.	Two percent of average net profit of the Company as per Section 135(5)	1.16
ii.	Total amount spent for the Financial Year	1.18
iii.	Excess amount spent for the financial year (ii)-(i)	0.01
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous years, if any	Nil
v.	Amount available for set off in succeeding financial years (iii)-(iv)	Nil

9. Details of Unspent CSR amount for the preceding three years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (₹ Crores)	Amount spent in the reporting Financial Year (₹ Crores)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in the succeeding financial years (₹ Crores)
				Name of the Fund	Amount (₹ Crores)	Date of Transfer	
i	-	-	-	Nil			-

10. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): Not Applicable

On behalf of the Board

M A M Arunachalam

Chairman
(DIN-00202958)

J Balamurugan

Chairperson of the CSR Committee
(DIN-00023309)

Place: Coimbatore
Date: 09 May 2024

ANNEXURE C TO THE BOARD'S REPORT

Disclosure pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of remuneration to each Director to the median employee remuneration

Name	Designation	Ratio
Mr. M A M Arunachalam	Chairman	Not Applicable
Mr. L Ramkumar	Director	1.19
Mr. J Balamurugan	Director	1.28
Dr. S K Sundararaman	Director	1.15
Ms. Soundara Kumar	Director	1.12
Mr. N Krishna Samaraj	Director	0.99
Mr. Mukesh Ahuja	Director	Not Applicable
Mr. Arun Venkatachalam	Director	0.13
Mr. M Karunakaran	CEO & Whole-time Director	17.70

2. Percentage Increase in remuneration of each Director & Key Managerial Personnel

Name	Designation	% Increase
Mr. M A M Arunachalam	Chairman	Not Applicable
Mr. L Ramkumar	Director	(7.50)
Mr. J Balamurugan	Director	-
Dr. S K Sundararaman	Director	-
Ms. Soundara Kumar	Director	-
Mr. N Krishna Samaraj	Director	(8.82)
Mr. Mukesh Ahuja	Director	Not Applicable
Mr. Arun Venkatachalam	Director	Not Applicable
Mr. M Karunakaran	CEO & Whole-time Director	24.10
Mr. Ranjan Kumar Pati	Chief Financial Officer	32.53
Mr. Walter Vasanth P J	Company Secretary	Not Applicable

3. Percentage Increase in the median remuneration of employees

(₹ Lakhs)

Median Remuneration	
2022-23	4.95
2023-24	6.24
Increase/(Decrease)	1.29
% Change	26.06%*

*The increase is on account of Long Term Wage Settlement and One-time arrears.

4. Number of Permanent Employees on Roll: 536**5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average increase granted to employees other than managerial personnel is 11.62%. The increase granted to managerial personnel is 12.28%.

6. Affirmation that the remuneration is as per the remuneration policy of the Company

The remuneration paid to the Directors, Managerial Personnel and Employees is in line with the remuneration policy approved by the Board of Directors of the Company.

On behalf of the Board

M A M Arunachalam

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 09 May 2024

ANNEXURE D TO THE BOARD'S REPORT**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The Company is committed to the conservation of energy and various measures are pursued in this regard, some of the measures taken during 2023-24 are highlighted hereunder:

The Company has saved around 1,60,684 units by investing in various energy conservation activities such as the Conversion of traditional old spindle motors to energy efficient motors in VTL and Lathes, LED light installation for street lights, modified existing traditional machine control panel with PLC system at old Boring, Drilling & Keyway Milling machines.

Green Power

The company has 9 Wind Mills with a total capacity of 6.7 MW. These wind mills generated 111.28 lakh units of electricity and these units were used for captive production.

Technology Absorption**Efforts made by the Company towards technology absorption and its benefits:**

Research and Development (R&D) is venturing into new explorations, in the fast evolving Transmission Technology. New Product Development (NPD) is focused on various areas for futuristic market penetration such as Renewable Energy (Solar, Hydel & Wind), Non-Renewable Energy (FGD), Off-Highway Machinery, Metal Handling Machinery, Marine Sector, Electro-Mobility, Printing Machinery & Plastics Industry.

SGL will explore synergies with CG Power which is a Murugappa group company to come up with complete Integrated Electric Drive Solutions for Automotive and Off-Highway Machinery domains. Also R&D is in the process of establishing the test set up for accelerated life cycle testing of Gear Boxes of wider torque range. R&D will be establishing test set up for testing Wind Turbine Gear Boxes for sub MW Wind Mill plants.

Place: Coimbatore

Date: 09 May 2024

Future manufacturing processes and disruptors are also under the radar of the department and considerable efforts are being worked out on patentable ideas. SGL-R&D in collaboration with its external partners has developed instrumentations and sensor devices for improving the reliability and life of the Gearbox to provide value addition to the customers. As a part of automation in shop floor machines and assembly shops, IIOT monitoring is done, resulting in improvement in production efficiencies. A special focus is given towards Condition Monitoring Systems (CMS) development for various industry domain applications. SGL-R&D is developing cloud based CMS products and services for NVT (Noise, Vibration & Temperature) diagnosis and solutions for Gearboxes which will position SGL as one-source services provider for all its customer needs.

Company thrives to become the future technology leader in Transmission industry and serve customers with the latest Technology, Quality and Reliable products.

Expenditure on R&D

(₹ Crores)

Particulars	2023-24	2022-23
Capital Expenditure	6.88	0.05
Revenue Expenditure	2.47	2.93
Total Expenditure	9.35	2.98
Total R&D Expenditure as a % of turnover	1.74	0.67

The Company does not have Technology Transfer Agreements/collaboration agreements with respect to its product line.

Foreign Exchange Earnings and Outgo

(₹ Crores)

Particulars	2023-24
Foreign Exchange Earned	39.65
Foreign Exchange Outgo	13.99

On behalf of the Board

M A M Arunachalam

Chairman

(DIN-00202958)

ANNEXURE E TO THE BOARD'S REPORT

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis	
a. Name(s) of the related party and nature of relationship	Nil
b. Nature of contracts/arrangements/transactions	
c. Duration of the contracts/arrangements/transactions	
d. Salient terms of the contracts or arrangements or transactions including the value if any	
e. Justification for entering into such contracts or arrangements or transactions	
f. Date of approval by the Board	
g. Amount paid as advances, if any:	
h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2. Details of material contracts or arrangement or transactions at arm's length basis	
a. Name(s) of the related party and nature of relationship	Nil
b. Nature of contracts/arrangements/transactions	
c. Duration of the contracts/arrangements/transactions	
d. Salient terms of the contracts or arrangements or transactions including the value, if any:	
e. Date(s) of approval by the Board, if any:	
f. Amount paid as advances, if any:	

On behalf of the Board

M A M Arunachalam

Chairman
(DIN-00202958)

Place: Coimbatore

Date: 09 May 2024

ANNEXURE F TO THE BOARD'S REPORT

Secretarial Audit Report for The Financial Year Ended 31st March, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended]

The Members,

SHANTHI GEARS LIMITED

CIN: L29130TZ1972PLC000649

304A, Trichy Road, Singanallur

Coimbatore - 641 005

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHANTHI GEARS LIMITED** [Corporate Identification Number: L29130TZ1972PLC000649] (hereinafter referred as "the Company") for the financial year ended 31st March, 2024. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company'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 authorized 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 31st March, 2024 complied with the 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 31st March, 2024 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made there under;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- The Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA during the year under review and hence, the question of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder does not arise;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable;
 - The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (not applicable during the year under review);
 - The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (not applicable during the year under review);
 - The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (not applicable during the year under review);
 - 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 an Issue and Share transfer Agent during the year under review);

- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (not applicable during the year under review); and
- i. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (not applicable during the year under review);
- vi. The Management has identified and confirmed the following Laws as being specifically applicable to the Company:
 - a. Factories Act, 1948;
 - b. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation etc.;
 - c. Industries (Development & Regulation) Act, 1951;
 - d. Acts relating to consumer protection including the Competition Act, 2002;
 - e. Acts and Rules prescribed under prevention and control of pollution;
 - f. Acts and Rules relating to Environmental protection and energy conservation;
 - g. Acts and Rules relating to hazardous substances and chemicals;
 - h. Acts and Rules relating to electricity, fire, petroleum, drugs, motor vehicles, explosives, boilers etc.;
 - i. Acts relating to protection of IPR;
 - j. Land revenue laws; and
 - k. Other local laws as applicable to various plants and offices;

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the systems and mechanisms established by the Company are adequate to ensure compliance of laws as mentioned above.

We have also examined compliance with the applicable clauses/regulations of the following:

- i. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2)

(revised effective from October 1, 2017) and the Guidance Note on Meetings of the Board of Directors and General Meetings (revised) issued by The Institute of Company Secretaries of India.

- ii. The Uniform Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. [hereinafter referred to as "Listing Regulations"]

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and such other regulatory authorities for such acts, rules, regulations, standards etc. as mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Woman Independent Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act and Listing Regulations.

Adequate notice is given to all directors before schedule of the Board/Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the year under review, Directors/Members have participated in the Board/Committees meetings through video conferencing, such meetings were properly convened and recorded in compliance with the provisions of Section 173 (2) of the Act read with Rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014. Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities pertaining to Board/Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Company.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors/Committee Members and no Director/Members of the Committee dissented on the decisions taken at such Board/Committee Meetings. Further, in the minutes of the General Meeting, the number of votes cast against the resolution(s) by the members have been recorded.

We further report that based on review of compliance mechanism established by the Company and on basis of the Compliance certificates issued by the Chief Financial Officer and Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws.

We further report that the above mentioned Company being a Listed entity this report is also issued pursuant

to Regulation 24A of the Listing Regulations as amended and circular No.CIR/CFD/CMD1/27/2019 dated 08th February, 2019 issued by the Securities and Exchange Board of India.

We further report that as per the information and explanations provided by the Management, the Company does not have any Material Unlisted Subsidiary(ies) Incorporated in India as defined in Regulation 16(1)(c) and Regulation 24A of the Listing Regulations as amended during the year under review.

We further report that during the audit period, the Company had obtained approval from the Board of Directors at their meeting held on 30th January, 2024 for reclassification of certain persons belonging to the Promoters/Promoter Group of the Company to "Public" Category pursuant to family arrangement.

For **R.SRIDHARAN & ASSOCIATES**
COMPANY SECRETARIES

CS R.SRIDHARAN

CP No. 3239

FCS No. 4775

PR NO. 657/2020

UIN: S2003TN063400

UDIN:F004775F000329814

Place: Chennai

Date: 09 May 2024

This report is to be read with our letter of even date which is annexed as "**ANNEXURE – A**" and forms an integral part of this report.

ANNEXURE A TO SECRETARIAL AUDIT REPORT

The Members,
SHANTHI GEARS LIMITED

CIN: L29130TZ1972PLC000649
304A, Trichy Road, Singanallur
Coimbatore - 641 005

Our Secretarial Audit report for the financial year ended 31st March, 2024 of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. 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 as per the Auditing Standards (CSAS-1 to CSAS-4) and Guidance Notes on ICSI Auditing Standards and Guidance Note on Secretarial Audit issued by The Institute of Company Secretaries of India. The verification was done to ensure that correct facts are reflected in secretarial records.
3. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company as well as correctness of the values and figures reported in various disclosures and returns as required to be filed by the company under the specified laws.
5. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. It is the responsibility of the management of the company to devise proper systems to ensure compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards and to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedures on test basis.
7. 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 **R.SRIDHARAN & ASSOCIATES**
COMPANY SECRETARIES

CS R.SRIDHARAN

CP No. 3239

FCS No. 4775

PR NO. 657/2020

UIN: S2003TN063400

UDIN:F004775F000329814

Place: Chennai
Date: 09 May 2024



**Heli Bevel
Geared Motor
for Rotary Car parking**

ANNEXURE G TO THE BOARD'S REPORT

Business Responsibility and Sustainability Report

Section A: General Disclosures

i. Details of the Listed Entity

Sl.No.	Details of Entity	
1	Corporate Identity Number (CIN) of the Listed Entity	L29130TZ1972PLC000649
2	Name of the Listed Entity	Shanthi Gears Limited
3	Year of incorporation	1972
4	Registered office address	304-A, Trichy Road, Singanallur, Coimbatore - 641 005
5	Corporate address	304-A, Trichy Road, Singanallur, Coimbatore - 641 005
6	E-mail	info@shanthigears.murugappa.com
7	Telephone	+91 422 4545745
8	Website	www.shanthigears.com
9	Financial year for which reporting is being done	2023-2024
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited. Bombay Stock Exchange Limited.
11	Paid-up Capital	₹ 7.67 Cr
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Mr. Ranjan Kumar Pati Telephone: +91 422 4545745 Email Address: ranjanpati@shanthigears.murugappa.com
13	Reporting boundary Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The reporting boundary covers all the manufacturing units of the Company in India for the period from 1 st April 2023 to 31 st March 2024
14	Name of assurance provider	-
15	Type of assurance obtained	-

ii. Products/Services

	Sl. No.	Description of Main Activity	Description of Business Activity	% of turnover of the entity (FY24)
16	1	Manufacturing & Services	Designs and Manufactures Gears, Gearboxes, Geared Motors, and Gear Assemblies, Refurbishing & repairing of old gearboxes	100%

	Sl. No.	Product/Service	NIC Code	% of Total Turnover contributed
17	1	GGB (Gears & Gear boxes)	2814	59%
	2	SFW (Service, Foundry, Worm and Gear Motors)	2814	41%

iii. Operations

	Location	Number of plants	Number of offices	Total
18	National	3	1	4
	International	Nil	Nil	Nil

	Market served by the entity	Locations	Numbers
19	a. No. of Locations	National (No. of States/UTs)	28 States & 8 Union Territories
		International (No. of Countries)	27
	b. What is the contribution of exports as a percentage of the total turnover of the entity?		7.5%
	c. A brief on types of customers	Shanthi Gears boasts a diverse customer base encompassing both B2B and B2C segments. Within B2B, Shanthi Gears serve Original Equipment Manufacturers (OEMs). B2C sales channels include dealers and direct sales to end users. The reach of Shanthi Gears extends across a wide range of sectors such as mineral processing, mining, off-highway vehicles, rubber & plastics, extruders, power generation, wind energy, general engineering, steel, textiles, railways, chemical, fertilizers, non-ferrous metals, pumps, valves, blowers, compressors, lifts, conveyors, cranes, material handling, pulp & paper, cement, sugar, foundry, conveyor systems, aviation, defense, textile mills, and food processing.	

iv. Employees

20. Details as at the end of Financial Year

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
a. Employees and Workers (including differently abled)						
Employees						
1	Permanent (D)	242	220	91%	22	9%
2	Other than Permanent (E)	144	136	94%	8	6%
3	Total Employees (D+E)	386	356	92%	30	8%
Workers						
4	Permanent (F)	248	243	98%	5	2%
5	Other than Permanent (G)	911	857	94%	54	6%
6	Total Workers (F+G)	1159	1100	95%	59	5%
b. Differently abled employees and workers						
Employees						
7	Permanent (D)	0	0	0	0	0
8	Other than Permanent (E)	0	0	0	0	0
9	Total Employees (D+E)	0	0	0	0	0
Workers						
10	Permanent (F)	0	0	0	0	0
11	Other than permanent (G)	0	0	0	0	0
12	Total Differently Abled Workers (F+G)	0	0	0	0	0

21. Participation/Inclusion/Representation of women

Sl. No.	Particulars	Total (A)	No. and percentage of Females	
			No. (B)	% (B/A)
1	Board of Directors	9	1	11.11%
2	Key Management Personnel	3	Nil	Nil

22. Turnover rate for permanent employees and workers

Category	FY 2024			FY 2023			FY 2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	22%	0%	22%	20%	0%	20%	18%	2%	20%
Permanent Workers	1%	0%	1%	0%	0%	0%	1%	0%	1%

v. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding/subsidiary/associate companies/joint ventures

Sl.No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/Associate/Joint Venture	% of shares held by listed Entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Tube Investments of India Limited	Holding company	70.46%	Yes

vi. CSR Details

24	(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
	(ii) Turnover (in ₹)	₹. 536.05 Crores
	(iii) Net worth (in ₹)	₹. 345.31 Crores

vii. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2024 Current Financial Year			FY 2023 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Investors (other than shareholders)	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Communities	No	NA	NA	NA	Nil	Nil	Nil
Shareholders	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Employees and workers	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Customers	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Value Chain Partners	No	Nil	Nil	Nil	Nil	Nil	Nil
Others	-	Nil	Nil	Nil	Nil	Nil	Nil

26. Overview of the entity’s material responsible business conduct issues –
Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S.No.	Material Issue Identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Climate Strategy- Renewable Energy	Opportunity	Energy dependability on non-fossil related fuels has competitive edge over dynamic pricing of fossil fuels. Cleaner fuels position us as an environmental conscious company supporting global cause and climate change.	NA	Positive
2	Occupational Health & Safety	Risk	A robust occupational health and safety program is a core value of Shanthi Gears, it fosters a safe and productive work environment where employee well-being and operational excellence are aligned.	Our Safety policies (SHE) are instrumental in ensuring our employee performance. We work to promote a 'Zero incident work culture' and provide health and safety training to all our employees on how to maintain safety in the workplace environment.	Negative
3	Legal Compliance	Risk	A culture of unwavering regulatory compliance forms the foundation for sustainable growth in Shanthi Gears. A robust regulatory intelligence program ensures comprehensive awareness of the evolving legal landscape, enabling proactive anticipation and effective management of upcoming requirements.	Achieving zero regulatory non-compliance is a relentless pursuit at Shanthi Gears. We leverage advanced digital tool to ensure and continuously monitor adherence to all applicable regulations.	Negative
4	Corporate Governance	Opportunity	Transparent and accountable practices are fundamental to strong corporate governance in Shanthi gears. This commitment fosters trust with stakeholders and creates a sustainable, ethical business environment.	NA	Positive
5	Community Development & Engagement	Opportunity	Building strong partnerships with local communities is a priority for Shanthi Gears. Through social initiatives, investments are made to enhance well-being and ensure the sustainable development of communities where we operate.	NA	Positive

6	Training talent and Skill Development	Opportunity	Continuous training and development programs empower the workforce of Shanthi Gears and fosters a culture of lifelong learning. This investment builds a future-proof talent pool for sustained success.	NA	Positive
7	Waste Management	Risk	Minimizing environmental impact is a priority for Shanthi Gears. We implement sustainable waste management practices throughout our operations, aiming for resource recovery and reduction.	Waste at all of our units is segregated as hazardous and non-hazardous and disposed in appropriate ways, while adhering to the applicable safety norms and regulations for each type of waste.	Negative
8	Water and Wastewater Management	Risk	Responsible water stewardship is key for Shanthi Gears. We implement efficient water management practices and utilize sustainable wastewater treatment solutions to minimize environmental impact.	Wastewater is treated and used for Gardening purpose.	Negative
9	Sustainable Supply Chain	Risk	Building a sustainable supply chain is a priority for Shanthi Gears. We collaborate with environmentally conscious partners and source materials responsibly to minimize our environmental footprint.	Presently, Shanthi Gears is looking into formulating a sustainable supply chain program to assess social and environmental practices of our suppliers.	Negative
10	Risk & Crisis Management	Risk	By implementing a robust risk and crisis management plan, Shanthi Gears can proactively identify potential threats before they escalate into major crises.	Shanthi Gears conducts regular assessments to identify potential threats, analyze their likelihood and impact, and prioritize them based on severity.	Negative
11	Cybersecurity and Data Protection	Risk	A commitment to cybersecurity safeguards sensitive information and operational technology. Rigorous data protection protocols in Shanthi Gears ensure compliance with regulations and maintain stakeholder trust.	We, at Shanthi Gears, regularly conduct penetration testing and vulnerability assessments to identify weaknesses in our security posture and address them before attackers exploit them.	Negative
12	Product Stewardship	Risk	Responsible product lifecycles are a priority for Shanthi Gears. We design and manufacture products with sustainability in mind, considering eco-friendly materials, resource efficiency, and end-of-life solutions.	We work closely with suppliers to ensure they are also adopting sustainable practices in their production processes. This reduces the environmental impact of the entire supply chain and contributes to Shanthi Gears' product stewardship goals.	Negative

Section B: Management and process disclosures

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	SGL Business Responsibility Policy (shanthigears.com)								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	No								
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.	ISO 9001, ISO 14001, ISO 45001, ISO/TS 22163, AS9100D, PED, Company's Environment, Health and Safety (EHS) Guidelines								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any	Shanthi Gears establishes short-term and long-term goals and targets in ESG areas demonstrating our dedication to sustainability, safety and the well-being of our employees. Environment Goals at 2030 <ul style="list-style-type: none"> Energy Intensity : 30 % reduction in Energy Intensity across all SGL Units Renewable Energy : 75 % of total energy will be from renewable energy Water Intensity : 50 % reduction in Water Intensity across all SGL Units Waste Intensity: 50 % reduction in Waste Intensity across all SGL Units 								

	<p>Social Goals at 2030</p> <ul style="list-style-type: none"> Magnify the impact of CSR program: Enhance our CSR program by increasing the employee volunteering hours to 8 hours/Employee/Year ESG Training man hours (man-hours/ employee) : 5 Man days per employee per year across all SGL Units Safety : Achieve and sustain Zero LTIFR Employee Retention rate year on year: 90 % retention rate of employees in Management and Supervisory role Building an Engaging working place for employees: 90 % Achievement of Employee Engagement Score Creating an opportunity to build equitable workplace that offers diversified workforce: Women in Management and Supervisory role to grow to 20% in SGL Units <p>Governance Goals at 2030</p> <ul style="list-style-type: none"> Integrate technology for sustained operations : Production Efficiency 70% of improvement Supply Chain Assessment : Coverage of 80% critical supply chain partners for ESG assessment. Integrate ESG performance of critical supply chain partners in procurement decision-making for Shanthi Gears Limited <p>Our Efforts towards ESG initiatives will reduce Shanthi Gears' environmental impact, foster a motivated and diverse workforce and ensure sustainable & efficient operations</p>																																																																
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	<table border="1"> <thead> <tr> <th>#</th> <th>Parameter/ Metric</th> <th>Target FY 30</th> <th>Achieved FY24</th> </tr> </thead> <tbody> <tr> <td colspan="4">Environment Goals</td> </tr> <tr> <td>1</td> <td>Energy Intensity</td> <td>30 %</td> <td>8 % reduction</td> </tr> <tr> <td>2</td> <td>Renewable energy</td> <td>75 %</td> <td>45 %</td> </tr> <tr> <td>3</td> <td>Water Intensity</td> <td>50 %</td> <td>17 % reduction</td> </tr> <tr> <td>4</td> <td>Waste Intensity</td> <td>50 %</td> <td>1% Increase</td> </tr> <tr> <td colspan="4">Social Goals</td> </tr> <tr> <td>5</td> <td>Magnify impact of CSR program (Employee volunteering hours)</td> <td>8 hours/ Employee/ Year</td> <td>< 1 Hour/ Employee/ Year</td> </tr> <tr> <td>6</td> <td>ESG Training man hours</td> <td>5 Man days/ Employee/ Year</td> <td>1 Man day/ Employee/ Year</td> </tr> <tr> <td>7</td> <td>Safety</td> <td>Zero LTIFR</td> <td>Zero LTIFR</td> </tr> <tr> <td>8</td> <td>Employee Retention rate</td> <td>90 %</td> <td>79 %</td> </tr> <tr> <td>9</td> <td>Employee Engagement Score</td> <td>85 %</td> <td>78 %</td> </tr> <tr> <td>10</td> <td>Diversified workforce</td> <td>20 %</td> <td>8 %</td> </tr> <tr> <td colspan="4">Governance Goals</td> </tr> <tr> <td>11</td> <td>Production Efficiency</td> <td>70 %</td> <td>58 %</td> </tr> <tr> <td>12</td> <td>Supply Chain ESG</td> <td>90 %</td> <td>10 %</td> </tr> </tbody> </table> <p>ESG roadmap is now on track to achieve long term targets, reinforcing our commitment to operational excellence, employee well-being and sustainable business practices.</p>	#	Parameter/ Metric	Target FY 30	Achieved FY24	Environment Goals				1	Energy Intensity	30 %	8 % reduction	2	Renewable energy	75 %	45 %	3	Water Intensity	50 %	17 % reduction	4	Waste Intensity	50 %	1% Increase	Social Goals				5	Magnify impact of CSR program (Employee volunteering hours)	8 hours/ Employee/ Year	< 1 Hour/ Employee/ Year	6	ESG Training man hours	5 Man days/ Employee/ Year	1 Man day/ Employee/ Year	7	Safety	Zero LTIFR	Zero LTIFR	8	Employee Retention rate	90 %	79 %	9	Employee Engagement Score	85 %	78 %	10	Diversified workforce	20 %	8 %	Governance Goals				11	Production Efficiency	70 %	58 %	12	Supply Chain ESG	90 %	10 %
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Governance, Leadership, and Oversight

7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	<p>Shanthi Gears is firmly committed to Environmental, Social, and Governance (ESG) principles, recognizing them as the foundation for long-term, sustainable business success. We understand the interconnectedness of these dimensions and strive to create a positive impact for all our stakeholders. Climate change is a key business risk that we actively address by identifying and mitigating environmental and social risks throughout our entire value chain. This proactive approach includes utilizing renewable energy sources, meticulously tracking, and reducing greenhouse gas emissions, and ensuring responsible practices from our suppliers through comprehensive environmental and social evaluations. Furthermore, we continuously strive to minimize waste and water consumption in our operations through ongoing improvement initiatives.</p> <p>Beyond operational excellence, Shanthi Gears actively contributes to the transition to a low-carbon economy by engaging in rigorous research and development focused on automation and renewable energy solutions. Our dedication to ESG is unwavering, with consistent reviews conducted to ensure compliance with all statutory requirements. All compliance reports are submitted to the appropriate authorities on a regular basis. Finally, as a testament to our holistic vision, Shanthi Gears operates as a philanthropic and service-oriented organization, focusing on healthcare and education initiatives to enrich the communities where we operate. This comprehensive approach ensures Shanthi Gears builds a sustainable future for the environment, society, and our company's long-term success.</p>
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies	<p>DIN Number: 09004843 Name: Mr. M Karunakaran Designation: CEO & Whole-time Director Telephone Number: 0422-4545745 email id: karunakaranM@shanthigears.murugappa.com</p>
9.	Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	<p>Yes, the board of directors are responsible for decision making on sustainability related issues.</p>

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/ Any other Committee									Frequency (Annually/Half yearly/ Quarterly/Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Board Committee									Quarterly								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Board Committee									Quarterly								

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Yes (as necessary)								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)	-								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-								
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	-								
It is planned to be done in the next financial year (Yes/No)	-								
Any other reason (please specify)	-								

Section C: Principle Wise Performance Disclosure

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	Percentages of persons in respective category covered by the awareness programmes
Board of Directors (BoD)	-	-	-
Key Managerial Personnel (KMPs)	20	20	75
Employees other than BoD and KMPs	120	40	96
Workers	52	46	80

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary & Non-Monetary					
Type	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In INR)	Brief of the case	Has an appeal been preferred? (Yes/No)

a. Monetary

Penalty/Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil

b. Non-Monetary

Type	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
Not Applicable	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Shanthi Gears prioritizes a robust governance framework anchored in ethical conduct and transparency. Consistent policies across all subsidiaries ensure stakeholders, both internal and external, operate within this well-defined structure. Upholding ethical and lawful behavior is a core value uniformly embraced by the Board of Directors, Senior Management, and all employees. Shanthi Gears actively cultivates a culture that encourages stakeholders to take actions aligned with these values, fostering a positive external perception.

A comprehensive Code of Conduct governs the actions of Directors, Senior Management (including executives at the General Manager level and above), and those reporting directly to the CEO and Company Secretary. This Code emphasizes acting in the Company's best interests while remaining mindful of responsibilities toward stakeholders, a critical element for long-term success. When selecting vendors and contractors, Shanthi Gears prioritizes vendors who demonstrate a commitment to ethical standards. Furthermore, the Company employs a multi-pronged approach to ensure adherence to these values: regular awareness campaigns and training programs for employees, coupled with consistent communication through various engagement channels, keep all stakeholders informed.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption.

Category	FY 2024 Current Financial Year	FY 2023 Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

Topic	FY 2024 Current Financial Year		FY 2023 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest. Nil

8. Number of days of accounts payables ((Accounts payable *365)/Cost of goods/services procured) in the following format:

Category	FY 2024 Current Financial Year	FY 2023 Previous Financial Year
Number of days of accounts payables	55	55

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format

Parameter	Metrics	FY 2024 Current financial Year	FY 2023 Previous financial Year
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA

Concentration of Sales	a. Sales to dealers/distributors as % of total sales	18%	22%
	b. Number of dealers/distributors to whom sales are made	48	52
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributor	64%	68%
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	0%	0%
	b. Sales (Sales to related parties/ Total Sales)	2%	1%
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)	Nil	Nil
	d. Investments (Investments in related parties/Total Investments made)	Nil	Nil

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
12	10	80

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Shanthi Gears has established conflict of interest policies to guide all stakeholders, ensuring ethical decision-making and protecting the company's interests.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2024 Current financial Year	FY 2023 Previous financial Year	Details of improvements in environmental and social impacts
R&D	0.06%	0.04%	1. Development of Energy Efficient Transfer case (PTO) boom pump gearbox 2. Development of low noise with high efficiency 375 size of VRM gearbox for coal pulverizing (thermal power plant) 3. Development of products inline planetary gearbox with high torqueing capacity
Capex	1.78%	2.14%	1. Installation of energy-efficient machines with a dust extraction system and safety interlock system (VIPER 500, PG Machine, VTC 3000) 2. Procurement of material handling equipment (hand pallet trucks, EOT cranes, mobile cranes) 3. Installation of energy-efficient compressors 4. Replacement of asbestos sheets with GI sheets

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) -

Yes, Shanthi Gears prioritizes a sustainable supply chain, fostering a culture of responsible sourcing among its vendors and service providers. The company encourages adherence to internationally recognized management practices outlined in ISO 9001 (quality management) and ISO 14001 (environmental management) standards. Shanthi Gears' unwavering commitment to long-term sustainability is further solidified by the launch of a comprehensive Sustainable Supply Chain Program. This program will incorporate stringent Environmental and Social Responsibility (ESR) assessments for all suppliers, strategically positioning Shanthi Gears as a frontrunner in responsible sourcing practices.

b. If yes, what percentage of inputs were sourced sustainably?

Not Applicable

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Product	Process to safely reclaim the product
a. Plastics (including packaging)	Not Applicable
b. E-Waste	Not Applicable
c. Hazardous Waste	Not Applicable
d. Other Waste	Not Applicable

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No).

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Shanthi Gears is developing Standard Operating Procedures (SOP) for plastic waste recycling across all operations. These SOPs will be implemented upon successful EPR Registration.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product /Service	% Of total Turnover Contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	If yes, provide the web link
Nil						

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/Service	Description of the risk/concern	Action Taken
Not Applicable		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2024 Current financial Year	FY 2023 Previous financial Year
	Not Applicable	Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed of.

	FY 2024 Current financial Year			FY 2023 Previous financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not Applicable			Not Applicable		
E-waste						
Hazardous waste						
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	Not Applicable

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators

1. a. Details of measures for the well-being of employees.

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	%(B/A)	No. (C)	%(C/A)	No. (D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)

Permanent employees

Male	220	220	100%	220	100%	0	0%	220	100%	0	0%
Female	22	22	100%	22	100%	22	100%	0	0%	0	0%
Total	242	242	100%	242	100%	22	100%	220	100%	0	0%

Other than Permanent employees

Male	136	0	0%	136	100%	0	0%	0	0%	0	0%
Female	8	0	0%	8	100%	0	0%	0	0%	0	0%
Total	144	0	0%	144	100%	0	0%	0	0%	0	0%

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		No. (B)	%(B/A)	No. (C)	%(C/A)	No. (D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)

Permanent workers

Male	243	243	100%	243	100%	0	0%	243	100%	0	0%
Female	5	5	100%	5	100%	5	100%	0	0%	0	0%
Total	248	248	100%	248	100%	5	100%	243	100%	0	0%

Other than Permanent workers

Male	857	0	0%	857	100%	0	0%	0	0%	0	0%
Female	54	0	0%	54	100%	0	0%	0	0%	0	0%
Total	911	0	0%	911	100%	0	0%	0	0%	0	0%

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

	FY 2024 Current financial Year	FY 2023 Previous financial Year
Cost incurred on wellbeing measures as a % of total revenue of the company	13.64%	15.66%

2. Details of retirement benefits.

Benefits	FY 2024 Current financial Year			FY 2023 Previous financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority. (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers Covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Other (Bonus)	100%	100%	Yes	-	-	-

3. Accessibility of workplaces: Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, Shanthi Gears prioritizes accessibility across its operations. Elevators, ramps, and other infrastructure are readily available in both corporate office buildings and manufacturing facilities to ensure inclusivity for individuals with diverse abilities. Furthermore, all significant units boast occupational health centers equipped with wheelchairs, reflecting the company's commitment to a safe and accessible work environment for all.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Shanthi Gears champions equal opportunity for all. The company implemented a company-wide policy across all our facilities that complies with the Rights of Persons with Disabilities Act of 2016. This policy is readily accessible to all employees on the company portal. [SGL Business Responsibility Policy \(shanthigears.com\)](http://shanthigears.com)

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	Nil	Nil
Female	Nil	Nil	Nil	Nil
Total	100%	100%	Nil	Nil

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No	(If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes	Yes, Shanthi Gears prioritizes a transparent and inclusive work environment. A formal Whistleblower Policy empowers employees to raise concerns through established channels, while a dedicated Welfare Committee addresses employee grievances. Regular meetings, encompassing those focused on preventing sexual harassment (POSH), union representation, and critical operational aspects like canteen management, work environment, safety, and communication, foster open dialogue. To ensure clear and direct communication, dedicated channels for raising concerns are established and communicated to all stakeholders. Notably, these comprehensive policy frameworks extend to all Shanthi Gears' manufacturing locations, encompassing both permanent and non-permanent employees.
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2024 Current financial Year			FY 2023 Previous financial Year		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total Permanent Workers	248	167	67%	271	187	69%
Male	243	163	67%	266	182	68%
Female	05	04	80%	05	05	100%

8. Details of training given to employees and workers:

Category	FY 2024 Current financial Year					FY 2023 Previous financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent Employees										
Male	220	220	100	208	94	247	247	100	217	88
Female	22	22	100	21	95	18	18	100	18	100
Total	242	242	100	229	95	265	265	100	235	89
Permanent Workers										
Male	243	243	100	184	76	266	266	100	266	100
Female	5	5	100	5	100	5	5	100	5	100
Total	248	248	100	189	76	271	271	100	271	100

9. Details of performance and career development reviews of employees and worker:

Category	FY 2024 Current financial Year			FY 2023 Previous financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Permanent Employees						
Male	220	155	70%	247	161	65%
Female	22	16	73%	18	13	72%
Total	242	171	71%	265	174	66%
Permanent Workers						
Male	243	192	79%	266	120	45%
Female	5	2	40%	5	1	20%
Total	248	194	79%	271	121	45%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, what is the coverage of such a system?

Yes, Occupational health & safety management system has been implemented in all plant locations. 100% of our operations are covered under EOHS and certified for ISO 45001 (Occupational health & Safety standards) and ISO 14001 (Environmental Management standards).

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

- Shanthi Gears conducts regular hazard identification and risk assessments to proactively identify potential threats to safety. Based on the findings of these assessments, the company implements risk reduction programs aimed at eliminating or mitigating these hazards to the greatest extent possible.
- SHE (Safety, Health, and Environment) committee meetings are held with equal participation from workers, management, and contractors. This collaborative approach ensures all perspectives are considered when addressing safety concerns.
- Preventative maintenance checklists prioritize the inspection of safety-critical components, such as limit switches and sensors. This proactive approach ensures these components function properly, preventing potential issues before they can cause accidents.
- Shanthi Gears takes a multi-layered approach to safety audits. Internal leadership conducts quarterly audits at all plant locations, and external experts perform annual audits. This combination provides a comprehensive assessment of safety protocols.
- Safety reviews are conducted weekly at all levels, and regular safety walks are performed by plant teams and safety professionals. These ongoing activities identify and address potential issues promptly.
- A work permit system is in place to ensure safety during hazardous and non-routine activities, requiring proper authorization and protocols before work commences.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Yes, Shanthi Gears Limited (SGL) prioritizes a robust safety culture by providing its workforce with multiple avenues for reporting work-related hazards. These avenues include:

- **Dedicated EHS Reporting Systems:** SGL utilizes established Environmental, Health, and Safety (EHS) reporting channels, such as designated reporting cards or online platforms, to facilitate direct reporting of safety concerns by employees.
- **Safety Steward Program:** Shanthi Gears has implemented a comprehensive Safety Steward Program. This program empowers a designated group of trained worker representatives to actively identify, collate, and report safety observations within their work areas. Additionally, these Safety Stewards participate in official Safety Committee meetings, ensuring a comprehensive and inclusive approach to addressing workplace safety concerns.

d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services?

Yes, Shanthi Gears Limited (SGL) offers its employees a well-rounded healthcare program that goes beyond workplace injuries. The program includes:

- **On-site Occupational Health Services:** For minor illnesses or injuries, employees can access treatment and support from qualified first-aid personnel at our conveniently located factory health centers.
- **Medical Insurance Coverage:** For more significant healthcare needs, SGL provides medical insurance that covers employees on an as-needed basis, ensuring they receive appropriate treatment at hospitals or other healthcare facilities.

11. Details of safety related incidents, in the following format:

Safety Incident/ Number	Category	FY 2024 Current financial Year	FY 2023 Previous financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Zero Lost Time Injury	Zero Lost Time Injury
	Workers	Zero Lost Time Injury	Zero Lost Time Injury
Total recordable work-related injuries	Employees	Zero	Zero
	Workers	Zero	Zero
No. of fatalities	Employees	Zero	Zero
	Workers	Zero	Zero
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Zero	Zero
	Workers	Zero	Zero

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The following actions are being taken in order to ensure a safe and healthy work environment.

- Senior management actively demonstrates its commitment to safety by providing regular guidance and reviewing the establishment and effectiveness of safety processes.
- A well-defined set of safety protocols guides all operational activities. These protocols encompass proactive measures like safety inspections, hazard assessments, and comprehensive safety training programs for all employee categories.
- Shanthi Gears fosters a culture of safety awareness and shared responsibility. Ongoing communication programs, tailored safety training, and recognition programs promote employee engagement in safety initiatives.
- Employees are encouraged to report hazards, near misses, and unsafe conditions, fostering a proactive approach to risk management.
- A commitment to preventative maintenance ensures machinery, equipment, and facilities are consistently maintained and inspected.
- Shanthi Gears prioritizes preparedness for potential emergencies. Well-defined emergency response plans, coupled with regular drills and training exercises, empower employees to respond effectively in case of fires, chemical spills, or medical emergencies.
- Regular safety patrols, walkthroughs, and toolbox talks allow for continuous monitoring and identification of potential safety concerns.
- Internal and external safety audits provide a comprehensive and independent assessment of safety protocols, identifying areas for improvement.
- Regularly conducted fire drills and mock drills enhance emergency preparedness and ensure a coordinated response.

13. Number of complaints on the following made by employees and workers

Category	FY 2024 Current financial Year			FY 2023 Previous financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	2524	-	-	1437	-	-
Health & Safety						

14. Assessments for the year

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

Shanthi Gears proactively conducts risk assessments, carry out safety audits and inspections to mitigate significant risks and enhance workplace safety. Some of the key safety initiatives undertaken are listed below,

- Centralized Gas Leak Monitoring System is installed to detect and alert about gas leaks from a single control point in the C & F Unit.
- Safety Training (DOJO) Station are implemented in the C Unit to provide hands-on safety training and simulations for improving workers' safety skills.
- CCTV Monitoring & Live Oxygen Level Sensors are provided to ensure safety in underground heat treatment areas by continuously monitoring conditions in real-time.
- LOTO Pla Card & Centralized LOTO Station are implemented in the C Unit to standardize and centralize lockout/tag out procedures.
- Fire Man Suit is provided to the Emergency Response Team (ERT) in F Unit for safe firefighting and victim rescue during emergencies.
- AED Kit is fixed in Occupational Health Centres (OHC) across all units for emergency medical support.
- Confined Space Kit is provided in the C Unit for safe rescue operations in underground heat treatment areas.
- Retractable Blocks are provided for maintenance team to ensures safety for working at heights.
- Arc Flash Suit is issued to protect electrical maintenance team working near HT (High Tension) panels from arc flashes.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

- a. Employees (Yes/No): Yes,** the Company extends life insurance/compensatory package in the event of death of its employees.
- b. Workers (Yes/No): Yes,** the Company extends life insurance/compensatory package in the event of death of its employees

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners. Not Applicable

3. Provide the number of employees/workers having suffered high consequence work related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024 Current financial Year	FY 2023 Previous financial Year	FY 2024 Current financial Year	FY 2023 Previous financial Year
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

No, Shanthi Gears does not provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.

5. Details on assessment of value chain partners:

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	SGL conducts assessments for all its value chain partners through site visits to their respective facilities.
Working conditions	SGL will also review suppliers' safety standards and working conditions and ensures that the partners comply with all relevant laws and regulations in and around SGL premises

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

We are, at present, looking into formulating a sustainable supply chain program to assess social and environmental practices of our suppliers.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Shanthi Gears is committed to a collaborative approach to sustainability and business strategy development. The company actively engages with stakeholders through a multi-faceted communication strategy. Formal channels include consultations with local communities, supplier engagement meetings, and investor forums. The company also leverages informal channels such as employee and customer surveys, CSR initiatives, and dealer conferences. This comprehensive approach allows Shanthi Gears to identify and prioritize social, environmental, and economic issues that are material to both our organization and our stakeholders. Shanthi Gears recognizes a broad range of stakeholders as key partners, including employees, business associates, suppliers, dealers, customers, shareholders/investors, local communities, and regulatory authorities. By fostering open communication and actively listening to their diverse perspectives, the can develop effective business strategies and sustainable practices that create shared value for all stakeholders.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Digital platforms and social media, Retail outlets and Customer satisfaction survey	Regular	<ul style="list-style-type: none"> • High standards of product quality and service delivery • Consistent improvement in customer satisfaction

Local communities	No	Corporate social responsibility initiatives	Regular	<ul style="list-style-type: none"> Improved access to healthcare, education Skill development and livelihood opportunities Disaster management and relief Community development Environmental preservation
NGO partners	No	Corporate social responsibility initiatives	Regular	<ul style="list-style-type: none"> Improved access to healthcare, education Skill development and livelihood opportunities Disaster management and relief Community development Environmental preservation
Investors	No	Investor calls/presentations, press releases and publications, Statutory reports, Annual General Meeting, Stock Exchange announcements	Regular	<ul style="list-style-type: none"> Financial performance Business updates Growth plans and product pipeline Sustainability performance
Regulators	No	Mandatory compliance reports; regular factory visits	Regular	<ul style="list-style-type: none"> Statutory compliance requirements; governance, social, environmental
Employees	No	Internal communication platform, Digital learning platforms, Career progression programs, Engagement initiatives, Talent Management Engine	Regular	<ul style="list-style-type: none"> High Performance Work Culture Talent development and retention Fulfilment of Company's vision, mission and achieving sustainability objectives Professional capacity building Cordial industrial relation Occupational health and safety and safe working environment

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Shanthi Gears maintains a robust communication strategy for engaging stakeholders with the Board. This multi-channel approach utilizes both formal and informal methods. Formal methods include digital platforms, statutory reports, and learning and development resources for internal communication. Additionally, significant topics are brought to the Board's attention at regular intervals through various channels, ensuring consistent and transparent information flow.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, Shanthi Gears recognizes the valuable role stakeholder consultation plays in identifying the most important sustainability issues (material issues). By engaging with diverse stakeholder groups, the company gains a comprehensive understanding of their perspectives on materiality. This allows the company to develop a sustainability strategy that prioritizes the issues that matter most to its stakeholders. Additionally, Shanthi Gears has established a clear action plan and roadmap to address these material issues and meet stakeholder expectations.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

Shanthi Gears, a proud member of the Murugappa Group, fosters a long-standing tradition of corporate social responsibility (CSR) focused on empowering underprivileged, disadvantaged, and vulnerable stakeholders within their communities. The company prioritizes a collaborative approach, actively engaging with these stakeholders to identify and address their most pressing needs. Shanthi Gears' CSR efforts concentrate on core areas like education and healthcare, aiming to create a lasting positive impact.

Demonstrating their commitment to social responsibility, Shanthi Gears allocates a designated portion of their profits to fund these initiatives. During the last fiscal year, the company implemented a variety of impactful programs, including:

- Educational Infrastructure Enhancements:** Shanthi Gears has demonstrably improved educational facilities at Chencherimalai High School, Unchappalayam Middle School, Kamanaickenpalayam Middle School, and Muthalpalayam Primary School. These improvements include constructing and refurbishing classrooms, installing new drinking water tanks, replacing classroom roofs, and providing essential school supplies.
- Investment in Future Leaders:** The company recognizes the importance of nurturing talent. They have extended sponsorship for web-based coaching to Grandmaster R Pragganandha, supporting his development as a chess prodigy.

Extending their social impact beyond immediate needs, Shanthi Gears has established a dedicated research and development fund allocated to the Shri AMM Murugappa Chettiar Research Centre (MCRC). The MCRC conducts crucial research on environmental issues such as clean environment, biodiversity, and climate change, with a particular focus on understanding their impact on underprivileged communities. One example of this research is the exploration of sustainable agriculture practices.

Principle 5: Businesses should respect and promote human rights.

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2024			FY 2023		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
Employees						
Permanent	242	242	100%	265	265	100%
Other than permanent	144	0	0%	149	0	0%
Total employees	386	242	63%	414	265	64%
Workers						
Permanent	248	0	0%	271	0	0%
Other than permanent	911	0	0%	883	0	0%
Total workers	1159	0	0%	1154	0	0%

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2024 Current financial Year					FY 2023 Previous financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	242	0	0%	242	100%	265	-	-	265	100%
Male	220	0	0%	220	100%	247	-	-	247	100%
Female	22	0	0%	22	100%	18	-	-	18	100%
Other than Permanent	144	0	0%	144	100%	149	-	-	149	100%
Male	136	0	0%	136	100%	139	-	-	139	100%
Female	8	0	0%	8	100%	10	-	-	10	100%
Workers										
Permanent	248	0	0%	248	100%	271	-	-	271	100%
Male	243	0	0%	243	100%	266	-	-	266	100%
Female	5	0	0%	5	100%	05	-	-	05	100%
Other than Permanent	911	0	0%	911	100%	883	73	8.3%	810	91.73%
Male	857	0	0%	857	100%	830	20	2.5%	810	97.5%
Female	54	0	0%	54	100%	53	53	100%	-	-

3. Details of remuneration/salary/wages, in the following format*:

a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	8	6,20,000	1	7,00,000
Key Managerial Personnel	3	38,63,588	0	0
Employees other than BoD and KMP	278	6,21,936	22	6,56,914
Workers	276	6,23,534	5	6,28,188

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2024 Current financial Year	FY 2023 Previous financial Year
Gross wages paid to females as % of total wages	100%	100%

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Shanthi Gears is committed to upholding human rights within its business operations. To ensure this commitment, the company has established a robust framework. This framework includes a dedicated Internal Complaints Committee (ICC) established in accordance with the POSH Act, and the involvement of the Human Resources department. Both the ICC and HR department work collaboratively to address and resolve any human rights impacts or concerns that may arise due to, or be contributed to by, Shanthi Gears' activities.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Shanthi Gears prioritizes a responsive approach to customer concerns. A Management Information System (MIS) tracks and reports customer complaints, ensuring they reach the dedicated Customer Grievance Redressal Committee (the Committee) for timely investigation and resolution. Furthermore, Shanthi Gears takes a proactive stance on human rights issues. Our comprehensive POSH (Prevention of Sexual Harassment) policy serves as a robust framework for addressing any grievances related to workplace harassment.

Looking beyond immediate concerns, Shanthi Gears' Whistle-blower Policy and Code of Conduct set clear guidelines for committee formation and operation in case of investigations. This ensures transparency and accountability in handling all reported issues.

6. Number of Complaints on the following made by employees and workers:

	FY 2024 Current financial Year			FY 2023 Previous financial Year		
	Filed during the year	Pending Resolution at the end of year	Remarks	Filed during the year	Pending Resolution at the end of year	Remarks
Sexual Harassment	Zero	Nil	Nil	Zero	-	-
Discrimination at workplace	Zero	Nil	Nil	Zero	-	-
Child Labour	Zero	Nil	Nil	Zero	-	-
Forced Labour/ Involuntary Labour	Zero	Nil	Nil	Zero	-	-
Wages	Zero	Nil	Nil	Zero	-	-
Other human rights related issues	Zero	Nil	Nil	Zero	-	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2024 Current financial Year	FY 2023 Previous financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Zero	Zero
Complaints on POSH as a % of female employees/workers	Zero	Zero
Complaints on POSH upheld	Zero	Zero

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Shanthi Gears prioritizes ethical and legal business conduct while fostering open communication. To achieve these goals, the company has implemented a robust framework that includes several key policies:

- **POSH Committee:** Shanthi Gears has established an internal committee specifically dedicated to addressing grievances related to discrimination and harassment, ensuring a safe and respectful work environment for all employees.
- **Whistle-blower Policy:** This policy empowers various stakeholders, including directors, employees, customers, and vendors, to voice concerns about potential breaches of ethical conduct. This policy reflects Shanthi Gears' commitment to the highest ethical standards.
- **Code of Conduct:** The company's Code of Conduct provides clear guidelines for employee behaviour in the workplace, promoting professionalism and ethical conduct.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, the Company gives human rights high importance thereby making it an integral part of its business agreements and contracts.

10. Assessments of the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	The company has implemented a mechanism in place to assess child/forced labour; Sexual harassment; discrimination at workplace and wages as part of business responsibility policy. In terms of coverage, 100% of our plants and offices were assessed by the entity.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

There were no significant risks identified. Hence, no corrective action has been taken.

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

Not Applicable

2. Details of the scope and coverage of any Human rights due diligence conducted.

Not Applicable

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, Shanthi Gears is committed to creating an inclusive environment for all. The commitment extends to accessibility, ensuring that all operating locations, corporate offices and plants are accessible to employees, workers, and visitors with disabilities.

The company has implemented several measures to achieve this:

- **Physical Accessibility:** Locations feature ramps, sidewalks, and elevators, along with all necessary infrastructure to facilitate easy access for people with disabilities.
- **Assistive Communication:** Signage throughout the facilities caters to employees and workers who use hearing aids.
- **Mobility Support:** Wheelchairs are readily available in the Occupational Health Centers located in all the major facilities.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	The company, at present, is looking into formulating a sustainable supply chain program to assess social and environmental practices of suppliers.
Discrimination at workplace	
Child labour	
Forced/involuntary labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Not Applicable

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2024 Current financial Year	FY 2023 Previous financial Year
From renewable sources		
Total electricity consumption (A)	Not Applicable	Not Applicable
Total fuel consumption (B)	Not Applicable	Not Applicable
Energy consumption through other sources (C)	36,604.54 GJ (Wind)	39,329 GJ (Wind)
Total energy consumed from renewable sources (A+B+C)	36,604.54 GJ	39,329 GJ

From non-renewable sources		
Total electricity consumption (D)	34,251.7 GJ	26,043.86 GJ
Total fuel consumption (E)	6,304.67 GJ	4,316 GJ
Energy consumption through other sources (F)	Not Applicable	Not Applicable
Total energy consumed from non-renewable sources (D+E+F)	40,556.37 GJ	30,359.86 GJ*
Total energy consumed (A+B+C+D+E+F)	77,160.91 GJ	69,688.86 GJ*
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations)	0.0000144	0.0000156 [#]
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)	0.0000151	0.0000166
Energy intensity in terms of physical output	Not Applicable**	Not Applicable**
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

* Energy consumption values of FY 2023 and FY 2024 are updated as per the definition in the regulation.

[#] Intensity figures from the last year have been revised following the correction of decimal error.

** Intensity in terms of physical output is not applicable as our units manufacture diverse range of products measured in numbers, each varying in size and tonnage.

Note:

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No assessment was carried out by any external agencies.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2024 Current financial Year	FY 2023 Previous financial Year
Water withdrawal by source (in kilolitres)		
(i) Surface water	Nil	Nil
(ii) Groundwater	25,084.66 KL	27,384.6 KL
(iii) Third party water (Municipal water supplies)	14, 259.89 KL	11,647.06 KL
(iv) Seawater/desalinated water	Nil	Nil
(v) Others (Rainwater storage)	Nil	Nil
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	39,344.55 KL	39,031.66 KL
Total volume of water consumption (in kiloliters) *	39,344.55 KL	39,031.66 KL

Water intensity per rupee of turnover (Total water consumption/Revenue from operations)	0.0000073	0.0000088 [#]
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)	0.0000077	0.0000093
Water intensity in terms of physical output	Not Applicable**	Not Applicable**
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

[#] Intensity figures from the last year have been revised following the correction of decimal error.

** Intensity in terms of physical output is not applicable as our units manufacture diverse range of products measured in numbers, each varying in size and tonnage.

Note:

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No assessment was carried out by any external agencies.

4. Provide the following details related to water discharged:

Parameter	FY 2024 Current financial Year	FY 2023 Previous financial Year
Water discharge by destination and level of treatment (in kilo liters)		
(i) To Surface water	Nil	Nil
- No treatment	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
(ii) To Groundwater	Nil	Nil
- No treatment	Nil	Nil
(iii) To Seawater	Nil	Nil
- No treatment	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
(iv) Sent to third parties	Nil	Nil
- No treatment (Water sent for treatment to Central Effluent Treatment Plant) *	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
(v) Others	Nil	Nil
- No treatment	Nil	Nil
With treatment – Tertiary treatment	Nil	Nil
Total water discharged (in kilo liters)	Nil	Nil

Our units operate in-house wastewater treatment facilities to recycle used water and reduce fresh water consumption

Note:

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Shanthi Gears prioritizes environmental responsibility by operating a sewage treatment plant that recycles treated water for gardening purposes. This not only conserves resources but also reduces the environmental impact. Additionally, the company holds the necessary permits from the state pollution control board, ensuring the operations and water usage comply with all regulations.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format*:

Parameter	Please specify unit	FY 2024 Current financial Year	FY 2023 Previous financial Year
NOx	mg/m3	15.73	18.13
SOx	mg/m3	8.22	9.8
Particulate matter (PM2.5)	mg/m3	21.18	23.08
Particulate matter (PM10)	mg/m3	42.22	47.27
Persistent organic pollutants (POP)	NA	N/A	NA
Volatile organic compounds (VOC)	NA	<0.1	<0.1
Hazardous air pollutants (HAP)	mg/m3	N/A	NA

Note:

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2024 Current financial Year	FY 2023 Previous financial Year
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	375.7	250.4
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	7868.4	5859.9*
Total Scope 1 and Scope 2 emissions	Metric tons of CO2 equivalent	8244	6110.3*
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations)	Metric tons of CO2 equivalent/ turnover in crores	0.0000015	0.0000014 [#]
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations adjusted for PPP)		0.0000016	0.0000015

Total Scope 1 and Scope 2 emission intensity in terms of physical output		Not Applicable**	Not Applicable**
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

* Scope 1 and Scope 2 emission values of FY 2023 and FY 2024 are updated as per the definition in the regulation.

[#] Intensity figures from the last year have been revised following the correction of decimal error.

** Intensity in terms of physical output is not applicable as our units manufacture diverse range of products measured in numbers, each varying in size and tonnage.

Note:

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment was carried out by any external agencies.

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Renewable Energy

- Shanthi Gears utilizes a sustainable approach to energy by generating 6.7 MW of electricity through nine windmills. This clean energy powers the company's captive production processes.

Energy efficiency measures

- Transition to Electric Material Handling Equipment:** The company has replaced diesel forklifts with electric alternatives, demonstrably reducing air emissions and contributing to cleaner air quality.
- Deployment of Energy-Efficient Machinery:** Shanthi Gears prioritizes energy efficiency by installing advanced machinery equipped with dust extraction systems and integrated safety interlock mechanisms.
- LED Lighting and Daylighting Initiatives:** The company has implemented a comprehensive strategy across most buildings, transitioning from conventional lighting to energy-efficient LED fixtures and incorporating daylighting measures to minimize overall energy consumption.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2024 Current financial Year	FY 2023 Previous financial Year
Total Waste generated (in metric tons)		
Plastic waste (A)	24.79	11.4
E-waste (B)	0.12	0.83
Bio-medical waste (C)	0.051	0.059
Construction and demolition waste (D)	-	-
Battery waste (E)	5.00	6.85
Radioactive waste (F)	Not Applicable	Not Applicable
Other Hazardous waste. Haz. Waste from process + Haz. Waste from pollution control equipment's, + Filter bed sand + Filter bags etc. (G)	256.03	316.01
Other Non-hazardous waste generated (H). MS Scrap + Aluminum scrap (Break-up by composition i.e., by materials relevant to the sector)	6464.35	5254.85*
Total (A + B + C + D + E + F + G + H)	6750.38	5589.97*

Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	0.00000126	0.00000125 [#]
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)	0.00000132	0.00000133
Waste intensity in terms of physical output	Not Applicable**	Not Applicable**
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)

Category of waste		
(i) Recycled	170.10	144.77
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	-	-

For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)

Category of waste*		
(i) Incineration	0.051	0.059
(ii) Landfilling	-	-
(iii) Other disposal operations	85.93	172
Total	85.98	172.06

* Waste generated values of FY 2023 and FY 2024 are updated as per the definition in the regulation. Waste recovery and disposal value indicates only the hazardous waste and bio medical waste.

[#] Intensity figures from the last year have been revised following the correction of decimal error.

** Intensity in terms of physical output is not applicable as our units manufacture diverse range of products measured in numbers, each varying in size and tonnage.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Shanthi Gears prioritizes waste minimization through a comprehensive 3R (Reduce, Reuse, Recycle) program implemented across all business units. This program is supported by a robust environmental management system (EMS) that outlines operational control procedures for waste control, segregation, storage, and safe disposal.

To ensure proper waste handling, all employees receive training to differentiate between biodegradable, non-biodegradable, and hazardous waste streams. This ensures safe segregation and transport to designated storage areas without spills.

Shanthi Gears partners with authorized waste handlers for responsible waste management, including recycling and co-processing whenever possible. For hazardous waste, we obtain the necessary authorizations from relevant State Pollution Control Boards to ensure safe and compliant disposal of specific quantities.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not Applicable					

13. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format: Yes, Shanthi Gears is compliant with all the applicable environmental laws and regulations.

S. No.	Specify the law/regulation/guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
-				

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilo liters):

For each facility/plant located in areas of water stress, provide the following information:

- i. **Name of the area:** Not Applicable
- ii. **Nature of operations:** Not Applicable
- iii. **Water withdrawal, consumption, and discharge in the following format:** Not Applicable

Parameter	FY 2024 Current financial Year	FY 2023 Previous financial Year
Water withdrawal by source (in kilolitres)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater/desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kilolitres)	NA	NA
Total volume of water consumption (in kilolitres)	NA	NA
Water intensity per rupee of turnover (Water consumed/turnover)	NA	NA

Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kilolitres)*		
(i) Into Surface water	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) Into Groundwater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) Into Seawater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in kilolitres)	NA	NA

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2024 Current financial Year	FY 2023 Previous financial Year
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Not Applicable	Not Applicable
Total Scope 3 emissions per Crore of turnover		Not Applicable	Not Applicable
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		Not Applicable	Not Applicable

Note:

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Renewable energy	i. Offsite wind captive generation	Shanthi Gears demonstrates a strong commitment to sustainability by significantly increasing its reliance on renewable energy sources. Currently, over 45% of the company's total energy mix comes from renewable sources. This shift has led to a substantial reduction in greenhouse gas (GHG) emissions. In the current year alone, Shanthi Gears estimates a CO2 equivalent (CO2e) reduction of approximately 8,824 tons – a remarkable achievement that translates to a cleaner environment.
2.	Energy efficiency	i. Installation of energy efficient machine with dust extraction system and safety interlock system ii. Conventional lights replaced with LED lights and day light saving measures observed in most of our buildings.	Shanthi Gears Limited (SGL) is dedicated to continuous improvement, implementing initiatives that enhance efficiency year after year. These ongoing efforts have resulted in a significant environmental benefit. In the current year alone, SGL estimates a CO2 equivalent (CO2e) reduction of approximately 30 tons. This achievement demonstrates SGL's commitment to a sustainable future.
3.	Water efficiency	i. Reduction of raw water consumption in canteens through process improvements ii. Treated wastewater from sewage treatment plant used for gardening purposes. iii. Established a rainwater harvesting system in Unit D to capture and reuse rainwater for non-potable purposes. Actions initiated for rainwater harvesting system at C Unit and F Unit iv. Installed electromagnetic flow meters at major consuming areas to record the water consumption. v. Installation of low flow taps at machine shop toilets. vi. Installation of three sink washing stations at Canteen	i. Reducing Raw Water Consumption: Shanthi Gears is committed to minimizing its reliance on raw water sources. The company implements various initiatives to achieve this goal. ii. Utilizing Treated Wastewater for Greenery: Shanthi Gears promotes sustainable water management practices by reusing treated wastewater for irrigation purposes. This approach reduces the company's dependence on groundwater for maintaining gardens and landscaping.
4.	Waste Management	i. Installation of grinding sludge pressing unit to reduce the disposal quantity of grinding sludge. ii. Non-recyclable wastes are diverted to co-processing in cement kilns iii. Recyclable wastes like paper & cardboards are sent for recycling	i. Diverting Non-Recyclable Waste: Shanthi Gears prioritizes responsible waste disposal by diverting a significant amount, 168.62 metric tons of non-recyclable waste from landfills. This waste is instead sent to co-processing units, where it can be utilized for energy recovery. ii. Maximizing Recycling: Shanthi Gears actively promotes recycling by sending 1816.65 metric tons of recyclable materials, such as cardboard and plastics, to authorized recyclers. This approach ensures these materials are responsibly processed and reintroduced into the circular economy.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

Shanthi Gears is working towards developing a disaster management plan for the future.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Not Applicable

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Shanthi Gears Limited (SGL) is building a program to assess the social and environmental practices of our suppliers, focusing on sustainability within the supply chain. To prioritize these assessments, the company is currently categorizing the suppliers based on a criticality matrix.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. a. Number of affiliations with and industry chambers/associations.

Shanthi Gears Limited is a part of 7 associations.

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.

Sl.No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1	Confederation Of Indian Industry	National
2	Madras Management Association (MMA)	National
3	The Employers' Federation of Southern India	National
4	Indian Wind Power Association	National
5	The Institute of Indian Foundry men	National
6	American Gear Manufacturers Association	International
7	The Indian Chamber of Commerce and Industry	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Not Applicable

Leadership Indicators

1. Details of public policy positions advocated by the entity:

Sl. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/ Others – please specify)	Web Link, if available
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Shanthi Gears actively participates in major industry associations and chambers of commerce. Through these platforms, the company leverages its expertise to advocate for advancements and improvements within India's industrial climate. Additionally, Shanthi Gears provides thought leadership by expressing its views and recommendations on critical issues like energy security, economic reforms, and corporate governance.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

All CSR initiatives are supported by an Impact assessment to ensure that they reach the community intended and positively impact the life of those.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web Link
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Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sl. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
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Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

Not Applicable

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2024 Current calendar Year	FY 2023 Previous calendar Year
Directly sourced from MSMEs/small producers	36%	37%
Directly from within India (Neighboring Districts)	25%	24%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost:

Location	FY 2024 Current calendar Year	FY 2023 Previous calendar Year
Rural	Nil	Nil
Semi-urban		
Urban		
Metropolitan		

*(Place to be categorized as per RBI Classification System - rural/semi-urban/urban/metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
	Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

State	Aspirational District	Amount Spent (In ₹)
Tamil Nadu	Coimbatore, Tamil Nadu	1.18 crores

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No)

No

(b) From which marginalized/vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
				Not Applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
		Not Applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Projects	No. of persons benefited from CSR Projects 2023	% of beneficiaries from vulnerable and marginalized groups
1	School renovation project: Chencherimalai Highers Secondary School The Company has taken initiative of providing infrastructure support to Chencherimalai Government School i.e., Construction of two classrooms	80	100%
2	School renovation project: Muthalipalayam The Company has taken initiative of providing infrastructure support to Muthalipalayam Government School i.e., smart digital learning tools, refurbishing classrooms to upgrade the facilities available to students.	60	100%
3	Research & Development Programme: The fund has been allocated to Shri AMM Murugappa Chettiar Research Centre (MCRC), for conducting research in the fields of clean environment, biodiversity and climate change and its impact on the underprivileged communities. Ex: Developing & scaling up sustainable technologies (Solar based applications) for improved livelihood in rural India.	NA	100% (As the project is set to be implemented in Rural India)
4	School renovation project: Kamaickenpalayam Primary School The Company has taken initiative of providing infrastructure support to Kamaickenpalayam Government School i.e., Construction of overhead water tank	220	100%
5	School renovation project: Unchappalayam Middle School The Company has taken initiative of providing infrastructure support to Unchappalayam Government School i.e., Construction of overhead drinking water tank & Classroom floor tiles and roofing replacement with fire proof pug panel	340	100%
6	Health Care and sanitation project: Lakshmi Nagar Welfare Association The Company has taken initiative of providing infrastructure support to Lakshmi Nagar Welfare Association i.e., Construction of toilets for male and female in public park	750	100%
7	Promoting Education project: Kamaickenpalayam Primary School The Company has taken initiative of providing infrastructure support to Kamaickenpalayam Primary Government School i.e., Providing food plates and tumblers for students' morning breakfast scheme	110	100%
8	Promoting Education project: Anuppatti Primary School The Company has taken initiative of providing infrastructure support to Anuppatti Primary Government School i.e., Providing food plates and tumblers for students morning breakfast scheme	100	100%

9	Promoting Education project: Puliampatti Primary School The Company has taken initiative of providing infrastructure support to Puliampatti Primary Government School i.e., Providing food plates and tumblers for students morning breakfast scheme	100	100%
10	Disaster Management relief Project: Chennai Public The company took the initiative of providing food support to Chennai public i.e., Providing bread packets to the rain affected areas	1000	100%
11	Promotion of Sports Project: Master Praggnanandha Chess Player Amazon Web Services (AWS Chess Based Server Service charges)	1	100%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner.

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Customer complaints are received by Shanthi Gear’s marketing team and forwarded to the quality team through online portal. The complaint is then sent to all relevant stakeholders in order to respond to the customer within 7 days of the complaint receipt. Based on the severity, the company takes time to close the complaint. The average duration of closing the complaints is 29 days.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

Parameter	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2024 (Current Calendar Year)		Remarks	FY 2023 (Previous Calendar Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	143	0	-	134	0	-

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Shanthi Gears follows high quality standards which are monitored through productivity and quality metrics. Quality issues are addressed through the above methods to reduce the impact of safety concerns for its products.	
Forced recalls		

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Shanthi Gears does not have a formal policy in place but adheres to its requirement.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

Not Applicable

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches - Nil
- b. Percentage of data breaches involving personally identifiable information of customers - Nil
- c. Impact, if any, of the data breaches - Nil

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

Gears & Gear boxes – [Standard – Shanthi Gears Limited – India Leading Industrial Gearbox Manufacturer](#)
 Foundry - Foundry – [Shanthi Gears Limited – India Leading Industrial Gearbox Manufacturer](#)

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Shanthi Gears offers genuine, high-value products designed to meet the needs of discerning customers, every single time. Throughout the production process, the products undergo rigorous quality checks to ensure they meet the highest standards. Shanthi Gears also utilizes well-defined Standard Operating Procedures (SOPs) to continuously improve the processes and eliminate any potential issues. Additionally, Shanthi Gears clearly labels all products according to the Legal Metrology Act, providing with the information needed for safe and responsible use.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not applicable as the Company’s products are not considered as essential from the consumer perspective.

4. Does the entity display product information on the product over & above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief? Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, Shanthi Gears clearly labels all products according to Indian legal requirements (Legal Metrology Act) and other relevant laws. We go beyond the minimum by providing additional information whenever it helps you understand, use, and care for better purchase.

ANNEXURE H TO THE BOARD'S REPORT

Report on Corporate Governance

Your Company believes that the fundamental objective of corporate governance is to enhance the interests of all stakeholders. The Company's corporate governance practices emanate from its commitment towards discipline, accountability, transparency and fairness. Key elements in corporate governance are timely and adequate disclosure, establishment of internal controls and high standards of accounting fidelity, product and service quality.

Your Company also believes that good corporate governance practices help to enhance performance and valuation of the Company.

Board of Directors

The Board provides leadership, strategic guidance and objective judgement on the affairs of the Company. The Board comprises of persons of eminence with excellent professional achievement in their respective fields. The Independent Directors provide their independent judgement, external perspective and objectivity on the issues which are placed before them.

The Board consists of nine members, as on the date of this Report, with knowledge and experience in different fields. Mr. M A M Arunachalam, Chairman (Promoter, Non-Executive) Mr. Mukesh Ahuja, Director

(Non-Executive) and Mr. Arun Venkatachalam, Director (Non-Executive) are Non-Independent Directors in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. M Karunakaran is the CEO cum Whole-time Director (Executive) of the Company.

Mr. L Ramkumar, Mr. J Balamurugan, Ms. Soundara Kumar, Dr. S K Sundararaman and Mr. N Krishna Samaraj are Independent Directors in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. None of the said Directors are related to each other. In the Board's opinion, all the Independent Directors of the Company fulfill the conditions specified in the SEBI Listing Regulations and under the Companies Act, 2013, and are independent of the management.

Members had approved the appointment of Mr. L Ramkumar, Mr. J Balamurugan, Ms. Soundara Kumar, Dr. S K Sundararaman and Mr. N Krishna Samaraj as Independent Directors for such terms as mentioned under the respective resolutions relating to their appointment in Notice of the Annual General Meetings. The appointment of Mr. A Venkataramani as Independent Director for a period of five consecutive years commencing from 09th May, 2024 till 08th May, 2029 is placed for shareholders approval at this Meeting.

The Company had issued letter of appointment to the said Independent Director as required under Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment have also been disclosed on the Company's website <http://www.shanthigears.com/wpcontent/uploads/2018/07/Appointment-of-Independent-Directors-Terms-and-Conditions.pdf>

All Independent Directors have given a declaration that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Listing Regulations.

A certificate from Practicing Company Secretary as required under Listing Regulations confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the Company by SEBI/Ministry of Corporate Affairs or any such Statutory Authority is enclosed as Annexure B to this Report.

On their appointment, Independent Directors are familiarized about the Company's operations and businesses. As part of the familiarization programme, a handbook is provided to all Directors including Independent Directors at the time of appointment. The hand book provides a snapshot to the Directors of their duties and responsibilities, rights, appointment process

and evaluation, compensation, Board Procedure and stakeholders' expectations. The handbook also provides the Directors with insight into the Group's practice.

The details of familiarization programme for Independent Directors is given at the Company's website: <http://www.shanthigears.com/wp-content/uploads/2018/07/Familiarization-programme-for-Independent-Directors.pdf>

None of the Directors of the Company was a member of more than ten Board-level Committees or a chairman of more than five such committees across all companies, in which he/she was a Director.

Your Company has a well-established practice with regard to deciding dates of meetings. The annual calendar for the meetings of the Board is finalised early on in consultation with all the Directors. A minimum of five Board Meetings are held each year. Evolving strategy, annual business plans, review of actual performance and course correction, as deemed fit, constitute the primary business of the Board. The role of the Board also includes de-risking, investment, divestment and business re-organisation. Matters such as capital expenditure, recruitment of senior level personnel, safety & environment, HR related developments and compliance with status are also reviewed by the Board from time to time.

The Board has identified business strategy, leadership, technology, finance and board insight skills, expertise and competencies are required in the context of the business. All the above core sets are available with the present Board of Directors. Board skill matrix is given in Annexure A to this Report.

Towards succession planning, the Board also reviews its composition to ensure that the same is closely aligned with the business strategy and long-term needs of the Company.

The Company's commitment to good governance practice allows the Board to effectively perform these functions. The Company ensures that timely and relevant information is made available to all Directors in order to facilitate their effective participation and contribution during meetings and discussions.

There were five meetings of the Board during the financial year 2023-24. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors as on 31st March, 2024 are given in Table 1 of the Annexure A to this Report.

The Committees of the Board viz., Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee have specific scope and responsibilities.

Audit Committee

The role of the Audit Committee, in brief, is to review financial statements, internal controls, accounting policies, internal audit reports, related party transactions, risk management systems and functioning of the Whistle Blower mechanism.

The Company has an independent Audit Committee comprising of four members. All the four are independent Directors, with Mr. L Ramkumar, being the Chairperson. All the members of the Committee have excellent financial and accounting knowledge.

The quarterly financial results are placed before the Audit Committee for its review, suggestions and recommendations, before taking the same to the Board. The Statutory audit plans and progress are shared with the Committee for its review. The internal audit plans are drawn up in consultation

with Chief Executive Officer, Chief Financial Officer and the Audit Committee. The Committee reviews the observations of the internal auditor periodically. The Committee also provides guidance on compliance with the Accounting Standards and accounting policies. The statutory and internal auditors attend the audit committee meetings. The Committee also tracks the implementations of its guidelines/suggestions through review of action taken reports. The terms of reference of Audit Committee are in line with the enhanced scope for the Committees as laid down under Section 177 of the Companies Act, 2013 and Corporate Governance norms under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee met four times during the year ended 31st March, 2024. The Composition of the Audit Committee and the attendance of each member at these meetings are given in Table 2 of the Annexure A to this Report.

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee in accordance with the requirement of Section 178 of the Companies Act, 2013 and the revised Corporate Governance norms. The scope of the Committee includes (a) identify/recommend to the Board persons qualified to become Directors and for appointment in senior management (b) formulate criteria for evaluation of Independent Directors and the Board (c) devise Board diversity policy and (d) formulate criteria relating to Directors and recommend remuneration policy relating to Directors, key managerial personnel and other employees.

The Committee met three times during the year ended 31st March, 2024. Ms. Soundara Kumar, a Non-Executive Independent Director, is the Chairman of the Nomination and Remuneration Committee. The composition of the Committee and the attendance of each member at these meetings are given in Table 3 of the Annexure A to this Report.

Remuneration to Directors

The compensation to the Non-Executive Directors takes the form of commission on profits. Though the shareholders have approved payment of commission up to one per cent of the net profits of the Company for each year calculated as per the provisions of

Companies Act, 2013, the actual commission paid to the Directors is restricted to a fixed sum. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time devoted by the Directors in attending to the affairs and business of the Company and the extent of responsibilities cast on the Directors under various laws and other relevant factors. The Non-Executive Directors are also paid sitting fees as permitted by government regulations for all Board and Committee meetings attended by them.

The details of remuneration paid/payable to the Non-Executive Directors, for the financial year ended 31st March, 2024 is given in Table 4 of the Annexure A to this Report.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee has been constituted to formulate and monitor the implementation of the CSR Policy, as required under the Companies Act, 2013 and the Rules thereunder. The CSR Committee consists of four members including two Independent Directors as its members.

The Committee met two times during the year ended 31st March, 2024. Mr. J Balamurugan, a Non-Executive Independent Director, is the Chairperson of the Corporate Social Responsibility Committee. The composition of the CSR Committee and the attendance of each member at these meetings are given in Table 5 of the Annexure A to this Report.

Stakeholders Relationship Committee

Dr. S K Sundararaman, a Non-Executive Independent Director, is the Chairman of the Stakeholders Relationship Committee. The Committee met once during the year ended 31st March, 2024. The composition of the Committee and attendance of its members at the meetings are given in Table 6 of the Annexure A to this Report.

No complaints were received during the financial year 2023-24 and there are no pending complaints as on 31st March, 2024.

In order to expedite the redressal of complaints, if any, investors are requested to register their complaints and also to take follow up action, as necessary, at the exclusive e-mail id

i.e. waltervasanthpj@shanthigears.murugappa.com, Mr. Walter Vasanth P J, Company Secretary is the Compliance Officer.

Risk Management Committee

The Risk Management Committee's scope includes to specifically identify/monitor key risks of the Company and evaluate the management of such risks for effective mitigation. The Committee provides periodical updates to the Board and provides support in the discharge of the Board's overall responsibility in overseeing the risk management process.

The Committee met twice during the year. Mr. N Krishna Samaraj, a Non-Executive Independent Director, is the Chairman of the Risk Management Committee. The Composition of the Committee and attendance of the members at the meeting are given in Table 7 of the Annexure A to this Report.

Performance Evaluation

The annual performance evaluation was carried out pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As part of the performance evaluation process, an evaluation questionnaire based on the criteria as finalized in consultation with the Directors together with supporting documents was circulated to all the Board members, in advance. The Directors evaluated themselves, the Chairman, Managing Director/CEO, other Board Members, the Board as well as functioning of the Committees viz., Audit, Nomination & Remuneration, Risk Management, Corporate Social Responsibility and Stakeholders Relationship Committees on the basis of well-defined evaluation parameters as set out in the questionnaire. The duly filled questionnaire received back from the Chairman and all the other Directors.

To take the evaluation exercise forward, all the Independent Directors of the Company met on 15th March, 2024, without the attendance of the Non-Independent Directors and members of the management to discuss inter alia the matters specified under Schedule IV of the Companies Act, 2013.

The Board reviewed the process of evaluation of the Board of Directors and its Committees including Chairman, Managing Director/CEO and the Individual Directors.

Related Party Transactions

During financial year under review, all the transactions entered into with Related Parties, as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on arm's length pricing basis only. Accordingly, these transactions do not attract the provision of Section 188 of the Companies Act, 2013.

Further, there were no materially significant transactions with related parties which were in conflict with the interest of the Company.

The policy for related party transactions approved by the Board had been uploaded on the Company's website Web link: <http://www.shanthigears.com/wp-content/uploads/2019/05/SGL-RPT-Policy-Mar-2019.pdf>

Reclassification of Promoters

The Company is in receipt of a request letter from Ms. Valli Arunachalam, Ms. Vellachi Murugappan and M V Murugappan HUF (karta – Valli Arunachalam), members of promoter & promoter group of the Company ("Outgoing Promoters"), seeking reclassification as public category shareholder under Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 who have zero holding in Shanthi Gears Limited.

The Company has filed the respective reclassification applications with the Stock Exchanges i.e., Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on 27th February, 2024 as per their requests and awaiting approval.

Investors' Service

Your Company promptly attends to investors' queries/grievances. In order to provide timely services, the power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee. The Board has also authorised the Officials to approve transmission and transposition. Transmission and Transposition requests are processed within the timelines prescribed under the Act. Honble National Company Law Tribunal has approved the merger of M/s. S.K.D.C. Consultants Limited with its holding Company M/s. Link Intime India Private Limited on 22.12.2023. Hence, M/s. Link Intime

India Private Limited, Coimbatore is the Company's share transfer agent.

The Stakeholders Relationship Committee was constituted to specifically focus on investor service levels. This Committee has prescribed norms for attending to the investors' services and the Committee periodically reviews the service standard achieved by the Company and its Registrar and Transfer Agent as against the prescribed norms.

In accordance with the requirements of Section 178 of the Companies Act, 2013 and the revised corporate governance norms, the terms of reference of the Committee have specifically been enhanced to resolve grievances of security holders of the Company including complaints, if any, relating to transfer of shares, non-receipt of Annual Report and non-receipt of dividends etc.

Statutory Compliance

The Company attaches the highest importance to compliance with statutes. Every function/department of the business is aware of the requirements of various statutes relevant to them. The Company has system in place to remain updated with the changes in statutes and the means of compliances. An affirmation regarding compliance with the statutes by the heads of functions is placed before the Board on quarterly basis for its review.

Internal Control

The Company is conscious of the importance of the internal processes and controls. The Company has a robust business planning & review mechanism and has adequate internal control systems commensurate with the nature of its business and size. These systems are regularly reviewed and improved upon. The Chief Executive Officer and Chief Financial Officer has certified to the Board on matters relating to financial reporting and related disclosures, compliance with relevant statutes, Accounting Standards and adequacy of internal control systems.

Prevention of Insider Trading

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended with

a view to regulate trading in securities by the Directors and designated employees of the Company. This code is applicable to all Directors/officers/designated employees. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of Unpublished Price Sensitive Information (UPSI) in relation to the Company and during the period when the trading window is closed. All the Directors and Senior Management Personnel have confirmed compliance with the code.

The Board has also formulated a policy containing procedures for conduct of inquiry in case of leakage of UPSI or suspected leakage of UPSI as a part of the Code. The Board had also reviewed the Company's Code for practices and procedures for fair disclosure of unpublished price sensitive information and had also framed a policy for determination of 'legitimate purposes' as a part of this Code. The Company Secretary is responsible for implementation of the Code. The Company has in place an online system for monitoring the compliance of the Code by its designated employees.

Whistle Blower Policy

Pursuant to the requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a vigil mechanism (Whistle Blower Policy) for the employees and Directors as an avenue to voice concerns relating to unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. The mechanism also provides adequate safeguards against victimisation of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. No employee was denied access to the Audit Committee.

Compliance of Corporate Governance Norms

The Company has complied with all the mandatory requirements of corporate governance norms during

the financial year. Quarterly financial results of the Company are published in leading newspapers and uploaded on the Company's website.

The Board of Directors has laid down a Code of Conduct for all the Board members and the senior management of the Company. The Code of Conduct has been posted on the website of the Company. A declaration of affirmation in this regard certified by the Chief Executive Officer is annexed to this report.

Other Disclosures

a. Details of non-compliance

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters. The disclosure of compliances with respect to Corporate Governance requirements as specified in Regulation 17 to 27 and sub-regulation (2) of Regulation 46 is made in the Corporate Governance Report.

b. Vigil Mechanism/Whistle Blower Policy

The Company has formulated a Whistle Blower Policy and has established a mechanism for Directors/Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy.

The Vigil Mechanism/Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities/unethical behaviour. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee directly. The company affirms that no personnel have been denied access to the Audit Committee.

Further details are available in the Whistle Blower policy of the Company posted on the Company's Website at <http://www.shanthigears.com/wp-content/uploads/2019/05/SGL-Whistle-Blower-Policy-March-2019.pdf>

c. The Company also fulfilled the following non-mandatory requirements as specified in Part E of the Schedule II of the SEBI Listing Regulations

Regarding compliance with non-mandatory requirements, the following is the status,

- i. Chairman of the Board – Separate Office for chairperson is not provided at the registered office of the company.
- ii. Shareholders' Rights – Half-yearly declaration of financial performance are not currently sent to each of the household of Shareholders but are published in terms of Regulation 47(3) of Listing Regulations in newspapers and also sent to the Stock Exchanges. Besides, all the Quarterly/Half-yearly/annual financial results are published on the Company's website.
- iii. Modified opinion in Audit Report – During the year under review, there was no audit qualification in the Independent Auditor's Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- iv. Separate posts of Chairperson, Managing Director and Chief Executive Officer – currently the posts of Chairperson, Managing Director and Chief Executive Officer are held by different persons.
- v. Reporting of internal Auditor – Internal Auditors of the Company are not directly reporting to the Audit Committee. However, Internal Auditors are making quarterly reports to the committee and they are invited for all the Audit Committee meetings.

d. Web Link Where Policy for Determining 'Material' Subsidiary is Disclosed

The Company has formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website: <http://www.shanthigears.com/wp-content/uploads/2019/05/SGL-Policy-on-Material-Subsidiy-Mar-2019.pdf>

The Company does not have any material subsidiary.

e. Disclosure of commodity price risks and commodity hedging activities

The Company has not entered into any commodity hedging activities.

f. Certificate from Practising Company Secretary confirming Directors are not debarred/disqualified

A Certificate from a Company Secretary in Practice has been obtained (Annexure B to the Corporate Governance Report) confirming that none of the Directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such Statutory Authority.

g. Confirmation by the Board of Directors, acceptance of recommendation of mandatory Committees

In terms of the amendments made to the SEBI Listing Regulations, the Board of Directors confirm that during the year, it has accepted all recommendations received from its mandatory committees.

h. Statutory Auditor Fee Particulars

M/s. MSKA & Associates, Chartered Accountants are the Statutory Auditors of the Company. The total fee paid for the year 2023-24 to Statutory Auditors is given below:

Sl. No.	Description of the Service	Fees (₹ in lakhs)
i.	Statutory Audit	9.00
ii.	Limited Review Report	6.00
iii.	Other Certification charges	1.00
	Total	16.00

i. Disclosure as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has constituted Internal Complaints Committee (ICC) to consider and resolve all sexual harassment complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The details of sexual harassment complaints for the year ended 31st March, 2024 are furnished as under:

Particulars	No. of complaints
Number of complaints pending beginning of the financial year	Nil
Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

j. Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

Not Applicable

k. Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries

Not Applicable

l. In the preparation of financial statements there is no differential treatment from the prescribed Accounting Standards.

m. Certificate from Practising Company Secretary, confirming the compliance with all the conditions of Corporate Governance as stipulated in SEBI (LODR) 2015 forms part of this report

n. Report on Corporate Governance

This Chapter read together with the "Annexure H to the Board Report", constitutes the Compliance Report on Corporate Governance for 2023-24 .

This Corporate Governance Report of the Company for the financial year ended 31st March, 2024 is in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.

The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, to the extent applicable.

o. Chief Executive Officer & Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer of the Company have given annual certificate on financial report and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations and the said certificate is annexed with this report as Annexure VI.

The Chief Executive Officer and Chief Financial Officer also jointly issued a quarterly compliance certificate on financial results and placed the same before the Board in terms of Regulation 33(2) of the Listing regulations.

Declaration

All members of the Board, the executive officers and senior management have affirmed compliance to the Code as on 31st March, 2024. A declaration to this effect is part of the CEO and CFO certification.

Additional Disclosures

A Management Discussion and Analysis Report highlighting the performance of the Company has been included in the Annual Report.

A write up on the risks associated with the business and mitigation plans therefor also forms part of the Board's Report.

Related party transactions during the year have been disclosed as a part of the financial statements as required under the Indian Accounting Standard (Ind AS 24).

The board had accepted all recommendations of any committees of the board which is mandatorily required, in the relevant financial year.

There have been no instances of non-compliance by the Company or have any penalty or strictures been imposed on the company by the Stock Exchanges, Securities and Exchange Board of India or by any statutory authorities on any matters related to the capital markets during the last three years.

General Shareholder Information

A separate Section has been annexed to the Annual Report furnishing various details viz., last three Annual General Meetings, its time and venue, share price movement, distribution of shareholding, location of factories, means of communication etc., for shareholders reference.

Place: Coimbatore
Date: 09 May 2024

On behalf of the Board**M A M Arunachalam**

Chairman
(DIN-00202958)

Declaration on Code of Conduct

To

The Members of Shanthy Gears Limited

This is to confirm that the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company. The Code of Conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2024 as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Coimbatore
Date: 09 May 2024

M Karunakaran
Whole-time Director & CEO
(DIN-09004843)

ANNEXURE A TO THE CORPORATE GOVERNANCE REPORT

a. Board Skill Matrix

The Board has identified the key qualifications, skills and attributes as essential for effective oversight of the Company taking into account its varied business interests. These are presented as a matrix below:

Expertise & Experience	Remarks
Business Strategy	All Directors have expertise & experience required for business of the Company
Leadership	
Technology	
Finance	
Board insight	

b. Board Meeting Dates and Attendance

The Board of Directors met five times during the financial year 2023-24. The dates of the Board meetings were 09th May, 2023, 26th July, 2023, 25th October, 2023, 30th January, 2024 and 15th March, 2024.

The attendance of each Director at the meetings, the last Annual General Meeting and number of other Directorships/ Committee memberships held by them as on 31st March, 2024 are as follows:

Table 1

Sl. No.	Name of Director	Board meetings attended (no. of meeting held)	Number of Directorships including SGL (out of which as Chairman) (a)	Number of committee memberships including SGL (out of which as Chairman) (b)	Attendance at last AGM	No. of Shares held as on 31 st March, 2024
1	Mr. M A M Arunachalam	5(5)	7(4)	5(2)	Present	-
2	Mr. L Ramkumar	5(5)	2	3(2)	Present	-
3	Mr. J Balamurugan	5(5)	3	1	Present	-
4	Ms. Soundara Kumar	4(5)	5(1)	4(1)	Absent	-
5	Dr. S K Sundararaman	4(5)	5	8(2)	Absent	-
6	Mr. N Krishna Samaraj	4(5)	1	2	Present	-
7	Mr. Mukesh Ahuja	5(5)	2	-	Present	-
8	Mr. M Karunakaran	5(5)	1	1	Present	1512 equity shares
9	Mr. Arun Venkatachalam	4(5)	2	-	Present	-

a. Excludes foreign companies, private limited companies (which are not subsidiary or holding Company of public Company), alternative Directorship and companies registered under Section 8 of the Companies Act, 2013.

b. Includes only membership in Audit and Stakeholders Relationship Committees.

c. Composition of Audit Committee and Attendance

The Committee met four times during the financial year 2023-24. The dates of meetings were 09th May, 2023, 26th July, 2023, 25th October, 2023 and 30th January, 2024. The composition of the Audit Committee and attendance of each Member at these meetings are as follows:

Table 2

Sl. No.	Name of Member	No. of Meetings Attended (No. of meeting held)
1	Mr. L Ramkumar, Chairman	4(4)
2	Ms. Soundara Kumar	4(4)
3	Mr. J Balamurugan	4(4)
4	Dr. S K Sundararaman	3(4)

d. Composition of Nomination and Remuneration Committee and Attendance

The Committee met three times during the financial year ended 31st March, 2024. The dates of meetings were 09th May, 2023, 26th July, 2023 and 30th January, 2024. The composition of Nomination & Remuneration Committee and the attendance of each member at these meetings are as follows:

Table 3

Sl. No.	Name of Member	No. of Meetings Attended (No. of meeting held)
1	Ms. Soundara Kumar, Chairman	2(3)
2	Mr. M A M Arunachalam	3(3)
3	Mr. J Balamurugan	3(3)

e. Remuneration of Non-Executive Directors

The details of commission provided for/sitting fees paid to Non-Executive Directors for the year ended 31st March, 2024 are as follows:

Table 4

(Amount in ₹)				
Sl. No.	Name of the Directors	Commission*	Sitting Fees	Total
1	Mr. M A M Arunachalam	-	-	-
2	Mr. L Ramkumar	5,00,000	2,40,000	7,40,000
3	Ms. Soundara Kumar	5,00,000	2,00,000	7,00,000
4	Dr. S K Sundararaman	5,00,000	2,20,000	7,20,000
5	Mr. J Balamurugan	5,00,000	3,00,000	8,00,000
6	Mr. N Krishna Samaraj	5,00,000	1,20,000	6,20,000
7	Mr. Mukesh Ahuja	-	-	-
8	Mr. Arun Venkatachalam	4,49,315*	80,000	5,29,315
Total		29,49,315	11,60,000	41,09,315

*Calculated from 09th May, 2023 on pro-rata basis

Note: will be paid after the adoption of accounts by the Shareholders at the 51st Annual General Meeting

f. Composition of Corporate Social Responsibility Committee and Attendance

The Committee met two times during the financial year ended 31st March, 2024. The dates of meeting were 09th May, 2023 and 15th March, 2024. The composition of Corporate Social Responsibility Committee and the attendance of each member at these meetings are as follows:

Table 5

Sl. No.	Name of Member	No. of Meetings Attended (No. of meeting held)
1	Mr. J Balamurugan, Chairman	2(2)
2	Mr. M A M Arunachalam	2(2)
3	Dr. S K Sundararaman	2(2)
4	Mr. M Karunakaran	2(2)

g. Composition of Stakeholders Relationship Committee and Attendance

The Committee met once during the financial year ended 31st March, 2024. The date of meeting was 15th March, 2024. The composition of the Stakeholders Relationship Committee and the attendances at the meetings are as follows:

Table 6

Sl. No.	Name of Member	No. of Meetings Attended (No. of meeting held)
1	Dr. S K Sundararaman, Chairman	1(1)
2	Mr. N Krishna Samaraj	0(1)
3	Mr. M Karunakaran	1(1)

h. Composition of Risk Management Committee and Attendance

The Committee met twice during the financial year ended 31st March, 2024. The date of meeting was 26th July, 2023 and 19th January, 2024. The composition of the Risk Management Committee and the attendance of each member at the meeting are as follows:

Table 7

Sl. No.	Name of Member	No. of Meetings Attended (No. of meeting held)
1	Mr. N Krishna Samaraj, Chairman	2(2)
2	Mr. L Ramkumar	2(2)
3	Mr. Mukesh Ahuja	2(2)
4	Mr. M Karunakaran	2(2)

Place: Coimbatore
Date: 09 May 2024

On behalf of the Board

M A M Arunachalam
Chairman
(DIN-00202958)

ANNEXURE B TO THE CORPORATE GOVERNANCE REPORT**Certificate of Non-Disqualification of Directors**

Pursuant to Regulation 34 (3) read with Schedule V Para-C Sub clause (10) (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

The Members,

Shanthi Gears Limited

CIN: L29130TZ1972PLC000649
304 A, Trichy Road, Singanallur,
Coimbatore - 641 005

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Shanthi Gears Limited** (CIN: L29130TZ1972PLC000649) having its Registered Office at 304 A, Trichy Road, Singanallur, Coimbatore - 641 005 (hereinafter referred to as "The Company") produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34 (3) read with Schedule V Part-C Sub clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

In our opinion and to the best of our knowledge and according to the verifications (including Director Identification Number (DIN) Status at the portal www.mca.gov.in) and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that none of the Directors as stated below on the Board of the Company as on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board India/Ministry of Corporate Affairs or any such other statutory authority.

Sl. No.	DIN	Name of the Director	Designation	Date of Appointment
1	00202958	M A M Arunachalam	Non-Executive – Chairman	10/02/2021
2	00090089	L Ramkumar	Non-Executive – Independent Director	03/09/2012
3	00023309	J Balamurugan	Non-Executive – Independent Director	03/09/2012
4	01974515	Soundara Kumar	Non-Executive – Independent Director	31/03/2015
5	00002691	S K Sundararaman	Non-Executive – Independent Director	06/02/2018
6	00048547	N Krishna Samaraj	Non-Executive – Independent Director	25/03/2019
7	09004843	Muthusamy Karunakaran	Executive Director, CEO	10/02/2021
8	09364667	Mukesh Ahuja	Non-Executive – Non Independent Director	22/10/2021
9	09511997	Arun Venkatachalam	Non-Executive – Non Independent Director	09/05/2023

Ensuring the eligibility of, for the appointment/continuity of, every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **R.SRIDHARAN & ASSOCIATES**
COMPANY SECRETARIES

CS R.Sridharan

CP No. 3239

FCS No. 4775

PR NO.657/2020

UIN: S2003TN063400

UDIN:F004775F000331981

Place: Chennai
Date: 09 May 2024

Corporate Governance Certificate

The Members,

Shanthi Gears Limited

CIN: L29130TZ1972PLC000649

304 A, Trichy Road, Singanallur,
Coimbatore - 641 005

We have examined documents, books, papers, minutes, forms and returns filed and other relevant records maintained by **Shanthi Gears Limited** (hereinafter referred as "the Company") (CIN: L29130TZ1972PLC000649) having its Registered Office at 304A, TRICHY ROAD, SINGANALLUR, COIMBATORE - 641 005 for the purpose of certifying compliance of the conditions of Corporate Governance under Regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E of Schedule V and Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (hereinafter called "SEBI (LODR) Regulations 2015") for the financial year ended 31st March, 2024. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E of Schedule V and Regulation 34 (3) of SEBI (LODR) Regulations, 2015 for the financial year ended 31st March, 2024.

This Certificate 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 **R.SRIDHARAN & ASSOCIATES**
COMPANY SECRETARIES

CS R.Sridharan

CP No. 3239

FCS No. 4775

PR NO.657/2020

UIN: S2003TN063400

UDIN:F004775F000331992

Place: Chennai

Date: 09 May 2024



Parallel Helical Geared Motor for Construction Industry

GENERAL SHAREHOLDER INFORMATION

Company Registration

Corporate Identity Number (CIN): L29130TZ1972PLC000649

Registered Office: 304-A, Trichy Road, Singanallur, Coimbatore - 641 005, Tamil Nadu

Annual General Meeting

Day : Monday

Date : 29th July, 2024

Time : 4.30 P.M.

Venue : Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")

Tentative Calendar for 2024-25

Annual General Meeting	29 th July, 2024
Results for the Quarter Ending 30 th June, 2024	29 th July, 2024
Results for the Quarter Ending 30 th September, 2024	October/November, 2024
Results for the Quarter Ending 31 st December, 2024	January/February, 2025
Results for the Year Ending 31 st March, 2025	April/May, 2025

Book Closure Date: 20th July, 2024 to 29th July, 2024 (Both days inclusive)

Dividend

The Board of Directors has recommended the payment of a final dividend of ₹2/- per equity share. The Dividend on equity shares will be paid to those members as on Friday, 19th July, 2024 and the same will be paid on or before 26th August, 2024. During the financial year, in February 2024, the Company paid one-time special interim dividend of ₹3/- per equity share.

Unclaimed Dividend

The details of dividend paid by the Company and the respective due dates of transfer of the unclaimed/un-encashed dividend to the Investor Education & Protection Fund ("IE&P Fund") of the Central Government are as below:

Financial Year to which dividend relates	Date of declaration	Due for Transfer to IE&P Fund
2016-17 (Final)	26.07.2017	31.08.2024
2017-18 (Interim)	06.02.2018	15.03.2025
2018-19 (Interim)	26.12.2018	01.02.2026
2018-19 (Final)	23.07.2019	29.08.2026
2019-20 (Interim)	28.02.2020	06.04.2027
2020-21 (Interim)	10.02.2021	19.03.2028
2021-22 (Interim)	03.02.2022	12.03.2029
2022-23 (Interim)	25.01.2023	03.03.2030
2022-23 (Final)	26.07.2023	01.09.2030
2023-24 (Interim)	30.01.2024	08.03.2031

As provided under the Companies Act, 1956/2013, dividends remaining unclaimed for a period of seven years shall be transferred by the Company to the IE&P Fund. In the interest of the investors, the Company is in the practice of sending reminders to the investors concerned, before transfer of unclaimed dividend to the IE&P Fund. Unclaimed/un-encashed dividends up to the year 2015-16 have been transferred to the IE&P Fund.

In terms of the circular dated 10th May, 2012 issued by the Ministry of Corporate Affairs ("MCA"), Government of India, the Company has also uploaded the details relating to unclaimed dividend, for the benefit of Shareholders, on the website viz., www.shanthigears.com.

Instructions to Shareholders

(a) Shareholders holding shares in physical form

Requests for change of address must be sent to the Company's Registrar & Transfer Agent viz., M/s Link Intime India Private Limited, "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028 ("RTA") to enable them to forward the dividend warrants to the latest address of Members. Members are also advised to intimate the RTA the details of their bank account to enable incorporation of the same on dividend warrants. This would help prevent any fraudulent encashment of dividend warrants.

(b) Shareholders holding shares in demat form

Shareholders can make use of the National Electronic Clearing Services ("NECS") of Reserve Bank of India, offered at several centres across the country, to receive dividend payment directly into their bank account, avoiding thereby the hassles relating to handling of physical warrants besides elimination of risk of loss in postal transit/fraudulent encashment of warrants. The NECS operates on the account number allotted by the Bank post Core Banking Solution implementation. The new Bank account number may kindly be intimated by the shareholders to the Depository Participant.

If there is any change in bank account details, Shareholders are requested to advise their Depository Participant/ Company's RTA, as the case may be, immediately about the change.

Further, if in case of any change in address, Shareholders are requested to advise their Depository Participant(s) immediately about their new address.

Reconciliation of share capital Audit:

Mr. R.Sridharan of M/s R. Sridharan & Associates, Company Secretaries, Chennai, carried out reconciliation of share capital audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued capital. The audit confirms that the total issued /paid- up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Name and Address of Stock Exchanges

Name of Stock Exchange	Address
National Stock Exchange of India Limited	Exchange Plaza, 5 th Floor, Plot No.C/1, G Block, Bandara-Kurla Complex, Bandra (East), Mumbai - 400 051
Bombay Stock Exchange Limited	New Trading Ring, 1 st Floor, P J Towers, Rotunda Building, Dalal Street, Mumbai - 400 001.

Listing on Stock Exchanges and Stock Code

National Stock Exchange of India Limited ("NSE"): SHANTIGEAR

Bombay Stock Exchange Limited ("BSE"): 522034

ISIN Number in NSDL & CDSL for equity shares: INE631A01022

The Company has paid annual listing fees for the financial year 2024-25 in respect of the above stock exchanges.

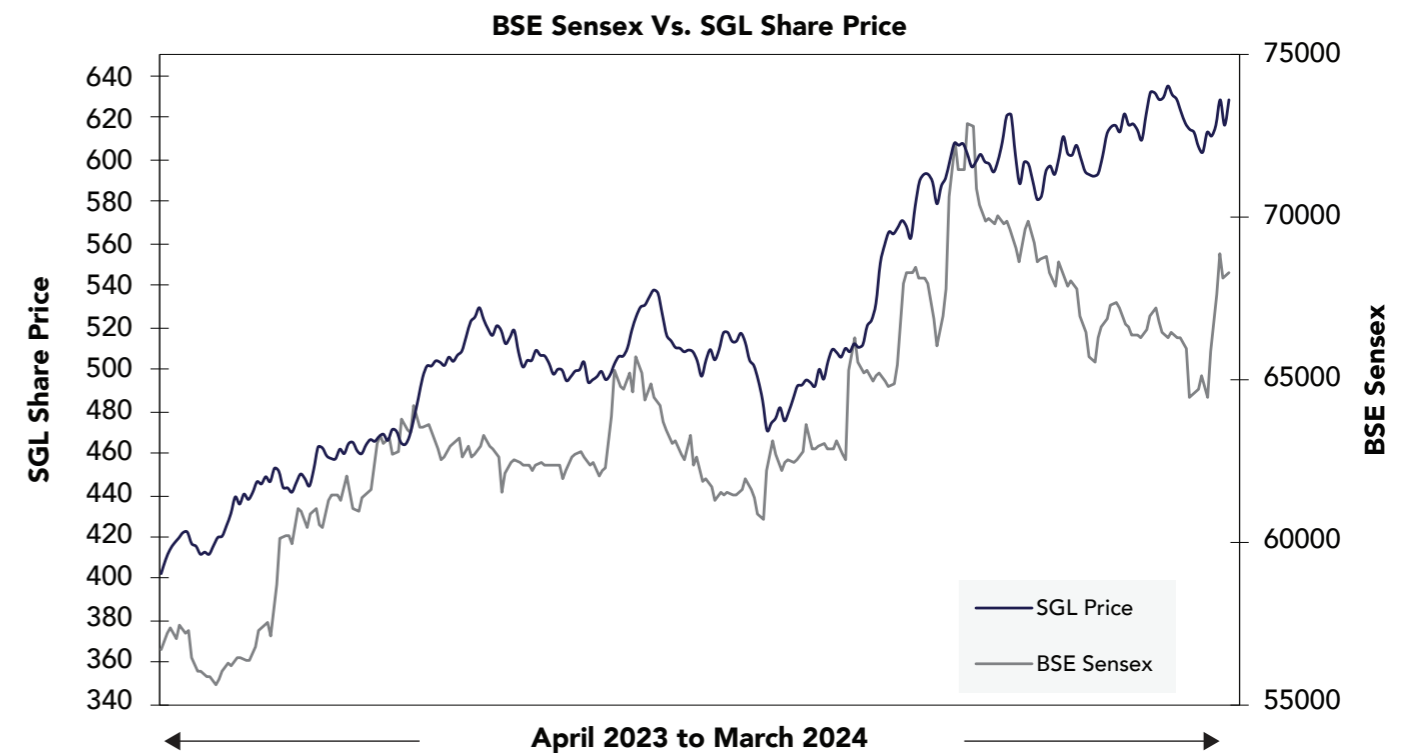
Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2023-24 are as follows:

Month	NSE		BSE	
	High (₹) Price	Low (₹) Price	High (₹) Price	Low (₹) Price
April-2023	384.75	344.15	383.95	344.30
May-2023	447.00	356.05	447.60	354.55
June-2023	493.60	421.75	493.30	421.90
July-2023	481.20	428.50	480.00	428.65
August-2023	467.10	449.75	467.05	442.00
September-2023	527.90	453.00	527.00	448.05
October-2023	475.75	401.25	476.65	399.95
November-2023	544.80	450.00	543.80	450.00
December-2023	623.75	487.90	624.50	484.90
January-2024	644.40	525.10	645.00	528.40
February-2024	551.95	482.15	566.65	487.00
March-2024	564.75	473.30	565.00	474.00

Performance in comparison to broad based indices

SGL Share Performance (April 2023 to March 2024)



Share Transfer System

As per amended Regulation 39 and 40 of Listing Regulations, the Company shall issue securities in dematerialised form only while processing any requests from shareholders holding shares in physical mode in respect of i. Issue of duplicate securities certificate; ii. Claim from Unclaimed Suspense Account; iii. Renewal/Exchange of securities certificate; iv. Endorsement; v. Sub-division/Splitting of securities certificate; vi. Consolidation of securities certificates/folios; vii. Transmission and viii. Transposition ("service requests").

Shareholders holding shares in physical mode are requested to refer note no.7 to the Notice for details regarding service requests. All queries and requests relating to service requests shall addressed to RTA in prescribed form along with requisite documents.

SWAYAM – Online portal for shareholder queries

This is with reference to SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/72 dated June 08, 2023 issued by the Securities and Exchange Board of India (SEBI) titled Online processing of investor service requests and complaints by RTAs.

As advised by SEBI, Link Intime India Private Limited is delighted to announce the launch of 'SWAYAM', brand-new Investor Self-Service Portal, designed exclusively for the Investors services.

Following are the key features of 'SWAYAM'.

'SWAYAM' is a secure, user-friendly web-based application, developed by "Link Intime India Private Limited", our Registrar and Share Transfer Agents, that empowers shareholders to effortlessly access various services. We request you to get registered and have first-hand experience of the portal.

This application can be accessed at <https://swayam.linkintime.co.in>

- Effective Resolution of Service Request - Generate and Track Service Requests/Complaintsthrough SWAYAM.
- Features - A user-friendly GUI.
- Track Corporate Actions like Dividend/Interest/Bonus/split.
- PAN-based investments - Provides access to PAN linked accounts, Company wise holdings and security valuations.
- Effortlessly Raise request for Unpaid Amounts.
- Self-service portal – for securities held in demat mode and physical securities, whose folios are KYC compliant.
- Statements - View entire holdings and status of corporate benefits.
- Two-factor authentication (2FA) at Login - Enhances security for investors.

Registrar and Share Transfer Agents

M/s Link Intime India Private Limited

"Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road,

Coimbatore - 641 028, TN, India

Phone: +91 422 4958995, 2539835/836 | Fax: +91 422 2539837

email: coimbatore@linkintime.co.in | Website: www.linkintime.co.in

Shareholding pattern as on 31st March, 2024

Sl. No.	Category	No. of Shares	%
1	Corporate Bodies (Promoter Co)	5,40,63,689	70.47
2	Body Corporate - Limited Liability Partnership	10,036	0.01
3	Clearing Members	905	-
4	Foreign Banks	3,000	-
5	FPI	26,79,188	3.50
6	Hindu Undivided Family	4,97,742	0.65
7	Insurance Companies	2,07,984	0.27
8	Investor Education And Protection Fund	3,95,333	0.52
9	Mutual Funds	1,72,000	0.22
10	Non Resident Indians	3,60,306	0.47
11	Other Bodies Corporate	24,35,191	3.17
12	Public	1,56,93,689	20.47
13	Trusts	1,640	-
14	Unclaimed Shares	1,95,150	0.25
Total		7,67,15,853	100.00

Distribution of Shareholding as on 31st March, 2024

Sl. No.	No. of Shares held	No. of Shareholders	%	No. of Shares	%
1	1 to 500	24,000	89.57	19,33,442	2.52
2	501 to 1000	1,113	4.15	9,07,736	1.18
3	1001 to 2000	691	2.58	11,02,913	1.44
4	2001 to 3000	293	1.09	7,57,838	0.99
5	3001 to 4000	176	0.66	6,55,804	0.85
6	4001 to 5000	130	0.49	6,19,337	0.81
7	5001 to 10000	234	0.87	16,51,487	2.15
8	10001 and Above	158	0.59	6,90,87,296	90.06
Total		26,795	100.00	7,67,15,853	100.00

Dematerialisation of Shares and Liquidity

As on 31st March, 2024, 7,60,60,137 shares were in dematerialised form representing 99.14% of total shares.

Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

The Foreign Exchange Risks are managed after netting the exports and imports. Commodity Price Risk and hedging thereof is not applicable to the Company.

Credit Rating

The Company has obtained the following credit rating from ICRA

1. Long term fund based - [ICRA] AA (Stable)
2. Long term non-fund based- [ICRA] AA (Stable)
3. Short term non-fund based (sublimit) - [ICRA] A1+
4. Long term/short term unallocated- [ICRA]AA (Stable)/[ICRA]A1+

There has been no change in credit rating from ICRA during the year.

Location and time of last three Annual General Meetings held are given below

Financial Year Ending	Date	Time	Venue
31.03.2021	21.07.2021	4.00 P.M.	Video Conferencing
31.03.2022	25.07.2022	4.00 P.M.	Video Conferencing
31.03.2023	26.07.2023	4.30 P.M.	Video Conferencing

Details of the Special Resolutions passed during the last three Annual General Meetings are given below

Date of AGM	Whether any Special Resolution was passed	Resolution
21.07.2021	No	Not Applicable
25.07.2022	Yes	1. Appointment of Mr. L Ramkumar as an Independent Director
26.07.2023	Yes	1. Re-appointment of Dr. S K Sundararaman as an Independent Director of the Company

Resolution on matters requiring postal ballot was passed during the year under review

Date of passing	Subject
16.03.2024	Approval for re-appointment of Mr. M Karunakaran as Chief Executive Officer and Whole-time Director and the terms of remuneration thereof.

Means of Communication

Summary of quarterly/annual results are published in the leading national English newspaper (Business Line/Business Standard) and in one vernacular newspaper (Dinamani - Thamizh).

The quarterly/annual results are also available on the Company's website, www.shanthigears.com.

The Company's website also displays the shareholding pattern, compliance report on Corporate Governance, corporate presentations, etc.,

Unclaimed shares

In accordance with Regulation 34(3) and Schedule V part F of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details in respect of the Equity Shares lying in the Unclaimed Suspense Account are given below:

Sl. No.	Particulars	No. of Shareholders	No. of shares
1	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 01.04.2023	153	2,17,610
2	Number of Shareholder who approached the Company for transfer of their shares from Unclaimed Suspense Account during 01.04.2023 to 31.03.2024	7	15,980
3	Number of Shareholder to whom shares were transferred from the Unclaimed Suspense Account during 01.04.2023 to 31.03.2024	7	15,980
4	Shares relating to unclaimed dividend for 7 years transferred to Investors Education & Protection Fund account during the year 01.04.2023 to 31.03.2024	3	6,480
5	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2024	142	1,95,150

Shareholders who continue to hold the Share Certificates with face value of ₹10/- are entitled to claim the equity shares with the face value of Re.1/- from the Unclaimed Suspense Account. Further, the shareholders who have not claimed bonus shares are also entitled to claim the shares from Unclaimed Suspense Account. The voting rights on the shares outstanding in the suspense account as on 31st March, 2024 shall remain frozen till the rightful owner of such share claims the share. On receipt of the claim, the Company will, after verification, arrange to credit the equity shares to the demat account of the shareholder concerned or deliver the Share Certificate to the shareholder in physical mode after re-materialisation.

Plant Locations

C Unit: Avinashi Road, Muthugoundenpudur (PO), Coimbatore - 641 406

D Unit: K.Krishnapuram, Kamanaickenpalayam (PO), Palladam Taluk, Tirupur District - 641 658

F Unit: Kannampalayam, Sulur via, Coimbatore - 641 402

Contact Address

Compliance Officer	For all matters relating to investors Services
Mr. Walter Vasanth P J Company Secretary Shanthi Gears Limited, 304-A, Trichy Road, Singanallur, Coimbatore - 641 005 Tel: (0422) 4545745; Fax: (0422) 4545700 email: waltervasanthpj@shanthigears.murugappa.com	Link Intime India Private Limited "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028 Tel: (0422) 4958995, 2539835/836; Fax: (0422) 2539837 email: coimbatore@linkintime.co.in Website: www.linkintime.co.in

INDEPENDENT AUDITOR'S REPORT

To the Members of Shanthi Gears Limited Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Shanthi Gears Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 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 at March 31, 2024, its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Timing of Revenue Recognition (as described in Note 3.9 of the Financial Statements)

The Company deals with the designing, manufacturing, supply and servicing of gears and gear boxes. The type of customers varies across these segments, ranging from dealers to Original Equipment Manufacturers, their suppliers, dealers and Industrial Customers. The Company recognizes revenue from sale of goods at a point in time based on the terms of the contract with customers which may vary case to case. Terms of sales arrangements with various customers, including Incoterms, determine the timing of transfer of control and require judgment in determining the timing of revenue recognition. Due to the judgement relating to the determination of point of time in satisfaction of performance obligations with respect to the sale of products, this matter is considered as Key Audit Matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We understood the Company's order to cash processes, including design and implementation of controls which vary based on product segments, customers and tested the operating effectiveness of such controls in relation to revenue recognition.
- On a sample basis, we tested revenue transactions to contracts with customers, purchase orders issued by customers and sales invoices raised by the Company to determine the timing of transfer of control and the timing of revenue recognition in respect of such contracts.

- We analysed revenue transactions near the reporting date and tested whether the timing of revenue was recognized in the appropriate period with reference to shipping records, sales invoices etc for sample transactions.
- We read, understood and evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance with the policies in terms of Ind AS 115 - Revenue from Contracts with Customers.
- We assessed the disclosures for compliance with applicable accounting standards

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Board's Report & Management Discussion and Analysis, Chairman's statement, Report on Corporate Governance, General Shareholders Information and Business Responsibility and Sustainability Reporting 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 will 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 financial statements or our knowledge obtained in the 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.

Responsibilities of Management and Board of Directors for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting

principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those 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.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Other Matter

The financial statements of the Company for the year ended March 31, 2023 were audited by another auditor whose report dated May 09, 2023 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(h)(vi) below on reporting under Rule 11(g).
- (g) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- (h) 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 financial statements – Refer Note 29 to the financial statements;
 - 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.
 - iv.
 - (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 38 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note 38 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- v. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013. The Board of Directors of the Company have

proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. (Refer Note 12 to the financial statements).

- vi. Based on our examination, the Company has used an accounting software for maintaining its books of account which has a feature of recording the audit trail (edit log) facility, however, the audit trail feature was enabled only with effect from March 2024 for all the relevant transactions at the application level. Further, the audit trail (edit log) facility was not enabled at the database level throughout the period to log any direct data changes.

The audit trail facility which was enabled at the application level, as reported above, has been operated throughout the remaining period, post its enablement. During the course of our examination, we did not come across any instance of the audit trail being tampered with, post enablement of the audit trail.
3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

Place: Coimbatore
Date: 09 May 2024

For **M S K A & ASSOCIATES**
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409
UDIN:24029409BKDEKB5874

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHANTHI GEARS LIMITED

Auditor's Responsibilities for the Audit of the 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 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements 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 and Board of Directors.
- Conclude on the appropriateness of management and Board of Director'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 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 safeguards.

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 for the year ended March 31, 2024 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.

For **M S K A & ASSOCIATES**

Chartered Accountants

ICAI Firm Registration No. 105047W

Geetha Jeyakumar

Partner

Membership No. 029409

UDIN:24029409BKDEKB5874

Place: Coimbatore
Date: 09 May 2024

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHANTHI GEARS LIMITED FOR THE YEAR ENDED MARCH 31, 2024

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

- The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment and investment property.
 - The Company has maintained proper records showing full particulars of intangible assets.
 - Some of the Property, Plant and Equipment and Investment property have been physically verified by the management during the year in accordance with a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in the financial statements are held in the name of the Company.
 - According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment and intangible assets during the year. Accordingly, the provisions stated under clause 3(i)(d) of the Order are not applicable to the Company.
 - According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated under clause 3(i)(e) of the Order are not applicable to the Company.
- The inventory (excluding stocks with third parties and stocks-in-transit) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them and in respect

of goods in transit, the goods have been received subsequent to the year end. No discrepancies were noticed in respect of such confirmations. In our opinion, the frequency, coverage and procedure of such verification is reasonable and appropriate, having regard to the size of the Company and the nature of its operations. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

- The Company has not been sanctioned any working capital limits during the year on the basis of security of current assets. Accordingly, the provisions stated under clause 3(ii)(b) of the Order is not applicable to the Company.

- According to the information explanation provided to us, the Company has not made any investments in, or provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or any other parties. Accordingly, the provisions stated under clause 3(iii) of the Order are not applicable to the Company.
 - According to the information and explanations given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Act, are applicable and accordingly, the provisions stated under clause 3(iv) of the Order is not applicable to the Company.

- According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Accordingly, the provisions stated under clause 3(iv) of the Order is not applicable to the Company. Also, there are no amounts outstanding as on March 31, 2024, which are in the nature of deposits.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act, in respect of its products/ services. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii.

- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have been regularly deposited by the Company with appropriate authorities in all cases during the year. There are no undisputed amounts payable in respect of Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues in arrears as at March 31, 2024, outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2024, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded ₹ in Crores	Amount Paid ₹ in Crores	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty including Penalty, on interunit transfer of machinery	1.52	0.00	FY 2005-06	Jurisdictional Office

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment of the Company. Accordingly, the provision stated under clause 3(viii) of the Order is not applicable to the Company.

ix. The Company does not have any loans or borrowings or interest thereon due to any lenders during the year. Accordingly, the provisions stated under clause 3(ix)(a) to (f) of the Order are not applicable to the Company.

x.

(a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated under clause 3(x)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Accordingly, the provisions stated under clause 3(x)(b) of the Order are not applicable to the Company.

xi.

(a) Based on our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year in the course of our audit.

(b) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the provisions stated under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing, and extent of audit procedures.

xii. The Company is not a Nidhi Company. Accordingly, the provisions stated under clause 3(xii)(a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv.

(a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till the date of our audit report, for the period under audit.

xv. According to the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the reporting on compliance with the provisions of Section 192 of the Act in clause 3(xv) of the Order is not applicable to the Company.

xvi.

(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 (Section 2 of RBI Act, 1934) and accordingly, the provisions stated under clause 3(xvi)(a) of the Order are not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities during the year and accordingly, the provisions stated under clause 3 (xvi)(b) of the Order are not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the provisions stated under clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations provided to us, the group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has 2 Core Investment Companies ('CICs') as a part of its group.

xvii. Based on the overall review of financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the provisions stated under clause 3(xvii) of the Order are not applicable to the Company.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the provisions stated under clause 3(xviii) of the Order are not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in Note 37 to the financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements,

our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act, are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund specified in Schedule VII of the Act or to a Special Account as per the provisions of Section 135 of the Act read with Schedule VII to the Act. Accordingly, reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.
- xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For **M S K A & ASSOCIATES**
Chartered Accountants
 ICAI Firm Registration No. 105047W

Geetha Jeyakumar
 Partner
 Membership No. 029409
UDIN:24029409BKDEKB5874

Place: Coimbatore
 Date: 09 May 2024

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHANTHI GEARS LIMITED

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Shanthi Gears Limited on the Financial Statements for the year ended March 31, 2024]

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 with reference to the financial statements of Shanthi Gears Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to financial statements 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) (the "Guidance Note").

Managements' and Board of Director's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgement, 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, and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls With reference to Financial Statements

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations 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.

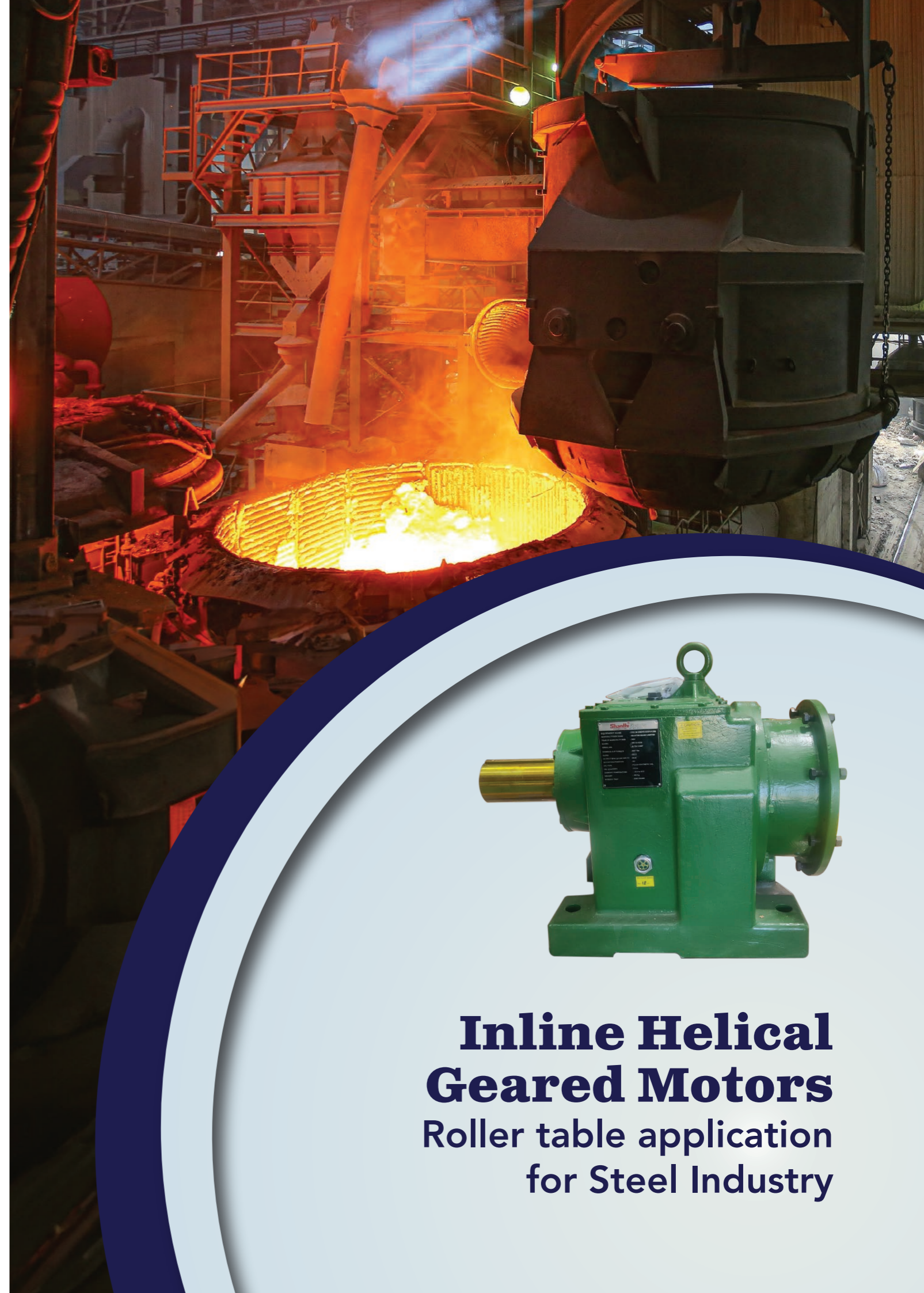
Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & ASSOCIATES**
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409
UDIN:24029409BKDEKB5874

Place: Coimbatore
Date: 09 May 2024



**Inline Helical
Geared Motors**
Roller table application
for Steel Industry

BALANCE SHEET AS AT 31 MARCH 2024

(₹ Crores)

Particulars	Note No.	As at 31 March 2024	As at 31 March 2023
I. ASSETS			
1 Non-Current Assets			
(a) Property, plant and equipment	4a	63.92	62.96
(b) Capital work-in-progress	4c	4.10	2.03
(c) Investment property	5	7.54	7.13
(d) Intangible assets	4b	0.69	0.15
(e) Financial assets			
(i) Investments	6a	20.21	20.21
(ii) Other financial assets	6b	7.43	3.78
(f) Deferred tax assets (net)	7	5.38	4.43
(g) Other non-current assets	8	6.04	7.10
Total non-current assets		115.31	107.79
2 Current Assets			
(a) Inventories	9	85.23	66.60
(b) Financial assets			
(i) Investments	10a	25.10	37.10
(ii) Trade receivables	10b	117.96	68.12
(iii) Cash and cash equivalents	10c	0.65	15.09
(iv) Bank balances other than (iii) above	10d	7.26	74.99
(v) Other financial assets	10e	86.23	3.36
(c) Other current assets	11	5.06	4.10
Total current assets		327.49	269.36
Total Assets		442.80	377.15
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	12	7.67	7.67
(b) Other Equity	13	337.64	294.68
Total Equity		345.31	302.35
2 Non-current liabilities			
(a) Other non current liabilities	14	0.49	0.55
Total Non-current liabilities		0.49	0.55
3 Current Liabilities			
(a) Financial Liabilities			
(i) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	15a	9.62	3.01
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		50.30	39.96
(ii) Other financial liabilities	15b	3.64	3.88
(b) Provisions	17	2.21	1.03
(c) Current Tax Liabilities (Net)	15c	0.47	2.64
(d) Other current liabilities	16	30.76	23.73
Total Current liabilities		97.00	74.25
Total Liabilities		97.49	74.80
Total Equity and Liabilities		442.80	377.15

See accompanying notes forming part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No.105047W

Geetha Jeyakumar

Partner

Membership No.029409

M Karunakaran

Whole-time Director

(DIN-09004843)

M A M Arunachalam

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 09 May 2024

Ranjan Kumar Pati

Chief Financial Officer

Walter Vasanth P J

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2024

(₹ Crores)

Particulars	Note No.	As at 31 March 2024	As at 31 March 2023
I. Revenue from Operations	18	536.05	445.65
II. Other Income	19	21.06	11.24
Total Income (I+II)		557.11	456.89
III. Expenses			
Cost of Materials Consumed	20	262.26	214.18
Changes in inventories of finished goods and work-in-progress	21	(5.63)	0.12
Employee benefits expense	22	76.83	71.15
Depreciation and Amortisation expenses	23	13.21	10.88
Other expenses	24	100.80	70.37
Total Expenses		447.47	366.70
IV. Profit Before Tax (I+II-III)		109.64	90.19
V. Tax expense/(benefit):			
(1) Current Tax	25	28.04	25.40
(2) Deferred Tax	7	(0.65)	(2.26)
		27.39	23.14
VI. Profit for the year (IV-V)		82.25	67.05
VII. Other Comprehensive Income			
Items that will not be reclassified to Statement of Profit and Loss in subsequent periods:			
Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)	26	(1.20)	(2.21)
Income Tax relating to Item that will not be reclassified to Statement of Profit and Loss in subsequent periods	26	0.30	0.56
Other Comprehensive Income/(Loss) for the Year		(0.90)	(1.65)
VIII. Total Comprehensive Income for the Year (VI + VII)		81.35	65.40
Earnings Per Equity Share of ₹ 1/- each	27		
Basic (in ₹)		10.72	8.74
Diluted (in ₹)		10.72	8.74

See accompanying notes forming part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No.105047W

Geetha Jeyakumar

Partner

Membership No.029409

M Karunakaran

Whole-time Director

(DIN-09004843)

M A M Arunachalam

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 09 May 2024

Ranjan Kumar Pati

Chief Financial Officer

Walter Vasanth P J

Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

Particulars	(₹ Crores)	
	As at 31 March 2024	As at 31 March 2023
A. Cash Flow from Operating Activities:		
Profit after tax	82.25	67.05
Adjustments for:		
Income Tax Expense	27.39	23.14
Depreciation on Property, Plant and Equipment	12.87	10.68
Depreciation on Investment Property	0.11	0.12
Amortisation of Intangible assets	0.23	0.08
Gain on disposal of Property Plant and Equipment	(1.78)	(0.21)
Provision for Warranty	0.09	-
Provision for Liquidated Damages	1.08	-
Net gain arising of financial assets measured at fair value through profit or loss	(3.49)	(1.79)
Unrealised gain on foreign currency transactions and translations	(0.09)	(0.31)
Interest income from Fixed Deposits	(7.06)	(4.52)
Interest Income from Tax Free Bonds	(1.56)	(1.60)
Loss on Sale of Investments	0.21	-
Provision no longer required written back	(4.48)	-
Government Grant	-	(0.61)
Provision for Credit impaired Trade Receivable	5.13	0.92
Provision for Credit impaired Other Receivables	0.61	-
Provision for Inventory	(2.39)	3.20
Operating Profit before Working Capital/Other Changes	109.12	96.15
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(16.24)	(5.67)
Trade Receivables	(54.89)	3.23
Bank Balances other than Cash and Cash Equivalents	(0.14)	-
Other Financial Assets	(1.55)	0.43
Other Current Assets	(0.96)	(0.47)
Other Non-Current Assets	0.02	(0.60)
Adjustments for increase/(decrease) in operating liabilities:		
Trade Payables	21.43	(0.39)
Other Financial Liabilities	(0.24)	0.07
Other Current Liabilities	7.03	(7.93)
Other Long-Term Liabilities	(0.06)	(0.22)
Provisions	(1.17)	0.59
Cash Generated From Operations	62.35	85.19
Income Tax paid (net of refunds)	(26.10)	(22.24)
Net cash generated by operating activities (A)	36.25	62.95
B. Cash Flow from Investing Activities:		
Capital expenditure (including Capital Work In Progress and Capital Advances)	(20.00)	(15.27)
Proceeds from sale of property, plant and equipment	1.81	0.21
Proceeds from non current investments	1.78	-
(Purchase)/Sale of Current Investments, Net	13.50	(7.19)
Proceeds/(Investments) in deposits, Net	(16.77)	(8.98)
Interest income received	7.38	5.06
Net Cash Used in Investing Activities	(12.30)	(26.17)
C. Cash Flow from Financing Activities:		
Dividends paid on equity shares	(38.39)	(23.01)
Net Cash Used in Financing Activities	(38.39)	(23.01)
Net Increase in Cash and Cash Equivalents [A+B+C]	(14.44)	13.77
Cash and Cash Equivalents at the beginning of the Year	15.09	1.32
Cash and Cash Equivalents as at End of the Year (Refer Note 10c)	0.65	15.09

As per our report of even date

For and on behalf of the Board of Directors

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Geetha Jeyakumar
Partner
Membership No.029409

M Karunakaran
Whole-time Director
(DIN-09004843)

M A M Arunachalam
Chairman
(DIN-00202958)

Place: Coimbatore
Date: 09 May 2024

Ranjan Kumar Pati
Chief Financial Officer

Walter Vasanth P J
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

a. Equity Share Capital

Particulars	No. of shares	₹ in Crores
As at 31 March 2022		
Equity shares of ₹ 1 each issued, subscribed and fully paid	7,67,15,853	7.67
Issue of share capital (Refer Note 12)	-	-
As at 31 March 2023	7,67,15,853	
Equity shares of ₹ 1 each issued, subscribed and fully paid	7,67,15,853	7.67
Issue of share capital (Refer Note 12)	-	-
As at 31 March 2024	7,67,15,853	7.67

b. Other Equity

For the year ended 31 March 2024

(₹ Crores)

Particulars	Reserves & Surplus				Other Equity
	Retained Earnings (Note 13)	Capital Reserve (Note 13)	General Reserve (Note 13)	Remeasurement of Employee Benefit Obligation (Note 13)	
As at 1 April 2023	92.23	0.52	204.29	(2.35)	294.68
Profit for the Year	82.25	-	-	-	82.25
Other Comprehensive Income/(Loss) for the Year (Note 26)	-	-	-	(0.90)	(0.90)
Total Comprehensive Income	82.25	-	-	(0.90)	81.35
Dividends	(38.39)	-	-	-	(38.39)
As at 31 March 2024	136.09	0.52	204.29	(3.25)	337.64

For the year ended 31 March 2023

(₹ Crores)

Particulars	Reserves & Surplus				Other Equity
	Retained Earnings (Note 13)	Capital Reserve (Note 13)	General Reserve (Note 13)	Remeasurement of Employee Benefit Obligation (Note 13)	
As at 1 April 2022	48.18	0.52	204.29	(0.70)	252.29
Profit for the Year	67.05	-	-	-	67.05
Other Comprehensive Income/(Loss) for the Year (Note 26)	-	-	-	(1.65)	(1.65)
Total Comprehensive Income	67.05	-	-	(1.65)	65.40
Dividends	(23.01)	-	-	-	(23.01)
As at 31 March 2023	92.23	0.52	204.29	(2.35)	294.68

See accompanying notes forming part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Geetha Jeyakumar
Partner
Membership No.029409

Place: Coimbatore
Date: 09 May 2024

M Karunakaran
Whole-time Director
(DIN-09004843)

Ranjan Kumar Pati
Chief Financial Officer

M A M Arunachalam
Chairman
(DIN-00202958)

Walter Vasanth P J
Company Secretary

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Shanthi Gears Limited (the Company) is a Public Limited Company domiciled in India and listed on BSE Limited and National Stock Exchange of India Limited. The Company is in the business of design, manufacture, supply and servicing of gears and gear boxes. The registered office of the Company is located at 304-A, Trichy Road, Singanallur, Coimbatore, Tamil Nadu.

The financial statements were authorised for issue in accordance with a resolution of the directors on 9 May 2024

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value at the end of the reporting period.

The financial statements are presented in INR and all values are rounded to the nearest crores, except when otherwise indicated.

Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the company.

3. Material Accounting Policies

3.1 Presentation and disclosure of financial statements

An asset has been classified as current when it satisfies any of the following criteria;

- It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within twelve months after the reporting date; or

- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability has been classified as current when it satisfies any of the following criteria;

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date; or
- The company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

3.2 Fair Value Measurement

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants

NOTES TO FINANCIAL STATEMENTS

would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make judgements, estimates and assumptions considered in the reported amounts of assets and

liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses like provision for employee benefits, provision for doubtful trade receivables, provision for warranties, allowance for slow/non-moving inventories, useful life of Property, Plant and Equipment, provision for taxation, etc., during the reporting year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

3.3 Cash and Cash Equivalents (for the purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of change in value.

3.4 Cash Flow Statement

Cash flows are reported using the indirect method, whereby Profit after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.5 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Freehold land is measured at cost and not depreciated. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition, installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities.

Machinery Spares including spare parts, stand-by and servicing equipment are capitalised as property, plant and equipment if they meet the definition of property, plant and equipment i.e. if the company intends to use these for more than a period of 12 months. These spare parts capitalized are depreciated as per Ind AS 16.

Subsequent expenditure relating to Property, Plant and Equipment is capitalised only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced in derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Capital Work-in-Progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and attributable interest. Once it becomes available for use, their cost is re-classified to appropriate category and are subjected to depreciation.

3.6 Investment Properties

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. The fair value of the investment properties is determined based on the capitalisation of net income method, where the market rentals of all the lettable units was considered.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of de-recognition.

3.7 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.8 Inventories

Raw materials and stores & spare parts are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes freight, taxes and duties and is net of credit under GST scheme, where applicable. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-process and finished goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes all direct costs and appropriate proportion of overheads to bring the goods to the present location and condition.

Due allowance is made for slow/non-moving items, based on management estimates.

3.9 Revenue and Other Income

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, regardless of when the payment is being made. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. The Company is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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However, Goods and Services tax (GST) are not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of Goods and Services:

Revenue from sale of goods is recognised when control of the goods is transferred to the Customers. The normal credit term is 30 to 120 days from the invoice date. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services:

Service revenues are recognised when services are rendered, and when the outcome of the transaction can be estimated reliably.

Dividends:

Dividend income is accounted for when the right to receive it is established as on the date of Balance Sheet.

Interest Income:

For all debt instruments measured at amortised cost, interest income is recognised on time proportion basis, taking into account the amount outstanding and effective interest rate.

Rental Income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature.

3.10 Employee Benefits

I. Defined Contribution Plan

a. Provident Fund

Contributions are made to the Regional Provident Fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

b. Employee State Insurance

Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

II. Defined Benefit Plan

Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the changes in Service costs comprising current service costs, past-service costs and Net interest expense or income of the net defined benefit obligation as an expense in the Statement of Profit and Loss.

III. Long-Term Employee Benefits

The Company makes an annual contribution to LIC in satisfaction of its liability towards compensated absence of a long-term nature based on actuarial valuation on the Balance Sheet date using the Projected Unit Credit Method.

IV Short-Term Employee Benefits

Short-term employee benefits include short term compensated absences which is recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

NOTES TO FINANCIAL STATEMENTS

3.11 Foreign Currency Transactions

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement as at Balance Sheet Date

Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Treatment of exchange differences

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

3.12 Depreciation and Amortisation

Depreciation on assets (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Description of Assets	Useful Life and Basis of Depreciation/ Amortisation
Plant & Machinery	7.5 Years - 15 Years
Furniture & Fixtures	5 Years
Office Equipment	3 Years
Computer Software	3 Years
Vehicles	4 Years

Depreciation is provided on pro-rata basis from the date of Capitalisation.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. The Company also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the fixed asset is likely to be affected by the variation in demand and/or its condition usability.

3.13 Taxes on Income

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO FINANCIAL STATEMENTS

3.14 Provisions and Contingent Liabilities

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is estimated based on historical experience and technical estimates. The estimate of such warranty-related costs is reviewed annually.

Provision for liquidated damages are recognized based on the terms of the sales agreed with customers, the delivery date and the commitment date. The estimate of liquidated damages is reviewed annually.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one Company and a financial liability.

A. Financial assets

i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at Fair Value Through Profit Or Loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

ii. Subsequent measurement

For purposes of subsequent measurement, Debt instruments are measured at amortised cost

iii. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred substantially all the risks and rewards of the asset

iv. Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balances.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss

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allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Significant accounting judgements, estimates and assumptions

The preparation of the Company's Financial

Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

NOTES TO FINANCIAL STATEMENTS

Property, Plant and Equipment and Investment Property

The Company has estimated the useful life of Property, Plant and equipment and Investment Property as per the useful life prescribed in Schedule II of the Companies Act 2013 except in respect of certain categories of assets as described in Note No. 3.12.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment leave encashment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly

sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in Note 28.

Provision for Warranty and Liquidated Damages

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is estimated based on historical experience and technical estimates. The estimate of such warranty related costs is reviewed annually.

Provision for liquidated damages are recognized based on the terms of the sales agreed with customers, the delivery date and the commitment date. The estimate of liquidated damages is reviewed annually.

Allowances for Slow, Non-moving Inventory and Obsolescence

An allowance for Inventory is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory allowance is estimated taking into account various factors, including prevailing sales prices of inventory item and losses associated with obsolete/slow-moving/redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

Particulars	Gross Block at Cost				Accumulated Depreciation				Net Block		
	As at 01 April 2023	Reclassification to investment property	Additions	Deletions	As at 31 March 2024	As at 01 April 2023	Reclassification to investment property	For the Year	Deletions	As at 31 March 2024	As at 31 March 2023
	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)
Freehold Land	2.86	(0.46)	1.09	-	3.49	-	-	-	-	-	2.86
	(2.86)	-	-	-	(2.86)	-	-	-	-	-	(2.86)
Buildings	24.10	(0.07)	1.42	-	25.45	7.38	(0.01)	1.07	-	8.44	16.72
	(23.41)	-	(0.69)	-	(24.10)	(6.38)	-	(1.00)	-	(7.38)	(17.03)
Plant & Machinery	110.94	-	9.74	13.50	107.18	69.02	(0.02)	10.62	13.48	66.16	41.92
	(97.74)	(0.10)	(13.69)	(0.39)	(110.94)	(60.88)	(0.02)	(8.55)	(0.39)	(69.02)	(36.86)
Office Equipment	5.34	-	0.80	0.10	6.04	4.36	-	0.79	0.10	5.05	0.98
	(5.88)	-	(0.47)	(1.01)	(5.34)	(4.48)	-	(0.89)	(1.01)	(4.36)	(1.40)
Furniture & Fixtures	1.85	-	0.18	0.14	1.89	1.77	-	0.07	0.14	1.70	0.08
	(1.80)	-	(0.05)	-	(1.85)	(1.71)	-	(0.06)	-	(1.77)	(0.09)
Vehicles	1.16	-	1.14	0.28	2.02	0.76	-	0.32	0.28	0.80	0.40
	(0.83)	-	(0.33)	-	(1.16)	(0.58)	-	(0.18)	-	(0.76)	(0.25)
Total	146.25	(0.53)	14.37	14.02	146.07	83.29	(0.01)	12.87	14.00	82.15	62.96
Previous Year	(132.52)	(0.10)	(15.23)	(1.40)	(146.25)	(74.03)	(0.02)	(10.68)	(1.40)	(83.29)	(58.49)

Previous year figures are given in brackets.

Particulars	Gross Block at Cost				Accumulated Depreciation				Net Block	
	As at 01 April 2023	Additions	Deletions	As at 31 March 2024	As at 01 April 2023	For the Year	Deletions	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)	(₹ Crores)
Computer Software	2.00	0.78	-	2.78	1.86	0.23	-	2.09	0.69	0.15
	(2.00)	-	-	(2.00)	(1.78)	(0.08)	-	(1.86)	(0.15)	(0.22)
Total	2.00	0.78	-	2.78	1.86	0.23	-	2.09	0.69	0.15
Previous Year	(2.00)	-	-	(2.00)	(1.78)	(0.08)	-	(1.86)	(0.15)	(0.22)

Previous year figures are given in brackets.

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4c - Capital Work-in-Progress (CWIP)

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Opening Balance as at the beginning of the year	2.03	3.19
CWIP Addition during the year	17.22	14.07
CWIP Capitalised during the year	(15.15)	(15.23)
Closing Balance as at the end of the year	4.10	2.03

CWIP Ageing Schedule

(₹ Crores)

Particulars	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	31 March 2024	Less than 1 Year	1 - 2 Years	> 3 Years	More than 3 Years
Projects in progress	4.10	0.00	0.00	0.00	4.10	2.01	0.02	0.00	2.03
Projects temporarily suspended	-	-	-	-	-	-	-	-	-
Total	4.10	0.00	0.00	0.00	4.10	2.01	0.02	0.00	2.03

There are no overdue projects as on 31 March 2024 and 31 March 2023

The completion of Capital work-in-progress whose completion is overdue or has exceeded its cost compared to original plan - Nil

4d. The Company does not hold any benami property. No proceedings have been initiated or are pending against the Company under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder as of the date of approval of these financial statements.

4e. The title deeds of all immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

4f. During the last quarter of the year, the Company re-assessed the useful life of Electrical Equipment from 20 years to 10 years in order to align with the useful lives mentioned in Schedule II to the Companies Act, 2013. The depreciation for the year ended 31 March 2024 is inclusive of Rs 0.66 Crs being adjustment relating to the impact of depreciation on account of revision in useful life of electrical equipment for the year ended 31 March 2023.

5. Investment Property

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Opening Balance as at beginning of the year	8.84	8.84
Reclassification during the year (Refer Note 4(a))	0.53	0.00
Closing Balance as at end of the year	9.37	8.84
Depreciation and Impairment		
Opening Balance as at beginning of the year	1.71	1.59
Reclassification during the year (Refer Note 4(a))	0.01	0.00
Depreciation during the year	0.11	0.12
Closing Balance as at end of the year	1.83	1.71
Net Block as at the end of the year	7.54	7.13

NOTES TO FINANCIAL STATEMENTS

Information Regarding Income and Expenditure of Investment Property: (₹ Crores)

Particulars	31 March 2024	31 March 2023
Rental Income derived from Investment Properties (Refer Note 19)	1.74	1.71
Profit arising from Investment Properties before Depreciation and Indirect Expenses	1.74	1.71
Depreciation	(0.11)	(0.12)
Profit arising from Investment Properties before Indirect Expenses	1.63	1.59

The Company's investment properties consists of the property in Coimbatore and Mumbai which have been let out on rent. As on 31 March 2024, the fair value of the property is ₹ 43.13 crores (Previous year ₹ 40.00 crores)

The fair value of the investment properties is determined based on the capitalisation of net income method, where the market rentals of all the lettable units were considered. The main inputs used are rental growth rates, expected vacancy rates, terminal yields and discount rates based on industry data. The resulting fair value estimates are classified under Level 3 of the Fair value hierarchy.

The Company has no restrictions on the disposal of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancement.

6a. Investments

Particulars	Nominal Value per unit	Number of Units		Value (₹ Crores)	
		As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Investments at Amortised Cost:					
Investments in Tax Free Bonds - Quoted					
PFC Tax Free Bonds	1,000	2,567	2,567	0.26	0.26
IRFC Tax Free Bonds	1,000	36,783	36,783	3.95	3.95
NHAI Tax Free Bonds	1,000	71,428	71,428	8.01	8.01
IREDA Tax Free Bonds	1,000	23,624	23,624	2.41	2.41
HUDCO Tax Free Bonds	1,000	18,442	18,442	1.86	1.86
NABARD Tax Free Bonds	1,000	4,008	4,008	0.40	0.40
RECL Tax Free Bonds	1,000	28,000	28,000	3.23	3.23
NHPC Limited Tax Free Bonds	1,000	800	800	0.09	0.09
Total				20.21	20.21
Aggregate amount of quoted investments				20.21	20.21
Market value of quoted investments				20.35	21.64
Aggregate amount of unquoted investments				-	-
Aggregate amount of impairment in value of investments				-	-

NOTES TO FINANCIAL STATEMENTS

6b. Other Financial Assets - Non-Current

(Considered Good, unless stated otherwise)

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Security Deposits	4.43	3.68
Receivable from Sale of Surplus Energy	1.03	1.03
Less: Provision for credit impaired other receivables	(1.03)	(1.03)
Deposits with banks (with maturity period of more than 12 months)	3.00	0.10
Total	7.43	3.78

7. Deferred Tax Assets & Liabilities (Net)

(₹ Crores)

Nature - (Liability)/Asset	Balance Sheet		Statement of Profit and Loss	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Deferred Tax Liabilities				
Difference between depreciation as per books of account and the Income Tax Act, 1961	(1.21)	(1.52)	0.30	(0.07)
Deferred Tax on proportionate share in proposed dividend of a subsidiary				
Deferred Tax on fair valuation of assets on acquisition of Subsidiaries				
Deferred Tax on Foreign Currency Translation Reserve				
Deferred Tax Liabilities - A	(1.21)	(1.52)	0.30	(0.07)
Deferred Tax Assets				
Provision for Impairment of Trade Receivables	2.11	0.81	1.29	0.23
Provision for Employee Benefits	1.92	2.39	(0.46)	1.39
On expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis				
FVTPL financial Asset	-	-	-	-
MAT Credit Entitlement			-	-
Provision for Inventories	1.69	2.29	(0.60)	0.81
Provision for Liquidated Damages	0.47	0.20	0.27	0.20
Provision for Impairment Of Other Financial Assets	0.41	0.26	0.15	0.26
Deferred Tax Assets - B	6.59	5.95	0.65	2.89
Net Deferred Tax Assets (A+B)	5.38	4.43	0.95	2.82

Reconciliation of Deferred Tax Asset (Net)

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Opening balance	4.43	1.61
Tax Expense during the year recognised in Statement of Profit and Loss	0.65	2.26
Tax Expense during the year recognised in OCI	0.30	0.56
Closing balance	5.38	4.43

NOTES TO FINANCIAL STATEMENTS

8. Other non-current assets

(Considered Good, unless stated otherwise)

(₹ Crores)

Particulars	As at	
	31 March 2024	31 March 2023
Capital Advances		
Considered Good	4.60	1.82
Considered Doubtful	0.18	0.18
	4.78	2.00
Less: Provision for credit impaired advances	(0.18)	(0.18)
	4.60	1.82
Rental Advance	0.26	0.28
Balances with statutory authorities	1.05	1.05
Less: Provision for credit impaired balances	(0.70)	(0.70)
	0.35	0.35
Advance income tax (Net of provision for Income Tax)	0.83	4.65
Total	6.04	7.10

9. Inventories

Lower of Cost and Estimated Net Realisable Value

(₹ Crores)

Particulars	As at	
	31 March 2024	31 March 2023
Raw Materials#	40.40	27.57
Work-in-Progress	39.86	30.93
Finished Goods	4.19	7.49
Stores and Spare Parts	0.78	0.61
Total	85.23	66.60

The cost of inventories recognised as an expense during the year was ₹ 262.26 Crores (Previous year : ₹ 214.18 Crores)

Net of Provision for Inventories - ₹ 6.71 Crores (Previous Year - ₹ 9.10 Crores)

#Includes goods in transit- : ₹ 2.26 Crores (Previous year : ₹ 2.07 Crores)

NOTES TO FINANCIAL STATEMENTS

10a. Investments

(₹ Crores)

Particulars	Nominal Value per unit	As at 31 March 2024		As at 31 March 2023	
		No. of units	Value	No. of units	Value
(i) Investments at Amortised Cost:					
Investments in Tax Free Bonds - Quoted					
NTPC Tax Free Bonds	100	-	-	17,735	1.99
Total		-	-	17,735	1.99
Aggregate amount of quoted investments					1.99
Market value of quoted investments					1.87
Aggregate amount of unquoted investments					-
Aggregate amount of impairment in value of investments					-
(ii) Investments at Fair Value Through Profit and Loss (FVTPL):					
Investments in Mutual Funds					
UTI Liquid Cash Plan - Direct Growth		26,100	9.86	27,608	10.19
SBI - Liquid Fund - Direct Growth		12,753	5.05	33,329	11.74
HDFC - Liquid Fund - Direct Plan Growth Option		12,762	6.06	18,328	8.11
Nippon India Liquid fund - Direct Growth		3,578	2.11	-	-
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan		-	-	55,440	2.02
DSP - Liquidity Fund - Direct Growth		5,862	2.02	9,494	3.05
Total			25.10		35.11
Aggregate amount of Quoted Investments			25.10		35.11
Aggregate amount of Unquoted Investments			-		-
Aggregate amount of impairment in value of Investments			-		-
Total Investments			25.10		37.10

NOTES TO FINANCIAL STATEMENTS

10b. Trade Receivables

(Unsecured) (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Considered Good	123.44	69.96
Provision for credit impaired Trade Receivables	(5.48)	(1.84)
	117.96	68.12
Trade Receivables which have significant increase in credit risk	2.24	-
Provision for credit impaired Trade receivables	(2.24)	-
	-	-
Trade Receivables - credit impaired	0.66	0.70
Provision for credit impaired Trade receivables	(0.66)	(0.70)
Total	117.96	68.12

Breakup of Trade Receivable (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
- From Related Parties (Refer Note 30)	2.38	1.01
- From Others	115.58	67.11

Reconciliation of Provision/Impairment for Receivables (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Opening Balance as at beginning of the year	2.54	1.62
Created during the year	5.88	0.92
Reversed during the year	(0.04)	-
Closing Balance as at end of the year	8.38	2.54

NOTES TO FINANCIAL STATEMENTS

Break-up of Trade Receivables as at 31 March 2024 (₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed trade Receivables – considered good	66.70	51.01	3.21	1.68	0.67	0.17	123.44
Undisputed trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade Receivables – considered good	-	-	-	-	-	-	-
Disputed trade Receivables – which have significant increase in credit risk	-	2.24	-	-	-	-	2.24
Disputed trade Receivables – credit impaired	-	-	-	-	-	0.66	0.66
Less : provision for trade Receivables							(8.38)
Total	66.70	53.25	3.21	1.68	0.67	0.83	117.96

Break-up of Trade Receivables as at 31 March 2023 (₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed trade Receivables – considered good	48.03	19.60	1.43	0.66	0.09	0.07	69.88
Undisputed trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade Receivables – considered good	-	-	-	0.07	-	0.01	0.08
Disputed trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.00	0.00
Disputed trade Receivables – credit impaired	-	-	-	-	0.04	0.66	0.70
Less : Provision for Trade Receivables							(2.54)
Total	48.03	19.60	1.43	0.73	0.13	0.74	68.12

Trade receivables are non-interest bearing and generally have credit period of 60 days. The Company has used a practical expedient by computing the expected credit loss allowances for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information.

NOTES TO FINANCIAL STATEMENTS

10c. Cash and Cash Equivalents (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with Banks in Current Accounts	0.65	15.09
Total Cash and Cash Equivalents as per Statement of Cash Flows	0.65	15.09

10d. Bank Balance Other than Cash and Cash Equivalents (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
a. Unpaid Dividend accounts	1.09	0.95
b. Bank Deposits with original maturity of more than 3 months but less than 12 months (Refer note below)	6.17	74.04
Total	7.26	74.99

Note: Includes ₹ 6.17 Crores (Previous year ₹ 27.82 Crores) held as security against Bank Guarantee.

10e. Other Financial assets (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
a. Accruals		
Interest Accrued on Bank Deposits	4.12	3.16
b. Other Loans and Advances		
Annual leave Fund with LIC (Net)	0.38	0.19
c. Deposits with banks (with maturity period of more than 12 months)	81.73	-
d. Others	0.00	0.01
Total	86.23	3.36

11. Other current assets

(Considered Good, Unsecured unless stated otherwise)

Particulars	As at 31 March 2024	As at 31 March 2023
a. Prepaid Expenses	1.53	1.26
b. Balances with statutory authorities	0.81	1.17
c. Advance to suppliers	2.62	1.62
d. Loans and Advances to employees	0.10	0.05
Total	5.06	4.10

NOTES TO FINANCIAL STATEMENTS

12. Equity Share Capital (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Authorised Capital		
10,00,00,000 (Previous Year 10,00,00,000) Equity Shares of ₹ 1/- each with Voting rights	10.00	10.00
Issued, Subscribed and Paid-up Capital		
7,67,15,853 (Previous Year 7,67,15,853) Equity Shares of ₹ 1/- each	7.67	7.67
	7.67	7.67

(i) Reconciliation of the equity shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of Shares	Value	No. of Shares	Value
At the beginning of the year	7,67,15,853	7.67	7,67,15,853	7.67
Issue of Share Capital	-	-	-	-
At the end of the year	7,67,15,853	7.67	7,67,15,853	7.67

(ii) Details of shares held by the holding company:

Particulars	Number of shares	
	As at 31 March 2024	As at 31 March 2023
Out of the equity shares issued by the company:		
- Tube Investments of India Limited, Holding company	5,40,57,475	5,40,57,475

(iii) Details of Shareholder(s) holding more than 5 percent of Equity Shares in the Company

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of shares	% against total number of shares	Number of shares	% against total number of shares
Equity shares of ₹ 1/- each fully paid up with voting rights:				
Tube Investments of India Limited, the holding company	5,40,57,475	70.47%	5,40,57,475	70.47%

(iv) Each Equity Shareholder is entitled to one vote per share. Pursuant to the approval of the Board of Directors on 30th January 2024, the company declared and paid an interim dividend of ₹ 23.01 Crores (Previous Year ₹ 23.01 Crores) during the year ended 31st March 2024. The Board of Directors has proposed a final dividend of ₹ 2/- per Equity Share (As at 31st March 2023 - ₹ 2/-) for the year ended 31st March 2024, subject to the approval of the shareholders at the ensuing Annual General Meeting. As per Ind AS 10, proposed final dividend of ₹ 15.34 Crores (As at 31st March 2023 - ₹ 15.34 Crores) is not recognised as a liability as on 31st March 2024.

NOTES TO FINANCIAL STATEMENTS

(v) Aggregate number of shares bought back during the period of Five years immediately preceding the reporting date:

Particulars	Aggregate number of shares	
	As at 31 March 2024	As at 31 March 2023
Equity shares of ₹.1 each bought back using securities premium and general reserves in Financial Year 2019-2020	50,00,000	50,00,000

(vi) Details of shares held by promoters

Particulars	Promoter Name	Number of Shares at the beginning of the year	Change during the year	Number of Shares at the end of the year	% of Total Shares	% change during the year
Equity Share of ₹ 1 each fully paid up	Ambadi Investments Limited	5,714	-	5,714	0.01%	-
Equity Share of ₹ 1 each fully paid up	Tube Investments of India Limited	5,40,57,475	-	5,40,57,475	70.47%	-
Equity Share of ₹ 1 each fully paid up	A M M Vellayan Sons P Limited	-	500	500	0.00%	100%

13. Other equity

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
General Reserve	204.29	204.29
Retained Earnings	136.09	92.23
Capital Redemption Reserve	0.52	0.52
Other Comprehensive Income	(3.26)	(2.35)
Total	337.64	294.68

General Reserve

General Reserve - Under the erstwhile Companies Act 1956, General Reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirement of Companies Act, 2013.

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	204.29	204.29
Additions during the year	-	-
Balance at the end of the year	204.29	204.29

NOTES TO FINANCIAL STATEMENTS

Retained earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	92.23	48.18
Profit for the Year	82.25	67.05
Dividend paid	(38.39)	(23.01)
Balance at the end of the year	136.09	92.23

Capital Redemption Reserve

The capital redemption reserve is created out of the statutory requirement to create such reserve on buyback of shares. These are not available for distribution of dividend and will not be reclassified subsequently to statement of profit and loss

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	0.52	0.52
Additions during the year	-	-
Balance at the end of the year	0.52	0.52

Other Comprehensive Income

This reserve represents the cumulative gains and losses arising on the re-measurement of defined benefit obligations.

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Remeasurement Gain/(Loss) on Defined Benefit Obligations (Net)		
Balance at the beginning of the year	(2.35)	(0.70)
Additions during the year	(0.90)	(1.65)
Balance at the end of the year	(3.25)	(2.35)

14. Other Non Current Liabilities

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Government Grant	0.48	0.48
Provision for Gratuity (Refer Note 28b)	0.01	0.07
Total	0.49	0.55

NOTES TO FINANCIAL STATEMENTS

Government Grant			(₹ Crores)
Particulars	As at 31 March 2024	As at 31 March 2023	
Opening balance at the beginning of the year	0.48	0.69	
Received during the year	-	0.48	
Released to the Statement of Profit and Loss	-	(0.69)	
Closing balance at the end of the year	0.48	0.48	

Note:

Government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipments accounted for as government grant. These grants will be recognized in statement of profit and loss on the basis of fulfillment of export obligation.

15a. Trade Payables			(₹ Crores)
Particulars	As at 31 March 2024	As at 31 March 2023	
Trade Payables			
Total Outstanding dues to micro enterprises and small enterprises (Refer Note (i) below)	9.62	3.01	
Total Outstanding dues to creditors other than micro enterprises and small enterprises (Refer Note (ii) below)	50.30	39.96	
Total	59.92	42.97	

NOTES TO FINANCIAL STATEMENTS

Note

(i) Details relating to Micro, Small and Medium Enterprises (MSME)			(₹ Crores)
Particulars	As at 31 March 2024	As at 31 March 2023	
Total Outstanding dues to micro enterprises and small enterprises and remaining unpaid at the end of the year to suppliers under MSME Act, 2006	9.62	3.01	
Interest accrued and due to suppliers under MSME Act, 2006 on the above amount	-	-	
Amount of interest paid by the buyer in terms of section 16 of the MSME Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSME Act, 2006	-	-	
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSME Act, 2006*	-	-	
Interest accrued and remaining unpaid at the end of the year to suppliers under MSME Act, 2006	-	-	

(ii) Amount payable to related parties			(₹ Crores)
Particulars	As at 31 March 2024	As at 31 March 2023	
Tube Investments of India Limited	-	-	
CG Power and Industrial Solutions Limited	0.00	0.08	
Total	0.00	0.08	

Trade Payables Ageing Schedule as on 31 March 2024							(₹ Crores)
Particulars	Not Due	Outstanding for following periods from due date of payment				Total	
		Less than 1 year	1-2 Years	2-3 Years	More than 3 Years		
(i) Total Outstanding dues to micro enterprises and small enterprises	9.13	0.49	-	-	-	9.62	
(ii) Total Outstanding dues to creditors other than micro enterprises and small enterprises	44.92	5.38	-	-	-	50.30	
(iii) Disputed Dues - dues to micro enterprises and small enterprises	-	-	-	-	-	-	
(iv) Disputed Dues - dues to creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	
Total	54.05	5.87	-	-	-	59.92	

NOTES TO FINANCIAL STATEMENTS

Trade Payables Ageing Schedule as on 31 March 2023

(₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	
(i) Total Outstanding dues to micro enterprises and small enterprises	3.00	0.01	-	-	-	3.01
(ii) Total Outstanding dues to creditors other than micro enterprises and small enterprises	30.80	9.16	-	-	-	39.96
(iii) Disputed Dues - dues to micro enterprises and small enterprises	-	-	-	-	-	-
(iv) Disputed Dues - dues to creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Total	33.80	9.17	-	-	-	42.97

15b. Other Financial Liabilities

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Unpaid Dividends	1.09	0.95
Security Deposits Received	2.55	2.93
Total	3.64	3.88

15c. Current Tax Liabilities (Net)

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for Income Tax - (A)	28.04	25.40
Advance Income Tax - (B)	27.57	22.76
Current Tax Liabilities (Net) (A-B)	0.47	2.64

16. Other current liabilities

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Statutory Liabilities	5.26	4.22
Advances from Customers	24.79	18.89
Provision for Gratuity (Refer Note 28b)	0.71	0.61
Total	30.76	23.72

NOTES TO FINANCIAL STATEMENTS

17. Provisions

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for Liquidated Damages (Refer Note below)	1.86	0.77
Provision for Warranty (Refer Note below)	0.35	0.26
Total	2.21	1.03

Note:

(i) Provision for warranty is provided by the company based on past experience of claims received during the warranty period

(ii) Movement of Provision for Warranty

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
At the Beginning of the year	0.26	0.16
Add: Provision created during the year	0.69	0.48
	0.95	0.64
Less: Utilised during the year	(0.60)	(0.38)
At the end of the year	0.35	0.26

(iii) Movement of Provision for Liquidated Damages

(₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
At the Beginning of the year	0.77	-
Add: Provision created during the year	1.08	0.77
	1.85	0.77
Less: Utilised during the year	-	-
At the end of the year	1.85	0.77

18. Revenue from Operations

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Revenue from Contract with Customers		
Sale of Products	515.72	429.56
Sale of Services	11.91	6.38
Revenue from Contract with Customers (A)	527.63	435.94
Other Operating Revenue		
Scrap Sales	7.73	9.04
Export Benefits (Duty Drawback and Export Incentive)	0.69	0.67
Other Operating Revenue (B)	8.42	9.71
Total (A+B)	536.05	445.65

The Company derives its revenue from contracts with customers for sales of goods and services at a point in time. There are no external sales to external customers more than 10% of Total Revenue for the year ended 31 March 2024.

NOTES TO FINANCIAL STATEMENTS

The Company disaggregates revenue geography as below:

(₹ Crores)

Geography	Year Ended 31 March 2024	Year Ended 31 March 2023
India	496.41	416.54
America	28.78	17.09
Europe	3.68	4.03
Others	7.17	7.99
Total	536.05	445.65

Timing of Revenue Recognition

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Revenue recognised at a point in time	536.05	445.65
Total	536.05	445.65

Summary of Contract Balances:

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Trade Receivables	117.96	68.12
Advances from Customers	24.79	18.89

Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price:

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Revenue as per Contracted Price	537.69	448.24
Adjustments for Discounts and Liquidated Damages	(1.64)	(2.59)
Revenue as per Statement of Profit and Loss	536.05	445.65

19. Other Income

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
a. Interest Income from Tax Free Bonds	1.56	1.60
b. Net gain arising on financial assets designated as at FVTPL	3.49	1.79
c. Interest Income on		
Fixed Deposits with Banks	6.79	4.45
Others	0.44	0.08
d. Government Grants	-	0.61
e. Other Non-Operating Income		
Rental Income	1.74	1.71
Gain on disposal of property, plant and equipment	1.78	0.21
Net gain on foreign currency transactions and translations	0.31	0.31
Provision no longer required written back	4.48	
Miscellaneous Income	0.47	0.48
Total	21.06	11.24

NOTES TO FINANCIAL STATEMENTS

20. Cost of Materials Consumed

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Opening Stock	27.57	24.72
Purchases of Raw Materials	275.09	217.03
Closing Stock	(40.40)	(27.57)
Total	262.26	214.18

21. Changes in inventories of Finished goods and work in progress

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Inventories at end of the year		
Work-in-Progress	39.86	30.93
Finished Goods	4.19	7.49
	44.05	38.42
Inventories at beginning of the year		
Work-in-Progress	30.93	36.40
Finished Goods	7.49	2.13
	38.42	38.53
Net Decrease/(Increase) in inventories		
Work-in-Progress	(8.93)	5.48
Finished Goods	3.30	(5.36)
Total	(5.63)	0.12

22. Employee Benefit Expense

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Salaries, Wages and Bonus	63.87	62.73
Contribution to Provident and Other Funds (Refer Note 28a)	2.97	2.54
Gratuity (Refer Note 28b)	0.62	0.47
Staff Welfare Expenses	9.37	5.41
Total	76.83	71.15

23. Depreciation and amortization expense

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Depreciation of Property, Plant and Equipment (Refer Note 4a)	12.87	10.68
Depreciation of Investment properties (Refer Note 5)	0.11	0.12
Amortisation of Intangible Assets (Refer Note 4b)	0.23	0.08
Total	13.21	10.88

NOTES TO FINANCIAL STATEMENTS

24. Other Expense

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Consumption of Stores and Spares	9.04	5.15
Subcontracting Charges	24.98	15.51
Power and Fuel	13.60	10.32
Rent	0.53	0.58
Repairs and Maintenance - Building	3.16	2.22
Repairs and Maintenance - Machinery	14.16	13.26
Repairs and Maintenance - Others	1.25	1.28
Other maintenance expenses	1.90	1.57
Insurance	0.58	0.51
Rates and Taxes	2.52	0.55
Software Expenses	2.34	1.51
Communication	0.24	0.30
Travelling and Conveyance	2.42	2.08
Printing, Stationery and Communication	0.61	0.44
Freight, Delivery and Shipping Charges	5.45	4.53
Commission	1.25	1.33
Advertisement and Publicity	2.15	1.17
Payments to auditors (Refer Note (i) below)	0.18	0.17
Expenditure on Corporate Social Responsibility (Refer Note (ii) below)	1.18	0.79
Professional & Consultancy charges	3.03	1.33
Service Fees	2.25	2.25
Provision for credit impaired trade receivables	5.13	0.92
Provision for credit impaired other receivables	0.61	1.03
Provision for Warranty	0.10	0.10
Commission to Non Executive Directors	0.30	0.25
Directors' sitting fees	0.12	0.15
Bank Charges	0.52	0.37
Loss on sale of investments	0.21	-
Other Expenses	0.99	0.70
	100.80	70.37

NOTES TO FINANCIAL STATEMENTS

24. (i) Auditor's Remuneration

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Payment to Auditors comprise		
For Statutory Audit*	0.16	0.14
For Tax Audit	0.01	0.02
Out of Pocket expenses	0.01	0.01
Total	0.18	0.17

(* Includes ₹ 3 Lakhs related to payment made to erstwhile auditors)

24. (ii) Corporate Social Responsibility

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
a. Gross amount required to be spent by the Company during the year	1.16	0.78
b. Amount spent during the year		
i. Education	0.48	0.35
ii. Others	0.70	0.44
Total	1.18	0.79
c. Shortfall at the end of the year	Nil	Nil
d. Total of previous years shortfall	Nil	Nil
e. Reason for shortfall	Nil	Nil
f. Nature of CSR activities	1) Education, 2) Environmental sustainability 3) Poverty Eradication 4) Promotion of Sports 5) Sanitation	1) Education, 2) Healthcare, 3) Environmental sustainability
g. Details of related party transactions	Nil	Nil
h. Provision	Nil	Nil

25. Income Tax Expense

The major components of income tax expense for the years ended 31 March 2024 and 31 March 2023 are:

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Current Tax:		
Current Income Tax	28.04	25.40
Deferred Tax:		
Relating to the origination and reversal of Temporary Differences	(0.65)	(2.26)
Income Tax Expense reported in the Statement of Profit and Loss	27.40	23.14

NOTES TO FINANCIAL STATEMENTS

Other Comprehensive Income (OCI)

Deferred tax related to items recognised in OCI during in the year:

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Re-measurement (Loss) on Defined Benefit Obligations	0.30	0.56
Income Tax charged to OCI	0.30	0.56

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2024 and 31 March 2023:

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (25.168%) as follows:

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Accounting Profit Before Tax	109.64	90.19
Profit before income tax multiplied by standard rate of corporate tax in India of 25.168% (Previous year: 25.168%)	27.59	22.70
Effects of:		
Income Exempt from tax	(0.63)	-
Permanent Disallowances	0.35	
Other Disallowances	0.09	0.44
Income Tax expense reported in the Statement of Profit and Loss	27.40	23.14

26. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)	(1.20)	(2.21)
Income Tax relating to Item that will not be reclassified to Statement of Profit and Loss in subsequent periods	0.30	0.56
Other Comprehensive Income for the year	(0.90)	(1.65)

27. Earnings Per Share

Basic EPS amounts are calculated by dividing the profit after tax for the year and the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit after tax for the year and the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares if any.

NOTES TO FINANCIAL STATEMENTS

The following details reflects the income and share data used in the basic and diluted EPS computations:

(₹ Crores)

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
Profit After Tax	82.25	67.05
Weighted average number of Equity Shares		
- Basic	7,67,15,853	7,67,15,853
- Diluted	7,67,15,853	7,67,15,853
Earnings Per Share of ₹ 1 each		
- Basic (in ₹)	10.72	8.74
- Diluted (in ₹)	10.72	8.74

28. Employee Benefits Obligation

a. Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the scheme the Company is required to contribute a specified percentage of the payroll cost to fund the benefit. The Company recognised ₹ 2.80 crores (Previous year ₹ 2.42 crores) for Provident Fund contribution, ₹ 0.17 crores (Previous year ₹ 0.12 crores) for Employee State Insurance Scheme to charge in the Statement of Profit and Loss. The contribution payable to these plans by the Company are at the rates specified in the rules of the scheme.

b. Defined Benefit Plan

(i) Gratuity

Under the Gratuity plan operated by the Company, every employee who has completed at least five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per the Payment of Gratuity Act, 1972. The scheme is funded with an Insurance Company in the form of qualifying insurance policy. The following table summarizes the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the Balance Sheet.

(₹ Crores)

Particulars	31 March 2024	31 March 2023
A. Change in defined benefit obligation		
1 Defined benefit obligation at beginning of year	9.32	6.68
2 Service cost		
a. Current service cost	0.64	0.51
3 Interest expenses	0.65	0.48
4 Cash flows		
a. Benefit payments from plan	(0.73)	(0.42)
5 Remeasurements		
a. Effect of changes in financial assumptions	1.35	1.42
b. Effect of experience adjustments	(0.10)	0.75
c. Effect of Demographic assumptions	(0.15)	(0.09)
6 Defined benefit obligation at end of year	10.98	9.33

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

B. Change in fair value of plan assets	31 March 2024	31 March 2023
1 Fair value of plan assets at beginning of year	8.63	5.69
2 Interest income	0.66	0.51
3 Cash flows		
a. Total employer contributions	1.78	2.98
b. Benefit payments from plan assets	(0.73)	(0.42)
4 Remeasurements		
a. Return on plan assets (excluding interest income)	(0.10)	(0.13)
5 Fair value of plan assets at end of year	10.24	8.63

(₹ Crores)

C. Amounts recognized in the Balance Sheet	31 March 2024	31 March 2023
1 Defined benefit obligation	10.98	9.33
2 Fair value of plan assets	10.24	8.64
3 Funded status	(0.74)	(0.69)
4 Net defined benefit liability (asset)	(0.74)	(0.69)

(₹ Crores)

D. Components of defined benefit cost	31 March 2024	31 March 2023
1 Service cost		
a. Current service cost	0.64	0.51
2 Net interest cost		
a. Interest expense on DBO	0.65	0.48
b. Less - Interest income on plan assets	0.66	0.51
c. Total net interest cost	(0.01)	(0.04)
3 Remeasurements (recognized in OCI)		
a. Effect of changes in financial assumptions	1.35	1.42
b. Effect of experience adjustments	0.10	0.75
c. Effect of Demographic assumptions	(0.15)	(0.08)
d. Less - (Return) on plan assets (excluding interest income)	(0.10)	0.12
e. Total remeasurements included in OCI	1.20	2.21
4 Total defined benefit cost recognized in P&L and OCI	1.83	2.68

(₹ Crores)

E. Employer Expense (P&L)	31 March 2024	31 March 2023
a. Current Service Cost	0.63	0.51
b. Interest Cost on net DBO	(0.01)	(0.04)
Total P&L Expenses	0.62	0.47

(₹ Crores)

F. Reconciliation of OCI (Re-measurement)	31 March 2024	31 March 2023
1 Recognised in OCI during the Beginning of the year	(3.18)	(0.97)
2 Recognised in OCI during the year	(1.20)	(2.21)
Recognised in OCI at the end of the year	(4.38)	(3.18)

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

G. Sensitivity analysis	31 March 2024	31 March 2023
1 Discount rate +100 basis points	(0.49)	(0.46)
2 Discount rate - 100 basis points	0.54	0.50
3 Salary Increase Rate +1%	0.48	0.49
4 Salary Increase Rate -1%	(0.46)	(0.45)
5 Attrition Rate +1%	(0.10)	(0.05)
6 Attrition Rate -1%	0.11	0.05

H. Significant actuarial assumptions	31 March 2024	31 March 2023
1 Discount rate Current Year	7.22%	7.48%
2 Salary increase rate	10.50%	8%
3 Attrition Rate	11%	8%
4 Retirement Age	58	58
5 Pre-retirement mortality	Indian Assured Mortality (2012-14)	Indian Assured Mortality (2012-14)
6 Disability	5% of mortality rate rates	5% of mortality rate rates

I. Data	31 March 2024	31 March 2023
1 Number of Employees	495	535
2 Avg. Age (years)	45.17	44.54
3 Avg. Past Service (years)	14.66	16.38
4 Avg. Sal. Monthly (₹)	23794	19774
5 Future Service (years)	12.83	13.46

(₹ Crores)

J. Expected cash flows for following year	31 March 2024	31 March 2023
1 Expected employer contributions/Additional Provision Next Year	0.72	0.62
2 Expected total benefit payments		
Year 1	1.30	1.05
Year 2	1.24	0.89
Year 3	1.23	0.92
Year 4	1.07	0.90
Year 5	1.10	0.80
Next 5 years	3.63	3.41
Pay-outs Above Ten Years	1.40	1.36

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

K. Defined benefit obligation at end of year	31 March 2024	31 March 2023
Current Obligation	0.72	0.62
Non-Current Obligation	0.01	0.07
Total	0.73	0.69

Notes:

- The entire Plan assets are invested in life insurer managed funds with the Life Insurance Corporation of India.(LIC)
- The expected return on Plan Assets is as furnished by LIC.
- The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.
- The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

c. Long Term Compensated Absences

Actuarial Assumption	31 March 2024	31 March 2023
Discount Rate	7.20%	7.48%
Future Salary Increase	10.50%	8.00%
Attrition Rate	11.00%	8.00%
Expected Rate of Return on Plan Assets	7.20%	7.37%

These plans typically expose the Company to actuarial risk such as interest rate risk, longevity risk and salary risk.

Interest Rate Risk: A decrease in the bond interest rate will increase the plan liability.

Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

29. Capital Commitment and Contingencies

29a. Contingent Liabilities

(₹ Crores)

Sl.No.	Particulars	As at 31 March 2024	As at 31 March 2023
i	Claims against the Company not acknowledged as debts	0.55	0.55
ii	Disputed Excise Duty on Inter Unit transfer of Machinery - Duty Rs.0.76 Crores and Penalty 0.76 Crores. The Appellate Tribunal has passed the order and the matter is pending before Jurisdiction Officer	1.52	1.52

29b. Capital Commitment

(₹ Crores)

Sl.No.	Particulars	As at 31 March 2024	As at 31 March 2023
i	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	3.62	21.55
ii	Export Obligation under EPCG/Advance License scheme to be fulfilled. The Company is confident of meeting its obligation under the scheme within the stipulated period	0.48	0.48

NOTES TO FINANCIAL STATEMENTS

Note:

- Show cause Notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.
- The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore cannot be predicted accurately.

30. Related Party Disclosure

a. List of related parties

Name of the Related Party	Relationship
Tube Investments of India Limited	Holding Company
Financiere C 10	
Sedia SAS	
Sedis Co Limited., UK	
Sedis GmbH	
CG Power and Industrial Solutions Limited	
CG Power Equipments Limited	
CG Adhesive Products Limited	
CG Drives & Automation Netherlands BV	
CG Drives & Automation Sweden AB	
CG Industrial Holdings Sweden AB	
CG International BV	
CG Power Americas, LLC	
CG DE Sub, LLC	
CG Semi Private Limited	Fellow Subsidiaries
CG International Holdings Singapore PTE Limited	
CG Sales Networks Malaysia Sdn. Bhd	
PT Crompton Prima Switchgear Indonesia	
CG Drives & Automation Germany GmbH	
Jayem Automotives Private Limited	
IPL Tech Electric Private Limited	
Great Cycles (Private) Limited	
Creative Cycles (Private) Limited	
3xper Innoventure Limited	
TI Medical Private Limited (formerly Lotus Surgicals Private Limited)	
Tivolt Electric Vehicles Private Limited	
Moshine Electronics Private Limited	
TI Clean Mobility Private Limited	
Mr. M Karunakaran(WTD)	
Mr Ranjan Kumar Pati, CFO	Key Management Personnel (KMP)
Mr Walter Vasanth PJ, CS	
L Ramkumar	
Arun Venkatachalam	
Balamurugan J	
S K Sundararaman	Non Executive Directors
Soundara Kumar	
N Krishna Samaraj	
M A M Arunachalam	
Mukesh Ahuja	

NOTES TO FINANCIAL STATEMENTS

b. During the year the following transactions were carried out with the related parties in the ordinary course of business: (₹ Crores)

Transaction	Related Party	As at 31 March 2024	As at 31 March 2023
Services Fees Paid	Tube Investments of India Limited	2.25	2.25
Dividend Paid	Tube Investments of India Limited	27.03	16.22
Sales of Goods and Services rendered	Tube Investments of India Limited	4.66	1.33
	CG Power and Industrial Solutions Limited	3.53	3.03
Purchases of Goods	CG Power and Industrial Solutions Limited	0.89	0.35
Sitting Fees and Commission	Non Executive Director	0.42	0.40
Reimbursement- Expenses	Tube Investments of India Limited	0.83	0.64
	TI Clean Mobility Private Limited*	-	0.00
	CG Power and Industrial Solutions Limited	0.08	0.07
Manpower Charges	Tube Investments of India Limited	0.15	0.18
Remuneration	Key Managerial Personnel	1.63	1.50
Advance to Suppliers	CG Power and Industrial Solutions Limited	0.06	-
Trade Payable	CG Power and Industrial Solutions Limited	0.00	0.08
Trade Receivable	Tube Investments of India Limited	1.11	0.20
	CG Power and Industrial Solutions Limited	1.27	0.80

* Amount is below the rounding off norms adopted by the company

c. Details of remuneration to Key Managerial Personnel are given below: (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
- Salaries and Allowances	1.61	1.48
- Perquisites	0.02	0.02

31. Segment Reporting

The Company's main business is manufacture, design and servicing of Gears & Gear Products. The Chief Operating Decision Maker (CODM i.e. Board of Directors) review the operating results as a whole for the purposes of making decisions about resources to be allocated and assess its performance and hence, the entire operations are to be classified as a single business segment. The geographical segments considered for disclosure are India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, There are no separate reportable segments as per Ind AS 108 - Operating Segments.

NOTES TO FINANCIAL STATEMENTS

Revenue from external customers (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
India	496.41	416.54
Outside India	39.64	29.11
Total Revenue per Statement of Profit or Loss	536.05	445.65

There are no sales to external customers more than 10% of Total Revenue

Non - Current Operating Assets (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
India	115.31	107.79
Total	115.31	107.79

Reconciliation of Segment assets and liabilities to amounts reflected in the Financial Statements (₹ Crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Segment Assets	437.42	372.72
Add: Deferred Tax Assets	5.38	4.43
Total	442.80	377.15

Particulars	As at 31 March 2024	As at 31 March 2023
Segment Liabilities	97.48	74.80
Total	97.48	74.80

32. Operating Leases

The company has cancellable operating lease agreements for office space. As per the lease terms an amount of ₹ 0.53 Crores (Previous year - ₹ 0.58 Crores) is charged to Statement of Profit and Loss. As lessor, the Company realized an income of ₹ 1.74 Crores (Previous year - ₹ 1.71 Crores) on properties under leases. All the lease agreements entered into by the company as a lessee are with lease terms of 12 months or less. The company applies "Short Term Lease" exemption for these leases.

33. Details of unhedged foreign currency exposures

Particulars	Currency	As at 31 March 2024		As at 31 March 2023	
		Foreign Currency	INR (₹ in Crores)	Foreign Currency	INR (₹ in Crores)
Trade Receivables	USD	7,20,253.94	6.01	9,25,794.00	7.61
	GBP	31,947.90	0.34	24,870.00	0.25
	EURO	8,051.94	0.07	65,808.00	0.59

NOTES TO FINANCIAL STATEMENTS

34. Fair Values

(₹ Crores)

Particulars	Carrying Value		Fair Value	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Financial Assets				
Non-Current Investments	20.21	20.21	20.35	21.64
Current Investments	25.10	37.10	25.10	36.98
Trade Receivables	117.96	68.12	117.96	68.12
Cash and Cash Equivalents	0.65	15.09	0.65	15.09
Other Bank Balances	7.26	74.99	7.26	74.99
Other Financial Assets - Current	86.23	3.36	86.23	3.36
Other Financial Assets - Non Current	7.43	3.78	7.43	3.78
Total	264.84	222.65	264.99	223.96
Financial Liabilities				
Trade Payables	59.92	42.97	59.92	42.97
Other financial liabilities - Current	3.64	3.88	3.64	3.88
Total	63.56	46.85	63.56	46.85
Assets for which fair values are disclosed				
Investment Properties	7.54	7.13	43.13	40.00
Total	7.54	7.13	43.13	40.00

The management assessed that cash and cash equivalents, trade receivables, current investments, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Particulars	Level 1		Level 2		Level 3	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Financial Assets						
Measured at Amortised Cost						
Non - Current Investments	20.35	21.64	-	-	-	-
Total	20.35	21.64	-	-	-	-
Measured at Fair Value through Profit or Loss (FVTPL)						
Current Investments	25.10	36.98	-	-	-	-
Total	25.10	36.98	-	-	-	-
Assets for which fair values are disclosed						
Investment Properties	-	-	-	-	43.13	40.00
Total	-	-	-	-	43.13	40.00

NOTES TO FINANCIAL STATEMENTS

Changes in liabilities arising from financing activities

The below table details shows the changes in the Company liabilities arising from financing activities, including both cash and non-cash changes.

(₹ Crores)

For the year ended 31 March 2024	01 April 2023	Net Cash flows	Other	31 March 2024
Dividend payable	-	(38.39)	38.39	-
Total liabilities from financing activities	-	(38.39)	38.39	-

For the year ended 31 March 2023	01 April 2022	Net Cash flows	Other	31 March 2023
Dividend payable	-	(23.01)	23.01	-
Total liabilities from financing activities	-	(23.01)	23.01	-

35. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company. The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The Company is equity financed and has always been a net cash company with cash and bank balances along with investment which is predominantly invested in liquid and short-term mutual funds.

36. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade payables. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

A. MARKET RISK

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%.

NOTES TO FINANCIAL STATEMENTS

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to 5% appreciation in USD, EURO and GBP exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Foreign Currency Sensitivity Analysis

(₹ Crores)

Particulars	Nature	As at 31 March 2024		As at 31 March 2023	
		Profit or Loss	Equity	Profit or Loss	Equity
USD:					
Increase by 5%	Receivables	0.30	0.29	0.01	0.01
Decrease by 5%	Receivables	(0.30)	(0.29)	(0.01)	(0.01)
GBP:					
Increase by 5%	Receivables	0.02	0.02	0.03	0.03
Decrease by 5%	Receivables	(0.02)	(0.02)	(0.03)	(0.03)
EURO:					
Increase by 5%	Receivables	0.01	0.01	0.29	0.29
Decrease by 5%	Receivables	0.01	0.01	(0.29)	(0.29)

B. CREDIT RISK

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk, principally consist of trade receivables and loans and advances. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk - The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 214.73 Crores as at 31 March 2024 and ₹ 161.42 Crores as at 31 March 2023, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables and other financial assets.

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. At 31 March 2024, the Company has 1 customer (31 March 2023: 3 customer), the receivables from whom exceeds 5% of total receivables which amounts to approximately 10% (31 March 2023: 19%) of all the total receivables outstanding.

The ageing of trade receivables as of balance sheet date is given below. The aging analysis has been considered from the due date. The provision for the not due and less than six months receivables represents expected credit loss.

(₹ Crores)

Trade Receivables	31 March 2024			31 March 2023		
	Gross	Provision	Net	Gross	Provision	Net
Not Due	66.70	0.07	66.63	48.03	0.06	47.97
Less than 6 months	53.25	3.27	49.99	19.60	0.36	19.24
More than 6 months	6.39	5.04	1.35	3.03	2.12	0.91
Total	126.34	8.38	117.96	70.66	2.54	68.12

Credit risk from balances with banks and investment of surplus funds in mutual funds is managed by the Company's treasury department. The objective is to minimise the concentration of risks and therefore mitigate financial loss.

NOTES TO FINANCIAL STATEMENTS

C. LIQUIDITY RISK

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks.

The table below provides details regarding the contractual maturities of financial liabilities.

(₹ Crores)

Contractual maturities of financial liabilities	Not Due	Less than 3 months	3 to 12 months	Total
Year ended 31 March 2024				
Trade Payables	53.47	6.23	0.22	59.92
Year ended 31 March 2023				
Trade Payables	34.50	5.66	3.51	43.67

37. Financial Ratios for the year ended 31 March 2024

Sl. No.	Particulars	Year Ended			Reason (If Variation is more than 25%)
		31 March 2024	31 March 2023	% Change	
(i)	Current Ratio (Current Assets/Current Liabilities)	3.38	3.60	-6.2%	
(ii)	Debt Service Coverage Ratio (EBITDA/Finance Cost + Principal repayment on long term borrowing)	NA	NA	NA	
(iii)	Inventory Turnover Ratio (Net Sales/Average Inventory)	7.06	6.82	3.5%	
(iv)	Trade Payables Turnover Ratio (Net Credit Purchases/Average Trade Payables)	5.35	4.95	8.0%	
(v)	Debt-Equity Ratio (Debt/Equity)	NA	NA	NA	
(vi)	Return on Equity Ratio (Net Profit after Taxes Less Preference Dividend)/Average Shareholder's Equity	25.4%	23.8%	6.7%	
(vii)	Trade Receivables Turnover Ratio (Turnover/Average trade receivables)	5.8	6.3	-8.5%	
(viii)	Net Capital Turnover Ratio (Net Sales/Working Capital)	2.52	2.52	0.0%	
(ix)	Return on Capital Employed (PBIT/Average Capital Employed)	33.9%	32.1%	5.5%	
(x)	Return on Investment (Income from Investments/Average Investments)	8.85%	6.4%	39.2%	Due to increase in investments in Fixed Deposits
(xi)	Net Profit Margin (PAT/Total Sales)	15.3%	15.0%	2.3%	

NOTES TO FINANCIAL STATEMENTS

38. Other Statutory Information

- (iv) The Company does not have any transactions with Companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
- (v) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (vi) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (vii) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (viii) No funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf.
- (ix) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (x) The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender.
- (xi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (xii) No Schemes of Arrangements have been applied or approved by the Competent Authority in terms of section 230 to 237 of the Companies Act, 2013.

39. The financial statements were approved by the Board of Directors on 09 May 2024

For M S K A & Associates
Chartered Accountants

ICAI Firm Registration No.105047W

Geetha Jeyakumar

Partner
Membership No.029409

M Karunakaran

Whole-time Director
(DIN: 09004843)

For and on behalf of the Board of Directors

M A M Arunachalam

Chairman
(DIN: 00202958)

Ranjan Kumar Pati

Chief Financial Officer

Walter Vasanth P J

Company Secretary

Place: Coimbatore
Date: 09 May 2024

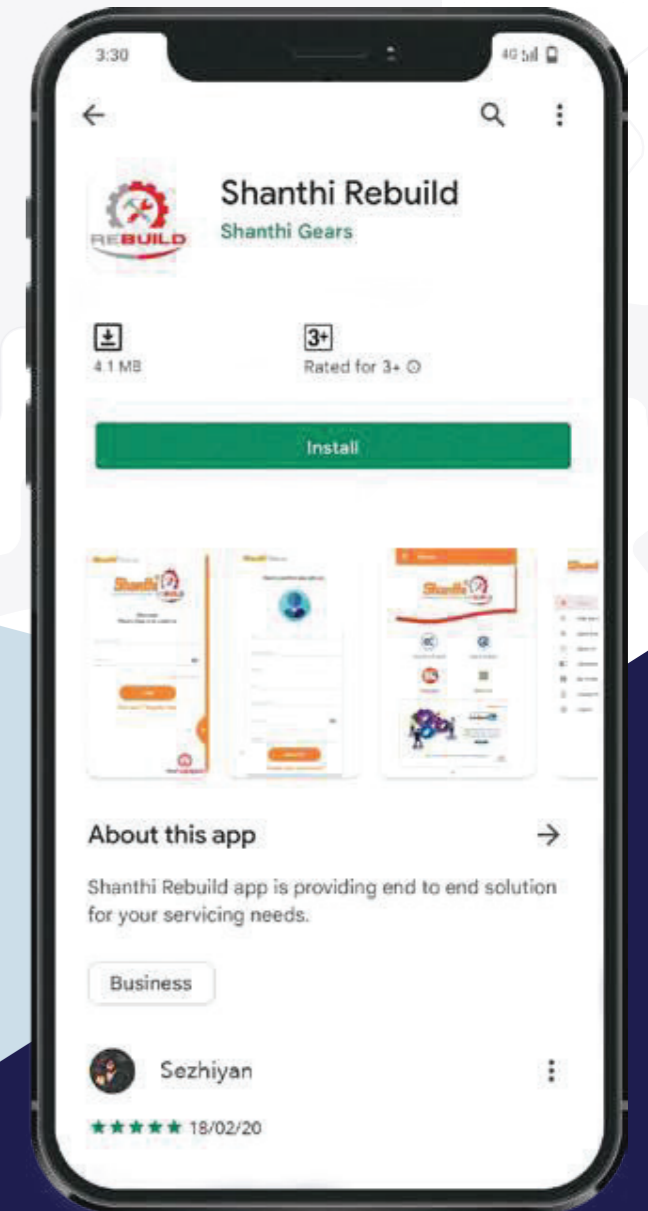
Notes

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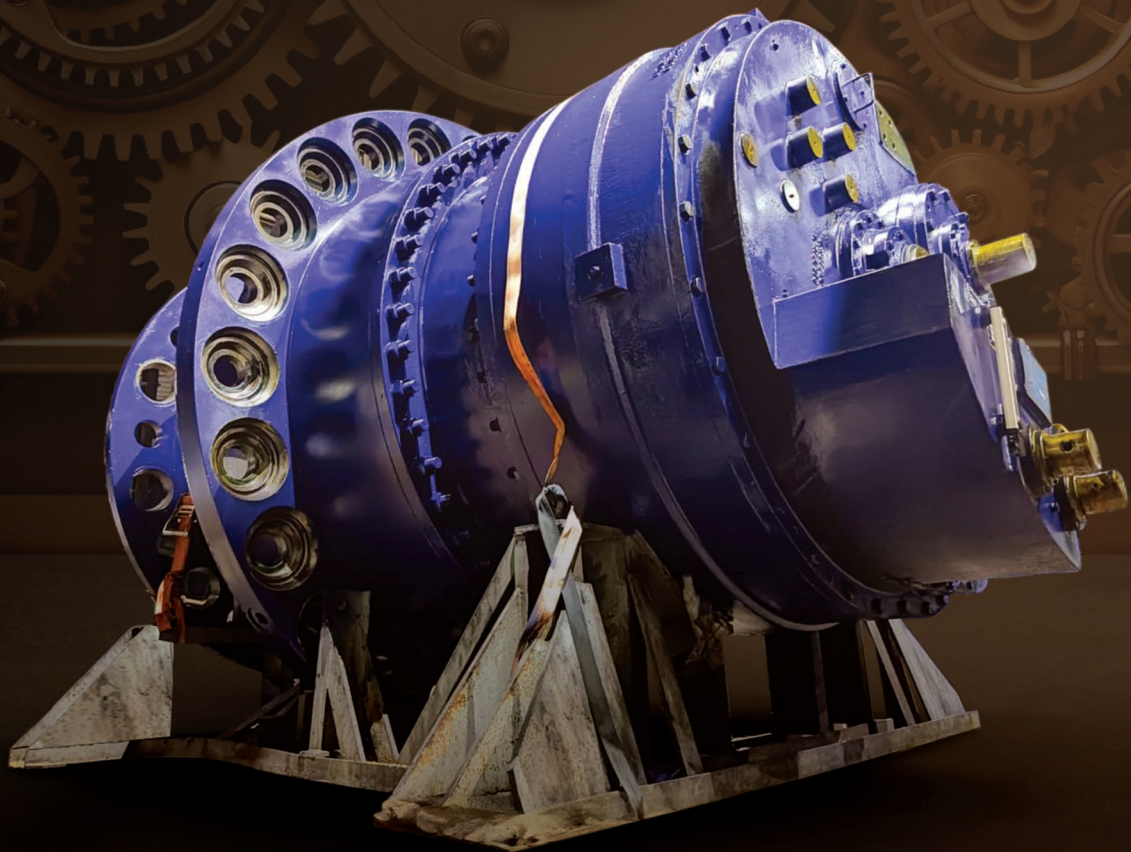
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